Municipal Secondary Market Disclosure Information Cover Sheet

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board, Nationally Recognized Municipal Securities Information Repositories, and any applicable State Information Depository, whether the filing is voluntary or made pursuant to Securities and Exchange Commission rule 15c2-12 or any analogous state statue.

See www.sec.gov/info/municipal/nrmsir.htm for list of current NRMSIRs and SIDs

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IF THIS FILING RELATES TO A SINGLE BOND ISSUE:

Provide name of bond issue exactly as it appears on the cover of the Official Statement (please include name of state where issuer is located):

_____

_____

_____

_____

Provide nine-digit CUSIP* numbers if available, to which the information relates:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

IF THIS FILING RELATES TO ALL SECURITIES ISSUED BY THE ISSUER OR ALL SECURITIES OF A SPECIFIC CREDIT OR ISSUED UNDER A SINGLE INDENTURE:

Issuer's Name (please include name of state where Issuer is locate): State of Utah, Utah and the State Building Ownership Authority, Utah

Other obligated Person's Name (if any): _____

(Exactly as it appears on the Official Statement Cover)

Provide six-digit CUSIP* number(s), if available, of Issuer: 917542, 917547

*(Contact CUSIP's Municipal Disclosure Assistance Line at 212.438.6518 for assistance with obtaining the proper CUSIP numbers.)

TYPE OF FILING:

☑ Electronic (number of pages attached) 284 ☐ Paper (number of pages attached) _____

If information is also available on the Internet, give URL: http://www.finance.utah.gov/main

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WHAT TYPE OF INFORMATION ARE YOU PROVIDING? (Check all that apply)

A. ☑ Annual Financial Information and Operating Data pursuant to Rule 15c2-12
(Financial information and operating data should not be filed with MSRB.)

Fiscal Period Covered: December 31, 2006

B. ☑ Audited Financial Statements or CAFR pursuant to Rule 15c2-12
Fiscal Period Covered: June 30, 2006

C. ☐ Notice of Material Event pursuant to Rule 15c2-12 (Check as appropriate)

1. ☐ Principal and interest payments delinquencies
2. ☐ Non-payment related defaults
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 or events affecting the tax-exempt status of the security
7. ☐ Modifications to the rights of security holders
8. ☐ Bond calls
9. ☐ Defeasances
10. ☐ Release, substitution, or sale of property securing repayment of the securities
11. ☐ Rating changes

D. ☐ Notice of Failure to Provide Annual Financial Information as Required

E. ☐ Other Secondary Market Information (Specify): _____

I hereby represent that I am authorized by the issuer or obligor or its agent to distribute this information publicly:

Issuer Contact:

Name Edward T. Alter Title Utah State Treasurer

Employer State of Utah

Address Utah State Capitol Complex East Office Bldg Ste E315 (PO Box 142315)

City Salt Lake City State UT Zip Code 84114-2315

Telephone 801.538.1042 Fax 801.538.1465

Email Address ealter@utah.gov Issuer Web Site Address www.treasurer.utah.gov

Dissemination Agent Contact, if any:

Name _____ Title _____

Employer _____ Address _____

City _____ State _____ Zip Code _____

Telephone _____ Fax _____

Email Address _____ Relationship to Issuer _____

Obligor Contact, if any:

Name _____ Title _____

Employer _____ Address _____

City _____ State _____ Zip Code _____

Telephone _____ Fax _____

Email Address _____ Obligor Web Site Address _____

Investor Relations Contact, if any:

Name _____ Title _____

Telephone _____ Email Address _____

Supplemental

Continuing Disclosure Memorandum

Summary of Debt Structure and Financial Information
SEC Rule 15c2–12

For

State of Utah

And The

State Building Ownership Authority of the State of Utah

Filed with the
Following Nationally Recognized Municipal
Securities Information Repositories

Bloomberg Municipal Repository
DPC Data Inc.

FT Interactive Data
Standard & Poor's J.J. Kenny Repository

Dated as of December 31, 2006
Submission required by January 15, 2007

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GENERAL

CONTACT PERSON FOR THE STATE OF UTAH

As of the date of this Supplemental Continuing Disclosure Memorandum, the chief contact person for the State of Utah (the "State") is:

Edward T. Alter, Utah State Treasurer, and
Board Member and Secretary of the Authority
ealter@utah.gov
Utah State Treasurer
Utah State Capitol Complex
East Office Bldg Ste E315
(PO Box 142315)
Salt Lake City UT 84114–2315
801.538.1042—Fax 801.538.1465

The State maintains an internet site that may be accessed at http://www.utah.gov. *The information available at this internet site is provided by the State in the course of its normal operations and has not necessarily been reviewed for accuracy or completeness. Such information is not a part of this Supplemental Continuing Disclosure Memorandum.*

When used herein the terms "Fiscal Year[s]" or "Fiscal Year[s] End[ed][ing] June 30, YYYY" shall refer to the year ended or ending on June 30 of the year indicated and beginning on July 1 of the preceding calendar year.

THE ISSUES

The State is providing continuing disclosure on the following *23* issues (*9* general obligation bond issues and *14* lease revenue bond issues):

General Obligation Bonds (issued by the State)

1.

$140,635,000
State of Utah
General Obligation Bonds, Series 2004B

Bonds dated: July 1, 2004—Bonds issued on July 1, 2004
CUSIP numbers on the bonds are provided below.

Background Information. The $140,635,000 General Obligation Bonds, Series 2004B, dated July 1, 2004 (the "2004B GO Bonds") were awarded pursuant to competitive bidding held, June 16, 2004 to Morgan Stanley & Co., New York, New York; as Senior Manager; with Bear, Stearns & Co., New York, New York; and JP Morgan Securities, New York, New York; as Co–Managers; at a "true interest rate" of 3.75%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2004B GO Bonds were issued by the State as fully–registered bonds in book–entry form only, registered in the name of Cede & Co., as nominee for the Depository Trust Company, New York, New York ("DTC"). DTC is currently acting as securities depository for the 2004B GO Bonds.

Principal of and interest on the 2004B GO Bonds (interest payable January 1 and July 1 of each year) are payable by the Utah State Treasurer, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, currently DTC.

Redemption Provisions. The 2004B GO Bonds maturing on or prior to July 1, 2014, are not subject to optional redemption prior to maturity. The 2004B GO Bonds maturing on or after July 1, 2015, are subject to redemption at the option of the State on July 1, 2014, and on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as may be selected by the State, at a redemption price equal to 100% of the principal amount of the 2004B GO Bonds to be redeemed, plus accrued interest thereon to the redemption date.

Current Maturity Schedule.

Current principal outstanding: $118,495,000 Original issue amount: $140,635,000

Dated: July 1, 2004 Due: July 1, as shown below

Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate	Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate
2007	MP 4	$ 6,865,000	5.00 %	2014	MW 9	$ 3,950,000	5.00 %
2008	MQ 2	9,970,000	5.00	2015	MX 7	4,125,000	5.00
2009	MR 0	11,180,000	5.00	2016	MY 5	4,350,000	5.00
2010	MS 8	25,755,000	5.00	2017	MZ 2	4,550,000	5.00
2011	MT 6	30,600,000	5.00	2018	NA 6	4,800,000	5.00
2012	MU 3	3,575,000	5.00	2019	NB 4	5,025,000	5.00
2013	MV 1	3,750,000	5.00				

Bank Qualified Obligations. The 2004B GO Bonds are not "bank qualified."

Security. The 2004B GO Bonds are general obligations of the State, for which the full faith, credit and resources of the State are pledged for the payment of principal and interest, and for which payment a tax may be levied, without limitation as to rate or amount, on all property in the State sufficient to pay the 2004B GO Bonds as to both principal and interest.

2.

$314,775,000
State of Utah
General Obligation Refunding Bonds, Series 2004A

Bonds dated: March 2, 2004—Bonds issued on March 2, 2004
CUSIP numbers on the bonds are provided below.

Background Information. The $314,775,000 General Obligation Refunding Bonds, Series 2004A, dated March 2, 2004 (the "2004A GO Bonds") were awarded pursuant to negotiations held with Goldman, Sachs & Co., San Francisco, California; as Senior Manager; with Merrill Lynch & Co., Los Angeles, California; USB Financial Services Inc., New York, New York; George K. Baum & Co., Salt Lake City, Utah; and Wells Fargo Brokerage Services, LLC, Salt Lake City, Utah; as Co–Managers; at a "true interest rate" of 3.48%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2004A GO Bonds were issued by the State as fully–registered bonds in book–entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2004A GO Bonds.

Principal of and interest on the 2004A GO Bonds (interest payable January 1 and July 1 of each year) are payable by the Utah State Treasurer, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, currently DTC.

Redemption Provisions. The 2004A GO Bonds are not subject to redemption prior to maturity.

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Current Maturity Schedule.

Current principal outstanding: $314,775,000 Original issue amount: $314,775,000

Dated: March 2, 2004 Due: July 1, as shown below

Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate	Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate
2010	MC 3	$ 39,310,000	4.00 %	2014	MG 4	$ 73,595,000	5.00 %
2011	MD 1	40,830,000	4.00	2015	MH 2	73,910,000	5.00
2012	ME 9	11,245,000	5.00	2016	MJ 8	57,405,000	5.00
2013	MF 6	18,480,000	5.00				

Bank Qualified Obligations. The 2004A GO Bonds are not "bank qualified."

Security. The 2004A GO Bonds are general obligations of the State, for which the full faith, credit and resources of the State are pledged for the payment of principal and interest, and for which payment a tax may be levied, without limitation as to rate or amount, on all property in the State sufficient to pay the 2004A GO Bonds as to both principal and interest.

3.

$407,405,000
State of Utah
General Obligation Bonds, Series 2003A

Bonds dated: June 26, 2003—Bonds issued on June 26, 2003
CUSIP numbers on the bonds are provided below.

Background Information. The $407,405,000 General Obligation Bonds, Series 2003A, dated June 26, 2003 (the "2003A GO Bonds") were awarded pursuant to competitive bidding held, June 11, 2003 to Merrill Lynch & Co., New York, New York; at a "true interest rate" of 2.83%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2003A GO Bonds were issued by the State as fully–registered bonds in book–entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2003A GO Bonds.

Principal of and interest on the 2003A GO Bonds (interest payable January 1 and July 1 of each year) are payable by the Utah State Treasurer, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, currently DTC.

Redemption Provisions. The 2003A GO Bonds maturing on or prior to July 1, 2013, are not subject to optional redemption prior to maturity. The 2003A GO Bonds maturing on or after July 1, 2014, are subject to redemption at the option of the State on July 1, 2013, and on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as may be selected by the State, at a redemption price equal to 100% of the principal amount of the 2003A GO Bonds to be redeemed, plus accrued interest thereon to the redemption date.

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Current Maturity Schedule.

Current principal outstanding: $306,250,000 Original issue amount: $407,405,000

Dated: June 26, 2003 Due: July 1, as shown below

Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate	Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate
2007	LS 9	$ 12,825,000	5.00 %	2012	LX 8	$ 52,575,000	5.00 %
2008	LT 7	59,300,000	4.00	2013	LY 6	55,300,000	5.00
2009	LU 4	61,125,000	4.50	~~2014 .....~~	~~LZ 3~~	~~18,500,000~~	~~5.00~~
2010	LV 2	50,025,000	5.00	~~2015 .....~~	~~MA 7~~	~~16,000,000~~	~~5.00~~
2011	LW 0	15,100,000	5.00	~~2016 .....~~	~~MB 5~~	~~57,785,000~~	~~5.00~~

(~~Strikethrough~~) Principal and interest have been refunded by the 2004A GO Bonds.

Bank Qualified Obligations. The 2003A GO Bonds are not "bank qualified."

Security. The 2003A GO Bonds are general obligations of the State, for which the full faith, credit and resources of the State are pledged for the payment of principal and interest, and for which payment a tax may be levied, without limitation as to rate or amount, on all property in the State sufficient to pay the 2003A GO Bonds as to both principal and interest.

4.

$253,100,000
State of Utah
General Obligation Refunding Bonds, Series 2002B

Bonds dated: July 15, 2002—Bonds issued on July 31, 2002
CUSIP numbers on the bonds are provided below.

Background Information. The $253,100,000 General Obligation Refunding Bonds, Series 2002B, dated July 15, 2002 (the "2002B GO Bonds") were awarded pursuant to negotiations held with USB Paine Webber Inc., Seattle, Washington; as Senior Manager; with Bear, Stearns & Co. Inc., New York, New York; Goldman, Sachs & Co., San Francisco, California; George K. Baum & Co., Salt Lake City, Utah; and Wells Fargo Brokerage Services, LLC, Salt Lake City, Utah; as Co–Managers; at a "true interest rate" of 3.80%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2002B GO Bonds were issued by the State as fully–registered bonds in book–entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2002B GO Bonds.

Principal of and interest on the 2002B GO Bonds (interest payable January 1 and July 1 of each year) are payable by the Utah State Treasurer, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, currently DTC.

Redemption Provisions. The 2002B GO Bonds are not subject to redemption prior to maturity.

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Current Maturity Schedule.

Current principal outstanding: $250,700,000 Original issue amount: $253,100,000

Dated: July 15, 2002 Due: July 1, as shown below

Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate	Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate
2007	KT 8	$ 120,000	3.000 %	2010	KX 9	$ 53,670,000	5.375 %
2008	KU 5	29,455,000	5.250	2011	KY 7	56,705,000	5.375
2009	KV 3	30,835,000	5.375	2012	KZ 4	59,915,000	5.375
2009	KW 1	20,000,000	5.000				

Bank Qualified Obligations. The 2002B GO Bonds are not "bank qualified."

Security. The 2002B GO Bonds are general obligations of the State, for which the full faith, credit and resources of the State are pledged for the payment of principal and interest, and for which payment a tax may be levied, without limitation as to rate or amount, on all property in the State sufficient to pay the 2002B Bonds as to both principal and interest.

5.

$281,200,000
State of Utah
General Obligation Bonds, Series 2002A

Bonds dated: June 1, 2002—Bonds issued on June 27, 2002
CUSIP numbers on the bonds are provided below.

Background Information. The $281,200,000 General Obligation Bonds, Series 2002A, dated June 1, 2002 (the "2002A GO Bonds") were awarded pursuant to competitive bidding held, June 12, 2002 to Salomon Smith Barney, New York, New York; as Senior Manager; with Banc One Capital Market, Inc., Chicago, Illinois; Bank of America Securities LLC, Charlotte, North Carolina; and Goldman, Sachs & Co., New York, New York; as Co–Managers; at a "true interest rate" of 3.92%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2002A GO Bonds were issued by the State as fully–registered bonds in book–entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2002A GO Bonds.

Principal of and interest on the 2002A GO Bonds (interest payable January 1 and July 1 of each year) are payable by the Utah State Treasurer, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, currently DTC.

Redemption Provisions. The 2002A GO Bonds maturing on or prior to July 1, 2012, are not subject to optional redemption prior to maturity. The 2002A GO Bonds maturing on or after July 1, 2013, are subject to redemption at the option of the State on July 1, 2012, and on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as may be selected by the State, upon not less than 30 days' prior written notice at a redemption price equal to 100% of the principal amount of the 2002A GO Bonds to be redeemed, plus accrued interest thereon to the redemption date.

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Current Maturity Schedule.

Current principal outstanding: $74,175,000 Original issue amount: $281,200,000

Dated: June 1, 2002 Due: July 1, as shown below

Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate	Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate
2007	KF 8	$ 50,575,000	5.00 %	2012	KL 5	$ 0	0.00 %
2008	KG 6	5,525,000	5.00	~~2013 .....~~	~~KM 3~~	~~6,650,000~~	~~5.25~~
2009	KH 4	5,750,000	5.00	~~2014 .....~~	~~KN 1~~	~~29,350,000~~	~~5.25~~
2010	KJ 0	6,000,000	5.00	~~2015 .....~~	~~KP 6~~	~~58,200,000~~	~~5.25~~
2011	KK 7	6,325,000	5.25				

(~~Strikethrough~~) Principal and interest have been refunded by the 2004A GO Bonds.

Bank Qualified Obligations. The 2002A GO Bonds are not "bank qualified."

Security. The 2002A GO Bonds are general obligations of the State, for which the full faith, credit and resources of the State are pledged for the payment of principal and interest, and for which payment a tax may be levied, without limitation as to rate or amount, on all property in the State sufficient to pay the 2002A GO Bonds as to both principal and interest.

6.

$348,000,000
State of Utah
General Obligation Bonds, Series 2001B

Bonds dated: June 1, 2001—Bonds issued on July 2, 2001
CUSIP numbers on the bonds are provided below.

Background Information. The $348,000,000 General Obligation Bonds, Series 2001B, dated June 1, 2001 (the "2001B GO Bonds") were awarded pursuant to competitive bidding held, June 13, 2001 to Merrill Lynch & Co., New York, New York; at a "true interest rate" of 4.29%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2001B GO Bonds were issued by the State as fully–registered bonds in book–entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2001B GO Bonds.

Principal of and interest on the 2001B GO Bonds (interest payable January 1 and July 1 of each year) are payable by the Utah State Treasurer, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, currently DTC.

Redemption Provisions. The 2001B GO Bonds maturing on or prior to July 1, 2009, are not subject to optional redemption prior to maturity. The 2001B GO Bonds maturing on or after July 1, 2010, are subject to redemption at the option of the State on July 1, 2009, and on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as may be selected by the State, at a redemption price equal to 100% of the principal amount of the 2001 GO Bonds to be redeemed, plus accrued interest thereon to the redemption date.

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Current Maturity Schedule.

Current principal outstanding: $108,425,000 Original issue amount: $348,000,000

Dated: June 1, 2001 Due: July 1, as shown below

Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate	Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate
2007	JT 0	$ 34,650,000	4.50 %	~~2011 .....~~	~~JX 1~~	$ ~~41,050,000~~	~~4.50~~ %
2008	JU 7	36,125,000	4.50	~~2012 .....~~	~~JY 9~~	~~11,550,000~~	~~4.50~~
2009	JV 5	37,650,000	4.50	~~2013 .....~~	~~JZ 6~~	~~12,100,000~~	~~4.50~~
~~2010 .....~~	~~JW 3~~	~~39,325,000~~	~~4.50~~	~~2014 .....~~	~~KA 9~~	~~25,975,000~~	~~4.50~~

(~~Strikethrough~~) Principal and interest have been refunded by the 2004A GO Bonds.

Bank Qualified Obligations. The 2001B GO Bonds are not "bank qualified."

Security. The 2001B GO Bonds are general obligations of the State, for which the full faith, credit and resources of the State are pledged for the payment of principal and interest, and for which payment a tax may be levied, without limitation as to rate or amount, on all property in the State sufficient to pay the 2001B GO Bonds as to both principal and interest.

7.

$265,000,000
State of Utah
General Obligation Bonds, Series 1998A

Bonds dated: June 15, 1998—Bonds issued on July 7, 1998
CUSIP numbers on the bonds are provided below.

Background Information. The $265,000,000 General Obligation Bonds, Series 1998B, dated June 15, 1998 (the "1998A GO Bonds") were awarded pursuant to competitive bidding held, June 15, 1998 to Merrill Lynch & Co., New York, New York; at a "true interest rate" of 4.43%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 1998A GO Bonds were issued by the State as fully–registered bonds in book–entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 1998A GO Bonds.

Principal of and interest on the 1998A GO Bonds (interest payable January 1 and July 1 of each year) are payable by the Utah State Treasurer, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, currently DTC.

Redemption Provisions. The 1998A GO Bonds maturing on or prior to July 1, 2008, are not subject to optional redemption prior to maturity. The 1998A GO Bonds maturing on or after July 1, 2009, are subject to redemption, in whole or in part, at the election of the State on July 1, 2008, and on any date thereafter prior to maturity, from such maturities or parts thereof as shall be selected by the State and by lot within each maturity if less than the full amount of any maturity is to be redeemed, upon not less than 30 days' prior notice, at a redemption price of par plus accrued interest to the redemption date.

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Current Maturity Schedule.

Current principal outstanding: $36,475,000 Original issue amount: $265,000,000

Dated: June 15, 1998 Due: July 1, as shown below

Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate	Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate
2007	HS 4	$ 17,750,000	5.00 %	~~2010 .....~~	~~HV 7~~	$ ~~20,750,000~~	~~5.00~~ %
2008	HT 2	18,725,000	5.00	~~2011 .....~~	~~HW 5~~	~~21,850,000~~	~~5.00~~
~~2009 .....~~	~~HU 9~~	~~19,725,000~~	~~5.00~~	~~2012 .....~~	~~HX 3~~	~~23,000,000~~	~~5.00~~

(~~Strikethrough~~) Principal and interest have been refunded by the 2002B GO Bonds.

Bank Qualified Obligations. The 1998A GO Bonds are not "bank qualified."

Security. The 1998A GO Bonds are general obligations of the State, for which the full faith, credit and resources of the State are pledged for the payment of principal and interest, and for which payment a tax may be levied, without limitation as to rate or amount, on all property in the State sufficient to pay the 1998A GO Bonds as to both principal and interest.

8.

$205,000,000
State of Utah
General Obligation Bonds, Series 1997F

Bonds dated: August 1, 1997—Bonds issued on August 14, 1997
CUSIP numbers on the bonds are provided below.

Background Information. The $205,000,000 General Obligation Bonds, Series 1997F, dated August 1, 1997 (the "1997F GO Bonds") were awarded pursuant to competitive bidding held, August 5, 1997 to Lehman Brothers, New York, New York; as Senior Manager; with Paine Webber Inc., New York, New York; Interstate/Johnson Lane Corp., Atlanta, Georgia; and Harris Trust & Savings Bank, Chicago, Illinois; as Co–Managers; and other members of a syndicate; at a "true interest rate" of 4.77%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 1997F GO Bonds were issued by the State as fully–registered bonds in book–entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 1997F GO Bonds.

Principal of and interest on the 1997F GO Bonds (interest payable January 1 and July 1 of each year) are payable by the Utah State Treasurer, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, currently DTC.

Redemption Provisions. The 1997F GO Bonds maturing on or prior to July 1, 2007, are not subject to call and redemption prior to maturity. The 1997F GO Bonds maturing on or after July 1, 2008, are subject to redemption, in whole or in part, at the election of the State, on any date on or after July 1, 2007, from such maturities or parts thereof as shall be selected by the State at the redemption price of par, plus accrued interest to the redemption date.

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Current Maturity Schedule.

Current principal outstanding: $17,375,000 Original issue amount: $205,000,000

Dated: August 1, 1997 Due: July 1, as shown below

Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate	Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate
2007	GW 6	$ 17,375,000	5.50 %	~~2010 .....~~	~~GZ 9~~	$ ~~20,100,000~~	~~5.00~~ %
~~2008 .....~~	~~GX 4~~	~~18,225,000~~	~~5.00~~	~~2011 .....~~	~~HA 3~~	~~21,100,000~~	~~5.00~~
~~2009 .....~~	~~GY 2~~	~~19,125,000~~	~~5.00~~	~~2012 .....~~	~~HB 1~~	~~22,125,000~~	~~5.00~~

(~~Strikethrough~~) Principal and interest have been refunded by the 2002B GO Bonds.

Bank Qualified Obligations. The 1997F GO Bonds are not "bank qualified."

Security. The 1997F GO Bonds are general obligations of the State, for which the full faith, credit and resources of the State are pledged for the payment of principal and interest, and for which payment a tax may be levied, without limitation as to rate or amount, on all property in the State sufficient to pay the 1997F GO Bonds as to both principal and interest.

9.

$135,000,000
State of Utah
General Obligation Bonds, Series 1997E

Bonds dated: June 1, 1997—Bonds issued on July 1, 1997
CUSIP numbers on the bonds are provided below.

Background Information. The $135,000,000 General Obligation Bonds, Series 1997E, dated June 1, 1997 (the "1997E GO Bonds") were awarded pursuant to competitive bidding held, June 11, 1997 to Lehman Brothers, New York, New York; at a "true interest rate" of 4.83%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 1997E GO Bonds were issued by the State as fully–registered bonds in book–entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 1997E GO Bonds.

Principal of and interest on the 1997E GO Bonds (interest payable January 1 and July 1 of each year) are payable by the Utah State Treasurer, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, currently DTC.

Redemption Provisions. The 1997E GO Bonds maturing on or prior to July 1, 2007, are not subject to call and redemption prior to maturity. The 1997E GO Bonds maturing on or after July 1, 2008, are subject to redemption, in whole or in part, at the election of the State, on any date on or after July 1, 2007, from such maturities or parts thereof as shall be selected by the State at the redemption price of par, plus accrued interest to the redemption date.

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Current Maturity Schedule.

Current principal outstanding: $10,500,000 Original issue amount: $135,000,000

Dated: June 1, 1997 Due: July 1, as shown below

Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate	Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate
2007	GJ 5	$ 10,500,000 (1)	5.50 %	~~2010 .....~~	~~GM 8~~	$ ~~13,325,000~~	~~5.00~~ %
~~2008 .....~~	~~GK 2~~	~~11,950,000~~	~~4.80~~	~~2011 .....~~	~~GN 6~~	~~14,075,000~~	~~5.00~~
~~2009 .....~~	~~GL 0~~	~~12,625,000~~	~~4.90~~	~~2012 .....~~	~~GP 1~~	~~14,900,000~~	~~5.00~~

(~~Strikethrough~~) Principal and interest have been refunded by the 2002B GO Bonds.
(1) $850,000 of the original maturity of $11,350,000 has been refunded by the 2002B GO Bonds.

Bank Qualified Obligations. The 1997E GO Bonds are not "bank qualified."

Security. The 1997E GO Bonds are general obligations of the State, for which the full faith, credit and resources of the State are pledged for the payment of principal and interest, and for which payment a tax may be levied, without limitation as to rate or amount, on all property in the State sufficient to pay the 1997E GO Bonds as to both principal and interest.

Lease Revenue Bonds (issued by the State Building Ownership Authority of the State)

1.

$8,355,000
State Building Ownership Authority of the State of Utah
Lease Revenue Bonds, Series 2006A

Bonds dated: January 19, 2006—Bonds issued on January 19, 2006
CUSIP numbers on the bonds are provided below.

Background Information. The $8,355,000 Lease Revenue Bonds, Series 2006A, dated January 19, 2006 (the "2006A LR Bonds") were awarded pursuant to negotiations held January 19, 2006 to USB Financial, Inc., New York, New York; as Senior Manager; and Wells Fargo Brokerage Services, LLC, Salt Lake City, Utah; as Co-Manager; at a "true interest rate" of 4.33%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2006A LR Bonds were issued by the State, State Building Ownership Authority (the "Authority") as fully–registered bonds in book–entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2006A LR Bonds.

Principal of and interest on the 2006A LR Bonds (interest payable May 15 and November 15 of each year) are payable by Wells Fargo Bank Northwest, National Association, Corporate Trust Services, Salt Lake City, Utah, as Paying Agent and Trustee ("Wells Fargo"), to the registered owners thereof, currently DTC.

Optional Redemption. The 2006A LR Bonds maturing on or before May 15, 2016, are not subject to optional redemption prior to maturity, except that, the 2006A LR Bonds are subject to mandatory sinking fund redemption, and extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

The 2006A LR Bonds maturing on or after May 15, 2017, are subject to redemption (i) in whole on any business day on or after May 15, 2016, in the event that the State exercises its option pursuant to the Lease to purchase all the leased property (other than State–Owned sites) thereunder or (ii) in part on May 15, 2016, or on any date thereafter from such maturities or portions thereof designated by the State in the event that the State prepays additional base rentals pursuant to the Lease or purchases a portion of the leased property representing the facilities pursuant to the Lease, all as provided in the Indenture. If called for redemption as described in this paragraph, the 2006A LR 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 2006A LR Bonds to be redeemed, equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The 2006A LR Bonds maturing on May 15, 2027, shall be subject to mandatory sinking fund redemption prior to their stated maturity, in part, by lot in such manner as the Trustee shall determine at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest thereon to the redemption date, but without premium, in the principal amounts as set forth below:

Mandatory Sinking Fund Redemption Date	Sinking Fund Requirements
May 15, 2024	$ 535,000
May 15, 2025	560,000
May 15, 2026	580,000
May 15, 2027 (Stated Maturity)	605,000
Total	$ 2,280,000

Current Maturity Schedule.

Current principal outstanding: $8,355,000 Original issue amount: $8,355,000

Dated: January 19, 2006 Due: May 15, as shown below

$6,075,000 Serial Bonds

Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate	Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate
2008	RV 5	$ 280,000	3.50 %	2016	SD 4	$ 380,000	4.00 %
2009	RW 3	290,000	4.00	2017	SE 2	395,000	4.00
2010	RX 1	300,000	4.00	2018	SF 9	410,000	4.15
2011	RY 9	315,000	3.50	2019	SG 7	425,000	4.25
2012	RZ 6	325,000	3.50	2020	SH 5	445,000	4.25
2013	SA 0	335,000	4.00	2021	SJ 1	465,000	5.00
2014	SB 8	350,000	4.00	2022	SK 8	485,000	4.75
2015	SC 6	365,000	4.00	2023	SL 6	510,000	5.00

$2,280,000 4.25% Term Bond due May 15, 2027—(CUSIP 917547 SM 4)

Bank Qualified Obligations. The 2006A LR Bonds are not "bank qualified."

Security. Under the State Facilities Master Lease Agreement (the "Lease"), the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 2006A LR Bonds and certain bonds issued on a parity with the 2006A LR Bonds coming due in each year, but only if and to the extent that the Utah State Legislature (the "Legislature") annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 2006A LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 2006A LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by Wells Fargo Bank, N. A. (the "Trustee") under the Indenture of Trust, Assignment of State Facilities Master Lease Agreement and Security Agreement (the "Indenture") as security for the 2006A LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 2006A LR 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 2006A LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.***

2.

$8,920,000
State Building Ownership Authority of the State of Utah
Lease Revenue Refunding Bonds, Series 2004B

Bonds dated: October 26, 2004—Bonds issued on October 26, 2004
CUSIP numbers on the bonds are provided below.

Background Information. The $8,920,000 Lease Revenue Refunding Bonds, Series 2004B, dated October 26, 2004 (the "2004B LR Bonds") were awarded pursuant to negotiations held October 6, 2004 to USB Financial, Inc., New York, New York; as Senior Manager; and Wells Fargo Brokerage Services, LLC, Salt Lake City, Utah; as Co-Manager; at a "true interest rate" of 3.38%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2004B LR Bonds were issued by the State, State Building Ownership Authority (the "Authority") as fully–registered bonds in book–entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2004B LR Bonds.

Principal of and interest on the 2004B LR Bonds (interest payable May 15 and November 15 of each year) are payable by Wells Fargo Bank Northwest, National Association, Corporate Trust Services, Salt Lake City, Utah, as Paying Agent and Trustee ("Wells Fargo"), to the registered owners thereof, currently DTC.

Optional Redemption. The 2004B LR Bonds are not subject to optional redemption prior to maturity but are subject to redemption in the event of damage to, destruction to, or condemnation of certain facilities.

Current Maturity Schedule.

Current principal outstanding: $8,615,000 Original issue amount: $8,920,000

Dated: October 26, 2004 Due: May 15, as shown below

Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate	Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate
2007	RL 7	$ 90,000	3.00 %	2011	RQ 6	$ 1,455,000	3.30 %
2008	RM 5	1,295,000	3.00	2012	RR 4	1,500,000	3.50
2009	RN 3	1,340,000	3.25	2013	RS 2	1,555,000	3.60
2010	RP 8	1,380,000	5.00				

Bank Qualified Obligations. The 2004B LR Bonds are not "bank qualified."

Security. Under the State Facilities Master Lease Agreement (the "Lease"), the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 2004B LR Bonds and certain bonds issued on a parity with the 2004B LR Bonds coming due in each year, but only if and to the extent that the Utah State Legislature (the "Legislature") annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 2004B LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 2004B LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by Wells Fargo Bank, N. A. (the "Trustee") under the Indenture of Trust, Assignment of State Facilities Master Lease Agreement and Security Agreement (the "Indenture") as security for the 2004B LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 2004B LR 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 2004B LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.***

3.

$45,805,000
State Building Ownership Authority of the State of Utah
Lease Revenue and Refunding Bonds, Series 2004A

Bonds dated: October 26, 2004—Bonds issued on October 26, 2004
CUSIP numbers on the bonds are provided below.

Background Information. The $45,805,000 Lease Revenue and Refunding Bonds, Series 2004A, dated October 26, 2004 (the "2004A LR Bonds") were awarded pursuant to negotiations held October 6, 2004 to USB Financial, Inc., New York, New York; as Senior Manager; and Wells Fargo Brokerage Services, LLC, Salt Lake City, Utah; as Co-Manager; at a "true interest rate" of 4.27%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2004A LR Bonds were issued by the Authority as fully–registered bonds in book–entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2004A LR Bonds.

Principal of and interest on the 2004A LR Bonds (interest payable May 15 and November 15 of each year) are payable by Wells Fargo, to the registered owners thereof, currently DTC.

Optional Redemption. The 2004A LR Bonds maturing on or before May 15, 2014, are not subject to optional redemption prior to maturity, except that, the 2004A LR Bonds are subject to mandatory sinking fund redemption, and extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

The 2004A LR Bonds maturing on or after May 15, 2015, are subject to redemption (i) in whole on any business day on or after May 15, 2014, in the event that the State exercises its option pursuant to the Lease to purchase all the leased property (other than State–Owned sites) thereunder or (ii) in part on May 15, 2014, or on any date thereafter from such maturities or portions thereof designated by the State in the event that the State prepays additional base rentals pursuant to the Lease or purchases a portion of the leased property representing the facilities pursuant to the Lease, all as provided in the Indenture. If called for redemption as described in this paragraph, the 2004A LR 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 2004A LR Bonds to be redeemed, equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The 2004A LR Bonds maturing on May 15, 2027, shall be subject to mandatory sinking fund redemption prior to their stated maturity, in part, by lot in such manner as the Trustee shall determine at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest thereon to the redemption date, but without premium, in the principal amounts as set forth below:

Mandatory Sinking Fund Redemption Date	Sinking Fund Requirements
May 15, 2025	$ 1,830,000
May 15, 2026	1,250,000
May 15, 2027 (Stated Maturity)	710,000
Total	$ 3,790,000

Current Maturity Schedule.

Current principal outstanding: $44,975,000 Original issue amount: $45,805,000

Dated: October 26, 2004 Due: May 15, as shown below

$41,185,000 Serial Bonds

Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate	Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate
2007	QP 9	$ 865,000	3.00 %	2016	QY 0	$ 3,245,000	5.00 %
2008	QQ 7	895,000	3.00	2017	QZ 7	3,405,000	5.00
2009	QR 5	1,930,000	3.25	2018	RA 1	2,450,000	5.00
2010	QS 3	2,405,000	5.00	2019	RB 9	2,230,000	5.00
2011	QT 1	2,550,000	5.00	2020	RC 7	2,345,000	5.25
2012	QU 8	2,665,000	5.00	2021	RD 5	2,110,000	5.25
2013	QV 6	2,795,000	5.00	2022	RE 3	1,665,000	5.25
2014	QW 4	2,945,000	5.00	2023	RF 0	1,755,000	5.25
2015	QX 2	3,085,000	5.00	2024	RG 8	1,845,000	5.25

$3,790,000 4.75% Term Bond due May 15, 2027—(CUSIP 917547 RH 6)

Bank Qualified Obligations. The 2004A LR Bonds are not "bank qualified."

Security. Under the Lease, the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 2004A LR Bonds and certain bonds issued on a parity with the 2004A LR Bonds coming due in each year, but only if and to the extent that the Legislature annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 2004A LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 2004A LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the 2004A LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 2004A LR 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 2004A LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.***

4.

$22,725,000
State Building Ownership Authority of the State of Utah
Lease Revenue and Refunding Bonds, Series 2003

Bonds dated: December 30, 2003—Bonds issued on December 30, 2003
CUSIP numbers on the bonds are provided below.

Background Information. The $22,725,000 Lease Revenue and Refunding Bonds, Series 2003, dated December 30, 2003 (the "2003 LR Bonds") were awarded pursuant to competitive bidding held, December 10, 2003 to Banc One Capital Markets, Inc., Chicago, Illinois; at a "true interest rate" of 4.15%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2003 LR Bonds were issued by the Authority as fully–registered bonds in book–entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2003 LR Bonds.

Principal of and interest on the 2003 LR Bonds (interest payable May 15 and November 15 of each year) are payable by Wells Fargo, to the registered owners thereof, currently DTC.

Optional Redemption. The 2003 LR Bonds maturing on or before May 15, 2014, are not subject to redemption prior to maturity, except that, the 2003 LR Bonds are subject to extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

The 2003 LR Bonds maturing on or after May 15, 2015, are subject to redemption (i) in whole on any business day on or after May 15, 2014, in the event that the State exercises its option pursuant to the Lease to purchase all the leased property (other than State–Owned sites) thereunder or (ii) in part on May 15, 2014, or on any date thereafter from such maturities or portions thereof designated by the State in the event that the State prepays additional base rentals pursuant to the Lease or purchases a portion of the leased property representing the 2003 facilities pursuant to the Lease, all as provided in the Indenture. If called for redemption as provided in this paragraph, the 2003 LR 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 2003 LR Bonds to be redeemed, equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

Current Maturity Schedule.

Current principal outstanding: $21,485,000 Original issue amount: $22,725,000

Dated: December 30, 2003 Due: May 15, as shown below

Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate	Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate
2007	PR 6	$ 1,180,000	2.250 %	2017	QB 0	$ 940,000	4.100 %
2008	PS 4	1,210,000	2.750	2018	QC 8	980,000	4.200
2009	PT 2	1,240,000	3.000	2019	QD 6	1,020,000	4.200
2010	PU 9	1,275,000	3.250	2020	QE 4	1,065,000	4.250
2011	PV 7	1,325,000	3.600	2021	QF 1	1,110,000	4.375
2012	PW 5	1,375,000	5.000	2022	QG 9	1,160,000	4.400
2013	PX 3	1,440,000	4.000	2023	QH 7	1,210,000	4.500
2014	PY 1	835,000	4.000	2024	QJ 3	1,265,000	4.500
2015	PZ 8	875,000	4.000	2025	QK 0	1,080,000	5.000
2016	QA 2	900,000	4.000				

Bank Qualified Obligations. The 2003 LR Bonds are not "bank qualified."

Security. Under the Lease, the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 2003 LR Bonds and certain bonds issued on a parity with the 2003 LR Bonds coming due in each year, but only if and to the extent that the Legislature annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 2003 LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 2003 LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the 2003 LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 2003 LR 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 2003 LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.***

5.

$30,300,000
State Building Ownership Authority of the State of Utah
Variable Rate Demand Lease Revenue Bonds, Series 2001C

Bonds dated: November 21, 2001—Bonds issued on November 21, 2001
CUSIP numbers on the bonds are provided below.

Background Information. The $30,300,000 Variable Rate Demand Lease Revenue Bonds, Series 2001C, dated November 21, 2001 (the "2001C LR Bonds") were awarded pursuant to negotiations held with Lehman Brothers Inc., New York, New York; at a variable interest rate. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2001C LR Bonds were issued by the Authority as fully–registered bonds in book–entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2001C LR Bonds.

The 2001C LR Bonds bear a variable rate of interest which interest rate will be determined by the Remarketing Agent for the 2001C LR Bonds, currently Lehman Brothers Inc., New York, New York.

The 2001C LR Bonds are issued in a multi-modal format. The final principal payment is May 15, 2022. The 2001C LR Bonds are issued in denominations of $100,000. Interest is due monthly on the first Wednesday of each month which began December 3, 2001.

Wells Fargo is the bond registrar, paying agent, trustee, and tender agent for the 2001C LR Bonds under the Indenture. The trustee, registrar, paying agent and tender agent may resign or be removed and a successor may be appointed in accordance with the Indenture.

Optional Redemption. The 2001C LR Bonds are subject to optional redemption and extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

Optional Redemption of Bonds in the Daily Mode or the Weekly Mode

2001C Bonds in the Daily Mode or the Weekly Mode will be subject to redemption at the option of the Authority (at the direction of the Lessee), in whole or in part, in Authorized Denominations, on any Bond Interest Payment Date for those 2001C LR Bonds at a redemption price equal to the principal amount thereof.

2001C LR Bonds in the Commercial Paper Mode are not subject to optional redemption prior to their respective Purchase Dates. Commercial Paper Bonds will be subject to redemption at the option of the Authority (at the direction of the Lessee), in whole or in part, on their respective Purchase Dates at a redemption price equal to the principal amount thereof.

Optional Redemption of Bonds in the Long Term Mode and Fixed Mode

2001C LR Bonds in a Long Term Mode or Fixed Mode will not be subject to redemption at the option of the Authority unless the following occurs: Upon receipt by the Trustee of a favorable opinion of Bond Counsel, the Remarketing Agent may establish an optional redemption schedule for the 2001C LR Bonds, including a no–call period and the percentages of principal amount, plus accrued interest, at which the 2001C LR Bonds may be redeemed at the option of the Authority (at the direction of the Lessee), given the duration of the Long Term Mode or the Fixed Mode (as the case may be), by determining and certifying to the Trustee, the Authority and the Lessee, on a date which is no later than the applicable Mode Change Date, the periods during which the 2001C LR Bonds shall not be subject to redemption (the "Call Protection Period"), the redemption premium or premiums (the "Call Premiums"), if any, applicable to the redemption of 2001C LR Bonds after the Call Protection Period and the period or periods during which the Call Premiums shall be effective necessary to establish the applicable Long Term Mode or Fixed Mode with respect to the 2001C LR Bonds.

Current Maturity Schedule.

Current principal outstanding: $30,300,000 Original issue amount: $30,300,000

Dated: November 21, 2001 Due: May 15, as shown below

$30,300,000 Variable Rate Term Bond due May 15, 2022—(CUSIP 917547 PK 1)

Bank Qualified Obligations. The 2001C LR Bonds are not "bank qualified."

Security. Under the Lease, the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 2001C LR Bonds and certain bonds issued on a parity with the 2001C LR Bonds coming due in each year, but only if and to the extent that the Legislature annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 2001C LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 2001C LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the 2001C LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 2001C LR 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 2001C LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.***

Letter of Credit. From the date of original issuance through December 31, 2015, the 2001C LR Bonds will be payable from an irrevocable direct pay Letter of Credit issued by Landesbank Hessen–Thüringen Girozentrale acting through its New York Branch (the "Bank" or "Helaba") in favor of the Trustee. The Trustee will be entitled to draw up to an amount sufficient to pay the principal of and up to 53 days of accrued interest on the 2001C LR Bonds in the Weekly Mode (at a maximum rate of 12% per annum), to be used (a) to pay the principal of and interest on the 2001C LR Bonds when due, and (b) to pay the purchase price of 2001C LR Bonds in the Weekly Mode tendered by the holders thereof but not remarketed in connection with the optional or mandatory tender thereof. The term of the Letter of Credit may be extended upon such terms and conditions as may be agreed upon by Helaba and the Authority. The 2001C LR Bonds will be subject to mandatory tender (i) on the Bond Interest Payment Date when the 2001C LR Bonds bear interest at a Commercial Paper Rate; (ii) upon a change in the method of determining the interest rate on the 2001C LR Bonds; (iii) when the 2001C LR Bonds bear interest at a Long Term Rate and a new Long Term Rate is to be determined; (iv) upon termination of the Letter of Credit due to an Event of Default under the Lease; (v) in the event that the Authority does not replace the Letter of Credit upon its expiration; or (vi) the Authority replaces the Letter of Credit during a Daily Mode, a Weekly Mode, a Commercial Paper Mode or a Long Term Mode. The Letter of Credit is being issued pursuant to a Letter of Credit Reimbursement Agreement, dated as of November 1, 2001, which as since been amended in the First Amendment to the Letter of Credit Reimbursement Agreement, dated as of November 1, 2004, between the Authority and Helaba.

6.

$25,780,000
State Building Ownership Authority of the State of Utah
Lease Revenue Bonds, Series 2001B

Bonds dated: November 1, 2001—Bonds issued on November 21, 2001
CUSIP numbers on the bonds are provided below.

Background Information. The $25,780,000 Lease Revenue Bonds, Series 2001B, dated November 1, 2001 (the "2001B LR Bonds") were awarded pursuant to competitive bidding held, November 7, 2001 to PaineWebber, Inc., New York, New York; at a "true interest rate" of 4.62%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2001B LR Bonds were issued by the Authority as fully–registered bonds in book–entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2001B LR Bonds.

Principal of and interest on the 2001B LR Bonds (interest payable May 15 and November 15 of each year) are payable by Wells Fargo, to the registered owners thereof, currently DTC.

Optional Redemption. The 2001B LR Bonds maturing on or before May 15, 2011, are not subject to optional redemption prior to maturity, except that, the 2001B LR Bonds are subject to mandatory sinking fund redemption, and extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

The 2001B LR Bonds maturing on or after May 15, 2012, are subject to redemption (i) in whole on any business day on or after November 15, 2011, in the event that the State exercises its option pursuant to the Lease to purchase all the leased property (other than State–Owned sites) thereunder or (ii) in part on November 15, 2011, or on any date thereafter from such maturities or portions thereof designated by the State in the event that the State prepays additional base rentals pursuant to the Lease or purchases a portion of the leased property representing the facilities pursuant to the Lease, all as provided in the Indenture. If called for redemption as described in this paragraph, the 2001B LR 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 2001B LR Bonds to be redeemed, equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The 2001B LR Bonds maturing on May 15, 2024, shall be subject to mandatory sinking fund redemption prior to their stated maturity, in part, by lot in such manner as the Trustee shall determine at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest thereon to the redemption date, but without premium, in the principal amounts as set forth below:

Mandatory Sinking Fund Redemption Date	Sinking Fund Requirements
May 15, 2022	$ 1,760,000
May 15, 2023	1,850,000
May 15, 2024 (Stated Maturity)	1,045,000
Total	$ 4,655,000

Current Maturity Schedule.

Current principal outstanding: $23,595,000 Original issue amount: $25,780,000

Dated: November 1, 2001 Due: May 15, as shown below

$18,940,000 Serial Bonds

Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate	Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate
2007	NR 8	$ 935,000	4.00 %	2015	NZ 0	$ 1,280,000	4.30 %
2008	NS 6	965,000	4.00	2016	PA 3	1,335,000	5.00
2009	NT 4	1,005,000	4.00	2017	PB 1	1,400,000	5.00
2010	NU 1	1,055,000	4.00	2018	PC 9	1,465,000	5.00
2011	NV 9	1,090,000	4.00	2019	PD 7	1,550,000	5.00
2012	NW 7	1,135,000	4.00	2020	PE 5	1,620,000	5.00
2013	NX 5	1,175,000	4.10	2021	PF 2	1,705,000	5.00
2014	NY 3	1,225,000	4.20				

$4,655,000 5.25% Term Bond due May 15, 2024—(CUSIP 917547 PJ 4)

Bank Qualified Obligations. The 2001B LR Bonds are not "bank qualified."

Security. Under the Lease, the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 2001B LR Bonds and certain bonds issued on a parity with the 2001B LR Bonds coming due in each year, but only if and to the extent that the Legislature annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 2001B LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 2001B LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the 2001B LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 2001B LR 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 2001B LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.***

7.

$69,850,000
State Building Ownership Authority of the State of Utah
Lease Revenue Bonds, Series 2001A

Bonds dated: November 1, 2001—Bonds issued on November 21, 2001
CUSIP numbers on the bonds are provided below.

Background Information. The $69,850,000 Lease Revenue Bonds, Series 2001A, dated November 1, 2001 (the "2001A LR Bonds") were awarded pursuant to competitive bidding held, November 7, 2001 to PaineWebber, Inc., New York, New York; at a "true interest rate" of 4.47%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2001A LR Bonds were issued by the Authority as fully–registered bonds in book–entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2001A LR Bonds.

Principal of and interest on the 2001A LR Bonds (interest payable May 15 and November 15 of each year) are payable by Wells Fargo, to the registered owners thereof, currently DTC.

Optional Redemption. The 2001A LR Bonds maturing on or before May 15, 2011, are not subject to optional redemption prior to maturity, except that, the 2001A LR Bonds are subject to extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

The 2001A LR Bonds maturing on or after May 15, 2012, are subject to redemption (i) in whole on any business day on or after November 15, 2011, in the event that the State exercises its option pursuant to the Lease to purchase all the leased property (other than State–Owned sites) thereunder or (ii) in part on November 15, 2011, or on any date thereafter from such maturities or portions thereof designated by the State in the event that the State prepays additional base rentals pursuant to the Lease or purchases a portion of the leased property representing the facilities pursuant to the Lease, all as provided in the Indenture. If called for redemption as described in this paragraph, the 2001A LR 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 2001A LR Bonds to be redeemed, equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

Current Maturity Schedule.

Current principal outstanding: $64,675,000 Original issue amount: $69,850,000

Dated: November 1, 2001 Due: May 15, as shown below

Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate	Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate
2007	MV 0	$ 3,125,000	5.00 %	2015	ND 9	$ 4,400,000	5.00 %
2008	MW 8	3,250,000	5.00	2016	NE 7	4,625,000	5.00
2009	MX 6	3,375,000	5.00	2017	NF 4	4,850,000	5.00
2010	MY 4	3,500,000	5.00	2018	NG 2	5,100,000	5.00
2011	MZ 1	3,650,000	5.00	2019	NH 0	5,350,000	5.00
2012	NA 5	3,800,000	5.00	2020	NJ 6	5,600,000	5.00
2013	NB 3	3,975,000	5.00	2021	NK 3	5,900,000	5.00
2014	NC 1	4,175,000	5.00				

Bank Qualified Obligations. The 2001A LR Bonds are not "bank qualified."

Security. Under the Lease, the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 2001A LR Bonds and certain bonds issued on a parity with the 2001A LR Bonds coming due in each year, but only if and to the extent that the Legislature annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 2001A LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 2001A LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the 2001A LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 2001A LR 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 2001A LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.***

8.

$9,455,000
State Building Ownership Authority of the State of Utah
Lease Revenue Bonds, Series 1999A

Bonds dated: August 1, 1999—Bonds issued on August 26, 1999
CUSIP numbers on the bonds are provided below.

Background Information. The $9,455,000 Lease Revenue Bonds, Series 1999A, dated August 1, 1999 (the "1999A LR Bonds") were awarded pursuant to competitive bidding held, August 4, 1999 to First Security Van Kasper, Salt Lake City, Utah, as Senor Manager; with Prudential Securities Inc., Los Angeles, California, as Co-Manager; and other members of a syndicate; at a "true interest rate" of 5.40%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 1999A LR Bonds were issued by the Authority as fully–registered bonds in book–entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 1999A LR Bonds.

Principal of and interest on the 1999A LR Bonds (interest payable May 15 and November 15 of each year) are payable by Wells Fargo, to the registered owners thereof, currently DTC.

Optional Redemption. The 1999A LR Bonds maturing on or before May 15, 2009, are not subject to optional redemption prior to maturity, except that, the 1999A LR Bonds are subject to mandatory sinking fund redemption, and extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

The 1999A LR Bonds maturing on or after May 15, 2010, are subject to redemption (i) in whole on any business day on or after November 15, 2009, in the event that the State exercises its option pursuant to the Lease to purchase all the leased property (other than State–Owned sites) thereunder or (ii) in part on November 15, 2009, or on any date thereafter from such maturities or portions thereof designated by the State in the event that the State prepays additional base rentals pursuant to the Lease or purchases a portion of the leased property representing the facilities pursuant to the Lease, all as provided in the Indenture. If called for redemption as described in this paragraph, the 1999A LR 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 1999A LR Bonds to be redeemed, equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The 1999A LR Bonds which matured on May 15, 2021 (in the amount of $4,355,000) have been refunded by the 2004A LR Bonds.

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Current Maturity Schedule.

Current principal outstanding: $1,150,000 Original issue amount: $9,455,000

Dated: August 1, 1999 Due: May 15, as shown below

$1,150,000 Serial Bonds

Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate	Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate
2007	MA 6	$ 365,000	5.25 %	~~2011 .....~~	~~ME 8~~	$ ~~450,000~~	~~5.25~~ %
2008	MB 4	380,000	5.25	~~2012 .....~~	~~MF 5~~	~~470,000~~	~~5.25~~
2009	MC 2	405,000	5.25	~~2013 .....~~	~~MG 3~~	~~495,000~~	~~5.25~~
~~2010 .....~~	~~MD 0~~	~~425,000~~	~~5.25~~	~~2014 .....~~	~~MH 1~~	~~525,000~~	~~5.30~~

~~**$4,335,000 5.50% Term Bond due May 15, 2021 (CUSIP 917547 MQ 1)**~~

(~~Strikethrough~~) Principal and interest have been refunded by the 2004A LR Bonds.

Bank Qualified Obligations. The 1999A LR Bonds are not "bank qualified."

Security. Under the Lease, the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 1999A LR Bonds and certain bonds issued on a parity with the 1999A LR Bonds coming due in each year, but only if and to the extent that the Legislature annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 1999A LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 1999A LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the 1999A LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 1999A LR 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 1999A LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.***

Credit Enhancement. Payment of the principal of and interest on the 1999A LR Bonds when due are guaranteed under an insurance policy issued by Financial Security Assurance Inc ("FSA").

9.

$105,100,000
State Building Ownership Authority of the State of Utah
Lease Revenue Refunding Bonds, Series 1998C

Bonds dated: August 15, 1998—Bonds issued on September 15, 1998
CUSIP numbers on the bonds are provided below.

Background Information. The $105,100,000 Lease Revenue Refunding Bonds, Series 1998C, dated August 15, 1998 (the "1998C LR Bonds") were awarded pursuant to negotiations held with Salomon Smith Barney, New York, New York, as Senor Manager; with First Security Capital Markets, Inc., Salt Lake City, Utah; George K. Baum & Co., Salt Lake City, Utah; Merrill Lynch & Co., Los Angeles, California; and PaineWebber Inc., Seattle, Washington, as Co–Managers; at a "true interest rate" of 4.80%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 1998C LR Bonds were issued by the Authority as fully–registered bonds in book–entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 1998C LR Bonds.

Principal of and interest on the 1998C LR Bonds (interest payable May 15 and November 15 of each year) are payable by Wells Fargo, to the registered owners thereof, currently DTC.

Optional Redemption. The 1998C LR Bonds are not subject to optional redemption prior to maturity, except that, the 1998C LR Bonds are subject to mandatory sinking fund redemption, and extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

Mandatory Sinking Fund Redemption. The 1998C LR Bonds maturing on May 15, 2019, shall be subject to mandatory sinking fund redemption prior to their stated maturity, in part, by lot in such manner as the Trustee shall determine at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest thereon to the redemption date, but without premium, in the principal amounts as set forth below:

Mandatory Sinking Fund Redemption Date	Sinking Fund Requirements
May 15, 2016	$ 9,950,000
May 15, 2017	9,835,000
May 15, 2018	8,940,000
May 15, 2019 (Stated Maturity)	2,270,000
Total	$ 30,995,000

Current Maturity Schedule.

Current principal outstanding: $100,760,000 Original issue amount: $105,100,000

Dated: August 15, 1998 Due: May 15, as shown below

$70,630,000 Serial Bonds

Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate	Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate
2007	LJ 8	$ 1,135,000	4.30 %	2012	LP 4	$ 8,740,000	5.50 %
2008	LK 5	7,500,000	5.50	2013	LQ 2	9,220,000	5.50
2009	LL 3	7,895,000	5.50	2014	LR 0	9,730,000	5.50
2010	LM 1	8,330,000	5.50	2015	LT 6	9,270,000	5.50
2011	LN 9	8,810,000	5.50				

$30,130,000 5.50% Term Bond due May 15, 2019—(CUSIP 917547 LS 8)

Bank Qualified Obligations. The 1998C LR Bonds are not "bank qualified."

Security. Under the Lease, the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 1998C LR Bonds and certain bonds issued on a parity with the 1998C LR Bonds coming due in each year, but only if and to the extent that the Legislature annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 1998C LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 1998C LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the 1998C LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 1998C LR 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 1998C LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.***

Credit Enhancement. Payment of the principal of and interest on the 1998C LR Bonds when due are guaranteed under an insurance policy issued by FSA.

10.

$25,710,000
State Building Ownership Authority of the State of Utah
Lease Revenue Bonds, Series 1998A

Bonds dated: July 1, 1998—Bonds issued on July 22, 1998
CUSIP numbers on the bonds are provided below.

Background Information. The $25,710,000 Lease Revenue Bonds, Series 1998A, dated July 1, 1998 (the "1998A LR Bonds") were awarded pursuant to negotiations held with Lehman Brothers, Seattle, Washington, as Senor Manager; with George K. Baum & Co., Kansas City Missouri; and Prudential Securities Inc., Seattle, Washington; as Co–Managers; at a "true interest rate" of 4.91%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 1998A LR Bonds were issued by the Authority as fully–registered bonds in book–entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 1998A LR Bonds.

Principal of and interest on the 1998A LR Bonds (interest payable May 15 and November 15 of each year) are payable by Wells Fargo, to the registered owners thereof, currently DTC.

Optional Redemption. The 1998A LR Bonds maturing on or before May 15, 2008, are not subject to optional redemption prior to maturity, except that, the 1998A LR Bonds are subject to mandatory sinking fund redemption, and extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

The 1998A LR Bonds maturing on or after May 15, 2009, are subject to redemption (i) in whole on any business day on or after May 15, 2008, in the event that the State exercises its option pursuant to the Lease to purchase all the leased property (other than State–Owned Sites) thereunder or (ii) in part on May 15, 2008, or on any date thereafter from such maturities or portions thereof designated by the State in the event that the State prepays additional base rentals pursuant to the Lease or purchases a portion of the leased property representing the facilities pursuant to the Lease, all as provided in the Indenture. If called for redemption as described in this paragraph, the 1998A LR 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 1998A LR Bonds to be redeemed, equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The 1998A LR Bonds which matured on May 15, 2020 (in the amount of $5,800,000) have been refunded by the 2004A LR Bonds.

Current Maturity Schedule.

Current principal outstanding: $1,510,000 Original issue amount: $25,710,000

Dated: July 1, 1998 Due: May 15, as shown below

$1,510,000 Serial Bonds

Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate	Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate
2007	KL 4	$ 735,000	4.50 %	~~2010 .....~~	~~KP 5~~	$ ~~840,000~~	~~4.70~~ %
2008	KM 2	775,000	4.50	~~2011 .....~~	~~KQ 3~~	~~885,000~~	~~4.80~~
~~2009 .....~~	~~KN 0~~	~~805,000~~	~~4.60~~	~~2012 .....~~	~~KR 1~~	~~920,000~~	~~4.90~~

~~$5,800,000 5.25% Term Bond due May 15, 2020 (CUSIP 917547 KZ 3)~~

(~~Strikethrough~~) Principal and interest have been refunded by the 2004A LR Bonds.

Bank Qualified Obligations. The 1998A LR Bonds are not "bank qualified."

Security. Under the Lease, the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 1998A LR Bonds and certain bonds issued on a parity with the 1998A LR Bonds coming due in each year, but only if and to the extent that the Legislature annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 1998A LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 1998A LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the 1998A LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 1998A LR 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 1998A LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.***

Credit Enhancement. Payment of the principal of and interest on the 1998A LR Bonds when due are guaranteed under an insurance policy issued by FSA.

11.

$4,150,000
State Building Ownership Authority of the State of Utah
Lease Revenue Bonds, Series 1997A

Bonds dated: December 1, 1997—Bonds issued on December 18, 1997
CUSIP numbers on the bonds are provided below.

Background Information. The $4,150,000 Lease Revenue Bonds, Series 1997A, dated December 1, 1997 (the "1997A LR Bonds") were awarded pursuant to competitive bidding held, December 3, 1997 to George K. Baum & Co., Kansas City, Missouri; at a "true interest rate" of 5.06%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 1997A LR Bonds were issued by the Authority as fully–registered bonds in book–entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 1997A LR Bonds.

Principal of and interest on the 1997A LR Bonds (interest payable May 15 and November 15 of each year) are payable by Wells Fargo, to the registered owners thereof, currently DTC.

Optional Redemption. The 1997A LR Bonds maturing on or before May 15, 2008, are not subject to optional redemption prior to maturity, except that, the 1997A LR Bonds are subject to mandatory sinking fund redemption, and extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

The 1997A LR Bonds maturing on or after May 15, 2009, are subject to redemption (i) in whole on any business day on or after May 15, 2008, in the event that the State exercises its option pursuant to the Lease to purchase all the leased property (other than State–Owned sites) thereunder or (ii) in part on May 15, 2008, or on any date thereafter from such maturities or portions thereof designated by the State in the event that the State prepays additional Base Rentals pursuant to the Lease or purchases a portion of the leased property representing the facilities pursuant to the Lease, all as provided in the Indenture. If called for redemption as described in this paragraph, the 1997A LR 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 1997A LR Bonds to be redeemed, equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The 1997A LR Bonds which matured on May 15, 2018 (in the amount of $1,210,000) have been refunded by the 2004A LR Bonds.

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Current Maturity Schedule.

Current principal outstanding: $385,000 Original issue amount: $4,150,000

Dated: December 1, 1997 Due: May 15, as shown below

$385,000 Serial Bonds

Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate	Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate
2007	HY 0	$ 190,000	4.60 %	~~2011 .....~~	~~JC 6~~	$ ~~230,000~~	~~4.90~~ %
2008	HZ 7	195,000	4.70	~~2012 .....~~	~~JD 4~~	~~240,000~~	~~5.00~~
~~2009 .....~~	~~JA 0~~	~~205,000~~	~~4.80~~	~~2013 .....~~	~~JE 2~~	~~250,000~~	~~5.00~~
~~2010 .....~~	~~JB 8~~	~~215,000~~	~~4.80~~	~~2014 .....~~	~~JF 9~~	~~265,000~~	~~5.10~~

~~**$1,210,000 5.125% Term Bond due May 15, 2018 (CUSIP 917547 JK 8)**~~

(~~Strikethrough~~) Principal and interest have been refunded by the 2004A LR Bonds.

Bank Qualified Obligations. The 1997A LR Bonds are not "bank qualified."

Security. Under the Lease, the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 1997A LR Bonds and certain bonds issued on a parity with the 1997A LR Bonds coming due in each year, but only if and to the extent that the Legislature annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 1997A LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 1997A LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the 1997A LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 1997A LR 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 1997A LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.***

Credit Enhancement. Payment of the principal of and interest on the 1997A LR Bonds when due are guaranteed under an insurance policy issued by AMBAC Assurance Corporation.

12.

$16,875,000
State Building Ownership Authority of the State of Utah
Lease Revenue Bonds, Series 1996B

Bonds dated: November 1, 1996—Bonds issued on December 4, 1996
CUSIP numbers on the bonds are provided below.

Background Information. The $16,875,000 Lease Revenue Bonds, Series 1996B, dated November 1, 1996 (the "1996B LR Bonds") were awarded pursuant to competitive bidding held, November 13, 1996 to Lehman Brothers, New York, New York; at a "true interest rate" of 5.30%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 1996B LR Bonds were issued by the State Authority as fully–registered bonds in book–entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 1996B LR Bonds.

Principal of and interest on the 1996B LR Bonds (interest payable May 15 and November 15 of each year) are payable by Wells Fargo, to the registered owners thereof, currently DTC.

Optional Redemption. The 1996B LR Bonds maturing on or before May 15, 2006, are not subject to optional redemption prior to maturity, except that, the 1996B LR Bonds are subject to mandatory sinking fund redemption, and extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

The 1996B LR Bonds maturing on or after May 15, 2007, are subject to redemption (i) in whole on any business day on or after November 15, 2006, in the event that the State exercises its option pursuant to the Lease to purchase all the leased property (other than State–Owned sites) thereunder or (ii) in part on November 15, 2006, or on any date thereafter from such maturities or portions thereof designated by the State in the event that the State prepays additional base rentals pursuant to the Lease or purchases a portion of the leased property representing the U of U 1996B facilities pursuant to the Lease. If called for redemption as described in this paragraph, the 1996B LR 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 1996B LR Bonds to be redeemed, equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The 1996B LR Bonds which matured on May 15, 2013 (in the amount of $4,460,000) have been refunded by the 2004B LR Bonds.

Current Maturity Schedule.

Current principal outstanding: $1,150,000 Original issue amount: $16,875,000

Dated: November 1, 1996 Due: May 15, as shown below

$1,150,000 Serial Bonds

Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate	Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate
2007	HH 7	$ 1,150,000	5.00 %	~~2009 .....~~	~~HK 0~~	$ ~~1,270,000~~	~~5.20~~ %
~~2008 .....~~	~~HJ 3~~	~~1,205,000~~	~~5.10~~	~~2010 .....~~	~~HL 8~~	~~1,335,000~~	~~5.30~~

~~$4,460,000 5.40% Term Bond due May 15, 2013 (CUSIP 917547 HP 9)~~

(~~Strikethrough~~) Principal and interest have been refunded by the 2004B LR Bonds.

Bank Qualified Obligations. The 1996B LR Bonds are not "bank qualified."

Security. Under the Lease, the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 1996B LR Bonds and certain bonds issued on a parity with the 1996B LR Bonds coming due in each year, but only if and to the extent that the Legislature annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 1996B LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 1996B LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the 1996B LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 1996B LR 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 1996B LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.***

Credit Enhancement. Payment of the principal of and interest on the 1996B LR Bonds when due are guaranteed under an insurance policy issued by MBIA Insurance Corporation ("MBIA").

13.

$44,725,000
State Building Ownership Authority of the State of Utah
Lease Revenue Bonds, Series 1996A

Bonds dated: July 1, 1996—Bonds issued on August 1, 1996
CUSIP numbers on the bonds are provided below.

Background Information. The $44,725,000 Lease Revenue Bonds, Series 1996A, dated November 1, 1996 (the "1996A LR Bonds") were awarded pursuant to competitive bidding held, July 9, 1996 to Goldman, Sachs & Co., New York, New York, as Senior Manager; with Smith Barney Inc., New York, New York; Morgan Stanley & Co. Inc., New York, New York; and George K. Baum & Co., Kansas City, Missouri; as Co-Managers; at a "true interest rate" of 5.90%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 1996A LR Bonds were issued by the Authority as fully–registered bonds in book–entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 1996A LR Bonds.

Principal of and interest on the 1996A LR Bonds (interest payable May 15 and November 15 of each year) are payable by Wells Fargo, to the registered owners thereof, currently DTC.

Optional Redemption. The 1996A LR Bonds maturing on or before May 15, 2006, are not subject to optional redemption prior to maturity, except that, the 1996A LR Bonds are subject to mandatory sinking fund redemption, and extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

The 1996A LR Bonds maturing on or after May 15, 2007, are subject to redemption (i) in whole on any business day on or after November 15, 2006, in the event that the State exercises its option pursuant to the Lease to purchase all the leased property (other than State–Owned sites) thereunder or (ii) in part on November 15, 2006, or on any date thereafter from such maturities or portions thereof designated by the State in the event that the State prepays additional base rentals pursuant to the Lease or purchases a portion of the leased property representing the facilities pursuant to the Lease. If called for redemption as described in this paragraph, the 1996A LR 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 1996A LR Bonds to be redeemed, equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The 1996A LR Bonds which matured on May 15, 2016 (in the amount of $5,140,000) and May 15, 2019 (in the amount of $7,960,000) have been refunded by the 1998C LR Bonds.

Current Maturity Schedule.

Current principal outstanding: $1,840,000 Original issue amount: $44,725,000

Dated: July 1, 1996 Due: May 15, as shown below

$1,840,000 Serial Bonds

Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate	Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate
2007	GL 9	$ 1,840,000	5.50 %	~~2011 .....~~	~~GQ 8~~	$ ~~2,515,000~~	~~5.85~~ %
~~2008 .....~~	~~GM 7~~	~~2,130,000~~	~~5.60~~	~~2012 .....~~	~~GR 6~~	~~2,100,000~~	~~5.90~~
~~2009 .....~~	~~GN 5~~	~~2,240,000~~	~~5.70~~	~~2013 .....~~	~~GS 4~~	~~2,225,000~~	~~5.95~~
~~2010 .....~~	~~GP 0~~	~~2,370,000~~	~~5.75~~	~~2014 .....~~	~~GT 2~~	~~2,355,000~~	~~6.00~~

~~$5,140,000 6.00% Term Bond due May 15, 2016 (CUSIP 917547 GV 7)~~
~~$7,960,000 6.00% Term Bond due May 15, 2019 (CUSIP 917547 GY 1)~~

(~~Strikethrough~~) Principal and interest have been refunded by the 1998C LR Bonds.

Bank Qualified Obligations. The 1996A LR Bonds are not "bank qualified."

Security. Under the Lease, the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 1996A LR Bonds and certain bonds issued on a parity with the 1996A LR Bonds coming due in each year, but only if and to the extent that the Legislature annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 1996A LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 1996A LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the 1996A LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 1996A LR 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 1996A LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.***

Credit Enhancement. Payment of the principal of and interest on the 1996A LR Bonds when due are guaranteed under an insurance policy issued by MBIA.

14.

$93,000,000
State Building Ownership Authority of the State of Utah
Lease Revenue Bonds, Series 1995A

Bonds dated: July 1, 1995—Bonds issued on August 15, 1995
CUSIP numbers on the bonds are provided below.

Background Information. The $93,000,000 Lease Revenue Bonds, Series 1995A, dated July 1, 1995 (the "1995A LR Bonds") were awarded pursuant to competitive bidding held, July 12, 1995 to Lehman Brothers, New York, New York, as Senior Manager; with J.P. Morgan Securities Inc., New York, New York; Kemper Securities Inc., Chicago, Illinois; and Bear, Stearns & Co. Inc., New York, New York; as Co-Managers; at a "true interest rate" of 5.62%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 1995A LR Bonds were issued by Authority as fully–registered bonds in book–entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 1995A LR Bonds.

Principal of and interest on the 1995A LR Bonds (interest payable May 15 and November 15 of each year) are payable by Wells Fargo, to the registered owners thereof, currently DTC.

Optional Redemption. The 1995A LR Bonds maturing on or before May 15, 2005, are not subject to optional redemption prior to maturity, except that, the 1995A LR Bonds are subject to mandatory sinking fund redemption, and extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

The 1995A LR Bonds maturing on or after May 15, 2006, are subject to redemption (i) in whole on any business day on or after November 15, 2005, in the event that the State exercises its option pursuant to the Lease to purchase all the leased property (other than State–Owned sites) thereunder or (ii) in part on November 15, 2005, or on any date thereafter from such maturities or portions thereof designated by the State in the event that the State prepays additional base rentals pursuant to the Lease or purchases a portion of the leased property representing the facilities pursuant to the Lease. If called for redemption as described in this paragraph, the 1995A LR 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 1995A LR Bonds to be redeemed, equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The 1995A LR Bonds which matured on May 15, 2018 (in the amount of $18,555,000) have been refunded by the 1998C LR Bonds.

Current Maturity Schedule.

Current principal outstanding: $4,155,000 Original issue amount: $93,000,000

Dated: July 1, 1995 Due: May 15, as shown below

$4,155,000 Serial Bonds

Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate	Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate
2007	FN 6	$ 4,155,000	5.200 %	~~2012 .....~~	~~FT 3~~	$ ~~5,390,000~~	~~5.625~~ %
~~2008 .....~~	~~FP 1~~	~~4,365,000~~	~~5.300~~	~~2013 .....~~	~~FU 0~~	~~5,695,000~~	~~5.625~~
~~2009 .....~~	~~FQ 9~~	~~4,595,000~~	~~5.400~~	~~2014 .....~~	~~FV 8~~	~~6,015,000~~	~~5.700~~
~~2010 .....~~	~~FR 7~~	~~4,840,000~~	~~5.500~~	~~2015 .....~~	~~FW 6~~	~~6,360,000~~	~~5.700~~
~~2011 .....~~	~~FS 5~~	~~5,110,000~~	~~5.500~~				

~~$18,555,000 5.75% Term Bond due May 15, 2018 (CUSIP 917547 FZ 9)~~

(~~Strikethrough~~) Principal and interest have been refunded by the 1998C LR Bonds.

Bank Qualified Obligations. The 1995A LR Bonds are not "bank qualified."

Security. Under the Lease, the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 1995A LR Bonds and certain bonds issued on a parity with the 1995A LR Bonds coming due in each year, but only if and to the extent that the Legislature annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 1995A LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 1995A LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as security for the 1995A LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 1995A LR 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 1995A LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.***

Credit Enhancement. Payment of the principal of and interest on the 1995A LR Bonds when due are guaranteed under an insurance policy issued by AMBAC Indemnity Corporation.

Legal Borrowing Authority

Constitutional and Statutory Limitations on State Indebtedness

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 as follows on December 31, 2006:

Fair Market Value of Ad Valorem Taxable Property (1)	$ 186,836,223,701
Uniform Fees in lieu of Ad Valorem Taxable Property (2)	12,146,608,855
Total Fair Market Value of Taxable Property (1)	$ 198,982,832,556
Constitutional Debt Limit (1.5%)	$ 2,984,742,488
Less: Currently Outstanding General Obligation Debt (Net) (3)	(1,290,324,161)
Estimated Additional Constitutional Debt Incurring Capacity of the State (4)	$ 1,694,418,327

(1) Based on 2005 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 2005 "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 taxable property in the State.
(3) Reflects unamortized original issue bond premium and deferred amount on refunding 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.

Statutory General Obligation Debt Limit. Title 63, Chapter 38c, 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 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.

As of December 31, 2006, using the budget appropriations for the Fiscal Year 2007, 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 follows:

Statutory General Obligation Debt Limit (1)	$ 1,025,510,445
Less: Statutorily Applicable General Obligation Debt (Net) (2)	(496,731,103)
Remaining Statutory General Obligation Debt Incurring Capacity	$ 528,779,342

(1) 45% of the Fiscal Year 2007 appropriation limit of $2,278,912,100.
(2) Reflects unamortized original issue bond premium and deferred amount on refunding that was treated as principal for purposes of calculating the applicable constitutional and statutory debt limits.

As additional general obligation bonds are issued and outstanding general obligation bonds are retired, the unused maximum general obligation borrowing capacity of the State under the State Appropriations and Tax Limitation Act will fluctuate. The State Appropriations and Tax Limitation Act may be amended in the future by majority vote of both houses of the Legislature.

The calculation of the historical constitutional debt limit, the general obligation debt, the additional general obligation debt incurring capacity, and the statutory debt limit for the State for each of the Fiscal Years 2002 through 2006 is as follows:

	Fiscal Year Ended June 30 (in thousands)				
	2006	2005	2004	2003	2002
Fair Market Value of Ad Valorem Taxable Property (1)	$ 186,836,224	$ 173,003,833	$ 164,567,250	$ 159,659,350	$ 153,166,346
Fees in lieu of Ad Valorem Tax (2)	12,146,609	12,616,364	11,973,726	11,116,588	10,019,394
Fair Market Value for Debt Incurring Capacity	$ 198,982,833	$ 185,620,197	$ 176,540,976	$ 170,775,938	$ 163,185,740
Constitutional:					
Constitutional Debt Limit (1.5% of Fair Market Value)	$ 2,984,742	$ 2,784,303	$ 2,648,115	$ 2,561,639	$ 2,447,786
Outstanding Constitutional General Obligation Debt (Net) (3)	(1,436,845)	(1,587,804)	(1,588,810)	(1,713,755)	(1,498,371)
Additional Debt Incurring Capacity (*constitutional*)	$ 1,547,897	$ 1,196,499	$ 1,059,305	$ 847,884	$ 949,415
Statutory:					
Statutory General Obligation Debt Limit	$ 944,824	$ 880,463	$ 835,292	$ 830,137	$ 835,341
Outstanding General Obligation Debt (Net) (3) (4)	(558,866)	(630,711)	(607,999)	(693,706)	(497,921)
Additional General Obligation Debt Incurring Capacity (*statutory*)	$ 385,958	$ 249,752	$ 227,293	$ 136,431	$ 337,420

(1) Actual collection of ad valorem taxes is affected by legislation that may limit the percentage of fair market value which may be used as the basis for taxation.
(2) 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) Reflects unamortized original issue bond premium and deferred amount on refunding that was treated as principal for purposes of calculating the applicable constitutional and statutory debt limits.
(4) Certain general obligation highway indebtedness is exempt from the State Appropriations and Tax Limitation Act.

(Sources: Property Tax Division, State Tax Commission (as to Taxable Value only) and the Financial Advisor.)

See “FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Property Tax Matters” below.

Authorized General Obligation Bonds and Future General Obligation Bond Issuance

The State has approximately $163.4 million ($111.1 million for capital projects from a 2006 authorization, $4.6 million for capital projects from a 2005 authorization; $9.1 million for capital projects from a 2004 authorization; $26.4 million for highway projects from a 2003 authorization; $6.2 million for higher education building projects from a 2002 authorization; and $6 million for transportation projects from a 2000 authorization) aggregate principal amount of additional authorized and unissued general obligation bonds, the proceeds of which bonds, when issued, will be used by the Utah Department of Transportation and the Division of Facilities Construction and Management for various capital projects.

The State traditionally issues bonds each year and may, subsequent to December 31, 2006, issue some, or all, of the additional $163.4 million aggregate principal amount of authorized and unissued general obligation bonds.

Outstanding General Obligation Indebtedness

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 December 31, 2006, the State has the following principal amounts of general obligation debt outstanding:

Series (1)	Purpose	Original Principal Amount	Final Maturity Date		Current Principal Outstanding
2004B (2)	Various purpose	$ 140,635,000	July 1, 2019		$ 118,495,000
2004A (3)	Refunding	314,775,000	July 1, 2016		314,775,000
2003A (4)	Various purpose	407,405,000	July 1, 2013	(8)	306,250,000
2002B (5)	Refunding	253,100,000	July 1, 2012		250,700,000
2002A (6)	Various purpose	281,200,000	July 1, 2011	(8)	74,175,000
2001B (5) (6)	Various purpose	348,000,000	July 1, 2009	(8)	108,425,000
1998A (5) (7)	Various purpose	265,000,000	July 1, 2008	(9)	36,475,000
1997F (5) (7)	Highway projects	205,000,000	July 1, 2007	(9)	17,375,000
1997E (5) (7)	Highway projects	135,000,000	July 1, 2007	(9)	10,500,000
Total Principal Amount of outstanding General Obligation Debt (10)					$ 1,237,170,000

(1) Unless otherwise indicated, the outstanding general obligation bonds of the State are currently rated "AAA" by Fitch Inc. ("Fitch"); "Aaa" by Moody's Investors Service, Inc. ("Moody's"); and "AAA" by Standard & Poor's Ratings Group, a division of the McGraw-Hill Companies, Inc. ("S&P"), as of the date of the last OFFICIAL STATEMENT, dated January 10, 2006.
(2) As of December 31, 2006, $47.05 million of these bonds are exempt from statutory debt limit calculations.
(3) As of December 31, 2006, $125.315 million of these bonds are exempt from statutory debt limit calculations.
(4) Portions of this bond issue were refunded by the 2004A General Obligation Bonds. As of December 31, 2006, $169.325 million of these bonds are exempt from statutory debt limit calculations.
(5) These bonds are exempt from statutory debt limit calculations.
(6) Portions of this bond issue were refunded by the 2004A General Obligation Bonds.
(7) Portions of these bond issues were refunded by the 2002B General Obligation Bonds.
(8) Final maturity date of the outstanding portions of this bond issue after the refunding effected by the 2004A General Obligation Bonds.
(9) Final maturity date of the outstanding portions of these bond issues after the refunding effected by the 2002B General Obligation Bonds.
(10) For accounting purposes, the outstanding debt as shown above must be increased by the premium associated with debt issued and reduced by deferred amounts on refundings that are reported in the long-term debt notes of the State's financial statements. Thus, for accounting purposes, the total unamortized bond premium as of December 31, 2006 is $71,219,258 and the total deferred amount is $18,065,097, resulting in total outstanding net direct debt of $1,290,324,161.

(Source: Division of Finance.)

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The following tables show the ratios of the principal par amounts of the State's general obligation debt (excludes any additional principal amounts attributable to unamortized original issue bond premium and deferred amount on refunding), to population, total personal income, taxable value and fair market/market value for the fiscal years shown and estimated as of December 31, 2006.

	Fiscal Year Ended June 30				
	2006	2005	2004	2003	2002
Outstanding General Obligation Debt (000's) (1)	$ 1,377,390	$ 1,514,510	$ 1,510,160	$ 1,623,680	$ 1,474,000
Debt Ratios:					
Per Capita	$ 525	$ 595	$ 612	$ 673	$ 625
As % of Total Personal Income	1.86%	2.23%	2.38%	2.73%	2.53%
As % of Taxable Value	1.04%	1.14%	1.23%	1.38%	1.29%
As % of Fair Market/Market Value	0.74%	0.81%	0.87%	0.99%	0.92%

	Estimated December 31, 2006 (2)
Outstanding General Obligation Debt (1)	$1,237,170,000
Debt Ratios:	
Per Capita	$472
As % of Total Personal Income	1.67%
As % of Taxable Value	0.93%
As % of Fair Market/Market Value	0.66%

(1) Excludes any additional principal amounts attributable to unamortized original issue bond premium and deferred amount on refunding.
(2) Information as of December 31, 2006 (Fiscal Year 2007) is preliminary and subject to change.

(Sources: Division of Finance and the Financial Advisor.)

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Debt Service Schedule of Outstanding General Obligation Bonds by Fiscal Year (1)

Fiscal Year Ending June 30	Series 2004B $140,635,000 Principal	Series 2004B Interest	Series 2004A $314,775,000 Principal	Series 2004A Interest	Series 2003A $407,405,000 Principal	Series 2003A Interest	Series 2002B $253,100,000 Principal	Series 2002B Interest
2007	$ 7,785,000	$ 6,119,375	$ 0	$ 14,937,350	$ 7,775,000	$ 14,608,250	$ 160,000	$ 13,362,856
2008	6,865,000	5,753,125	0	14,937,350	12,825,000	14,093,250	120,000	13,358,656
2009	9,970,000	5,332,250	0	14,937,350	59,300,000	12,586,625	29,455,000	12,583,663
2010	11,180,000	4,803,500	0	14,937,350	61,125,000	10,025,313	50,835,000	10,481,778
2011	25,755,000	3,880,125	39,310,000	14,151,150	50,025,000	7,399,375	53,670,000	7,710,706
2012	30,600,000	2,471,250	40,830,000	12,548,350	15,100,000	5,771,250	56,705,000	4,744,378
2013	3,575,000	1,616,875	11,245,000	11,450,625	52,575,000	4,079,375	59,915,000	1,610,216
2014	3,750,000	1,433,750	18,480,000	10,707,500	55,300,000	1,382,500	-	-
2015	3,950,000	1,241,250	73,595,000	8,405,625	0	0 (2)	-	-
2016	4,125,000	1,039,375	73,910,000	4,718,000	0	0 (2)	-	-
2017	4,350,000	827,500	57,405,000	1,435,125	0	0 (2)	-	-
2018	4,550,000	605,000	-	-	-	-	-	-
2019	4,800,000	371,250	-	-	-	-	-	-
2020	5,025,000	125,625	-	-	-	-	-	-
Totals	$ 126,280,000	$ 35,620,251	$ 314,775,000	$ 123,165,775	$ 314,025,000	$ 69,945,938	$ 250,860,000	$ 63,852,253

Fiscal Year Ending June 30	Series 2002A $281,200,000 Principal	Series 2002A Interest	Series 2001B $348,000,000 Principal	Series 2001B Interest	Series 1998A $265,000,000 Principal	Series 1998A Interest	Series 1997F $205,000,000 Principal	Series 1997F Interest
2007	$ 48,075,000	$ 4,926,438	$ 33,250,000	$ 5,627,250	$ 16,775,000	$ 2,243,125	$ 16,475,000	$ 1,408,688
2008	50,575,000	2,460,188	34,650,000	4,099,500	17,750,000	1,380,000	17,375,000	477,813
2009	5,525,000	1,057,688	36,125,000	2,507,063	18,725,000	468,125	0	0 (4)
2010	5,750,000	775,813	37,650,000	847,125	0	0 (4)	0	0 (4)
2011	6,000,000	482,063	0	0 (2)	0	0 (4)	0	0 (4)
2012	6,325,000	166,031	0	0 (2)	0	0 (4)	0	0 (4)
2013	0	0 (3)	0	0 (2)	0	0 (4)	0	0 (4)
2014	0	0 (2)	0	0 (2)	-	-	-	-
2015	0	0 (2)	0	0 (2)	-	-	-	-
2016	0	0 (2)	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-
Totals	$ 122,250,000	$ 9,868,218	$ 141,675,000	$ 13,080,937	$ 53,250,000	$ 4,091,250	$ 33,850,000	$ 1,886,501

Fiscal Year Ending June 30	Series 1997E $135,000,000 Principal	Series 1997E Interest	Totals (1) Total Principal	Totals (1) Total Interest	Totals (1) Total Debt Service
2007	$ 9,925,000	$ 850,438 (5)	$ 140,220,000	$ 64,083,770	$ 204,303,770
2008	10,500,000	288,750 (6)	150,660,000	56,848,632	207,508,632
2009	0	0 (4)	159,100,000	49,472,764	208,572,764
2010	0	0 (4)	166,540,000	41,870,879	208,410,879
2011	0	0 (4)	174,760,000	33,623,419	208,383,419
2012	0	0 (4)	149,560,000	25,701,259	175,261,259
2013	0	0 (4)	127,310,000	18,757,091	146,067,091
2014	-	-	77,530,000	13,523,750	91,053,750
2015	-	-	77,545,000	9,646,875	87,191,875
2016	-	-	78,035,000	5,757,375	83,792,375
2017	-	-	61,755,000	2,262,625	64,017,625
2018	-	-	4,550,000	605,000	5,155,000
2019	-	-	4,800,000	371,250	5,171,250
2020	-	-	5,025,000	125,625	5,150,625
Totals	$ 20,425,000	$ 1,139,187	$ 1,377,390,000	$ 322,650,313	$ 1,700,040,313

(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.
(2) Principal and interest has been refunded by the 2004A General Obligation Bonds.
(3) There was no scheduled principal maturity in this fiscal year.
(4) Principal and interest has been refunded by the 2002B General Obligation Bonds.
(5) $850,000 (of the original maturity of $10,775,000) has been refunded by the 2002B General Obligation Bonds.
(6) $850,000 (of the original maturity of $11,350,000) has been refunded by the 2002B General Obligation Bonds.

(Source: The Financial 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 Ended June 30 (in thousands)				
	2006	2005	2004	2003	2002
General Fund Expenditures	$ 4,333,467	$ 4,016,667	$ 3,775,296	$ 3,519,422	$ 3,412,413
Debt Service Expenditures	$ 235,436	$ 273,679	$ 211,960	$ 189,020	$ 175,188
Ratio of Debt Service to General Fund Expenditures	5.43%	6.81%	5.61%	5.37%	5.13%
Total All Governmental Funds Expenditures (1)	$ 8,118,742	$ 7,489,813	$ 7,074,833	$ 6,702,566	$ 6,597,787
Ratio of Debt Service Expenditures to All Governmental Fund Expenditures	2.90%	3.65%	3.00%	2.82%	2.66%

(1) During Fiscal Year 2005, debt service increased from the prior year due to a final debt payment of approximately $31.6 million (for 2002 Winter Olympic facilities).

(Sources: Division of Finance and the Fiscal Year Ended June 30, 2006 Comprehensive Annual Financial Report (the "2006 CAFR").)

Lease Obligations

The State leases office buildings, other real property, 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. 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 Comprehensive Annual Financial Report ("CAFR").

Operating leases (leases of assets not recorded on the Balance Sheet) 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 assets. Any escalation clauses, sublease rentals and contingent rents are considered immaterial to the future minimum lease payments and current rental expenditures. Operating lease payments are recorded as expenditures or expenses when paid or incurred.

The total operating lease expenditures for the Fiscal Years 2006 and 2005 were $26.2 million and $25.3 million, respectively, for the primary government, and $30.9 million and $18.6 million, respectively, for component units.

Revenue Bonds and Notes

Various State agencies 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.

The majority of the State's revenue bonds and notes are issued by the Utah Housing Corporation (formerly known as the Utah Housing Finance Agency), the State Board of Regents (student loans and college and university capital projects), and the State of Utah, State Building Ownership Authority. The State Building Ownership Authority is discussed below.

State of Utah, State Building Ownership Authority

Establishment and Statutory Powers. The State of Utah, State Building Ownership Authority (the Authority) was created in 1979 as body politic and corporate of the State. The Authority is empowered, among other things, to issue 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 at 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 the Authority's legally issued 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.

Organization. The Authority is comprised of three members: the Governor or designee, the State Treasurer and the Chair of the State Building Board. The State Building Ownership Authority Act (Title 63B, Chapter 1, Part 3, Utah Code) directs DFCM to construct and maintain any facilities acquired or constructed for the Authority.

The State's Limited Lease Rental Obligation. The State Building Ownership Authority Act provides that, except as otherwise provided therein, bonds issued by the Authority thereunder will be payable solely out of rentals or lease payments received by the Authority for the facilities constructed or acquired thereunder, and that, if rentals paid by a lessee State agency to the Authority, from its own appropriated budget or other revenue sources, are insufficient to pay the principal and interest on such bonds, the Governor may request the Legislature to appropriate additional funds to that agency for the payment of increased rentals. 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 Rental Obligation Bonds."

Authority's Legal Borrowing Debt Capacity. The Authority may not issue any bonds or other obligations under the State Building Ownership Authority Act in an amount which would exceed the difference between the total outstanding indebtedness of the State and 1.5% of the fair market value of the taxable property of the State, plus certain add-back indebtedness provided by legislative directive.

As of December 31, 2006, the legal debt limit and additional debt incurring capacity of the Authority are calculated as follows:

Fair Market Value of Ad Valorem Taxable Property (1)	$ 186,836,223,701
Uniform Fees in lieu of Ad Valorem Taxable Property (2)	12,146,608,855
Total Fair Market Value of Taxable Property (1)	$ 198,982,832,556
1.5% Debt Limit Amount	$ 2,984,742,488
Less: Current Outstanding State General Obligation Debt (Net) (3)	(1,290,324,161)
Less: The Authority's Outstanding Lease Revenue Bonds (Net) (3)	(328,885,010)
Plus: Statutorily Exempt State General Obligation Highway Debt (Net) (3)	793,593,057
The Authority's Estimated Additional Debt Incurring Capacity	$ 2,159,126,373

(1) Based on 2005 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 2005 "aged 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) Reflects unamortized original issue bond premium and deferred amount on refunding that was treated as principal for purposes of calculating the applicable constitutional and statutory debt limits.

Authorized Lease Revenue Bonds and Future Bonds Issuance. Notwithstanding the legal debt issuing capacity of the Authority discussed in this section under "Authority's Legal Borrowing Debt Capacity" above, the Authority may only issue Bonds for facilities authorized by the Legislature. Under existing legislative authorization, at December 31, 2006, the Authority has approximately $20.4 million of remaining bonding authority, comprised of $7.4 million for capital projects from a 2006 authorization, $10.5 million for capital projects from a 2000 authorization and $2.5 million for capital projects from a 1999 authorization for future projects that may be undertaken solely by vote of the Authority.

No Defaulted Authority Bonds or Failures by the State to Renew Lease. As of December 31, 2006, neither the Authority nor the State has ever failed to pay when due the principal of and interest on its bonded indebtedness and other payment obligation related thereto. As of December 31, 2006, the State has never failed to renew an annually renewable lease with the Authority.

Current Lease Revenue Obligation Bonds Outstanding. Under the State Facilities Master Lease Program, no debt service reserve fund is created for any bonds issued under the Indenture and Lease. Under 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 Mortgages.

The Authority has the following bonds outstanding as of December 31, 2006:

Issued (On A Parity Basis) Under The State Facilities Master Lease Program

Series	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2006A (1)	Various purpose	$ 8,355,000	May 15, 2027	$ 8,355,000
2004A (1)	Refunding/various purpose	45,805,000	May 15, 2027	44,975,000
2004B (1)	Refunding	8,920,000	May 15, 2013	8,615,000
2003 (1)	Refunding/various purpose	22,725,000	May 15, 2025	21,485,000
2001C (2)	University of Utah	30,300,000	May 15, 2022	30,300,000
2001A (1)	University of Utah	69,850,000	May 15, 2021	64,675,000
2001B (1)	Various purpose	25,780,000	May 15, 2024	23,595,000
1999A (3) (4)	Various purpose	9,455,000	May 15, 2009 (9)	1,150,000
1998C (3) (12)	Refunding	105,100,000	May 15, 2019	100,760,000
1998A (3) (4)	Various purpose	25,710,000	May 15, 2008 (9)	1,510,000
1997A (4) (5)	DABC 1997A Facilities	4,150,000	May 15, 2008 (9)	385,000
1996A (1) (6) (12) ..	Various purpose	44,725,000	May 15, 2007 (10)	1,840,000
1996B (7) (8)	University of Utah	16,875,000	May 15, 2007 (11)	1,150,000
1995A (1) (6)	Various purpose	93,000,000	May 15, 2007 (10)	4,155,000
Total Principal amount of outstanding State Facilities Master Lease Program Bonds				$ 312,950,000

(1) Rated “Aa1” by Moody’s; and “AA+” by S&P, as of the last OFFICIAL STATEMENT, dated January 10, 2006. No rating was requested from any other rating agency.
(2) These bonds bear interest at a variable interest rate. Rated “Aaa/VMIG1” by Moody’s and “AA/A–1+” by S&P, as of December 2, 2005.
(3) These bonds are rated “Aaa” (FSA Insured; underlying “Aa1”) by Moody’s, and “AAA” (FSA Insured; underlying “AA+”) by S&P, as of the date of the last OFFICIAL STATEMENT, dated January 10, 2006.
(4) Portions of this bond have been refunded by the 2004A Lease Revenue Bonds.
(5) These bonds are rated “Aaa” (Ambac Insured; underlying “Aa1”) by Moody’s and “AAA” (Ambac Insured; underlying “AA+”) by S&P, as of the date of the last OFFICIAL STATEMENT, dated January 10, 2006.
(6) Portions of this bond have been refunded by the 1998C Lease Revenue Bonds.
(7) Portions of this bond have been refunded by the 2004B Lease Revenue Bonds.
(8) These bonds are rated “Aaa” (MBIA Insured; underlying “Aa1”) by Moody’s and “AAA” (MBIA Insured; underlying “AA+”) by S&P, as of the date of the last OFFICIAL STATEMENT, dated January 10, 2006.
(9) Final maturity date after portions of this bond were refunded by the 2004A Lease Revenue Bonds.
(10) Final maturity date after portions of this bond were refunded by the 1998C Lease Revenue Bonds.
(11) Final maturity date after portions of this bond were refunded by the 2004B Lease Revenue Bonds.
(12) Portions of these bonds were cash defeased in Fiscal Year 2007.

(Source: Division of Finance.)

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Other series of bonds issued by the Authority, as listed below under the caption "Issued Under Separate Stand Alone Legal Documents," are not issued on a parity basis with the bonds issued under the State Facilities Master Lease Program, or each other. Separate debt service reserve funds have been established and funded for each of these other series of bonds. The amount outstanding is as of December 31, 2006.

Issued Under Separate Stand Alone Legal Documents

Series	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
1993A (1)	Human Services Building	$ 6,230,000	January 1, 2013	$ 2,975,000
1992A (1)	Employment Security (2)	26,200,000	August 15, 2011	9,760,000
1992B (1)	Youth Corrections	1,380,000	August 15, 2011	530,000
Total Authority's Other Bonds				$ 13,265,000

(1) Rated "Aa1" by Moody's, and "AA+" by S&P, as of the last OFFICIAL STATEMENT, dated January 10, 2006. No rating was requested from any other rating agency.
(2) Refunding Issue.

Summary

Total State Facilities Master Lease Program Bonds	$ 312,950,000
Total Authority's Other Bonds Outstanding	13,265,000
Total Authority Lease Revenue Bonds (3)	$ 326,215,000

(3) For accounting purposes, the outstanding debt as shown above must be increased by the premium associated with debt issued and reduced by deferred amounts on refundings that are reported in the long-term debt notes of the State's financial statements. Thus, for accounting purposes, the total unamortized bond premium as of December 31, 2006 is $4,633,889 and the total deferred amount is $1,963,879, resulting in total outstanding net direct debt of $328,885,010.

(Sources: Division of Finance and the Financial Advisor.)

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

Issued Under the State Facilities Master Lease Program

Fiscal Year Ending	Series 2006A $8,355,000		Series 2004A $45,805,000		Series 2004B $8,920,000		Series 2003 $22,725,000	
June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2007	$ 0	$ 351,478	$ 865,000	$ 2,194,600	$ 90,000	$ 310,595	$ 1,180,000	$ 849,693
2008	280,000	351,478	895,000	2,168,650	1,295,000	307,895	1,210,000	823,143
2009	290,000	341,678	1,930,000	2,141,800	1,340,000	269,045	1,240,000	789,868
2010	300,000	330,078	2,405,000	2,079,075	1,380,000	225,495	1,275,000	752,668
2011	315,000	318,078	2,550,000	1,958,825	1,455,000	156,495	1,325,000	711,230
2012	325,000	307,053	2,665,000	1,831,325	1,500,000	108,480	1,375,000	663,530
2013	335,000	295,678	2,795,000	1,698,075	1,555,000	55,980	1,440,000	594,780
2014	350,000	282,278	2,945,000	1,558,325	-	-	835,000	537,180
2015	365,000	268,278	3,085,000	1,411,075	-	-	875,000	503,780
2016	380,000	253,678	3,245,000	1,256,825	-	-	900,000	468,780
2017	395,000	238,478	3,405,000	1,094,575	-	-	940,000	432,780
2018	410,000	222,678	2,450,000	924,325	-	-	980,000	394,240
2019	425,000	205,663	2,230,000	801,825	-	-	1,020,000	353,080
2020	445,000	187,600	2,345,000	690,325	-	-	1,065,000	310,240
2021	465,000	168,688	2,110,000	567,213	-	-	1,110,000	264,978
2022	485,000	145,438	1,665,000	456,438	-	-	1,160,000	216,415
2023	510,000	122,400	1,755,000	369,025	-	-	1,210,000	165,375
2024	535,000 (2)	96,900	1,845,000	276,888	-	-	1,265,000	110,925
2025	560,000 (2)	74,163	1,830,000 (3)	180,025	-	-	1,080,000	54,000
2026	580,000 (2)	50,363	1,250,000 (3)	93,100	-	-	-	-
2027	605,000 (2)	25,713	710,000 (3)	33,725	-	-	-	-
Totals	$ 8,355,000	$ 4,637,829	$ 44,975,000	$ 23,786,038	$ 8,615,000	$ 1,433,985	$ 21,485,000	$ 8,996,682

Fiscal Year Ending	Series 2001C $30,300,000		Series 2001A $69,850,000		Series 2001B $25,780,000		Series 1999A $9,455,000	
June 30	Principal (4)	Interest (5)	Principal	Interest	Principal	Interest	Principal	Interest
2007	$ 1,000,000	$ 1,113,600 (6)	$ 3,125,000	$ 3,233,750	$ 935,000	$ 1,100,203	$ 365,000	$ 60,375
2008	1,400,000	1,098,750	3,250,000	3,077,500	965,000	1,062,803	380,000	41,213
2009	1,500,000	1,046,250	3,375,000	2,915,000	1,005,000	1,024,203	405,000	21,263
2010	1,600,000	990,000	3,500,000	2,746,250	1,055,000	984,003	0	0 (8)
2011	1,600,000	930,000	3,650,000	2,571,250	1,090,000	941,803	0	0 (8)
2012	1,700,000	870,000	3,800,000	2,388,750	1,135,000	898,203	0	0 (8)
2013	1,800,000	806,250	3,975,000	2,198,750	1,175,000	852,803	0	0 (8)
2014	1,900,000	738,750	4,175,000	2,000,000	1,225,000	804,628	0	0 (8)
2015	2,000,000	667,500	4,400,000	1,791,250	1,280,000	753,178	0	0 (9)
2016	2,100,000	592,500	4,625,000	1,571,250	1,335,000	698,138	0	0 (9)
2017	2,100,000	513,750	4,850,000	1,340,000	1,400,000	631,388	0	0 (9)
2018	2,200,000	435,000	5,100,000	1,097,500	1,465,000	561,388	0	0 (9)
2019	2,300,000	352,500	5,350,000	842,500	1,550,000	488,138	0	0 (9)
2020	2,300,000	266,250	5,600,000	575,000	1,620,000	410,638	0	0 (9)
2021	2,400,000	180,000	5,900,000	295,000	1,705,000	329,638	0	0 (9)
2022	2,400,000	90,000	-	-	1,760,000 (7)	244,388	-	-
2023	-	-	-	-	1,850,000 (7)	151,988	-	-
2024	-	-	-	-	1,045,000 (7)	54,863	-	-
2025	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-
Totals	$ 30,300,000	$ 10,691,100	$ 64,675,000	$ 28,643,750	$ 23,595,000	$ 11,992,394	$ 1,150,000	$ 122,849

Continues

(1) This table reflects the State's debt service schedule for its outstanding Lease Revenue Bonds for the fiscal year shown. This information is based on payments (cash basis) falling due in that particular fiscal year.
(2) Mandatory sinking fund payments from a $2,280,000, 4.25%, term bond due May 15, 2027.
(3) Mandatory sinking fund payments from a $3,790,000, 4.75%, term bond due May 15, 2027.
(4) These principal payments are based on the Authority's current expectations for the redemption of the 2001C Lease Revenue Bonds. The Authority is not required by the Indenture to provide for such payment in advance of the maturity date of the 2001C Lease Revenue Bonds. The maturity date for the 2001C Lease Revenue Bonds is May 15, 2022.
(5) The 2001C Lease Revenue Bonds are variable rate interest bonds. Interest has been estimated at an average coupon rate of 3.75% per annum.
(6) Includes $545,475 of actual interest paid from July 1, 2006 to December 31, 2006. From January 1, 2007 through June 30, 2007, interest has been estimated at 3.75% per annum ($568,125).
(7) Mandatory sinking fund payments from a $4,655,000, 5.25%, term bond due May 15, 2024.
(8) Principal and interest have been refunded by the 2004A Lease Revenue Bonds.
(9) Principal and interest have been refunded by the 2004A Lease Revenue Bonds ($4,335,000, 5.50%, term bond which was due May 15, 2021).

Debt Service Schedule of Outstanding Lease Revenue Bonds
State Building Ownership Authority by Fiscal Year

Issued Under the State Facilities Master Lease Program—Continued

Fiscal Year Ending June 30	Series 1998C (11) $105,100,000 Principal	Series 1998C (11) Interest	Series 1998A $25,710,000 Principal	Series 1998A Interest	Series 1997A $4,150,000 Principal	Series 1997A Interest
2007	$ 1,135,000	$ 5,528,180	$ 735,000	$ 67,950	$ 190,000	$ 17,905
2008	7,500,000	5,479,375	775,000	34,875	195,000	9,165
2009	7,895,000	5,066,875	0	0 (2)	0	0 (2)
2010	8,330,000	4,632,650	0	0 (2)	0	0 (2)
2011	8,810,000	4,174,500	0	0 (2)	0	0 (2)
2012	8,740,000	3,689,950	0	0 (2)	0	0 (2)
2013	9,220,000	3,209,250	0	0 (10)	0	0 (2)
2014	9,730,000	2,702,150	0	0 (10)	0	0 (2)
2015	9,270,000	2,167,000	0	0 (10)	0	0 (3)
2016	9,670,000 (1)	1,657,150	0	0 (10)	0	0 (3)
2017	9,560,000 (1)	1,125,300	0	0 (10)	0	0 (3)
2018	8,690,000 (1)	599,500	0	0 (10)	0	0 (3)
2019	2,210,000 (1)	121,550	0	0 (10)	-	-
2020	-	-	0	0 (10)	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
Totals	$ 100,760,000	$ 40,153,430	$ 1,510,000	$ 102,825	$ 385,000	$ 27,070

Fiscal Year Ending June 30	Series 1996A (11) $44,725,000 Principal	Series 1996A (11) Interest	Series 1996B $16,875,000 Principal	Series 1996B Interest	1995A $93,000,000 Principal	1995A Interest
2007	$ 1,840,000	$ 101,200	$ 1,150,000	$ 57,500	$ 4,155,000	$ 216,060
2008	0	0 (4)	0	0 (7)	0	0 (4)
2009	0	0 (4)	0	0 (7)	0	0 (4)
2010	0	0 (4)	0	0 (7)	0	0 (4)
2011	0	0 (4)	0	0 (8)	0	0 (4)
2012	0	0 (4)	0	0 (8)	0	0 (4)
2013	0	0 (4)	0	0 (8)	0	0 (4)
2014	0	0 (4)	-	-	0	0 (4)
2015	0	0 (4)	-	-	0	0 (4)
2016	0	0 (5)	-	-	0	0 (4)
2017	0	0 (4)	-	-	0	0 (4)
2018	0	0 (4)	-	-	0	0 (9)
2019	0	0 (6)	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
Totals	$ 1,840,000	$ 101,200	$ 1,150,000	$ 57,500	$ 4,155,000	$ 216,060

(1) Mandatory sinking fund payments from a $30,995,000, 5.50%, term bond due May 15, 2019.
(2) Principal and interest have been refunded by the 2004A Lease Revenue Bonds.
(3) Principal and interest have been refunded by the 2004A Lease Revenue Bonds ($1,210,000, 5.125%, term bond which was due May 15, 2018).
(4) Principal and interest have been refunded by the 1998C Lease Revenue Bonds.
(5) Principal and interest have been refunded by the 1998C Lease Revenue Bonds ($5,140,000, 6.00%, term bond which was due May 15, 2016).
(6) Principal and interest have been refunded by the 1998C Lease Revenue Bonds ($7,960,000, 6.00%, term bond which was due May 15, 2019).
(7) Principal and interest have been refunded by the 2004B Lease Revenue Bonds.
(8) Principal and interest have been refunded by the 2004B Lease Revenue Bonds ($4,460,000, 5.40%, term bond which was due May 15, 2013).
(9) Principal and interest have been refunded by the 1998C Lease Revenue Bonds ($18,555,000, 5.75%, term bond which was due May 15, 2018).
(10) Principal and interest have been refunded by the 2004A Lease Revenue Bonds ($5,800,000, 5.25%, term bond which was due May 15, 2020).
(11) Principal and interest have been cash defeased in Fiscal Year 2007 ($2,925,000 for the 1998C bond, $170,000 for the 1996A bond).

Debt Service Schedule of Outstanding Lease Revenue Bonds
State Building Ownership Authority by Fiscal Year

Issued Under Stand Alone Legal Documents

Fiscal Year Ending	Series 1993A $6,230,000			Series 1992B $1,380,000		
June 30	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service
2007	$ 360,000	$ 154,105	$ 514,105	$ 90,000	$ 33,638	$ 123,638
2008	380,000	136,105	516,105	95,000	28,319	123,319
2009	400,000	116,725	516,725	100,000	22,713	122,713
2010	425,000	96,125	521,125	105,000	16,819	121,819
2011	445,000 (1)	74,025	519,025	110,000	10,500	120,500
2012	470,000 (1)	50,663	520,663	120,000	3,600	123,600
2013	495,000 (1)	25,988	520,988	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
Totals	$ 2,975,000	$ 653,736	$ 3,628,736	$ 620,000	$ 115,589	$ 735,589

Fiscal Year Ending	Series 1992A $26,200,000		
June 30	Principal	Interest	Total Debt Service
2007	$ 1,640,000	$ 608,350	$ 2,248,350
2008	1,735,000	511,319	2,246,319
2009	1,835,000	408,681	2,243,681
2010	1,945,000	300,006	2,245,006
2011	2,060,000	184,863	2,244,863
2012	2,185,000	62,819	2,247,819
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
Totals	$ 11,400,000	$ 2,076,038	$ 13,476,038

(1) Mandatory sinking fund payments from a $1,410,000, 5.25%, term bond due January 1, 2013.

Debt Service Schedule of Outstanding Lease Revenue Bonds
State Building Ownership Authority by Fiscal Year

Summary of State Building Ownership Authority Lease Revenue Bonds Outstanding

Fiscal Year Ending June 30	Total Bonds Issued Under State Facilities Master Lease Program*			Total Bonds Issued Under Stand Alone Legal Documents		
	Total Principal	Total Interest	Total Debt Service	Total Principal	Total Interest	Total Debt Service
2007	$ 16,765,000	$ 15,203,089	$ 31,968,089	$ 2,090,000	$ 796,093	$ 2,886,093
2008	18,145,000	14,454,847	32,599,847	2,210,000	675,743	2,885,743
2009	18,980,000	13,615,982	32,595,982	2,335,000	548,119	2,883,119
2010	19,845,000	12,740,219	32,585,219	2,475,000	412,950	2,887,950
2011	20,795,000	11,762,181	32,557,181	2,615,000	269,388	2,884,388
2012	21,240,000	10,757,291	31,997,291	2,775,000	117,082	2,892,082
2013	22,295,000	9,711,566	32,006,566	495,000	25,988	520,988
2014	21,160,000	8,623,311	29,783,311	-	-	-
2015	21,275,000	7,562,061	28,837,061	-	-	-
2016	22,255,000	6,498,321	28,753,321	-	-	-
2017	22,650,000	5,376,271	28,026,271	-	-	-
2018	21,295,000	4,234,631	25,529,631	-	-	-
2019	15,085,000	3,165,256	18,250,256	-	-	-
2020	13,375,000	2,440,053	15,815,053	-	-	-
2021	13,690,000	1,805,517	15,495,517	-	-	-
2022	7,470,000	1,152,679	8,622,679	-	-	-
2023	5,325,000	808,788	6,133,788	-	-	-
2024	4,690,000	539,576	5,229,576	-	-	-
2025	3,470,000	308,188	3,778,188	-	-	-
2026	1,830,000	143,463	1,973,463	-	-	-
2027	1,315,000	59,438	1,374,438	-	-	-
Totals	$ 312,950,000	$ 130,962,719	$ 443,912,719	$ 14,995,000	$ 2,845,363	$ 17,840,363

Fiscal Year Ending June 30	Total All Lease Revenue Bond Obligations*		
	Total Principal	Total Interest	Total Debt Service
2007	$ 18,855,000	$ 15,999,182	$ 34,854,182
2008	20,355,000	15,130,590	35,485,590
2009	21,315,000	14,164,101	35,479,101
2010	22,320,000	13,153,169	35,473,169
2011	23,410,000	12,031,569	35,441,569
2012	24,015,000	10,874,373	34,889,373
2013	22,790,000	9,737,554	32,527,554
2014	21,160,000	8,623,311	29,783,311
2015	21,275,000	7,562,061	28,837,061
2016	22,255,000	6,498,321	28,753,321
2017	22,650,000	5,376,271	28,026,271
2018	21,295,000	4,234,631	25,529,631
2019	15,085,000	3,165,256	18,250,256
2020	13,375,000	2,440,053	15,815,053
2021	13,690,000	1,805,517	15,495,517
2022	7,470,000	1,152,679	8,622,679
2023	5,325,000	808,788	6,133,788
2024	4,690,000	539,576	5,229,576
2025	3,470,000	308,188	3,778,188
2026	1,830,000	143,463	1,973,463
2027	1,315,000	59,438	1,374,438
Totals	$ 327,945,000	$ 133,808,082	$ 461,753,082

* Preliminary; subject to change. The Authority has variable interest rate demand bonds outstanding.

(Source: The Authority.)

State Guaranty of General Obligation School Bonds

Under the Utah School Bond Guaranty Act (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 ("Guarantied Bonds") issued by qualifying boards of education of Utah school districts ("Qualifying School Board"). The primary purpose of the Guaranty Act is to reduce borrowing costs for a Qualifying School Board by providing credit enhancement for Guarantied Bonds.

The State guaranty is extended by the State Treasurer to a Qualifying School Board after a review of the application and a recommendation for the guaranty by the State Superintendent of Public Instruction. The State Treasurer has the authority to withhold any guaranty or to terminate the issuance of future guaranties at any time. Determinations of future ineligibility do not reverse or remove prior State guaranties.

In the event a Qualifying School Board is unable to make the scheduled debt service payments on its Guarantied Bonds, the State is required to make such payments in a timely manner. For this purpose, the State may (a) use any of its available moneys, (b) seek a short-term loan from the Permanent School Fund (although the Fund is not required to make such loan) or (c) issue its short-term general obligation notes. The Qualifying School Board remains liable to the State for any such payments on Guarantied Bonds.

The State may seek reimbursement for such payments (plus interest and penalties) by intercepting State financial aid intended for the Qualifying School Board. The Guaranty Act also contains provisions to compel the Qualifying School Board to levy a tax sufficient to reimburse the State for such payments and to provide oversight to assure that the Qualifying School Board will ultimately be responsible for payment of debt service on the Guarantied Bonds.

The State Superintendent of Public Instruction is charged by the Guaranty Act with the responsibility of monitoring the financial affairs, condition, and solvency of each local school board in the State and reporting, at least annually, its 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 and recommend a course of remedial action.

The State does not expect that it will be required to advance moneys for the payment of debt service on Guarantied Bonds in the foreseeable future. In the event the State is required to make such an advance and sufficient moneys are not available, the Guaranty Act provides that the State may issue its general obligation notes on an expedited basis in an amount sufficient to make the necessary payment plus costs of issuance. The payments of principal of and interest on such notes from taxes or other identified State revenues are secured by a pledge of the full faith, credit, and resources of the State. The Guaranty Act also provides that such notes do not constitute debt of the State for purposes of the debt limitation of the Utah Constitution.

During Fiscal Year 2006, the State will have approximately $1.687 billion principal amount of Guarantied Bonds outstanding. The State cannot predict the amount of bonds that may be guarantied in this year or in future years; no limitation is currently imposed by the Guaranty Act. As of December 31, 2006, the State has not been requested to make payments on any Guarantied Bonds under the provisions of the Guaranty Act.

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

State's Discussion and Analysis of Financial Condition and Results of Operations

Recent Developments

Background. The State has two major funds to pay for most government operations, the General Fund and the Uniform School Fund. By law, the Uniform School Fund can only be used for public education (kindergarten through 12th grade) and higher education (State colleges, universities and technical schools). The General Fund holds money for most other State functions except transportation, which has its own funds.

Budget Management. The State ended Fiscal Year 2006 with a surplus of $388.4 million. This included a $108.5 million surplus in the General Fund and a $279.9 million surplus in the Uniform School Fund. Higher than expected corporate and individual income tax revenue was the primary reason for the surplus. By law, $21.9 million of the $108.5 million General Fund surplus was transferred to the General Fund Budget Reserve Account (referred to herein as the "Rainy Day Fund") and an additional $1.4 million was carried forward for other purposes as designated for specific appropriation in Fiscal Year 2007. The remaining $85.2 million was carried forward for appropriation in Fiscal Year 2007.

By law, $56.6 million of the $279.9 million Uniform School Fund Fiscal Year 2006 surplus was transferred to the Education Reserve (defined below). The remaining $223.3 million was carried forward for appropriation in Fiscal Year 2007.

A balanced Fiscal Year 2007 budget was approved by the Legislature in the 2006 Legislative General Session. State revenues are projected to increase moderately in Fiscal Year 2007. Balancing the budget included carrying forward funds from Fiscal Year 2006 and utilizing other miscellaneous resources. The Legislature was able to approve major increases in transportation, Medicaid, public education, higher education, and capital projects. In addition, the Legislature provided a cost-of-living adjustment for state employees and a market comparability adjustment within the Department of Corrections and the Utah Highway Patrol.

Tax Reform. In the 2006 General Session, the Legislature reduced the sales tax rate levied by the State on unprepared foods from 4.75 percent to 2.75 percent effective January 1, 2007. This change is expected to reduce sales and use tax revenues for Fiscal Year 2007 by $35 million and $70 million per year thereafter.

Additionally, during the 2006 Fourth Special Session, the Legislature adopted a dual individual income tax system. Taxpayers will have the option of filing a return using a flat tax on federal adjusted gross income of 5.35 percent. This option is effective for taxable years beginning January 1, 2007. For those taxpayers choosing to use the existing system, the tax brackets have been widened, effective for the taxable year January 1, 2006. These changes are expected to decrease individual income tax revenues by $66 million for Fiscal Year 2007 and $78 million for Fiscal Year 2008.

Budget Reserve Accounts. The State maintains a Rainy Day Fund which can only be used to cover operating deficits, legal settlement agreements approved by the Legislature or retroactive tax refunds. State law normally requires 25% of the surplus to be deposited in the Rainy Day Fund. However, state law limits the combined totals of the Rainy Day Fund and Education Budget Reserve Account to 6 percent of the total of the General Fund appropriation amount and the Uniform School Fund appropriation amount. As a result, only 20.2 percent of the General Fund surplus was transferred to the Rainy Day Fund.

As of December 31, 2006, the balance in the Rainy Day Fund was approximately $134.8 million.

In addition to the Rainy Day Fund, the State maintains the Education Budget Reserve Account (the "Education Reserve") which was established in 2003. The Education Reserve is a reserve to cover operating deficits that may occur in the public and higher education systems. The Education Reserve normally receives 25% of the surplus at the end of each fiscal year. However, state law limits the combined totals of the Rainy Day Fund and Education Budget Reserve Account to 6 percent of the total of the General Fund appropriation amount and the Uniform School Fund appropriation amount. As a result, only 20.2 percent of the Uniform School surplus was transferred to the Education Budget Reserve Account.

As of December 31, 2006, the balance in the Education Reserve was approximately $125.9 million.

Other Changes. Effective July 1, 2005, the Legislature created the Transportation Investment Fund of 2005 and designated that projects, previously reported as part of the Centennial Highway Fund, be reported within this new fund. This change had no impact on governmental activities reported in the current year or previous years.

Other Post Employment Benefits. The Governmental Accounting Standards Board ("GASB") issued Statement 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* Additionally GASB issued Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* GASB Statements 43 and 45, which will be

implemented by the State for the fiscal year beginning July 1, 2006, will require that the long-term cost of retirement health care and other obligations for postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

The 2005 Legislature passed House Bill 213, *Unused Sick Leave at Retirement Amendments* that became effective January 1, 2006. Beginning January 1, 2006, upon retirement, the employee receives 25 percent of the value of unused accumulated sick leave as a mandatory employer contribution into a 401(k) account, subject to limits. Employees retiring *prior* to January 1, 2006, were paid up to 25 percent of the value of unused accumulated sick leave.

In addition, the employee may receive health and life insurance coverage for up to five years or until age 65, whichever comes first. However, as of January 1, 2006, this part of the program will phase out over the next five years. If the employee has not reached age 65 or the employee retires after the phase out period, then that employee may exchange one day of unused accumulated sick leave earned *prior* to January 1, 2006, for one month of paid health and life insurance coverage. 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. The value of any unused accumulated sick leave earned *on or after* January 1, 2006, will be converted to a health reimbursement account for the retiree at retirement.

An actuarial study was completed to determine the actuarial accrued liability as of December 31, 2004. The study determined the liability if funded at transition of $487.8 million, or $749.2 million if not funded at transition. GASB Statement 45 does not mandate the pre-funding of postemployment benefit liabilities. However, any pre-funding of these benefits will help minimize or eliminate the postemployment benefit obligation that will be required to be reported on the financial statements. The Legislature took steps through the appropriations process to fund the actuarial required contribution of $46.8 million for the fiscal year ending June 30, 2007. In addition, the Legislature is expected to consider the creation of a trust fund in the next General Session. The State will request another actuarial study prior to implementing these standards for fiscal year 2007.

Revenues and Expenditures for Fiscal Years 2006, 2005, and 2004

The following table summarizes the State's revenues and expenditures for Fiscal Years 2006, 2005, and 2004:

	Analysis of Operations—General Fund and Major Special Revenue Funds (1)					
	Fiscal Year Ending June 30, 2006		Fiscal Year Ending June 30, 2005		Fiscal Year Ending June 30, 2004	
	Amounts (in thousands)	% Change From Prior Year	Amounts (in thousands)	% Change From Prior Year	Amounts (in thousands)	% Change From Prior Year
Revenues: (1)						
Federal Revenues	$ 2,501,030	6 %	$ 2,362,803	3 %	$ 2,292,046	12 %
Individual and Corporate Income Taxes	2,703,989	25	2,155,897	15	1,872,667	7
Sales and Use Tax	1,915,600	13	1,699,636	9	1,553,909	5
Motor/Special Fuels Tax	344,902	3	336,417	3	327,838	2
Other Taxes	311,974	15	271,264	18	230,558	9
Other	896,246	29	694,233	12	620,288	13
Total	$ 8,673,741	15 %	$ 7,520,250	9 %	$ 6,897,306	9 %
Expenditures	$ 7,631,700	9 %	$ 7,017,202	6 %	$ 6,623,877	6 %

(1) Includes revenues and expenditures for the General Fund and the Major Special Revenue Funds (Uniform School Fund, Transportation Fund, and Transportation Investment Fund).

(Sources: Division of Finance and the 2006 CAFR.)

Five-Year Financial Summaries

The following summaries were extracted from the State's audited financial statements for the Fiscal Years 2002 through 2006. The summaries have not been audited. The financial information 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.

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

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

(This summary is unaudited)

	As of June 30 (in thousands)				
	2006	2005	2004	2003	2002
Assets:					
Cash and Cash Equivalents	$ 1,259,084	$ 932,620	$ 386,148	$ 505,731	$ 284,444
Investments	769,088	521,982	711,950	648,211	785,121
Receivables:					
Accounts, net	473,961	464,291	626,266	598,616	485,522
Accrued Taxes, net	929,421	693,516	586,076	524,670	581,065
Notes/Mortgages, net	30,471	13,265	9,458	12,297	13,355
Accrued Interest	135	123	55	111	32
Due From Other Funds	30,214	23,700	24,277	51,532	54,173
Due From Component Units	26,784	26,179	26,395	18,922	29,016
Interfund Loans Receivable	28,111	32,533	43,963	43,546	44,638
Inventories	11,557	11,473	9,496	7,537	8,894
Total Assets	$ 3,558,826	$ 2,719,682	$ 2,424,084	$ 2,411,173	$ 2,286,260
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable and Accrued Liabilities	$ 598,382	$ 589,716	$ 536,089	$ 537,522	$ 510,618
Due To Other Funds	35,704	28,151	26,569	40,171	65,469
Due To Component Units	440	1,503	8,013	4,812	-
Deferred Revenue	502,036	319,938	390,140	320,381	279,983
Interfund Loans Payable	-	-	2,478	2,478	2,478
Total Liabilities	1,136,562	939,308	963,289	905,364	858,548
Fund Balances:					
Reserved	836,056	716,255	555,158	704,592	801,664
Unreserved Designated	1,199,334	681,751	534,040	466,206	385,833
Unreserved Undesignated	386,874	382,368	371,597	335,011	240,215
Total Fund Balances	2,422,264	1,780,374	1,460,795	1,505,809	1,427,712
Total Liabilities and Fund Balances	$ 3,558,826	$ 2,719,682	$ 2,424,084	$ 2,411,173	$ 2,286,260

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

(Source: Division of Finance. Except as otherwise noted, this 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)				
	2006	2005	2004	2003	2002
Revenues:					
Taxes:					
Sales and Use Tax	$ 1,820,992	$ 1,664,352	$ 1,521,076	$ 1,447,281	$ 1,437,339
Other Taxes	271,178	234,710	200,167	187,397	172,307
Total Taxes	2,092,170	1,899,062	1,721,243	1,634,678	1,609,646
Other Revenues:					
Federal Contracts and Grants	1,859,583	1,776,555	1,741,580	1,524,832	1,341,072
Charges for Services	256,025	238,181	204,874	182,090	192,190
Licenses, Permits, and Fees	18,725	17,866	18,029	17,745	17,721
Federal Mineral Lease	156,851	82,704	67,216	46,335	29,367
Investment Income	47,027	16,483	6,897	8,258	15,333
Miscellaneous and Other	164,890	148,015	143,033	124,422	114,449
Total Revenues	4,595,271	4,178,866	3,902,872	3,538,360	3,319,778
Expenditures:					
Current:					
General Government	200,631	161,728	157,791	151,281	160,728
Human Services and Youth Corrections	590,727	575,046	550,691	532,270	529,403
Corrections, Adult	203,419	193,442	187,278	176,624	182,860
Public Safety	177,201	161,350	146,974	122,830	147,728
Courts	111,541	106,128	100,975	97,348	100,510
Health and Environmental Quality	1,629,909	1,456,282	1,340,304	1,171,877	1,055,856
Higher Education–State Administration	43,505	39,121	32,827	34,891	42,155
Higher Education–Colleges and Universities	665,855	626,026	595,630	592,668	610,837
Employment and Family Services	412,855	415,892	394,304	362,931	321,154
Natural Resources	136,059	120,398	119,909	132,388	119,383
Community and Culture	82,627	86,335	86,085	88,731	86,160
Business, Labor, and Agriculture	79,138	74,919	62,528	55,583	55,639
Total Expenditures	4,333,467	4,016,667	3,775,296	3,519,422	3,412,413
Excess Revenues Over (Under) Expenditures	261,804	162,199	127,576	18,938	(92,635)
Other Financing Sources (Uses):					
Transfers In	323,689	294,313	178,900	146,547	223,529
Transfers Out	(370,336)	(288,486)	(207,519)	(146,514)	(330,679)
Total Other Financing Sources (Uses)	(46,647)	5,827	(28,619)	33	(107,150)
Net Change in Fund Balances	215,157	168,026	98,957	18,971	(199,785)
Beginning Fund Balance	653,979	485,953	386,996	368,025	708,067
Adjustments to Beginning Fund Balance (1)	-	-	-	-	(140,257)
Beginning Fund Balance as Adjusted	653,979	485,953	386,996	368,025	567,810
Residual Equity Transfers	-	-	-	-	-
Ending Fund Balances	$ 869,136	$ 653,979	$ 485,953	$ 386,996	$ 368,025

(1) Due primarily to changes in accounting standards.

(Source: Division of Finance. Except as otherwise noted, this 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 Funds (1)

(This summary is unaudited)

	Fiscal Year Ended June 30 (in thousands)				
	2006	2005	2004	2003	2002
Revenues:					
Taxes:					
Sales and Use Tax	$ 94,608	$ 35,284	$ 32,833	$ 34,542	$ 36,140
Individual Income Tax	2,324,365	1,946,593	1,706,774	1,587,520	1,584,546
Corporate Tax	379,624	209,304	165,893	161,129	124,561
Motor and Special Fuels Tax	344,902	336,417	327,838	321,370	321,682
Other Taxes	40,796	36,554	30,391	23,595	26,131
Total Taxes	3,184,295	2,564,152	2,263,729	2,128,156	2,093,060
Other Revenues:					
Federal Contracts and Grants	641,447	586,248	550,466	521,567	505,838
Charges for Services	50,857	26,975	27,399	22,465	23,438
Licenses, Permits, and Fees	94,959	90,040	85,606	83,784	80,911
Federal Aeronautics	37,521	34,416	25,821	18,791	31,026
Investment Income	31,222	22,235	15,720	16,367	15,296
Miscellaneous and Other	38,169	17,318	25,693	26,375	21,481
Total Other Revenues	894,175	777,232	730,705	689,349	677,990
Total Revenues	4,078,470	3,341,384	2,994,434	2,817,505	2,771,050
Expenditures:					
Current:					
Public Education	2,322,801	2,168,798	2,037,873	1,979,461	1,998,240
Transportation	975,432	831,737	810,708	756,139	847,517
Total Expenditures	3,298,233	3,000,535	2,848,581	2,735,600	2,845,757
Excess Revenues Over (Under) Expenditures	780,237	340,849	145,853	81,905	(74,707)
Other Financing Sources (Uses):					
General Obligation Bonds Issued	-	47,050	-	140,685	277,810
Premium on Bonds Issued	-	2,950	-	20,581	11,241
Transfers In	286,496	185,731	163,880	145,625	340,705
Transfers Out	(567,290)	(535,939)	(331,345)	(228,262)	(369,293)
Total Other Financing Sources (Uses)	(280,794)	(300,208)	(167,465)	78,629	260,463
Net Change in Fund Balances	499,443	40,641	(21,612)	160,534	185,756
Beginning Fund Balance	796,993	757,418	779,030	618,496	377,980
Adjustments to Beginning Fund Balance (2)	-	(1,066)	-	-	54,760
Beginning Fund Balance as Adjusted	796,993	756,352	779,030	618,496	432,740
Ending Fund Balances	$ 1,296,436	$ 796,993	$ 757,418	$ 779,030	$ 618,496

(1) The major special revenue funds include the Uniform School Fund, Transportation Fund, and Transportation Investment Fund.
(2) Due primarily to changes in accounting standards.

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

Property Tax Matters

Ad Valorem Tax Levy

Though authorized to do so under Title 59, Chapter 2, Part 901 of the Utah Code, the State does not presently levy ad valorem property taxes. However, if the State does not have sufficient moneys available to pay principal and interest on its general obligation bonds from sources other than ad valorem taxes, the State Tax Commission would be required to levy ad valorem property taxes on all taxable property in the State to cover the deficit.

Property Tax Act

The State Constitution and Property Tax Act, Title 59, Chapter 2 of the Utah Code (the "Property Tax Act"), provide that all taxable property is required to be 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 provided by law. Section 3 (2) (iv) of Article XIII of the State Constitution provides that the Legislature may exempt by statute from property tax up to 45% of the fair market value of residential property, as defined by statute. The Legislature enacted legislation, effective January 1, 1995, providing that the "fair market value" of primary residential property will be reduced by 45%. No more than one acre of land per residential unit may qualify for the residential exemption.

The following tables reflect the effect of the current 45% reduction from Fair Market Value for assessment of ad valorem property tax. The second table 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	Taxable Value (1)	% Change Over Prior Year	Fair Market Value	% Change Over Prior Year
2005	$ 132,372,801,410	7.4 %	$ 186,836,223,701	8.0 %
2004	123,210,372,102	5.0	173,003,833,163	5.1
2003	117,371,436,772	2.7	164,567,249,587	3.1
2002	114,320,788,860	3.6	159,659,350,270	4.2
2001	110,312,889,753	8.0	153,166,345,540	7.7

(1) Taxable values were calculated by reducing the fair market value of primary residential property by 45%, representing the current partial property tax exemption for such property.

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

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Historical Summaries of Taxable Values of Property

	2005		2004	2003	2002	2001
	Taxable Value	% of T.V.	Taxable Value	Taxable Value	Taxable Value	Taxable Value
Set by State Tax Commission (Centrally Assessed)						
Natural Resources	$ 4,898,371,950	3.7 %	$ 4,211,778,705	$ 3,002,785,404	$ 3,336,164,284	$ 4,067,175,485
Utilities	9,293,092,255	7.0	9,509,472,931	9,742,802,798	9,380,729,030	10,075,002,458
Total centrally assessed	14,191,464,205	10.7	13,721,251,636	12,745,588,202	12,716,893,314	14,142,177,943
Set by County Assessor (Locally Assessed)						
Real Property:						
Primary Residential	66,358,371,700	50.1	60,635,462,669	57,428,791,528	55,154,680,220	52,099,359,175
Commercial	28,604,861,843	21.6	25,204,539,225	25,995,762,668	25,524,121,711	23,831,287,399
Other Real	14,895,471,950	11.3	15,622,104,219	12,900,782,786	12,346,922,189	11,787,529,050
Total Real Property	109,858,705,493	83.0	101,462,106,113	96,325,336,982	93,025,724,120	87,718,175,624
Personal property:						
Total Personal Property	8,322,631,712	6.3	8,027,014,353	8,300,521,588	8,578,171,426	8,452,536,186
Total Locally Assessed	118,181,337,205	89.3	109,489,120,466	104,625,858,570	101,603,895,546	96,170,711,810
Total Taxable Value	$ 132,372,801,410	100.0 %	$ 123,210,372,102	$ 117,371,446,772	$ 114,320,788,860	$ 110,312,889,753

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

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State Revenues, Expenditures, and Fund Balances

The State receives revenues from three principal sources: (a) taxes; (b) Federal grants-in-aid; and (c) miscellaneous charges and receipts, including fees, the State's share of mineral royalties, and bonuses on federal land. Revenues received in the governmental fund types (excluding the Trust Lands permanent fund) are as follows:

	Fiscal Year Ended June 30 (in thousands)									
	2006	% (1)	2005	% (1)	2004	% (1)	2003	% (1)	2002	% (1)
Taxes (2)	$ 5,281,485	60%	$ 4,467,665	59%	$ 3,989,188	57%	$ 3,765,460	59%	$ 3,705,851	60%
Federal Contracts and Grants	2,524,022	29	2,366,786	31	2,295,428	33	2,049,922	31	1,856,477	30
All Other Misc. Revenue (3)	972,222	11	792,830	10	694,951	10	619,498	10	607,169	10
Total All Funds	$ 8,777,729	100%	$ 7,627,281	100%	$ 6,979,567	100%	$ 6,434,880	100%	$ 6,169,497	100%

(1) Percentage of total Governmental Fund Revenue.
(2) Includes sales, individual income, corporate franchise, motor and special fuel taxes, and other miscellaneous taxes.
(3) Includes charges for services; licenses, permits, and fees; federal aeronautics; federal mineral lease revenues; intergovernmental revenues; interest on investments; and other miscellaneous revenues.

(Source: Division of Finance.)

Revenue Summary. For the Fiscal Year 2006, General Fund revenues from all sources totaled approximately $4.6 billion. Of this amount, 40% came from federal contracts and grants, 39% came from sales tax, 5% came from charges for services and licenses, permits, and fees, 8% came from federal mineral lease, investment income and miscellaneous and other revenues, and 8% came from other tax sources. The General Fund revenue includes credit for profits of the Liquor Enterprise Fund, which amounted to $47.3 million.

In the Uniform School Fund for Fiscal Year 2006, revenues from all sources totaled approximately $3.1 billion. Of this amount, 74% came from individual income taxes, 12% came from corporate franchise taxes, 11% came from federal contracts and grants, and 3% came from other miscellaneous revenue sources.

In the Transportation Fund for Fiscal Year 2006, revenues from all sources totaled approximately $840.3 million. Of this amount, 41% came from motor and special fuel taxes, 31% came from federal contracts and grants, 14% came from charges for services and licenses, permits, and fees, and 14% came from other miscellaneous unrestricted taxes and fees.

In the Transportation Investment Fund for Fiscal Year 2006, revenues from all sources totaled $95.6 million. Of this amount, 69% came from sales tax revenue, 22% came from motor vehicle registration fees, 6% came from federal contracts and grants, and 3% came from interest income.

Revenues by Source

All Governmental Fund Types (1)

	Fiscal Year Ended June 30 (in thousands)				
	2006	2005	2004	2003	2002
Taxes:					
Sales and Use Tax	$ 1,915,600	$ 1,699,636	$ 1,553,909	$ 1,481,823	$ 1,473,479
Individual Income Tax	2,324,365	1,946,593	1,706,774	1,587,520	1,584,546
Corporate Tax	379,624	209,304	165,893	161,129	124,561
Motor and Special Fuels Tax	344,902	336,417	327,838	321,370	321,682
Other Taxes	316,994	275,715	234,774	213,618	201,583
Total Taxes	5,281,485	4,467,665	3,989,188	3,765,460	3,705,851
Other Revenues:					
Federal Contracts and Grants	2,524,022	2,366,786	2,295,428	2,049,922	1,856,477
Charges for Services	329,576	273,499	242,780	211,756	222,669
Licenses, Permits, and Fees	113,684	121,382	113,625	110,315	107,201
Federal Mineral Lease	156,851	82,704	67,216	47,307	30,527
Federal Aeronautics	37,521	34,416	25,821	18,791	31,026
Intergovernmental	9,109	4,104	11,395	8,463	7,611
Investment Income	85,580	45,017	25,943	29,418	31,240
Miscellaneous and Other	239,901	231,708	208,171	193,448	176,895
Total Other Revenues	3,496,244	3,159,616	2,990,379	2,669,420	2,463,646
Total Revenues	$ 8,777,729	$ 7,627,281	$ 6,979,567	$ 6,434,880	$ 6,169,497

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

(Sources: Division of Finance and the 2006 CAFR.)

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Expenditures by Function

All Governmental Fund Types (1)

Function	Fiscal Year Ended June 30 (in thousands) 2006	2005	2004	2003	2002
General Government	$ 239,838	$ 178,891	$ 176,907	$ 170,666	$ 179,769
Human Services and Youth Corrections	593,392	576,871	553,136	533,898	531,290
Corrections, Adult	205,310	198,030	188,951	179,115	185,471
Public Safety	179,622	163,072	150,353	125,517	150,715
Courts	114,111	107,807	102,302	98,784	107,255
Health and Environmental Quality	1,634,619	1,461,618	1,342,903	1,175,092	1,058,291
Higher Education - State Administration	43,505	39,121	32,827	34,891	42,155
Higher Education - Colleges and Universities	675,267	637,087	614,922	597,477	610,837
Employment and Family Services	413,380	417,037	394,926	363,116	321,154
Natural Resources	140,592	123,195	121,461	134,247	121,072
Community and Culture	85,231	87,621	89,051	91,986	91,014
Business, Labor, and Agriculture	89,255	85,115	72,124	66,382	63,940
Public Education	2,322,871	2,168,896	2,038,053	1,979,880	1,998,450
Transportation	975,565	832,285	811,088	756,634	848,617
Capital Outlay	170,748	139,488	173,869	205,861	112,569
Debt Service	235,436	273,679	211,960	189,020	175,188
Total Expenditures All Governmental Fund Types	$ 8,118,742	$ 7,489,813	$ 7,074,833	$ 6,702,566	$ 6,597,787

Changes in All Governmental Fund Types (1)

	Fiscal Year Ended June 30 (dollars in millions) 2006	2005	2004	2003	2002
Revenues	$ 8,778	$ 7,627	$ 6,980	$ 6,435	$ 6,169
% change over previous year	15.1%	9.3%	8.5%	4.3%	-0.7%
Net other financing sources (2)	$ -	$ 170	$ 29	$ 319	$ 565
Expenditures (3)	$ 8,119	$ 7,490	$ 7,075	$ 6,703	$ 6,598
% change over previous year	8.4%	5.9%	5.5%	1.6%	5.8%

(1) Includes all governmental fund types, except Trust Lands.
(2) Includes bond proceeds, net of any refunding issues, plus financing provided from capital leasing.
(3) Funding for expenditures is provided from revenues, beginning balances, bond proceeds, and capital leases issued. Beginning balances are not reflected in this table.

(Sources: Division of Finance and the 2006 CAFR.)

Fund Balances

Fund Balances—All Governmental Fund Types (1)(2)

Fund	Fiscal Year Ended June 30 (in thousands) 2006	2005	2004	2003	2002
General (2)	$ 869,136	$ 653,979	$ 485,953	$ 386,996	$ 368,025
Special Revenue:					
Uniform School	942,389	406,494	313,886	243,917	182,219
Transportation	209,885	206,049	226,081	214,879	130,920
Transportation Investment Fund (4)	144,162	184,450	217,451	320,234	305,357
Rural Development	25,012	19,922	15,094	12,318	11,357
Tobacco Endowment	24,671	18,109	17,759	12,177	41,531
Environmental Reclamation	24,135	25,921	23,762	23,291	24,058
Crime Victim Reparation	9,690	9,623	10,653	13,526	16,558
Miscellaneous Special Rev.	8,343	8,074	7,603	6,489	6,847
Universal Telephone Service	7,119	5,076	3,804	4,787	8,895
Consumer Education	3,245	3,324	3,564	3,133	2,967
State Capitol	125	51	-	37	21
Sports Authority (3)	-	-	-	-	689
Capital Projects	133,630	226,666	122,343	248,021	305,386
Debt Service	20,722	12,636	12,842	16,004	22,882
Total	$ 2,422,264	$ 1,780,374	$ 1,460,795	$ 1,505,809	$ 1,427,712

(1) Includes all governmental fund types, except Trust Lands.
(2) Includes restricted and unrestricted fund balances.
(3) The Sports Authority Fund was closed in Fiscal Year 2003.
(4) Effective fiscal year 2006, the Legislature created the Transportation Investment Fund and designated that projects, previously reported as part of the Centennial Highway Fund, be reported within this new fund.

(Sources: Division of Finance and the 2006 CAFR.)

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General Fund

Revenues, Expenditures, and Fund Balances

	Fiscal Year Ended June 30 (in thousands)				
	2006	2005	2004	2003	2002
Revenues:					
Sales and Use Tax	$ 1,820,992	$ 1,664,352	$ 1,521,076	$ 1,447,281	$ 1,437,339
Other Taxes	271,178	234,710	200,167	187,397	172,307
Federal Contracts and Grants	1,859,583	1,776,555	1,741,580	1,524,832	1,341,072
Charges for Services	256,025	238,181	204,874	182,090	192,190
Licenses, Permits, and Fees	18,725	17,866	18,029	17,745	17,721
Federal Mineral Lease	156,851	82,704	67,216	46,335	29,367
Investment Income	47,027	16,483	6,897	8,258	15,333
Miscellaneous and Other	164,890	148,015	143,033	124,422	114,449
Total Revenues	$ 4,595,271	$ 4,178,866	$ 3,902,872	$ 3,538,360	$ 3,319,778
% change over previous year	10.0%	7.1%	10.3%	6.6%	109.8%
Expenditures	$ 4,333,467	$ 4,016,667	$ 3,775,296	$ 3,519,422	$ 3,412,413
% change over previous year	7.9%	6.4%	7.3%	3.1%	10.5%
Fund Balance: (1)					
Unreserved, Designated	$ 483,510	$ 366,992	$ 255,531	$ 156,016	$ 146,551
Unreserved, Undesignated	85,129	24,627	16,359	-	-
Reserved	300,497	262,360	214,063	230,980	221,474
Total Fund Balance	$ 869,136	$ 653,979	$ 485,953	$ 386,996	$ 368,025

(1) The Fund Balance is derived from revenues, expenditures, transfers, and other financing sources which are not presented in this table and the beginning fund balance from the prior fiscal year.

(Sources: Division of Finance and the 2006 CAFR.)

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STATE OF UTAH FISCAL YEAR ENDED JUNE 30, 2006
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Included with this supplement is the State's Comprehensive Annual Financial Report ("CAFR") for the year ended June 30, 2006.

Additionally, the CAFR and the State's Continuing Disclosure may be found on the "world wide web" at the State of Utah, Division of Finance internet site at:

http://www.finance.utah.gov/main

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State of Utah

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2006

State Of Utah
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended June 30, 2006

CONSTITUTIONAL OFFICERS OF THE STATE OF UTAH

Jon M. Huntsman, Jr. ..... Governor
Gary R. Herbert ..... Lt. Governor
Auston G. Johnson, CPA ..... State Auditor
Edward T. Alter, CPA ..... State Treasurer
Mark L. Shurtleff ..... Attorney General
John L. Valentine ..... President of the Senate
Greg J. Curtis ..... Speaker of the House
Christine M. Durham ..... Chief Justice, Supreme Court

OTHER STATE OFFICIALS

Richard K. Ellis ..... Executive Director, Dept. of Administrative Services
John C. Reidhead, CPA ..... Director, Division of Finance
John E. Nixon, CPA ..... Director, Office of Planning and Budget
John E. Massey ..... Legislative Fiscal Analyst
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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.

State of Utah
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2006

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State of Utah

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

Department of Administrative Services

Richard K. Ellis
Executive Director

Division of Finance

John C. Reidhead, CPA
Director

November 13, 2006

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

It is our pleasure to present the 2006 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 Entity" is completed each year by the Utah State Auditor's Office in conjunction with other independent audit firms. Their audits were conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The State Auditor's report on the Basic Financial Statements is included in the Financial Section of this report.

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 State Auditor's report, is issued in a separate report and will be available at a later date.

Management's Discussion and Analysis (MD&A). The discussion and analysis beginning on page 14 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 10, 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 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 services provided to citizens 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.

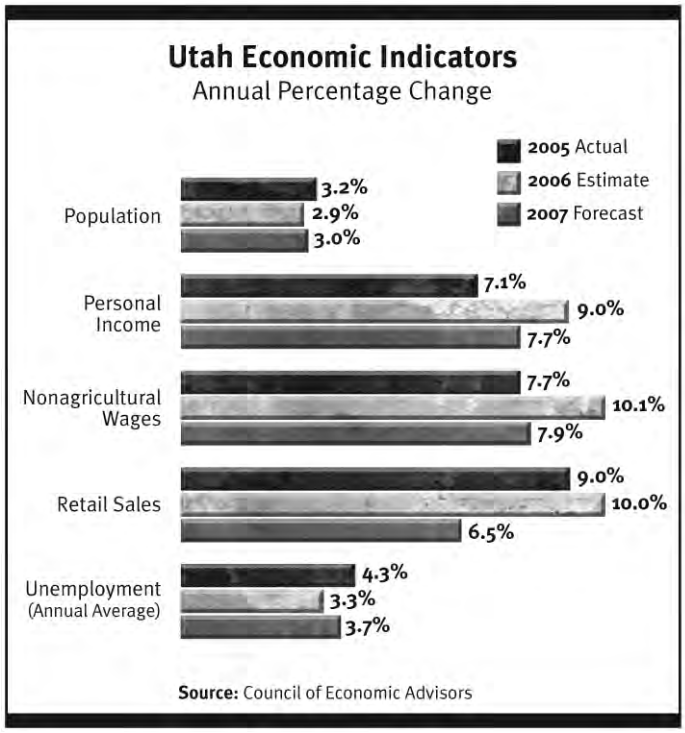
This report includes all funds of the State of Utah and includes all departments, agencies, and other organizational units governed by the Legislature and/or the constitutional officers of the State. In addition to these *primary government* activities, this report includes information related to component units that are financially accountable to the State. 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 components units can be found in the notes to the financial statements (see Note 1. A.).

Budgetary 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 by fund, function (e.g., health), and activity (e.g., medical assistance) to the Legislature. The Legislature authorizes expenditures in the annual *Appropriations Acts*. 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 departments and funds will not end the fiscal year in a deficit position. For additional information on budgetary control see the notes to Required Supplementary Information on page 113.

Spending Limitation. The State has an appropriation limitation statute that limits the growth in the combined appropriations from the General Fund and from income tax revenues for higher education to the relative growth in population and inflation. For the fiscal year ended June 30, 2006, the State was $50.4 million below the appropriations limitation. The State is currently below the fiscal year 2007 appropriations limitation by $18.7 million.

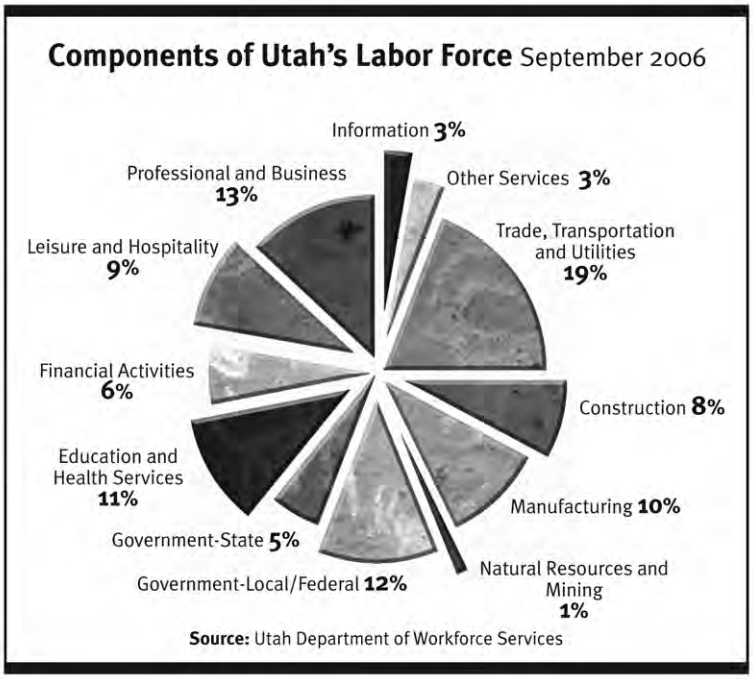
ECONOMIC CONDITIONS AND OUTLOOK

Economy. Nationally, corporate before-tax profits increased 32.7 percent in 2005 and are expected to rise 18.6 percent through the end of 2006 as the economy begins to show signs of stabilizing. The national unemployment rate was 5.1 percent in 2005, and is expected to remain relatively unchanged for the next two years. Generally, Utah's economic indicators have mirrored these national trends, though the State's economy seems to be stronger than most states across the nation.



Utah's unemployment rate is expected to fall from 4.3 percent in 2005 to 3.3 percent in 2006. This trend represents a strong economy, with little economic slack. However, the State's unemployment rate is slightly higher than the ten-year low of 3.1 percent in 1997. With the continuing drop in unemployment, personal income and nonagricultural wages are expected to increase in 2006 by 9.0 percent and 10.1 percent, respectively. Retail sales are estimated to grow 10.0 percent in 2006 and 6.5 percent in 2007. In 2005, total construction value reached a new all time high of $6.6 billion, a 28.7% increase from the 2004 record. Residential construction again led the way with a record $4.7 billion in new construction compared to $3.6 billion in 2004. Construction is expected to be up in 2006 with 9.1 percent job growth and 12 percent higher valuation than in 2005 as the economy continues to expand. Utah experienced net in-migration of approximately 41,000 in 2005, the highest level since World War II. Utah has had net in-migration for the past 16 years and this trend is expected to continue in 2006 and 2007.

Industries. Utah's nonagricultural employment is expected to increase 4.9 percent in 2006. From September 2005 to September 2006, every industry experienced positive employment growth led by natural resources and mining (17.5 percent) and construction (16.9 percent). Other industries experiencing strong growth in the past year were professional and business services (7.3 percent), financial activities (5.4 percent), education and health services (4.2 percent), leisure and hospitality (3.6 percent), manufacturing (3.6 percent), and trade, transportation and utilities (3.5 percent). Construction added 14,700 new jobs, leading the way for the second straight year with most new jobs added. Another growth area was the professional and business services sector, adding 11,100 new jobs where generally higher education levels are required and compensation is higher than jobs in other sectors. Other sectors that contributed to job growth were trade, transportation and utilities (7,900), education and health services (5,500), manufacturing (4,200), leisure and hospitality (3,800), and financial activities (3,700). The need to move more goods and raw materials for construction and manufacturing activities caused an increase in trade, transportation, and utilities jobs. Strong population growth created the need for more employment in the construction, financial activities, education and health services, and trade, transportation and utilities sectors.



Outlook. Utah's economy is expected to continue on the growth path that began in 2004. However, the shrinking pool of available workers and a slowing national economy may limit job growth slightly in the future. The State is positioned well for positive long-term economic growth due to its industrial diversity, population growth, and young and highly educated workforce.

MAJOR INITIATIVES

Utah's economy continues to improve, providing approximately $637 million additional income and sales tax revenue in fiscal year 2006. These additional funds were directed to priorities such as tax reform, economic development, infrastructure, and education.

Tax Reform. In an effort to moderate growth in government and stimulate long-term economic growth, numerous tax reform initiatives were passed. Sales and use tax reform initiatives are expected to reduce state revenues by $55 million in fiscal year 2007 and $90 million in fiscal year 2008. This includes a 2 percent annual reduction in sales tax on food of $70 million and business tax reductions of $20 million. In addition, during the 2006 Fourth Special Session, Senate Bill 4001, *Income Tax Amendments*, expanded existing individual tax brackets and reduced the top bracket for taxable years beginning January 1, 2006. The bill also created an alternative flat rate computation. For taxable years beginning January 1, 2007, taxpayers may calculate their individual income tax liability in two different ways and pay the lesser of the two calculations. The individual tax reform initiative is expected to reduce State revenues by $66 million per year beginning in fiscal year 2007.

Economic Development. The Governor's economic development plan for Utah focuses on strengthening the business environment and developing industries that capitalize on economic trends and leverage the State's natural advantages.

Utah is known as a world-class research center and for its ability to commercialize research in new companies that make the world a better place. The State is also known for its skilled and educated workforce. To capitalize on Utah's unique resources, the 2005 General Session provided $7.35 million in initial funding to the University of Utah and Utah State University to recruit and hire research teams, purchase research equipment, and implement a technology research and development initiative. This effort will target technologies with high commercial potential and nurture an entrepreneurial environment. The 2005 initiative was named the Utah Science, Technology, and Research (USTAR) Economic Development Initiative. During the 2006 General Session, Senate Bill 75, *USTAR Initiative*, greatly broadened the scope and funding by providing $19.3 million ongoing monies beginning in fiscal year 2007 and creating the USTAR Governing Authority to

oversee activities related to the initiative. Senate Bill 75 also appropriated $50 million one-time funding for fiscal year 2007, and provided bonding authorization for $111 million to construct new lab facilities at the two research universities.

Education. The State provided $121 million for fiscal year 2007 through a 6.0 percent increase in the Weighted Pupil Unit to fund increases in teacher salaries and benefits and increased operating costs. The State also appropriated an additional $37.5 million to higher education for fiscal year 2007. This included $21.9 million for increases in salary and benefits; $5.1 million for increases in fuel and power costs; $2.8 million for student financial aid; $0.8 million for National Guard personnel tuition assistance; and various amounts for engineering, technology, and nursing initiatives.

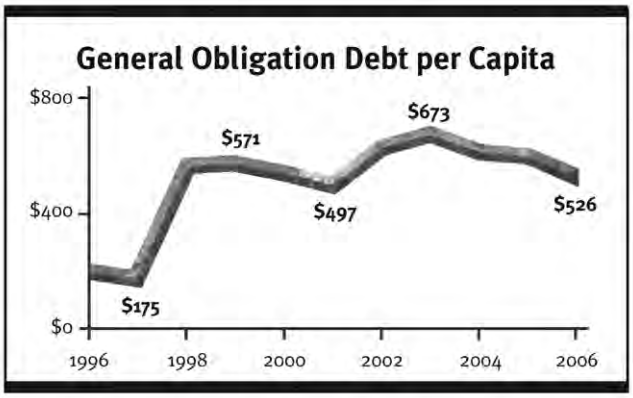
Infrastructure. The State has developed a national reputation for strong fiscal management. Continuing the "Pay-As-You-Go" plan to manage the State's debt, for fiscal year 2007 the Legislature provided $130 million of one-time money and $20 million ongoing for capital development projects for renovation of the State Capitol and several other state buildings. To address the State's maintenance needs, the Legislature provided a total ongoing funding package of $63 million for capital improvements for fiscal year 2007, which included a $6.8 million increase from the prior year appropriation. An additional $2.5 million one-time money was added to mitigate life/safety hazards at state buildings. These totals represent the highest funding level ever appropriated to address the State's maintenance needs.

In the past decade, highway funding has not kept pace with the increased number of individuals traveling on Utah's roads. Therefore, funding for transportation was a major priority for both the Governor and the Legislature. For fiscal year 2007, the State appropriated $201 million to the Centennial Highway Fund for statewide transportation issues, and an additional $90 million ongoing money to be used for capacity and safety projects. House Bill 112, *Transportation Investment Act*, changed currently earmarked General Fund transfers from specific dollar amounts to 8.3 percent of sales and use tax collections. The transfer is estimated to be $150 million for fiscal year 2007.

FINANCIAL INFORMATION

Cash Management. As further explained in Notes 1, 3, and 4 to the Basic Financial Statements, cash is controlled by the State Treasurer or by other administrative bodies as specified by law, and investments are made in compliance with the State Money Management Act (*Utah Code*, Title 51 Chapter 7). All cash deposited with the State Treasurer by state entities is managed in pooled investment funds to safeguard assets and to maximize interest earnings. The Treasurer invests the cash, including the cash float, in short-term securities and other investments such as certificates of deposit, obligations of the U.S. Treasury, commercial paper, and repurchase agreements. Certain investment pools may invest in corporate bonds and equity securities.

Debt Administration. The State's general obligation bonded debt jumped significantly in 1998 due to issuing bonds for highway construction, mostly for rebuilding I-15 in Salt Lake County. Total general obligation debt remained fairly stable from 1999 through 2001. In fiscal years 2002 through 2003, under budget constraints coupled with a low interest rate environment, the State elected to increase its debt by issuing more bonds for highway and building projects that otherwise would have been funded from current revenues. During fiscal year 2006, the State issued no new general obligation bonds. More information about the State's long-term debt is found in Note 10 to the Basic Financial Statements.



Risk Management. The State is self-insured against certain property and liability claims. The Legislature established the Risk Management Fund to pay for commercial insurance or to accumulate reserves for the self-insured portion of certain property and liability risks. Revenues are generated from premiums charged to state departments, institutions of higher education, and local school districts. The property self-insurance limits for fiscal year 2006 were $1 million per claim, with an annual aggregate of $2.5 million per policy year. Generally, claims over the self-insured limits are covered by policies with private insurance companies.

Pension Plans. The Utah Retirement Systems (URS) defined benefit pension systems' combined total net assets increased by $1.4 billion, or 8.5 percent during calendar year 2005. The increase was primarily due to the increase in equity markets and increasing retirement contributions. However, even with the increase in total net assets, the average funded ratio of all systems decreased slightly from 92.4 percent at the beginning of 2005 to 92.2 percent at December 31, 2005, due to increases

in the actuarially determined pension obligations. Operations of the pension systems continue to be managed based on sound actuarial funding principles, thus protecting participants' future benefits. The URS management anticipates that investment earnings on a long term basis will continue to meet or exceed the actuarially assumed earning rate.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (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, 2005. This was the twenty-first 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 accounting principles generally accepted in the United States of America 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.

CONCLUSION

We hope this report provides data useful in evaluating the financial activity of the State of Utah. We express our appreciation to the budget and accounting officers throughout state government and to the Utah State Auditor's Office for their dedicated efforts in assisting us in the preparation of this report.

Sincerely,

John Reidhead

John C. Reidhead, CPA
Director of Finance

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, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

State of Utah Organization Chart

Auston G. Johnson, CPA
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FINANCIAL AUDIT DIRECTORS:
H. Dean Eborn, CPA
Deborah A. Empey, CPA
Stan Godfrey, CPA
Jon T. Johnson, CPA

INDEPENDENT STATE AUDITOR'S REPORT

To the Members of the Legislature
of the State of Utah and
The Honorable Jon M. Huntsman, JR.
Governor, State of Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Utah as of and for the year ended June 30, 2006, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State's management. 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; Utah Public Employees Group Insurance; the University of Utah's hospital and component units; Utah State University; portions of the Utah College of Applied Technology; the Dairy Commission; and the Utah State Retirement Office, which represent 49 percent of the assets and 50 percent of the revenues of the aggregate discretely presented component units and 77 percent of the assets and 22 percent of the revenues/additions of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us; and our opinions, insofar as they relate to the amounts included for those agencies, funds, and component units, are based 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the State's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our 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 of Utah as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report, dated October 27, 2006, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The accompanying management discussion and analysis on pages 14 through 23 and the required supplementary information on pages 107 through 115 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The introductory section, the supplementary information – combining statements and individual fund statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information – combining statements and individual fund statements and schedules on pages 117 through 179 has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section on pages 1 through 10 and the statistical section on pages 181 through 221 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Auston G. Johnson, CPA
Utah State Auditor
October 27, 2006

INTRODUCTION

The following is a discussion and analysis of the State of Utah's financial performance and position, providing an overview of the State's activities for the fiscal year ended June 30, 2006. 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

- The State's total net assets increased $1.864 billion or 15.3 percent over the prior year. Net assets of governmental activities increased $1.549 billion or 14.9 percent due to an improving economy and active resource management. Net assets of business-type activities also grew significantly, increasing by $315.2 million or 18.0 percent, primarily due to revenues from employers' unemployment premiums exceeding benefit payments for the second consecutive year.

Fund Level

- Combined tax revenues were 10.2 percent higher in the General Fund and 25.2 percent higher in the Uniform School Fund than the prior year as Utah's economy showed continued signs of improvement. The State's economic slowdown in 2002 and 2003 and subsequent improvement in fiscal years 2004 through 2006 is similar to the trend of the national economy.

- The General Fund and Uniform School Fund ended the fiscal year with "surplus" from unreserved and undesignated sources of $85.1 million and $223.3 million, respectively. By law, $21.9 million of the surplus in the General Fund was transferred to the General Fund Budget Reserve Account ("Rainy Day Fund"), and $56.6 million of the surplus in the Uniform School Fund was transferred to the Education Budget Reserve Account.

Long-term Debt

- The State's long-term bonded debt increased a net $433.4 million or 12.5 percent. Revenue bonds were issued to fund capital facility construction, and for purchasing student loans in the Student Assistance Programs. No new general obligation bonds were issued.

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 Assets and the Statement of Activities beginning on page 27 together comprise the *government-wide financial statements*. These statements provide a broad overview with a long-term focus of the State's finances as a whole 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 and liabilities, including capital assets and long-term debt, are reported at the entity level.

The government-wide statements report the State's *net assets* – the difference between total assets and total liabilities – and how they have changed from the prior year. Over time, increases and decreases in net assets 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 project 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 32 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 project 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 34 and 38 that reconcile and explain the differences between the amounts reported for *governmental activities* on the government-wide statements (full-accrual accounting, long-term focus) with amounts reported on the *governmental* fund statements (modified accrual accounting, short-term focus). 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 are expenditures on the governmental fund statements.
- Bond proceeds result in liabilities on the government-wide statements but are other financing sources on the governmental fund statements.
- Certain tax revenues that are earned but not yet available are reported as revenue on the government-wide statements but are deferred revenue on the governmental fund statements.

Notes to the Financial Statements
The notes beginning on page 58 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. RSI further supports the information in the basic financial statements.

Supplementary Information
Supplementary Information includes combining statements for the State's nonmajor governmental, nonmajor proprietary and 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 *Appropriation Acts*.

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

Net Assets

The State's total net assets increased $1.864 billion or 15.3 percent in fiscal year 2006. In comparison, net assets in the prior year increased $1.012 billion or 9.1 percent. This increase in net assets resulted from an improving economy and the active management of state resources. Approximately $526.1 million of the increase was in net capital assets as the State's investment in highways and buildings exceeded depreciation and net additional debt to finance projects. Total restricted net assets increased $1.072 billion or 43.8 percent over the prior year. The $860.7 million increase in restricted net assets of governmental activities was primarily due to an increase of $709.7 million in expendable net assets for public education as a result of increased individual income and corporate tax revenues. Also, nonexpendable net assets for public education increased $156.8 million as a result of an increase in net earnings in the permanent Trust Lands Fund. Restricted net assets increased in business-type activities by $211.6 million primarily due to unemployment compensation revenues exceeding related claims by $174.9 million. The increase of $166.0 million in unrestricted net assets of governmental activities was primarily due to an increase in the unrestricted carry-forward balances in the General Fund of $202.7 million less decreases in carry-forward balances of other government funds. The increase of $100.0 million in unrestricted net assets of business-type activities was the result of normal operations and is primarily due to the State adding additional capital to the loan funds from mineral lease revenues and sales taxes. Net assets of business-type activities generally can be used only to finance the business-type activities' ongoing operations.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**
Current and Other Assets	$ 4,356,335	$ 3,358,120	$ 4,294,237	$ 3,375,986	$ 8,650,572	$ 6,734,106
Capital Assets	10,247,267	9,860,641	66,974	62,154	10,314,241	9,922,795
Total Assets	**14,603,602**	**13,218,761**	**4,361,211**	**3,438,140**	**18,964,813**	**16,656,901**
Current and Other Liabilities	692,891	699,180	47,057	39,972	739,948	739,152
Long-term Liabilities	1,955,484	2,113,602	2,249,277	1,648,535	4,204,761	3,762,137
Total Liabilities	**2,648,375**	**2,812,782**	**2,296,334**	**1,688,507**	**4,944,709**	**4,501,289**
Net Assets:						
Invested in Capital Assets, Net of Related Debt	8,719,751	8,197,279	32,068	28,419	8,751,819	8,225,698
Restricted	2,379,269	1,518,523	1,139,691	928,115	3,518,960	2,446,638
Unrestricted	856,207	690,177	893,118	793,099	1,749,325	1,483,276
Total Net Assets	**$ 11,955,227**	**$ 10,405,979**	**$ 2,064,877**	**$ 1,749,633**	**$ 14,020,104**	**$ 12,155,612**
Percent change in total net assets from prior year	14.9 %		18.0 %		15.3 %	

The largest component of the State's net assets, 62.4 percent, reflects investments in capital assets (e.g., land, buildings, equipment, roads, and other infrastructure) less the outstanding debt issued to finance those assets. As capital assets, these resources 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.

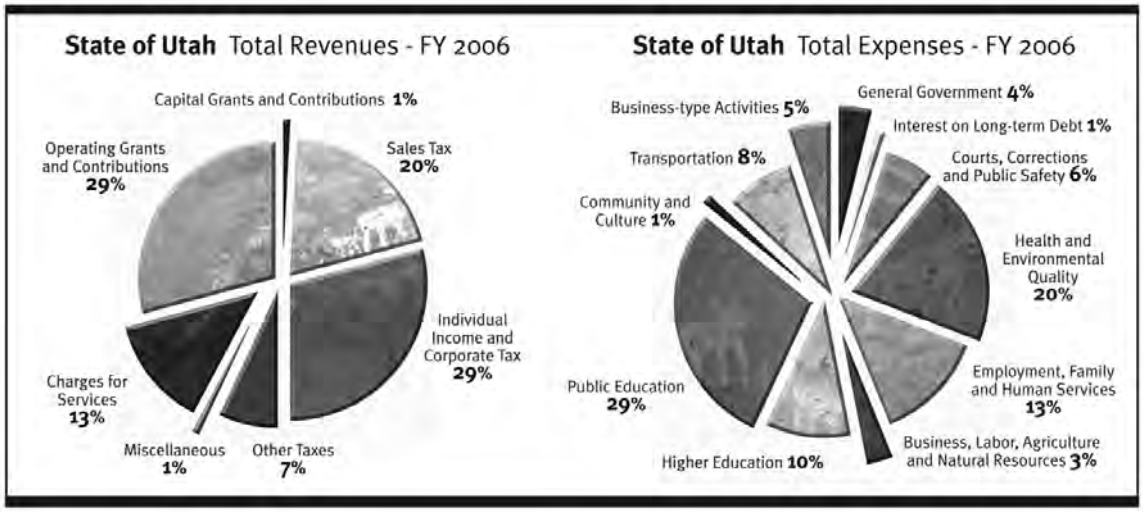
Restricted net assets comprise 25.1 percent of total net assets and are subject to constitutional, legal, or external constraints on how they can be used. Net assets that are restricted by the *Constitution of Utah* include income and corporate taxes that can be used only for public and higher education costs and for motor fuel taxes that can be used only for transportation expenses.

The remaining balance of unrestricted net assets may be used to meet the State's ongoing obligations, though certain laws and internally imposed designations of resources further limit the purposes for which many of those net assets may be used.

The schedule and charts that follow summarize the State's total revenues, expenses, and changes in net assets for fiscal year 2006.

State of Utah
Changes in Net Assets
for the Fiscal Year Ended June 30
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change
	2006	2005	2006	2005	2006	2005	2005 to 2006
Revenues							
General Revenues:							
Taxes	$ 5,470,916	$ 4,519,789	$ 14,875	$ 14,874	$ 5,485,791	$ 4,534,663	21.0 %
Other General Revenues	124,939	65,481	308	4,070	125,247	69,551	80.1 %
Program Revenues:							
Charges for Services	705,095	615,844	589,104	507,583	1,294,199	1,123,427	15.2 %
Operating Grants and Contributions	2,744,231	2,436,116	109,140	65,173	2,853,371	2,501,289	14.1 %
Capital Grants and Contributions	100,519	124,836	—	—	100,519	124,836	(19.5)%
Total Revenues	**9,145,700**	**7,762,066**	**713,427**	**591,700**	**9,859,127**	**8,353,766**	18.0 %
Expenses							
General Government	289,749	240,091	—	—	289,749	240,091	20.7 %
Human Services and Youth Corrections	595,337	573,154	—	—	595,337	573,154	3.9 %
Corrections, Adult	208,922	195,716	—	—	208,922	195,716	6.7 %
Public Safety	182,042	162,922	—	—	182,042	162,922	11.7 %
Courts	109,180	98,319	—	—	109,180	98,319	11.0 %
Health and Environmental Quality	1,635,544	1,461,016	—	—	1,635,544	1,461,016	11.9 %
Higher Education	810,228	694,732	—	—	810,228	694,732	16.6 %
Employment and Family Services	405,845	409,334	—	—	405,845	409,334	(0.9)%
Natural Resources	133,441	121,714	—	—	133,441	121,714	9.6 %
Community and Culture	84,843	86,065	—	—	84,843	86,065	(1.4)%
Business, Labor, and Agriculture	90,573	84,992	—	—	90,573	84,992	6.6 %
Public Education	2,321,139	2,169,071	—	—	2,321,139	2,169,071	7.0 %
Transportation	640,251	579,914	—	—	640,251	579,914	10.4 %
Interest on Long-term Debt	70,345	76,382	—	—	70,345	76,382	(7.9)%
Student Assistance Programs	—	—	152,895	95,495	152,895	95,495	60.1 %
Unemployment Compensation	—	—	102,476	142,632	102,476	142,632	(28.2)%
Water Loan Programs	—	—	6,560	8,648	6,560	8,648	(24.1)%
Other Business-type Activities	—	—	155,265	141,374	155,265	141,374	9.8 %
Total Expenses	**7,577,439**	**6,953,422**	**417,196**	**388,149**	**7,994,635**	**7,341,571**	8.9 %
Excess Before Transfers	1,568,261	808,644	296,231	203,551	1,864,492	1,012,195	
Transfers	(19,013)	9,437	19,013	(9,437)	—	—	
Change in Net Assets	**1,549,248**	**818,081**	**315,244**	**194,114**	**1,864,492**	**1,012,195**	
Net Assets – Beginning as Adjusted	10,405,979	9,587,898	1,749,633	1,555,519	12,155,612	11,143,417	
Net Assets – Ending	**$ 11,955,227**	**$ 10,405,979**	**$ 2,064,877**	**$ 1,749,633**	**$ 14,020,104**	**$ 12,155,612**	**15.3 %**



Changes in Net Assets

This year the State received 55.6 percent of its revenues from state taxes and 30.0 percent of its revenues from grants and contributions, mostly from federal sources. In the prior year, state taxes accounted for 54.3 percent and grants and contributions were 31.4 percent of total revenues. Charges for goods and services such as licenses, permits, liquor sales, state parks, and court fees, combined with other miscellaneous collections, comprised 14.4 percent of total revenues in fiscal year 2006, compared with 14.3 percent in fiscal year 2005.

Governmental Activities

The State's total governmental revenues from all sources increased $1.384 billion or 17.8 percent. Tax revenues increased $951.1 million or 21.0 percent. This increase in taxes reflects a continued improvement in economic conditions and is similar to the increase at the fund level. However, due to differences in measurement focus, timing of collections, and lack of historical accrued tax information, the increase at the government-wide level should not be used to predict future increases at the fund statement or budget level. With the exception of higher education, other significant changes in governmental activities' revenues and expenses mirror the changes in the General Fund at the fund level. For further discussion of these changes, see the section entitled "General Fund" on page 19. For fiscal year 2006, higher education expenses increased by $115.5 million compared to the prior year, due in part to an increase of $72.9 million spent for building projects completed for colleges and universities. An increase in general state support for higher education accounted for the balance of the increase.

The following table shows to what extent the State's governmental activities relied on taxes and other general revenues to cover all of their costs. For fiscal year 2006, state taxes and other general revenues covered 53.2 percent of expenses. The remaining $3.550 billion or 46.8 percent of the total expenses were generated through charges for services and grants. As discussed in the "General Fund" section on page 19, federal mineral lease revenues increased significantly in fiscal year 2006. This increase was the largest single factor that caused Program Revenues to exceed Program Expenses by $41.8 million in the general government function.

State of Utah
Net Cost of Governmental Activities
for the Fiscal Year Ended June 30
(Expressed in Thousands)

	Program Expenses	Less Program Revenues	Net Program Costs		Program Revenues as a Percentage of Program Expenses	
	2006	2006	2006	2005	2006	2005
General Government	$ 289,749	$ (331,515)	$ (41,766)	$ 28,977	114.4 %	87.9 %
Human Services and Youth Corrections	595,337	(286,594)	308,743	277,765	48.1	51.5 %
Corrections, Adult	208,922	(5,007)	203,915	192,762	2.4	1.5 %
Public Safety	182,042	(102,033)	80,009	65,082	56.0	60.1 %
Courts	109,180	(47,934)	61,246	51,199	43.9	47.9 %
Health and Environmental Quality	1,635,544	(1,265,565)	369,979	317,708	77.4	78.3 %
Higher Education	810,228	(1,536)	808,692	693,106	0.2	0.2 %
Employment and Family Services	405,845	(353,168)	52,677	48,960	87.0	88.0 %
Natural Resources	133,441	(86,037)	47,404	46,642	64.5	61.7 %
Community and Culture	84,843	(40,568)	44,275	42,592	47.8	50.5 %
Business, Labor, and Agriculture	90,573	(73,074)	17,499	16,654	80.7	80.4 %
Public Education	2,321,139	(506,957)	1,814,182	1,722,677	21.8	20.6 %
Transportation	640,251	(449,857)	190,394	196,120	70.3	66.2 %
Interest on Long-term Debt	70,345	—	70,345	76,382		
Total Governmental Activities	**$ 7,577,439**	**$ (3,549,845)**	**$ 4,027,594**	**$ 3,776,626**	**46.8 %**	45.7 %

Business-type Activities

Operating revenues from the State's business-type activities increased $121.7 million or 20.6 percent from the prior year. This increase is due, in part, to a $47.6 million increase in revenues in the Student Assistance Programs, as a result of higher interest rates on student loans and an increase in revenues from federal reinsurance. Revenues in the Unemployment Compensation Fund increased $31.3 million, as higher claims in recent years resulted in increased employer taxes. Liquor sales increased by $20.2 million, primarily due to higher sales volume. Investment income increased $15.9 million due to rising interest rates. Total operating expenses for the State's business-type activities increased $29.0 million, or 7.5 percent. The increase was largely due to claims expenses increasing $22.5 million in the Student Assistance Programs, as payments to lenders increased for guaranteed claims due to more defaults by borrowers.

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

FINANCIAL ANALYSIS OF THE STATE'S GOVERNMENTAL FUNDS

Fund Balances

At June 30, 2006, the State's governmental funds reported combined ending fund balances of $3.173 billion. Of this amount, $1.587 billion or 50.0 percent is reserved for specific programs by state law, by external constraints, or by contractual obligations. Unspent bond proceeds, balances of restricted accounts, and agencies' nonlapsing balances are included in reserved fund balance. An additional $1.199 billion or 37.8 percent of total fund balances has been designated through internally imposed limitations on uses of certain funds. Note 11 on page 95 provides more details about reserved and designated fund balances at June 30, 2006. The remaining $386.9 million or 12.2 percent of fund balance is available for appropriation for the general purposes of the funds.

State of Utah
Governmental Fund Balances as of June 30, 2006
(Expressed in Thousands)

	General Fund	Uniform School Fund	Transpor-tation Fund	Transportation Investment Fund	Trust Lands Fund	Nonmajor Funds	Total
Reserved	$ 300,497	$ 66,474	$ 44,961	$ 143,490	$ 751,024	$ 280,634	$ 1,587,080
Unreserved Designated	483,510	652,613	48,107	672	—	14,432	1,199,334
Unreserved Undesignated	85,129	223,302	116,817	—	—	(38,374)	386,874
Total	**$ 869,136**	**$ 942,389**	**$ 209,885**	**$ 144,162**	**$ 751,024**	**$ 256,692**	**$ 3,173,288**
Percent change from prior year	32.90 %	131.83 %	1.86 %	(21.84)%	26.38 %	(22.07)%	33.63 %

General Fund

During fiscal year 2006, the General Fund's total fund balance increased $215.2 million or 32.9 percent. This increase was due in large part to sales tax revenues coming in $62.3 million greater than budgeted and to $155.5 million being set aside in the budget and designated by the Legislature for fiscal year 2007 appropriations. In contrast, in the prior year, the Legislature designated only $74.6 million for the next year's appropriations. The General Fund ended fiscal year 2006 with a "surplus" from unreserved and undesignated sources of $108.5 million. State law normally requires 25 percent of the "surplus" to be transferred to the General Fund Budget Reserve Account ("Rainy Day Fund"). However, state law limits the combined totals of the General Fund Budget Reserve Account and the Education Budget Reserve Account to 6 percent of combined appropriations. As a result, $21.9 million, or 20.2 percent was transferred to the General Fund Budget Reserve Account and included in designated fund balance. An additional $1.4 million was carried forward by law for other purposes as designated for specific appropriation in 2007. The General Fund ended the year with $85.1 million in unreserved/undesignated fund balance. Miscellaneous changes resulting from other designated and reserved sources account for the remaining change in fund balance. The General Fund Budget Reserve Account ended fiscal year 2006 with a balance of $131.6 million.

Total General Fund revenues increased $416.4 million or 10.0 percent from the prior year. Total tax collections increased $193.1 million or 10.2 percent. The major positive changes in tax revenues were in sales tax, which increased $156.6 million or 9.4 percent as Utah's economy continues to improve; and in oil, gas, and mining severance tax, which increased $23.6 million or 36.4 percent. Federal funding was the largest single factor in increasing non-tax revenues for the fiscal year, as federal mineral lease revenues increased $74.1 million or 89.7 percent, driven by higher oil prices; and federal contracts and grants climbed $83.0 million or 4.7 percent from the prior year, driven by demand for services and higher costs.

Total General Fund expenditures increased by $316.8 million or 7.9 percent. The increase was due in part to a 2.5 percent cost-of-living adjustment provided for state employees and increased costs for employee health and dental benefits of 11.8 and 6.0 percent, respectively. Additional market comparability wage adjustments were also provided to approximately 14,000 state employees. The balance of the increase in expenditures is evidence of a continued high demand for government services. The following areas were impacted most:

- *Health and Environmental Quality* – Total expenditures in this category jumped $173.6 million, primarily due to increased Medicaid program costs resulting from increased caseloads and inflationary increases for Medicaid provider rates.
- *Higher Education* – Total expenditures in this category were up $44.2 million, primarily due to additional state appropriations for employee health and dental increases, salary increases, and increases in expenditures for operations and maintenance of existing and new buildings.

In addition to the functions, for fiscal year 2006 the State's economic development function was moved from the Department of Community and Economic Development to the newly created Governor's Office of Economic Development, per HB 318, *Community and Economic Development Restructuring*, 2005 General Session. This change resulted in a shift of expenditures to the general government function of $25.5 million in fiscal year 2006.

Budgetary Highlights – General Fund

The Legislature adopted the initial fiscal year 2006 budget during the 2005 General Session. The original General Fund budget at the start of fiscal year 2006, excluding department-specific revenue sources such as federal grants, departmental collections, and including miscellaneous transfers, was 6.1 percent higher than the final fiscal year 2005 budget. The Legislature also had to address critical and mandated program increases, such as providing the State's matching share of projected increases in caseloads and inflationary increases for the Medicaid program. Other increases included funding for higher education and increases in employee salaries and benefits.

The budget was again addressed during the 2006 General Session of the Legislature (January to March 2006). General revenue estimates had increased $186.7 million over those adopted in the 2005 General Session primarily due to increased revenue estimates of sales and use tax. Increased revenue estimates allowed the Legislature to designate $155.5 million of expected excess revenue for fiscal year 2007 appropriations.

Final budgets of department-specific revenue sources increased over original budgets and actual department-specific revenues increased over final budgets mostly due to an increase in federal mineral lease revenues. Final budgets for many of the departmental-specific revenue sources and related expenditures such as federal grants, departmental collections, and miscellaneous revenues, are generally revised based on actual collections. The difference between final budgeted expenditures and actual expenditures is primarily due to nonlapsing and unspent restricted funds that will be carried forward to the next year. However, $1.7 million of unspent budgeted dollars were lapsed back to the General Fund by agencies.

Uniform School Fund

The Uniform School Fund's fund balance increased $535.9 million or 131.8 percent from the prior year. Corporate tax receipts increased $170.3 million or 81.4 percent compared to the prior year, individual income tax receipts increased $377.8 million or 19.4 percent, and federal funding increased by $27.1 million or 7.9 percent. Expenditures for public education increased by $154.0 million or 7.1 percent, as the Legislature increased the budget for enrollment growth and for increased costs related to employee salary and benefit increases. The Uniform School Fund ended the year with a "surplus" from unreserved and undesignated sources of $279.9 million. State law normally requires 25 percent of the "surplus" to be transferred to the Education Budget Reserve Account. However, state law limits the combined totals of the General Fund Budget Reserve Account and the Education Budget Reserve Account to 6 percent of combined appropriations. As a result, $56.6 million or 20.2 percent was transferred to the Education Budget Reserve Account, resulting in a final unreserved and undesignated fund balance of $223.3 million. Established by the Legislature in 2003, the Education Budget Reserve Account ended fiscal year 2006 with a balance of $123.4 million.

Transportation Fund

The fund balance of the Transportation Fund increased $3.8 million or 1.9 percent from the prior year. Revenues increased by $109.2 million or 14.9 percent, primarily due to a $55.4 million increase in federal contracts and grants and a $23.9 million increase in charges for services. Expenditures increased by 108.8 million or 15.8 percent as a result of increased spending on federal participating highway projects.

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 weather. Also, the Department of Transportation has discretion on allocating federal funds among projects, which impacts the amount of federal revenue reported in the Transportation Fund and Transportation Investment Fund.

Transportation Investment Fund

The fund balance of the Transportation Investment Fund decreased by $40.3 million or 21.8 percent from the prior year. Revenues in the fund increased $33.7 million or 54.4 percent, mostly due to an increase in sales and use taxes of $60.3 million as a result of

House Bill 1008, *Transportation Investment Act*, of the 2005 First Special Session. This bill earmarked an additional $59.6 million from sales and use tax revenue annually for Centennial Highway projects accounted for within this fund. The increase in tax revenues was offset by a decrease in federal revenues of $27.3 million or 83.5 percent. Expenditures in the fund increased by $34.9 million or 24.7 percent, primarily in construction expenditures for the projects specific to this fund.

Trust Lands Fund
The fund balance of the permanent Trust Lands Fund increased by $156.8 million or 26.4 percent due to revenues generated from land use, sales of trust lands, and investment income. The permanent fund also generated $18.1 of cash investment earnings for the Uniform School Fund that is earmarked for distribution to local school districts. The principal in the fund is held in perpetuity with earnings restricted primarily to support public education.

FINANCIAL ANALYSIS OF THE STATE'S PROPRIETARY FUNDS

Student Assistance Programs
The Student Assistance Programs finished the year with an increase in net assets of $20.2 million or 8.2 percent. Growth of the student loan portfolio and higher student loan interest rates accounted for most of the increase. As a result, loans receivable increased $298.6 million or 20.5 percent over last year. Of total net assets of $265.2 million, $178.5 million is restricted for use within the Student Assistance Programs by bond covenants or by federal law.

Unemployment Compensation Fund
The State's unemployment rate decreased compared to the rate one year ago. The improving employment situation resulted in a $40.2 million or 28.2 percent decrease in benefit payments from the prior year. For the second consecutive year, employer taxes and other revenues exceeded benefit payments. Assets were sufficient to handle the demand for benefits, and net assets increased $174.9 million or 34.1 percent, to $687.1 million. The entire balance of net assets in this fund is restricted for paying unemployment benefits by state and federal law.

Water Loan Programs
The net assets of the Water Loan Programs increased $34.2 million or 6.1 percent from the prior year. Additional capital for loans was provided from $14.4 million in dedicated sales tax revenues and $13.4 million in federal grants, in addition to net operating revenues in the fund. Loans receivable for the programs increased $24.4 million or 5.1 percent over the prior year. Of total net assets of $597.9 million, $236.2 million is restricted for use within the Water Loan Programs by bond covenants or by federal grant requirements.

CAPITAL ASSET AND LONG-TERM DEBT ADMINISTRATION

Capital Assets
The State's capital assets increased a net $391.4 million during the year. The change consisted of net increases in infrastructure (highways) of $155.9 million; land and related assets of $56.9 million; and buildings, improvements, and construction in progress of $181.1 million. Machinery and equipment decreased a net $2.5 million during the year. Many 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 assets. As of June 30, 2006, the State had $31.9 million of outstanding debt related to capital assets of component units.

At June 30, 2006, the State had $226.2 million in commitments for building projects in its capital projects funds, and $516.5 million ($321.6 million in the Transportation Investment Fund and $194.9 million in the Transportation Fund) in commitments for highway construction and improvement projects. Funding for the commitments will come from existing resources in these funds and from future bond proceeds and appropriations.

The State has adopted an allowable alternative to reporting depreciation for 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 roads is to maintain 50 percent with a rating of "fair" or better and no more than 15

percent with a "very poor" rating. The most recent condition assessment, completed for calendar year 2005, indicated that 69.5 percent of the roads were in "fair" or better condition. Only 6.3 percent of the roads assessed were in "very poor" condition. These results reflect a slight decline from conditions in calendar year 2004, when 74.7 percent of the roads were assessed as "fair" or better, and 6.2 percent assessed were in "very poor" condition.

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 2006, indicated that 71.0 percent and 2.0 percent of bridges were in "good" and "poor" condition, respectively. These results are similar to the prior year.

During fiscal year 2006, the State spent $431.3 million to maintain and preserve roads and bridges. This amount is 52.2 percent above the estimated amount of $283.4 million needed to maintain these assets at established condition levels.

More information about capital assets is included in Note 8 on page 82, and more detailed information on the State's modified approach for reporting infrastructure is presented in the Required Supplementary Information on page 114.

Long-term Debt

The *Constitution of Utah* authorizes general obligation borrowing only as approved by the Legislature. The *Constitution* also limits outstanding state general obligation debt to 1.5 percent of the fair market value of all taxable property in the State, while state law further restricts outstanding state general obligation debt to no more than 45 percent of the appropriations limit. As of June 30, 2006, the State was $385.9 million below the statutory debt limit and $1.548 billion below the debt limit established in the *Constitution*. Revenue bonds are not backed by the general taxing authority of the State, but are payable solely from specific fees or loan repayments as pledged in the bond indentures.

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

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change
	2006	2005	2006	2005	2006	2005	2005 to 2006
General Obligation Bonds	$ 1,436.8	$ 1,587.8	$ —	$ —	$ 1,436.8	$ 1,587.8	(9.5)%
Revenue Bonds:							
State Building Ownership Auth.	295.6	311.6	38.3	31.2	333.9	342.8	(2.6)
Student Assistance Programs	—	—	2,138.1	1,544.8	2,138.1	1,544.8	38.4
Total Bonds Payable	**$ 1,732.4**	**$ 1,899.4**	**$ 2,176.4**	**$ 1,576.0**	**$ 3,908.8**	**$ 3,475.4**	**12.5 %**

The State issued no new general obligation bonds during fiscal year 2006. The State issued a total of $642.0 million of revenue bonds. Of the revenue bonds issued, $8.4 million was to provide for capital facility construction, and $633.7 million was to provide capital for purchasing student loans 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, the highest possible rating, and double-A rating on State Building Ownership Authority lease revenue bonds from all three national rating agencies. These ratings save millions of dollars in interest each year because the State is able to obtain very favorable interest rates on new debt. Note 10 beginning on page 86 contains more information about the State's outstanding debt.

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

Tax revenues are expected to increase moderately in fiscal year 2007. However, original general revenue estimates for the General Fund and Uniform School Fund for fiscal year 2007 are slightly lower than actual fiscal year 2006 revenues. This is because actual fiscal year 2006 revenues were much stronger than anticipated, creating record surpluses. The Legislature balanced the 2007 budget primarily by using anticipated 2006 carryover funds of $460.1 million and utilizing other miscellaneous sources. The Legislature provided increased funding for Medicaid, roads and highways, public and higher education, and capital projects. The State also provided a 3.5 percent cost-of-living adjustment to all state employees. An additional 2.75 percent or 5.5 percent compensation for market comparability adjustments was also provided for certain classifications within the Department of Corrections and the Utah Highway Patrol (a division of the Department of Public Safety).

Revenue collections to date in fiscal year 2007 are in line with original estimates.

Utah's economy is expected to remain stable in the near future. The average unemployment rate is expected to decline in 2006 to 3.3 percent, down from the average 2005 rate of 4.3 percent. Taxable retail sales are expected to increase 10.0 percent by the end of 2006, and growth in personal income is expected to be 9.0 percent for the same period. 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 2007.

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 Division of Finance, Financial Reporting Section at (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 Utah State Auditor's Office, Utah State Capitol Complex, East Office Building, Suite E310, Salt Lake City, UT 84114.

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Statement of Net Assets

June 30, 2006 (Expressed in Thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and Cash Equivalents	$ 1,324,365	$ 964,923	$ 2,289,288	$ 1,270,529
Investments	769,088	488,693	1,257,781	984,281
Taxes Receivable, net	929,421	—	929,421	—
Accounts and Interest Receivable, net	492,268	164,598	656,866	348,315
Amounts Due From:				
Component Units	26,817	—	26,817	—
Primary Government	—	—	—	440
Prepaid Items	1,026	3,001	4,027	22,137
Inventories	16,637	22,568	39,205	45,295
Internal Balances	14,312	(14,312)	—	—
Restricted Investments	740,013	94,316	834,329	574,311
Deferred Charges	3,803	25,760	29,563	34,474
Notes/Loans/Mortgages/Pledges Receivable, net	32,871	2,544,690	2,577,561	1,123,467
Other Assets	5,714	—	5,714	13,422
Capital Assets:				
Land and Related Non-depreciable Assets	795,992	27,194	823,186	137,011
Infrastructure	7,702,596	—	7,702,596	—
Construction in Progress	803,907	889	804,796	186,322
Buildings, Equipment, and Other Depreciable Assets	1,678,320	59,454	1,737,774	3,795,778
Less Accumulated Depreciation	(733,548)	(20,563)	(754,111)	(1,728,082)
Total Capital Assets	10,247,267	66,974	10,314,241	2,391,029
Total Assets	14,603,602	4,361,211	18,964,813	6,807,700
LIABILITIES				
Accounts Payable and Accrued Liabilities	613,359	36,043	649,402	244,108
Amounts Due to:				
Component Units	440	—	440	—
Primary Government	—	—	—	26,817
Securities Lending	—	—	—	24,063
Unearned Revenue	79,092	10,436	89,528	64,672
Deposits	—	578	578	106,694
Long-term Liabilities (Note 10)				
Due Within One Year	241,195	5,646	246,841	245,880
Due in More Than One Year	1,714,289	2,243,631	3,957,920	2,068,179
Total Liabilities	2,648,375	2,296,334	4,944,709	2,780,413
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	8,719,751	32,068	8,751,819	1,878,273
Restricted for:				
Transportation	258,139	—	258,139	—
Public Education – Expendable	1,263,909	—	1,263,909	—
Public Education – Nonexpendable	751,024	—	751,024	—
Higher Education – Expendable	—	—	—	615,607
Higher Education – Nonexpendable	—	—	—	461,288
Capital Projects	—	—	—	—
Debt Service	5,860	—	5,860	171,877
Unemployment Compensation and Insurance Programs	4,671	687,128	691,799	59,678
Loan Programs	2,478	452,563	455,041	—
Other Purposes – Expendable	93,188	—	93,188	46
Unrestricted	856,207	893,118	1,749,325	840,518
Total Net Assets	$ 11,955,227	$ 2,064,877	$ 14,020,104	$ 4,027,287

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

Statement of Activities

For the Fiscal Year Ended June 30, 2006 (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	$ 289,749	$ 121,067	$ 210,448	$ —
Human Services and Youth Corrections	595,337	11,073	275,521	—
Corrections, Adult	208,922	4,483	524	—
Public Safety	182,042	32,777	69,256	—
Courts	109,180	47,330	604	—
Health and Environmental Quality	1,635,544	98,296	1,167,269	—
Higher Education	810,228	115	1,421	—
Employment and Family Services	405,845	8,492	344,676	—
Natural Resources	133,441	50,308	35,729	—
Community and Culture	84,843	5,368	35,200	—
Business, Labor, and Agriculture	90,573	64,098	8,976	—
Public Education	2,321,139	85,867	421,090	—
Transportation	640,251	175,821	173,517	100,519
Interest and Other Charges on Long-term Debt	70,345	—	—	—
Total Governmental Activities	7,577,439	705,095	2,744,231	100,519
Business-type:				
Student Assistance Programs	152,895	112,960	60,128	—
Unemployment Compensation	102,476	253,809	25,695	—
Water Loan Programs	6,560	10,715	17,193	—
Other Business-type Activities	155,265	211,620	6,124	—
Total Business-type Activities	417,196	589,104	109,140	0
Total Primary Government	$ 7,994,635	$ 1,294,199	$ 2,853,371	$ 100,519
Component Units:				
Utah Housing Corporation	$ 81,357	$ 86,049	$ —	$ —
Public Employees Health Program	538,870	524,770	2,902	—
University of Utah	1,966,266	1,489,587	393,612	29,802
Utah State University	434,028	117,074	174,340	52,331
Nonmajor Colleges and Universities	702,044	279,008	155,493	20,770
Nonmajor Component Units	55,161	26,517	2,422	—
Total Component Units	$ 3,777,726	$ 2,523,005	$ 728,769	$ 102,903

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 Assets

Net Assets—Beginning

Net Assets—Ending

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

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ 41,766	$ —	$ 41,766	$ —
(308,743)	—	(308,743)	—
(203,915)	—	(203,915)	—
(80,009)	—	(80,009)	—
(61,246)	—	(61,246)	—
(369,979)	—	(369,979)	—
(808,692)	—	(808,692)	—
(52,677)	—	(52,677)	—
(47,404)	—	(47,404)	—
(44,275)	—	(44,275)	—
(17,499)	—	(17,499)	—
(1,814,182)	—	(1,814,182)	—
(190,394)	—	(190,394)	—
(70,345)	—	(70,345)	—
(4,027,594)	0	(4,027,594)	0
—	20,193	20,193	—
—	177,028	177,028	—
—	21,348	21,348	—
—	62,479	62,479	—
0	281,048	281,048	0
(4,027,594)	281,048	(3,746,546)	0
—	—	—	4,692
—	—	—	(11,198)
—	—	—	(53,265)
—	—	—	(90,283)
—	—	—	(246,773)
—	—	—	(26,222)
0	0	0	(423,049)
1,921,048	14,875	1,935,923	—
2,496,911	—	2,496,911	—
379,801	—	379,801	—
356,176	—	356,176	—
316,980	—	316,980	—
5,470,916	14,875	5,485,791	0
46,856	—	46,856	861
—	—	—	682,886
—	—	—	37,999
46,084	—	46,084	—
31,999	308	32,307	—
—	—	—	26,782
(19,013)	19,013	—	—
5,576,842	34,196	5,611,038	748,528
1,549,248	315,244	1,864,492	325,479
10,405,979	1,749,633	12,155,612	3,701,808
$11,955,227	$ 2,064,877	$ 14,020,104	$ 4,027,287

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General Fund
This fund is the principal operating fund of the State. It accounts for all the financial resources of the general government except those required to be accounted for in another fund.

Uniform School Fund
This fund is maintained to account for revenues and expenditures that mainly 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 and fees and federal funds.

Transportation Investment Fund
This fund was created by the Legislature to account for revenues and expenditures associated with the maintenance and reconstruction of state and federal highways and designates Centennial Highway projects to be accounted for within this fund. Funding is provided from federal funds, highway general obligation bonds, 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 120.

Balance Sheet
Governmental Funds

June 30, 2006 (Expressed in Thousands)

		Special Revenue		
	General	Uniform School	Transportation	Transportation Investment Fund
ASSETS				
Cash and Cash Equivalents	$ 399,191	$ 518,069	$ 173,100	$ —
Investments	240,959	163,747	56,655	139,954
Receivables:				
Accounts, net	377,976	32,097	56,202	3,476
Accrued Interest	30	—	—	—
Accrued Taxes, net	262,093	602,286	64,285	757
Notes/Mortgages, net	21,072	8,879	365	—
Due From Other Funds	24,121	4,022	238	—
Due From Component Units	302	32	—	—
Inventories	—	—	11,557	—
Interfund Loans Receivable	28,111	—	—	—
Other Assets	—	—	—	—
Total Assets	$ 1,353,855	$ 1,329,132	$ 362,402	$ 144,187
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	$ 364,171	$ 55,077	$ 109,821	$ 2
Due To Other Funds	13,594	371	3,950	—
Due To Component Units	25	415	—	—
Deferred Revenue	106,929	330,880	38,746	23
Total Liabilities	484,719	386,743	152,517	25
Fund Balances:				
Reserved for:				
Nonlapsing Appropriations and Encumbrances	118,904	39,407	3,083	—
Specific Purposes by Statute	170,853	27,067	41,878	143,490
Interfund Loans Receivable	10,740	—	—	—
Capital Projects	—	—	—	—
Debt Service	—	—	—	—
Unreserved Designated	483,510	652,613	48,107	672
Unreserved Designated, reported in nonmajor:				
Capital Projects Funds	—	—	—	—
Debt Service Funds	—	—	—	—
Unreserved Undesignated	85,129	223,302	116,817	—
Unreserved Undesignated, reported in nonmajor:				
Special Revenue Funds	—	—	—	—
Capital Projects Funds	—	—	—	—
Total Fund Balances	869,136	942,389	209,885	144,162
Total Liabilities and Fund Balances	$ 1,353,855	$ 1,329,132	$ 362,402	$ 144,187

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

Permanent Trust Lands	Nonmajor Governmental Funds	Total Governmental Funds
$ 269	$ 168,724	$ 1,259,353
740,013	167,773	1,509,101
9,865	4,210	483,826
1,586	105	1,721
—	—	929,421
2,400	155	32,871
6,392	1,833	36,606
—	26,450	26,784
—	—	11,557
—	—	28,111
5,714	—	5,714
$ 766,239	$ 369,250	$ 4,325,065
$ —	$ 69,311	$ 598,382
95	17,789	35,799
—	—	440
15,120	25,458	517,156
15,215	112,558	1,151,777
—	226,160	387,554
751,024	47,563	1,181,875
—	—	10,740
—	521	521
—	6,390	6,390
—	—	1,184,902
—	100	100
—	14,332	14,332
—	—	425,248
—	54,974	54,974
—	(93,348)	(93,348)
751,024	256,692	3,173,288
$ 766,239	$ 369,250	$ 4,325,065

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

June 30, 2006		(Expressed in Thousands)
Total Fund Balances for Governmental Funds ……		$ 3,173,288
Total net assets reported for governmental activities in the Statement of Net Assets is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds: (See Note 8)		
Land and Related Non-depreciable Assets	$ 795,975	
Infrastructure, Non-depreciable	7,702,596	
Construction-In-Progress	803,815	
Buildings, Equipment, and Other Depreciable Assets	1,491,613	
Accumulated depreciation	(620,101)	10,173,898
Some of the State's earned revenues will be collected after yearend, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. …..……..		438,885
Internal service funds are used by management to charge the costs of certain activities, such as insurance, information technology, and fleet operations to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets. .....….....…		74,599
Bond issue costs are reported as current expenditures in the funds. However, issue costs are deferred and amortized over the life of the bonds and are included in the governmental activities in the Statement of Net Assets. ……..…		3,279
Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds: (See Note 10)		
General Obligation and Revenue Bonds Payable	(1,669,660)	
Unamortized Premiums	(83,287)	
Amount Deferred on Refunding	21,479	
Accrued Interest Payable	(1,556)	
Compensated Absences	(148,762)	
Capital Leases	(19,644)	
Contracts Payable	(7,292)	(1,908,722)
Total Net Assets of Governmental Activities ……..		$ 11,955,227

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, 2006 (Expressed in Thousands)

		Special Revenue		
	General	Uniform School	Transportation	Transportation Investment Fund
REVENUES				
Taxes:				
Sales and Use Tax	$ 1,820,992	$ —	$ 28,720	$ 65,888
Individual Income Tax	—	2,324,365	—	—
Corporate Tax	—	379,624	—	—
Motor and Special Fuels Tax	—	—	344,902	—
Other Taxes	271,178	29,627	11,169	—
Total Taxes	2,092,170	2,733,616	384,791	65,888
Other Revenues:				
Federal Contracts and Grants	1,859,583	371,769	264,262	5,416
Charges for Services/Royalties	256,025	1,333	49,524	—
Licenses, Permits, and Fees	18,725	4,735	68,738	21,486
Federal Mineral Lease	156,851	—	—	—
Federal Aeronautics	—	—	37,521	—
Intergovernmental	—	—	—	—
Investment Income	47,027	20,792	7,647	2,783
Miscellaneous and Other	164,890	10,309	27,860	—
Total Revenues	4,595,271	3,142,554	840,343	95,573
EXPENDITURES				
Current:				
General Government	200,631	—	—	—
Human Services and Youth Corrections	590,727	—	—	—
Corrections, Adult	203,419	—	—	—
Public Safety	177,201	—	—	—
Courts	111,541	—	—	—
Health and Environmental Quality	1,629,909	—	—	—
Higher Education – State Administration	43,505	—	—	—
Higher Education – Colleges and Universities	665,855	—	—	—
Employment and Family Services	412,855	—	—	—
Natural Resources	136,059	—	—	—
Community and Culture	82,627	—	—	—
Business, Labor, and Agriculture	79,138	—	—	—
Public Education	—	2,322,801	—	—
Transportation	—	—	799,132	176,300
Capital Outlay	—	—	—	—
Debt Service:				
Principal Retirement	—	—	—	—
Interest and Other Charges	—	—	—	—
Total Expenditures	4,333,467	2,322,801	799,132	176,300
Excess Revenues Over (Under) Expenditures	261,804	819,753	41,211	(80,727)
OTHER FINANCING SOURCES (USES)				
Sale of Trust Lands	—	—	—	—
Transfers In	323,689	6,215	83,449	196,832
Transfers Out	(370,336)	(290,073)	(120,824)	(156,393)
Total Other Financing Sources (Uses)	(46,647)	(283,858)	(37,375)	40,439
Net Change in Fund Balances	215,157	535,895	3,836	(40,288)
Fund Balances – Beginning	653,979	406,494	206,049	184,450
Fund Balances – Ending	$ 869,136	$ 942,389	$ 209,885	$ 144,162

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

Permanent Trust Lands	Nonmajor Governmental Funds	Total Governmental Funds
$ —	$ —	$ 1,915,600
—	—	2,324,365
—	—	379,624
—	—	344,902
—	5,020	316,994
0	5,020	5,281,485
—	22,992	2,524,022
75,437	22,694	405,013
—	—	113,684
—	—	156,851
—	—	37,521
—	9,109	9,109
30,635	7,331	116,215
—	36,842	239,901
106,072	103,988	8,883,801
—	39,207	239,838
—	2,665	593,392
—	1,891	205,310
—	2,421	179,622
—	2,570	114,111
—	4,710	1,634,619
—	—	43,505
—	9,412	675,267
—	525	413,380
—	4,533	140,592
—	2,604	85,231
—	10,117	89,255
—	70	2,322,871
—	133	975,565
—	170,748	170,748
—	152,746	152,746
—	82,690	82,690
0	487,042	8,118,742
106,072	(383,054)	765,059
50,679	—	50,679
22	325,516	935,723
—	(15,172)	(952,798)
50,701	310,344	33,604
156,773	(72,710)	798,663
594,251	329,402	2,374,625
$ 751,024	$ 256,692	$ 3,173,288

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, 2006		(Expressed in Thousands)
Net Change in Fund Balances – Total Governmental Funds ……		$ 798,663
The change in net assets reported for governmental activities in the Statement of Net Assets 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 $541,185 exceeded depreciation $(51,617) and buildings "transferred" to component units $(91,471) in the current period. (See Note 8) ..……...		398,097
In the Statement of Activities, only the gain 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 assets differs from the change in fund balance by the cost of the assets sold. .....……		(9,772)
Net effect of revenues reported on the accrual basis in the Statement of Activities that do not provide current financial resources and thus are not reported as revenues in the funds until available. ……..		194,429
Internal service funds are used by management to charge the costs of certain activities, such as insurance, information technology, and fleet operations, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		8,182
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 Assets. Repayments of bond and capital lease principal are expenditures in the governmental funds, but reduce liabilities in the Statement of Net Assets: (See Note 10)		
Payment of Bond Principal	$ 152,746	
Capital Lease Payments	1,287	154,033
Expenditures are recognized in the governmental funds when paid or due for: items not normally paid with available financial resources; interest on long-term debt unless certain conditions are met; and bond issue costs. However, the Statement of Activities is presented on the accrual basis and expenses and liabilities 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:		
Compensated Absences Expenses	(8,733)	
Accrued Interest on Bonds Payable	81	
Amortization of Bond Premiums	18,041	
Amortization of Amount Deferred on Refunding	(3,810)	
Deferred Bond Issue Costs	(674)	
Contracts Payable Payments	711	5,616
Change in Net Assets of Governmental Activities ……		$ 1,549,248

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

Student Assistance Programs

These programs are comprised of two programs administered by the State Board of Regents: 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 student borrowers and to make loans to, and purchase the loans of, qualified students attending eligible institutions of higher education. Funds are acquired from the sale of bonds, lines-of-credit, variable rate demand notes, and financing agreements with the Student Loan Marketing Association.

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 has been provided from the General Fund or from general obligation bonds that have been repaid from general tax revenues. Additional funds have been generated by issuing revolving fund recapitalization revenue bonds that were secured by notes receivable and repaid from the collection of these notes.

Nonmajor Funds

Nonmajor enterprise funds are presented beginning on page 144.

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 154.

Statement Of Net Assets
Proprietary Funds

June 30, 2006 (Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Student Assistance Programs	Unemployment Compensation Fund	Water Loan Programs	Nonmajor Enterprise Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 80,782	$ 611,502	$ 87,919	$ 184,720
Investments	487,736	—	—	—
Receivables:				
Accounts, net	28,665	88,629	2,526	13,384
Accrued Interest	19,028	—	4,703	3,017
Notes/Loans/Mortgages, net	79,039	—	27,471	22,187
Due From Other Funds	—	—	178	15,484
Due From Component Units	—	—	—	—
Interfund Loans Receivable	—	—	—	20
Prepaid Items	2,968	—	—	33
Inventories	—	—	—	22,568
Deferred Charges	—	—	—	—
Total Current Assets	698,218	700,131	122,797	261,413
Noncurrent Assets:				
Restricted Investments	94,316	—	—	—
Investments	—	—	—	957
Prepaid Items	—	—	—	—
Accrued Interest Receivable	—	—	3,903	743
Notes/Loans/Mortgages Receivables, net	1,673,837	—	471,995	270,161
Deferred Charges	25,760	—	—	—
Capital Assets:				
Land	—	—	—	27,194
Infrastructure	—	—	—	204
Buildings and Improvements	12,186	—	—	32,213
Machinery and Equipment	1,623	—	—	13,228
Construction in Progress	—	—	—	889
Less Accumulated Depreciation	(2,295)	—	—	(18,268)
Total Capital Assets	11,514	0	0	55,460
Total Noncurrent Assets	1,805,427	0	475,898	327,321
Total Assets	2,503,645	700,131	598,695	588,734
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	21,244	2,012	692	11,020
Deposits	—	112	—	466
Due To Other Funds	—	8,308	—	21,133
Interfund Loans Payable	—	—	—	604
Unearned Revenue	1,986	—	61	2,513
Policy Claims and Uninsured Liabilities	1,107	2,571	—	—
Contracts/Notes Payable	—	—	—	—
Revenue Bonds Payable	433	—	—	1,260
Arbitrage Liability	275	—	—	—
Total Current Liabilities	25,045	13,003	753	36,996
Noncurrent Liabilities:				
Accrued Liabilities	1,024	—	—	—
Unearned Revenue	5,876	—	—	—
Interfund Loans Payable	—	—	—	—
Policy Claims and Uninsured Liabilities	1,282	—	—	—
Contracts/Notes Payable	—	—	—	—
Revenue Bonds Payable	2,137,697	—	—	37,082
Arbitrage Liability	67,570	—	—	—
Total Noncurrent Liabilities	2,213,449	0	0	37,082
Total Liabilities	2,238,494	13,003	753	74,078
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	942	—	—	31,126
Restricted for:				
Unemployment Compensation and Insurance Programs	—	687,128	—	—
Loan Programs	178,523	—	236,236	37,804
Unrestricted (Deficit)	85,686	—	361,706	445,726
Total Net Assets	$ 265,151	$ 687,128	$ 597,942	$ 514,656

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

Total	Governmental Activities – Internal Service Funds
$ 964,923	$ 65,012
487,736	—
133,204	6,027
26,748	—
128,697	—
15,662	12,474
—	33
20	—
3,001	751
22,568	5,080
—	6
1,782,559	89,383
94,316	—
957	—
—	275
4,646	—
2,415,993	—
25,760	518
27,194	17
204	321
44,399	7,323
14,851	179,063
889	92
(20,563)	(113,447)
66,974	73,369
2,608,646	74,162
4,391,205	163,545
34,968	10,595
578	—
29,441	1,685
604	16,787
4,560	656
3,678	11,443
—	42
1,693	46
275	—
75,797	41,254
1,024	—
5,876	165
—	10,740
1,282	35,282
—	602
2,174,779	903
67,570	—
2,250,531	47,692
2,326,328	88,946
32,068	72,396
687,128	4,671
452,563	2,478
893,118	(4,946)
$ 2,064,877	$ 74,599

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

For the Fiscal Year Ended June 30, 2006 (Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Student Assistance Programs	Unemployment Compensation Fund	Water Loan Programs	Nonmajor Enterprise Funds
OPERATING REVENUES				
Sales and Charges for Services/Premiums	$ 53,754	$ 253,809	$ 570	$ 202,069
Fees and Assessments	1,452	—	—	4,064
Interest on Notes/Mortgages	56,338	—	10,145	5,390
Federal Reinsurance and Allowances/Reimbursements	42,868	911	—	—
Miscellaneous	1,416	—	—	97
Total Operating Revenues	155,828	254,720	10,715	211,620
OPERATING EXPENSES				
Administration	4,314	—	—	24,578
Purchases, Materials, and Services for Resale	—	—	—	114,095
Grants	—	—	6,268	688
Rentals and Leases	—	—	—	1,825
Maintenance	—	—	—	2,137
Interest	67,557	—	—	—
Depreciation	448	—	—	1,599
Student Loan Servicing and Related Expenses	25,417	—	—	—
Payment to Lenders for Guaranteed Claims	43,975	—	—	—
Benefit Claims and Unemployment Compensation	—	102,476	—	—
Supplies and Other Miscellaneous	11,184	—	292	8,582
Total Operating Expenses	152,895	102,476	6,560	153,504
Operating Income (Loss)	2,933	152,244	4,155	58,116
NONOPERATING REVENUES (EXPENSES)				
Investment Income	17,260	24,784	3,783	5,598
Federal Grants	—	—	13,410	526
Gain (Loss) on Sale of Capital Assets	—	—	—	—
Tax Revenues	—	—	14,350	525
Interest Expense	—	—	—	(1,546)
Refunds Paid to Federal Government	—	—	—	(215)
Other Revenues (Expenses)	—	—	146	162
Total Nonoperating Revenues (Expenses)	17,260	24,784	31,689	5,050
Income (Loss) before Transfers	20,193	177,028	35,844	63,166
Transfers In	—	—	1,582	72,807
Transfers Out	—	(2,160)	(3,198)	(50,018)
Change in Net Assets	20,193	174,868	34,228	85,955
Net Assets – Beginning	244,958	512,260	563,714	428,701
Net Assets – Ending	$ 265,151	$ 687,128	$ 597,942	$ 514,656

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

Total	Governmental Activities – Internal Service Funds
$ 510,202	$ 189,859
5,516	—
71,873	—
43,779	—
1,513	68
632,883	189,927
28,892	34,930
114,095	68,544
6,956	388
1,825	4,810
2,137	19,754
67,557	—
2,047	17,129
25,417	—
43,975	—
102,476	12,758
20,058	24,435
415,435	182,748
217,448	7,179
51,425	2,610
13,936	—
—	396
14,875	—
(1,546)	(65)
(215)	—
308	—
78,783	2,941
296,231	10,120
74,389	641
(55,376)	(2,579)
315,244	8,182
1,749,633	66,417
$ 2,064,877	$ 74,599

State of Utah

Statement Of Cash Flows
Proprietary Funds

For the Fiscal Year Ended June 30, 2006 (Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Student Assistance Programs	Unemployment Compensation Fund	Water Loan Programs	Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers/Loan Interest/Fees/Premiums	$ 52,282	$ 250,818	$ 10,498	$ 230,682
Receipts from Loan Maturities	494,564	—	45,688	20,975
Receipts Federal Reinsurance & Allowances/Reimburse	86,631	880	—	—
Receipts from State Customers	—	—	—	9,435
Student Loan Disbursements Received from Lenders	361,749	—	—	—
Student Loan Disbursements Sent to Schools/Lenders	(364,084)	—	—	—
Payments to Suppliers/Claims/Grants	(28,649)	(108,256)	(3,864)	(127,400)
Disbursements for Loans Receivable	(789,099)	—	(70,225)	(61,274)
Payments on Loan Guarantees	(41,807)	—	—	—
Payments for Employee Services and Benefits	(8,190)	—	—	(24,448)
Payments to State Suppliers and Grants	—	—	(2,258)	4,608
Payments of Sales, School Lunch, and Premium Taxes	—	—	—	(31,824)
Net Cash Provided (Used) by Operating Activities	(236,603)	143,442	(20,161)	20,754
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	—	—	—	9,385
Repayments Under Interfund Loans	—	—	—	(7,243)
Receipts from Bonds, Notes, and Deposits	633,675	36	—	—
Payments of Bonds, Notes, Deposits, and Refunds	(40,420)	(46)	—	(215)
Interest Paid on Bonds, Notes, and Financing Costs	(70,752)	—	—	—
Federal Grants and Other Revenues	—	—	11,156	649
Restricted Sales Tax	—	—	14,350	525
Transfers In from Other Funds	—	—	1,582	71,330
Transfers Out to Other Funds	—	—	(3,198)	(48,149)
Net Cash Provided (Used) by Noncapital Financing Activities	522,503	(10)	23,890	26,282
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Repayments Under Interfund Loans	—	—	—	—
Proceeds from Bond and Note Debt Issuance	—	—	—	2,074
Proceeds from Disposition of Capital Assets	—	—	—	—
Principal Paid on Debt and Contract Maturities	—	—	—	(1,511)
Acquisition and Construction of Capital Assets	(476)	—	—	(9,012)
Interest Paid on Bonds, Notes, and Capital Leases	—	—	—	(1,535)
Transfers In from Other Funds	—	—	—	1,477
Transfers Out to Other Funds	—	(2,160)	—	(1,869)
Net Cash Provided (Used) by Capital and Related Financing Activities	(476)	(2,160)	0	(10,376)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the Sale and Maturity of Investments	960,888	—	—	—
Receipts of Interest and Dividends from Investments	17,278	24,784	3,783	5,593
Payments to Purchase Investments	(1,266,821)	—	—	—
Net Cash Provided (Used) by Investing Activities	(288,655)	24,784	3,783	5,593
Net Cash Provided (Used) – All Activities	(3,231)	166,056	7,512	42,253
Cash and Cash Equivalents – Beginning	84,013	445,446	80,407	142,467
Cash and Cash Equivalents – Ending	$ 80,782	$ 611,502	$ 87,919	$ 184,720

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

Total	Governmental Activities – Internal Service Funds
$ 544,280	$ 44,937
561,227	—
87,511	—
9,435	147,620
361,749	—
(364,084)	—
(268,169)	(83,398)
(920,598)	—
(41,807)	—
(32,638)	(36,060)
2,350	(53,163)
(31,824)	—
(92,568)	19,936
9,385	—
(7,243)	—
633,711	—
(40,681)	(215)
(70,752)	(25)
11,805	—
14,875	—
72,912	—
(51,347)	(2,579)
572,665	(2,819)
0	(5,046)
2,074	—
0	3,745
(1,511)	(46)
(9,488)	(18,778)
(1,535)	(47)
1,477	641
(4,029)	—
(13,012)	(19,531)
960,888	—
51,438	2,610
(1,266,821)	—
(254,495)	2,610
212,590	196
752,333	64,816
$ 964,923	$ 65,012

Continues

Statement Of Cash Flows
Proprietary Funds

Continued

For the Fiscal Year Ended June 30, 2006 (Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Student Assistance Programs	**Unemployment Compensation Fund**	**Water Loan Programs**	**Nonmajor Enterprise Funds**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ 2,933	$ 152,244	$ 4,155	$ 58,116
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	448	—	—	1,599
Interest Expense for Noncapital and Capital Financing	64,222	—	—	—
Miscellaneous Gains, Losses, and Other Items	5,455	—	—	3,157
Net Changes in Assets and Liabilities:				
Accounts Receivable/Due From Other Funds	(8,698)	(13,217)	(100)	(6,400)
Notes/Accrued Interest Receivables	(303,283)	—	(24,653)	(40,623)
Inventories	—	—	—	(2,965)
Prepaid Items/Deferred Charges	(26)	—	—	(8)
Accrued Liabilities/Due to Other Funds	2,346	4,881	437	7,104
Unearned Revenue/Deposits	—	—	—	774
Notes Payable	—	—	—	—
Policy Claims Liabilities	—	(466)	—	—
Net Cash Provided (Used) by Operating Activities	$ (236,603)	$ 143,442	$ (20,161)	$ 20,754
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	$ —	$ —	$ (27)	$ (44)
Total Noncash Investing, Capital, and Financing Activities	$ 0	$ 0	$ (27)	$ (44)

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

Total	Governmental Activities – Internal Service Funds
$ 217,448	$ 7,179
2,047	17,129
64,222	—
8,612	—
(28,415)	(2,473)
(368,559)	—
(2,965)	(1,157)
(34)	1,229
14,768	(3,593)
774	(550)
0	120
(466)	2,052
$ (92,568)	$ 19,936
$ (71)	$ (18)
$ (71)	$ (18)

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Pension Trust Funds
These funds are used to account for the activities of the Utah Retirement Systems.

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 164.

Statement Of Fiduciary Net Assets
Fiduciary Funds

June 30, 2006 (Expressed in Thousands)

	Pension Trust Funds	Investment Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS				
Cash and Cash Equivalents	$ 1,317,881	$ 3,452	$ 38,337	$141,205
Receivables:				
Accounts	142	—	6,025	489
Contributions	29,953	—	—	—
Investments	799,437	—	—	—
Accrued Interest	—	50,145	—	—
Accrued Assessments	—	—	9,841	—
Due From Other Funds	—	—	937	1,940
Investments:				
Debt Securities	5,070,268	4,259,038	443,333	17,247
Equity Investments	11,536,659	—	1,257,136	—
Private Equity	611,589	—	—	—
Real Estate	2,353,273	—	—	—
Mortgage Loans	6,864	—	—	—
Invested Securities Lending Collateral	2,455,131	—	—	—
Investment Contracts	47,219	—	—	—
Total Investments	22,081,003	4,259,038	1,700,469	17,247
Capital Assets:				
Land	1,779	—	260	—
Buildings and Improvements	11,098	—	4,567	—
Machinery and Equipment	3,170	—	584	—
Less Accumulated Depreciation	(13,037)	—	(1,402)	—
Total Capital Assets	3,010	0	4,009	0
Total Assets	24,231,426	4,312,635	1,759,618	$160,881
LIABILITIES				
Accounts Payable	1,103,089	—	1,803	$ —
Securities Lending Liability	2,455,131	—	—	—
Due To Other Funds	—	—	694	—
Due To Other Individuals or Groups	—	—	—	43,314
Due To Other Taxing Units	—	—	—	117,567
Unearned Revenue	—	—	324	—
Leave/Postemployment Benefits	6,162	—	—	—
Policy Claims Liabilities/Insurance Reserves	5,467	—	348,224	—
Real Estate Liabilities	861,352	—	—	—
Total Liabilities	4,431,201	0	351,045	$160,881
NET ASSETS				
Held in trust for:				
Pension Benefits	17,458,149	—	—	
Deferred Compensation	2,342,076	—	—	
Pool Participants	—	4,312,635	—	
Individuals, Organizations, and Other Governments	—	—	1,408,573	
Total Net Assets	$ 19,800,225	$ 4,312,635	$ 1,408,573	
Participant Account Balance Net Asset Valuation Factor		0.99968		

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

Statement Of Changes In Fiduciary Net Assets
Fiduciary Funds

For the Fiscal Year Ended June 30, 2006 (Expressed in Thousands)

	Pension Trust Funds	Investment Trust Fund	Private Purpose Trust Funds
ADDITIONS			
Contributions:			
Member	$ 253,968	$ —	$ 398,292
Employer	479,270	—	—
Court Fees and Fire Insurance Premiums	11,206	—	—
Total Contributions	744,444	0	398,292
Pool Participant Deposits	—	7,284,251	—
Investment Income:			
Net Increase (Decrease) in Fair Value of Investments	1,247,972	(1,991)	71,868
Interest, Dividends, and Other Investment Income	450,113	196,574	37,267
Less Investment Expenses	(48,888)	(136)	—
Net Investment Income	1,649,197	194,447	109,135
Transfers From Affiliated Systems	24,957	—	—
Other Additions:			
Escheats	—	—	30,264
Royalties and Rents	—	—	2,864
Fees, Assessments, and Revenues	—	—	76,120
Miscellaneous	—	—	4,205
Total Other	0	0	113,453
Total Additions	2,418,598	7,478,698	620,880
DEDUCTIONS			
Pension Benefits	633,615	—	—
Refunds/Plan Distributions	132,746	—	—
Earnings Distribution	—	203,004	—
Pool Participant Withdrawals	—	6,972,200	—
Transfers To Affiliated Systems	24,957	—	—
Trust Operating Expenses	—	—	24,284
Distributions and Benefit Payments	—	—	57,734
Administrative and General Expenses	14,975	—	14,796
Total Deductions	806,293	7,175,204	96,814
Change in Net Assets Held in Trust for:			
Pension Benefits	1,374,055	—	—
Deferred Compensation	238,250	—	—
Pool Participants	—	303,494	—
Individuals, Organizations, and Other Governments	—	—	524,066
Net Assets – Beginning	18,187,920	4,009,141	884,507
Net Assets – Ending	$ 19,800,225	$ 4,312,635	$ 1,408,573

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

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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, which 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 176.

Combining Statement Of Net Assets
Component Units

June 30, 2006 (Expressed in Thousands)

	Utah Housing Corporation	Public Employees Health Program	University of Utah	Utah State University
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 446,814	$ 602	$ 558,042	$ 80,296
Investments	—	60,425	264,883	7,491
Receivables:				
Accounts, net	—	34,766	223,758	50,638
Notes/Loans/Mortgages/Pledges, net	15,243	—	6,691	16,809
Accrued Interest	4,858	1,172	2,759	—
Due From Primary Government	—	—	—	—
Prepaid Items	3,465	12,668	—	1,257
Inventories	—	—	30,005	3,489
Deferred Charges	—	—	8,111	—
Total Current Assets	470,380	109,633	1,094,249	159,980
Noncurrent Assets:				
Restricted Investments	103,907	—	316,230	59,857
Accounts Receivables, net	—	—	—	145
Investments	152,203	117,669	161,360	85,636
Notes/Loans/Mortgages/Pledges Receivables, net	983,324	—	51,985	2,862
Deferred Charges	10,134	—	15,888	—
Other Assets	5,942	—	—	—
Capital Assets (net of Accumulated Depreciation)	6,630	887	1,137,791	446,453
Total Noncurrent Assets	1,262,140	118,556	1,683,254	594,953
Total Assets	1,732,520	228,189	2,777,503	754,933
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	47,747	15,789	117,396	37,435
Securities Lending Liability	—	24,063	—	—
Deposits	—	—	95,355	416
Due To Primary Government	—	—	9,467	4,804
Unearned Revenue	—	4,337	23,742	17,616
Current Portion of Long-term Liabilities (Note 10)	116,465	71,079	24,214	9,638
Total Current Liabilities	164,212	115,268	270,174	69,909
Noncurrent Liabilities:				
Accrued Liabilities	773	—	—	—
Unearned Revenue	—	—	—	1,390
Deposits	—	—	9,019	—
Due To Primary Government	—	—	8,525	—
Long-term Liabilities (Note 10)	1,362,722	52,356	416,762	117,012
Total Noncurrent Liabilities	1,363,495	52,356	434,306	118,402
Total Liabilities	1,527,707	167,624	704,480	188,311
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	2,531	887	828,988	363,959
Restricted for:				
Nonexpendable:				
Higher Education	—	—	305,034	64,577
Expendable:				
Higher Education	—	—	355,204	94,798
Debt Service	171,877	—	—	—
Insurance Plans	—	59,678	—	—
Other	—	—	—	—
Unrestricted	30,405	—	583,797	43,288
Total Net Assets	$ 204,813	$ 60,565	$ 2,073,023	$ 566,622

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

Nonmajor Component Units	Total
$ 184,775	$ 1,270,529
22,137	354,936
28,355	337,517
5,438	44,181
775	9,564
440	440
4,747	22,137
11,801	45,295
341	8,452
258,809	2,093,051
94,317	574,311
1,089	1,234
112,477	629,345
41,115	1,079,286
—	26,022
7,480	13,422
799,268	2,391,029
1,055,746	4,714,649
1,314,555	6,807,700
24,968	243,335
—	24,063
1,086	96,857
2,414	16,685
17,587	63,282
24,484	245,880
70,539	690,102
—	773
—	1,390
818	9,837
1,607	10,132
119,327	2,068,179
121,752	2,090,311
192,291	2,780,413
681,908	1,878,273
91,677	461,288
165,605	615,607
—	171,877
—	59,678
46	46
183,028	840,518
$ 1,122,264	$ 4,027,287

Combining Statement Of Activities
Component Units

For the Fiscal Year Ended June 30, 2006 (Expressed in Thousands)

	Utah Housing Corporation	Public Employees Health Program	University of Utah	Utah State University
Expenses	$ 81,357	$ 538,870	$ 1,966,266	$ 434,028
Program Revenues:				
Charges for Services:				
Tuition and Fees	—	—	159,115	87,397
Scholarship Allowances	—	—	(16,683)	(24,993)
Sales, Services, and Other Revenues (net of University of Utah patient services allowance of $41,801)	86,049	524,770	1,347,155	54,670
Operating Grants and Contributions	—	2,902	393,612	174,340
Capital Grants and Contributions	—	—	29,802	52,331
Total Program Revenues	86,049	527,672	1,913,001	343,745
Net (Expenses) Revenues	4,692	(11,198)	(53,265)	(90,283)
General Revenues:				
State Appropriations	—	—	249,608	144,577
Unrestricted Investment Income	—	—	—	—
Permanent Endowments Contributions	—	—	13,975	7,663
Total General Revenues	0	0	263,583	152,240
Change in Net Assets	4,692	(11,198)	210,318	61,957
Net Assets – Beginning	200,121	71,763	1,862,705	504,665
Net Assets – Ending	$ 204,813	$ 60,565	$ 2,073,023	$ 566,622

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

Nonmajor Component Units	Total
$ 757,205	$ 3,777,726
236,504	483,016
(38,396)	(80,072)
107,417	2,120,061
157,915	728,769
20,770	102,903
484,210	3,354,677
(272,995)	(423,049)
326,700	720,885
861	861
5,144	26,782
332,705	748,528
59,710	325,479
1,062,554	3,701,808
$ 1,122,264	$ 4,027,287

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the State of Utah conform in all material respects with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board. 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 an organization is fiscally dependent on the State, its resources are held for the direct benefit of the State or can be accessed by the State, or the relationship is such that it would be misleading to exclude it.

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 Utah State Auditor's Office, PO Box 142310, Salt Lake City, UT 84114.

Entities such as the local school districts and 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 Uniform School Fund, a special revenue fund.)

Blended Component Units

Blended component units provide services entirely or almost entirely to the primary government. GASB standards require this type of component unit to be reported as part of the primary government and blended into the appropriate funds.

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 purpose of financing, owning, leasing and operating facilities to meet the needs of state government. It 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. The Governor appoints at least a majority of the governing board members of each of the State's component units, subject in most cases to approval by the Senate. The Utah Housing Corporation is included in the reporting entity because of its ability to issue moral obligation debt of the State and 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 colleges and universities, the Public Employees Health Program, Comprehensive Health Insurance Pool and the Schools for the Deaf and Blind are included as component units due to the level of oversight provided by the State. The Governor-appointed board members of the remaining component units can be replaced at will.

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.

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.

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.

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 has a separate compilation report, but separate audited financial statements are not required or issued for it.

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. It receives state appropriations for operations and working capital.

Colleges and Universities — Weber State University, Southern Utah University, Salt Lake Community College, Utah Valley State College, Dixie State College of Utah, College of Eastern Utah, Snow College, and the Utah College of Applied Technology. Separate audited financial statements are not required or issued for the Utah College of Applied Technology; however, its significant branch campuses each issue separate audited financial statements.

Fiduciary Component Units

Utah Retirement Systems (pension trust funds) — Utah Retirement Systems administers pension funds for various public employee retirement systems and plans of the State and its political subdivisions. Utah Retirement Systems 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. 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. The Governor appoints six of the Fund's seven board of directors, but the State's financial accountability for the Fund does not extend beyond making the appointments.

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

Government-wide Financial Statements

The Statement of Net Assets 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 Assets presents the reporting entities' non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are restricted when constraints placed upon them are either externally imposed or are imposed by constitutional provisions or enabling legislation.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. The State does not allocate general government (indirect) expenses to other functions. Program revenues include: (***1***) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (***2***) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. 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 funds 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 funds 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 of the general government, except those required to be accounted for in another fund.

- **Uniform School Fund**. This special revenue fund accounts primarily for revenues and expenditures that support public elementary and secondary schools in the State.

- **Transportation Fund**. This special revenue fund accounts for revenues and expenditures associated with highway construction and maintenance.

- **Transportation Investment Fund**. This special revenue fund accounts for revenue and expenditures associated with Centennial Highway projects and other specific highway projects.

- **Trust Lands Fund**. This is a permanent fund that accounts for land grants and the sale of such 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 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 monies, environmental activities, crime victim reparations and rural development programs. The capital projects funds account for the resources used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary funds. 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.

Reporting for business-type activities and enterprise funds follow all GASB pronouncements, and all Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. 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 make loans to, and purchase loans of, qualified students attending eligible higher education institutions. The programs also guarantee the repayment of student loans made by participating lenders to eligible students.

- **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.

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

Internal Service Funds — The State also reports the internal service fund type in the proprietary funds statements. The activities accounted for in internal service funds include technology services, fleet operations, risk management, copy and mail services, debt collection, property management, and transportation infrastructure. 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 Trust Funds — These funds account for the transactions, assets, liabilities, and fund equity of the retirement systems and plans administered by Utah Retirement Systems.

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 Nation 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. The component units follow all GASB pronouncements, and all FASB pronouncements issued on or before November 30, 1989, except those that conflict with a GASB pronouncement. In addition, as allowed by GASB standards, the Public Employees Health Program has elected to apply all applicable FASB pronouncements issued after November 30, 1989, that do not conflict with GASB standards.

D. **Fiscal Yearends**

All funds and discretely presented component units are reported using fiscal years which end on June 30, except the pension trust funds (fiduciary funds) and the Utah Dairy Commission (nonmajor enterprise fund), which have fiscal years ending December 31.

E. **Assets, Liabilities, and Net Assets/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 (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, have 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 funds) 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.

The State's Unemployment Compensation Fund (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 funds) held four types of derivative financial instruments at yearend: futures, currency forwards, options, and swaps. 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 dominated portfolio holdings. Utah Housing Corporation (major component unit) enters into various rate swap contracts in order to increase funding capabilities. The Corporation sells variable rate bonds and minimizes the inherent risk with the use of floating-to-fixed 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 receivable for 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.

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 that are recorded as expenditures when consumed. Transportation Fund inventories are valued using a weighted average cost.

Prepaid items related to governmental funds are immaterial and recorded as expenditures in the governmental funds financial statements when paid.

Prepaid items for the Student Assistance Programs (enterprise fund) are primarily guarantor insurance premiums charged at the time loan proceeds are disbursed and are amortized over the estimated lives of

the loans using a method which approximates the interest method of amortization.

Capital Assets

Capital assets, which include land, buildings, equipment, 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 Assets. Capital assets of proprietary funds and fiduciary funds are also recorded in their respective fund statements. Capital assets, with the exception of infrastructure, 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. Purchased or constructed capital assets are recorded at cost or at estimated historical cost where historical cost is not available. Donated fixed 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 depreciable assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Years
Equipment	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 (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 expand 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 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.

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.

Deferred Revenue — Unearned and Unavailable

In the government-wide statements, proprietary fund statements, and fiduciary fund statements, unearned revenue is recorded when cash or other assets are received prior to being earned. In the governmental fund statements, deferred revenue is recorded when revenue is either unearned or unavailable. Deferred revenues for the Student Assistance Programs (enterprise fund) are primarily guarantee fees that are recognized as income over a period of ten years using the sum-of-the-years-digits method.

Policy Claims Liabilities

Policy claims liabilities are for insurance claims incurred prior to the reporting date and are based on actuarial estimates. 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 Assets.

Long-term Debt

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, deferred amount on refunding, as well as issuance costs, are deferred and 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 and deferred amount on refunding. Bond issuance costs are reported as deferred charges (assets).

In the governmental fund financial statements, 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 (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.

Arbitrage liability is treated as an expense in the government-wide Statement of Net Assets and the proprietary fund financial statements when the liability is recognized. Arbitrage liability is recorded as an expenditure in the governmental funds financial statements when the liability is due. At June 30, 2006, the total estimated arbitrage rebate liability in the Student Assistance Programs (enterprise fund) was $67.845 million, of which $66.881 million represents yield reduction payments and $965 thousand represents the estimated liability for non-purpose interest. Other arbitrage liabilities are immaterial.

Compensated Absences and Leave/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 40 days may be carried forward at the beginning of each calendar year. Unused vacation leave is paid to employees upon termination. 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 annual leave. Any balance in converted sick is paid to employees upon termination. This converted sick leave program ends on January 1, 2014. The total liability of the governmental activities for compensated absences is recorded in the government-wide Statement of Net Assets as part of long-term liabilities. However, in accordance with GAAP, the liability is not recorded in the governmental funds 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 employees are eligible for retirement or the sick leave is "converted". Sick leave is expended when used.

At retirement, for participating agencies, an employee receives 25 percent of the value of unused accumulated sick leave as a mandatory employer contribution into a 401(k) account. Each day of remaining sick leave is *either* used to purchase one month of health and life insurance coverage or Medicare supplement (if earned prior to January 1, 2006), *or* converted to a value and placed in a health reimbursement account (if earned on or after January 1, 2006). Regardless of the unused sick leave balance, the State will pay for premiums to maintain health and life insurance coverage for up to five years or until the employee reaches age 65, whichever comes first. However, as of January 1, 2006, this part of the program will be phased out over the next five years. See Note 17 for additional information about postemployment benefits.

The State maintains compensated absences pools and postemployment benefit pools within the General Fund, Uniform School 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 and payment of postemployment benefits are made from the compensated absences and postemployment benefit 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 have no liability for leave or postemployment benefits once their contributions to the pools 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 postemployment benefits policies vary slightly among component units and from the primary government's policies. Vacation leave is expended when earned and sick leave is expended when used.

Net Assets/Fund Balances

The difference between assets and liabilities is "Net Assets" on the government-wide, proprietary fund, and fiduciary funds financial statements, and "Fund Balance" on the governmental fund financial statements.

In the governmental fund financial statements, fund balances are classified as reserved, designated, or unreserved. Reserves represent those portions of fund balance not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

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. 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). 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, 2006, the State reported revenue and expenditures of $16.956 million for commodities in the General Fund, and $10.005 million for commodities in the Uniform School 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 Tobacco Endowment Fund (nonmajor governmental fund) is assigned to and reported directly in the Uniform School Fund and the General Fund, respectively. One half of the applicable income reported in the General Fund is then transferred back into the Tobacco 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 pension system and/or plan administered by Utah Retirement Systems. Contributions collected for the pension systems and plans and the retirement benefits paid are both accounted for in the Pension 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. Operating 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 Assets, 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 13.

NOTE 2. BEGINNING NET ASSET ADJUSTMENTS AND OTHER CHANGES

Effective July 1, 2005, the Legislature created the Transportation Investment Fund of 2005 (major governmental fund) and designated that projects, previously reported as part of the Centennial Highway Fund (major governmental fund), be reported within this new fund. This change had no impact on governmental activities reported in the current year or previous years.

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 of Utah Money Management Council. However, the Act also permits certain funds that have a long-term perspective to make investments of a long-term nature, such as equities and bond mutual funds. In the primary government these are the Tobacco Endowment (special revenue fund), Trust Lands (permanent fund), Employers' Reinsurance Trust (private purpose trust), and Utah Educational Savings Plan Trust (private purpose trust). Exempt from the Act in the primary government is the Utah Retirement Systems (pension 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 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 which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

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 primary government at June 30, 2006, were $337.575 million. Of these, $334.138 million were exposed to custodial credit risk as uninsured and uncollateralized.

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 both negotiable and 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, one of which must be Moody's Investors Service or Standard & Poor's; 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), Federal National Mortgage Association (Fannie Mae), and Student Loan Marketing

Association (Sallie 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; and shares or certificates in a money market mutual fund as defined in the Act.

The Act permits investing according to the rules of the Money Management Council for certain funds with a long-term perspective and funds acquired by gift, private grant, and the corpus of funds functioning as endowments. The Council's Rule 2 allows the State to invest these funds in any of the above investments or in any of the following, subject to satisfying certain criteria: professionally managed pooled or commingled investment funds, or mutual funds which satisfy certain criteria; common stock, convertible preferred stock or convertible bonds; corporate bonds or debentures; and alternative investments as defined in the rule.

The primary government's investments at June 30, 2006, are presented below. All investments, except those of the Utah Retirement Systems (pension trust funds), are presented by investment type and debt securities are presented by maturity. The Utah Retirement Systems are presented consistent with their separately issued financial statements by investment type.

Primary Government Investments
(except Pension Trust Funds)
(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	$ 4,756	$ 1,556	$ 3,200	$ —	$ —
U.S. Agencies	2,423,866	2,253,112	168,077	—	2,677
Corporate Debt	5,137,275	5,137,275	—	—	—
Negotiable Certificates of Deposit	272,809	272,809	—	—	—
Money Market Mutual Fund	40,000	40,000	—	—	—
Commercial Paper	207,122	207,122	—	—	—
Bond Mutual Fund *	507,580	—	—	507,580	—
Repurchase Agreements	15,544	15,544	—	—	—
	8,608,952	$ 7,927,418	$ 171,277	$ 507,580	$ 2,677
Other Investments					
Equity Securities	25,000				
Equity Mutual Funds Securities:					
Domestic	1,468,068				
International	227,047				
U.S. Unemployment Trust Pool	608,871				
Real Estate Held for Investment Purposes	957				
Real Estate Joint Ventures	568				
Component Units Investment in Primary Government's Investment Pool	(717,442)				
Total	$10,222,021				

* At June 30, 2006, the bond mutual fund had an average effective maturity of 7.2 years.

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

U.S. agency debt securities of $1.6 billion owned by the primary government reset periodically and have a maximum maturity out to three years. The securities "step up" to higher interest rates at levels determined at the time of purchase. These securities are callable at par and on a quarterly basis may be called or stepped up; if held to maturity they will mature at par. In the current rising interest rate environment, some of these adjustable rate securities have not kept pace with the increase in rates as reflected in their fair market values. In the table above, U.S. agency 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) – $1.119 billion, 77.3 percent, in domestic equity mutual fund securities; $227.566 million, 15.7 percent, in bond mutual fund; $101.849 million, 7.0 percent, in international equity mutual fund securities. Trust Lands (permanent fund) – $318.751 million, 44.3 percent, in domestic equity mutual fund securities; $275.867 million, 38.3 percent, in bond mutual fund; and $125.198 million, 17.4 percent, in international equity mutual fund securities.

Pension Trust Funds Investments
At December 31, 2005
(Expressed in Thousands)

Investment Type	Fair Value
Debt Securities – Domestic	$ 3,471,621
Debt Securities – International	400,941
Equity Securities – Domestic	5,794,377
Equity Securities – International	3,672,021
Short-term Securities Pools	1,323,887
Mortgage Loans:	
Collateralized Loans	19
Real Estate Notes	6,846
Real Estate	2,353,273
Alternative Investments (Venture Capital)	611,590
Guaranteed Investment Contracts	47,219
Equity Securities – Domestic (Pooled)	343,136
Mutual Fund – International	246,364
Mutual Fund – Balanced	299,263
Investments Held by Broker-dealers	
Under Securities Lending Program:	
U.S. Government and Agency Securities	628,764
Corporate Debt Securities – Domestic	104,586
Debt Securities – International	464,353
Equity Securities – Domestic	1,177,330
Equity Securities – International	4,169
Total Investments	20,949,759
Securities Lending Collateral Pool	2,455,131
Total Pension Trust Funds	$ 23,404,890

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 State's Money Management Act. Section 51–7–11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270–365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years. Funds that follow Rule 2 of the Money Management Council may not allow the dollar-weighted average maturity of fixed-income securities to exceed ten years.

The Utah Retirement Systems (URS) 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 shall have an effective duration between 75 and 125 percent of the effective duration of the appropriate index.
- The international debt securities investment managers shall maintain an effective duration of their portfolio between 50 and 150 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 Lehman Brothers Aggregate Index for domestic debt securities and the Lehman Brothers Global Aggregate Index for international debt securities. The index range at December 31, 2005, was 3.43–5.71 for domestic debt securities and 2.64–7.93 for international debt securities. At December 31, 2005, no individual debt security investment manager's portfolio was outside of the policy guidelines. At December 31, 2005, the following tables show the investments by investment type, amount and the effective weighted duration rate.

Pension Trust Funds
Debt Securities Investments, Domestic
(Expressed in Thousands)

Investment	Fair Value	Effective Weighted Duration
Asset backed securities	$ 164,829	0.98
Commercial mortgage backed securities	127,799	4.04
Convertible equity	2,217	NA
Corporate bonds	542,962	4.78
Corporate convertible bonds	171	NA
Fixed income derivatives-futures	161,874	(0.29)
Fixed income derivatives-options	674	189.70
Fixed income futures	(161,874)	NA
Government agencies	81,920	4.05
Government bonds	493,588	7.13
Government mortgage backed securities	1,505,962	3.84
Index linked government bonds	118,136	2.97
Municipal/provincial bonds	2,201	8.55
Non-government backed C.M.O.'s	387,476	2.12
Other fixed income	7,598	NA
Pooled debt securities	769,440	NA
Total debt securities investments, domestic	$ 4,204,973	4.14

Pension Trust Funds
Debt Securities Investments, International
(Expressed in Thousands)

Investment	Fair Value	Effective Weighted Duration
Asset backed securities	$ 15,915	2.28
Commercial mortgage backed securities	12,446	3.11
Corporate bonds	349,346	5.06
Fixed income derivatives-options	(30)	141.91
Government agencies	10,225	2.92
Government bonds	404,290	6.69
Government mortgage backed securities	45,422	3.41
Index linked government bonds	1,937	8.45
Municipal/provincial bonds	14,475	7.01
Non-government backed C.M.O.'s	11,269	3.21
Total debt securities investments, international	$ 865,295	5.83

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), 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, 2006, 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.

Primary Government Rated Debt Investments
(except Pension Trust Funds)
(Expressed in Thousands)

Debt Investments	Fair Value	Quality Ratings AAA	AA	A	BBB
U.S. Agencies	$ 2,423,866	$ 2,232,002	$ —	$ 191,035	$ —
Corporate Debt	$ 5,137,275	$ 565,748	$ 835,288	$ 3,357,712	$ 378,527
Negotiable Certificates of Deposit	$ 272,809	$ —	$ 30,046	$ 242,763	$ —
Money Market Mutual Fund	$ 40,000	$ —	$ —	$ —	$ —
Commercial Paper	$ 207,122	$ —	$ —	$ —	$ —
Bond Mutual Fund	$ 507,580	$ —	$ —	$ —	$ —
Repurchase Agreements – Underlying:					
U.S. Treasuries	$ 7,608	$ —	$ —	$ —	$ —
U.S. Agencies	$ 7,936	$ 7,936	$ —	$ —	$ —

Continues Below

Debt Investments	Quality Ratings A1 *	Unrated
U.S. Agencies	$ —	$ 829
Corporate Debt	$ —	$ —
Negotiable Certificates of Deposit	$ —	$ —
Money Market Mutual Fund	$ —	$ 40,000
Commercial Paper	$ 207,122	$ —
Bond Mutual Fund	$ —	$ 507,580
Repurchase Agreements – Underlying:		
U.S. Treasuries	$ —	$ 7,608
U.S. Agencies	$ —	$ —

***** A1 is Commercial Paper rating

The Utah Retirement Systems (URS) expects its domestic debt securities investment managers to maintain diversified portfolios by sector using the following guidelines:

- U.S. government and agency securities — no restriction.
- Total portfolio quality shall maintain a minimum overall rating of "A" (S&P) or equivalent rating.
- Securities with a quality rating of BBB– and below 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, 2005, was AA+ and the fair value of below grade investments was $51.912 million or 1.25 percent of the domestic portfolio. The weighted quality rating average of the international debt securities investments, at December 31, 2005, was AA– and the fair value of below grade investments was $6.675 million or 0.77 percent of the international portfolio.

The following table presents the URS ratings as of December 31, 2005:

Pension Trust Funds
Debt Securities Investments at Fair Value
(Expressed in Thousands)

Quality Rating	Domestic	International	Total
AAA	$ 1,302,330	$ 405,237	$ 1,707,567
AA+	71,805	—	71,805
AA	19,227	19,839	39,066
AA–	50,986	50,635	101,621
A+	68,219	5,413	73,632
A	58,119	55,026	113,145
A–	49,260	49,200	98,460
BBB+	53,742	24,575	78,317
BBB	83,375	41,827	125,202
BBB–	38,447	18,989	57,436
BB+	14,936	591	15,527
BB	7,403	644	8,047
BB–	22,170	1,876	24,046
B	11,034	—	11,034
B–	—	381	381
NR	11,305	3,184	14,489
Total credit risk debt securities	1,862,358	677,417	2,539,775
U.S. Government and Agencies**	1,518,828	49,029	1,567,857
Pooled investments*	823,787	138,849	962,636
Total debt securities investments	$ 4,204,973	$ 865,295	$ 5,070,268

* Ratings of pooled investments were unavailable from the custodian.

** Ratings for the U.S. Government and Agencies category were unavailable from the custodian; however, securities issued by the U.S. government and its agencies are generally considered rated AAA or equivalent.

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, 2006, except those of the Utah Retirement Systems, were held by the State or in the State's name by the State's custodial banks; except $15.544 million of repurchase agreements where the underlying securities were uninsured and held by the investment's counterparty, not in the name of the State.

At December 31, 2005, the Utah Retirement Systems (URS) investments were registered in the name of URS and held by their custodians except for $20.868 million of investments that were held by the custodians not in the name of URS and $(45.554) 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 (pension trust funds), the primary government's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the 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. Funds that follow Rule 2 of the Money Management Council are limited to investments in equity securities and fixed income corporate securities to no more than 5 percent of all funds in any one issuer and no more than 25 percent of all funds in any one industry. No more than 5 percent of all funds may be invested in securities of a corporation that has been in continuous operation for less than three years. No more than 5 percent of the outstanding voting securities of any one corporation may be held. In addition, Rule 2 limits investment concentrations in certain types of investments. The Money Management Council limitations do not apply to securities issued by the U.S. government and its agencies.

The primary government had debt securities investments at June 30, 2006, with more than 5 percent of the total investments in securities of the Federal Home Loan Bank and the Federal Home Loan Mortgage Corporation. These investments represented 13.3 percent and 6.5 percent, respectively, of investments subject to concentration of credit risk.

The Utah Retirement Systems debt securities investments had no single issuer investments that exceed their portfolio investment guidelines by sector and by issuer as follows:

- 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 — no more than 4 percent of an investment manager's assets at market with a single issuer.

- A–/A3 Debt Securities — no more than 3 percent of an investment manager's assets at market with a single issuer.
- BBB–/Baa3 Debt Securities — 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 more than 4 percent of an investment manager's assets at market with a single issuer. Also, 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.
- For International Equity Securities — no more than 8 percent of an investment manager's assets at market with a single issuer.

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 (pension trust funds), does not have a formal policy to limit foreign currency risk.

The Utah Educational Savings Plan Trust (private purpose trust) has $101.849 million and the Trust Lands (permanent fund) has $125.198 million invested in international equity funds. As such, no currency denomination is presented.

The Utah Retirement Systems (URS) manage their exposure to fair value loss by requiring their international securities investment managers to maintain diversified portfolios by sector and by issuer to limit foreign currency and security risk.

Risk of loss arises from changes in currency exchange rates. The URS exposure to foreign currency risk is presented on the following table.

Pension Trust Funds
Foreign Currency Risk
International Investment Securities at Fair Value
At December 31, 2005
(Expressed in Thousands)

Currency	Short Term	Debt	Equity	Total
Argentine peso	$ —	$ 381	$ —	$ 381
Australian dollar	(1,179)	11,267	60,098	70,186
Brazilian real	—	—	6,785	6,785
Canadian dollar	50	4,305	31,461	35,816
Danish krone	3	2,706	14,778	17,487
Euro	37,276	265,709	807,334	1,110,319
Hong Kong dollar	131	—	58,932	59,063
Japanese yen	11,636	51,976	609,831	673,443
Mexican peso	340	4,342	1,311	5,993
New Israeli shekel	—	2,619	—	2,619
New Taiwan dollar	—	—	2,263	2,263
New Zealand dollar	18	2,271	7,122	9,411
Norwegian krone	1	—	15,851	15,852
Poland zloty	—	3,564	—	3,564
Pound sterling	(1,226)	64,153	527,088	590,015
Republic of Korea won	—	9,102	29,635	38,737
Singapore dollar	36	—	20,376	20,412
Swedish krona	452	21,253	36,165	57,870
Swiss franc	495	—	226,968	227,463
Thailand baht	—	2,251	—	2,251
International equity mutual fund (various currencies)	—	—	246,364	246,364
Total Securities subject to foreign currency risk	48,033	445,899	2,702,362	3,196,294
United States dollars (securities held by international investment managers)	103,241	419,396	1,220,192	1,742,829
Total international investment securities	$ 151,274	$ 865,295	$ 3,922,554	$ 4,939,123

B. **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 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 component units at June 30, 2006, were $155.570 million. Of these, $147.578 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 Management of Institutional Funds Act (UMIFA) 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 UMIFA 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 of the above investments 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' investments at June 30, 2006, are presented below.

Component Units Investments
(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	$ 296,229	$ 220,948	$ 73,989	$ 701	$ 591	$ —
Government National Mortgage Association	18	—	—	—	18	—
U.S. Agencies	569,202	220,804	130,167	27,488	163,482	27,261
Corporate Debt	47,233	10,532	15,986	16,224	4,491	—
Money Market Mutual Funds	185,271	184,117	1,154	—	—	—
Negotiable Certificates of Deposit	1,500	897	603	—	—	—
Municipal/Public Bonds	4,230	75	1,505	2,083	567	—
Repurchase Agreements	25,403	25,403	—	—	—	—
Guaranteed Investment Contracts	293,658	215,172	5,542	35,016	37,928	—
Bond Mutual Funds	120,774	—	18,945	101,829	—	—
Securities Lending Cash Collateral Pool	24,063	24,063	—	—	—	—
Utah Public Treasurer's Investment Fund	717,442	717,442	—	—	—	—
	2,285,023	$ 1,619,453	$ 247,891	$ 183,341	$ 207,077	$ 27,261
Other Investments						
Equity Securities:						
Domestic	52,933					
International	699					
Equity Mutual Funds Securities:						
Domestic	323,015					
Mutual Fund – Real Estate	1,699					
Hedge Funds	46,403					
Venture Capital Funds	7,797					
Total	$ 2,717,569					

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, 2006, 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
(Expressed in Thousands)

Debt Investments	Fair Value	Quality Ratings AAA	AA	A	BBB
U.S. Agencies	$ 569,202	$ 568,783	$ 55	$ —	$ —
Corporate Debt	$ 47,233	$ 2,074	$ 2,002	$ 22,488	$ 15,824
Money Market Mutual Funds	$ 185,271	$ 375	$ —	$ —	$ —
Negotiable Certificates of Deposit	$ 1,500	$ —	$ —	$ —	$ —
Municipal/Public Bonds	$ 4,230	$ 4,230	$ —	$ —	$ —
Guaranteed Investment Contracts	$ 293,658	$ —	$ —	$ —	$ —
Bond Mutual Funds	$ 120,774	$ —	$ —	$ —	$ —
Securities Lending Cash Collateral Pool	$ 24,063	$ —	$ —	$ —	$ —
Utah Public Treasurer's Investment Fund	$ 717,442	$ —	$ —	$ —	$ —
Repurchase Agreements – Underlying:					
U.S. Agencies	$ 4,572	$ 4,572	$ —	$ —	$ —
Money Market Mutual Funds	$ 20,831	$ —	$ —	$ —	$ —

Continues Below

Debt Investments	Quality Ratings BB	B	Unrated
U.S. Agencies	$ —	$ —	$ 364
Corporate Debt	$ 1,625	$ 1,043	$ 2,177
Money Market Mutual Funds	$ —	$ —	$ 184,896
Negotiable Certificates of Deposit	$ —	$ —	$ 1,500
Municipal/Public Bonds	$ —	$ —	$ —
Guaranteed Investment Contracts	$ —	$ —	$ 293,658
Bond Mutual Funds	$ —	$ —	$ 120,774
Securities Lending Cash Collateral Pool	$ —	$ —	$ 24,063
Utah Public Treasurer's Investment Fund	$ —	$ —	$ 717,442
Repurchase Agreements – Underlying:			
U.S. Agencies	$ —	$ —	$ —
Money Market Mutual Funds	$ —	$ —	$ 20,831

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, 2006, 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	$ 259,695
Government National Mortgage Association	$ 18
U.S. Agencies	$ 243,923
Repurchase Agreements	$ 12,136
Counterparty's Trust Department or Agent	
U.S. Treasuries	$ 5,854
U.S. Agencies	$ 1,994
Corporate Debt	$ 9,587
Municipal/Public Bonds	$ 534
Repurchase Agreements	$ 12,130

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 Management of Institutional Funds Act (UMIFA) 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 five percent of the Corporation's investments are in Trinity Guaranteed Investment Contracts, the Federal National Mortgage Association, CDC Guaranteed Investment Contracts, AIG Guaranteed Investment Contracts, and Royal Bank of Canada Guaranteed Investment Contracts. These investments are 12.97 percent, 9.78 percent, 8.52 percent, 6.77 percent, and 6.35 percent, respectively, of the Corporation's total investments.

Southern Utah University had $5.209 million, 17.7 percent, of its investments in Federal Home Loan Notes.

C. Securities Lending

The Utah Retirement Systems (pension trust funds) and the Public Employees Health Program (component unit) participate in security lending programs as authorized by their Boards. The types of securities lent are U.S. government securities, equity securities, and corporate bonds and notes. 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 102 percent of the market value of the domestic securities on loan and 105 percent of the market value of the international securities on loan, with a simultaneous agreement to return the collateral for the same securities in the future. There are no restrictions on the amount of loans that can be made. For both state entities, their custodial bank is the agent for its securities lending program. Securities under loan are maintained in both state entities' financial records. Corresponding liabilities for collateral received are recorded at the fair value.

At yearend, neither the Utah Retirement Systems nor Public Employees Health Program had any credit risk exposure to borrowers because the collateral exceeded the amount borrowed. The securities on loan at yearend for the entities were $2.379 billion and $23.688 million, respectively, and the collateral received for those securities on loan was $2.455 billion and $24.190 million (includes $127 thousand of non-cash collaterals), respectively, with carrying amount and fair value being the same. 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 funds) invests in derivative financial investments as authorized by Board policy. The derivatives are reported at their fair values on the statement of net assets. Derivatives are financial arrangements between two parties whose payments are based on, or "derived" from the performance of some agreed upon benchmark. At December 31, 2005, URS had four types of derivative financial investments: futures, currency forwards, options, and swaps.

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's credit risk. The net change in the futures contract 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 (losses) in the Statement of Changes in Net Assets. At December 31, 2005, URS investments had the following futures balances (expressed in millions):

	Value Covered By Contract
Long-cash and cash equivalent futures	$ 104,485
Long-equity futures	$ 736,324
Short-equity futures	$ (413,397)
Long-debt securities futures.....	$ 767,163
Short-debt securities futures	$ (135,174)

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, 2005, URS investments included the following currency forwards balances (expressed in billions):

Currency forwards (*pending foreign exchange purchases)*.....	$ 1,482
Currency forwards (*pending foreign exchange sales)*.....	$ (1,478)

Options represent or give buyers the right, but not the obligation, to buy or sell an asset at a preset price over a specific 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, 2005, URS investments had the following options balances (expressed in thousands):

	Value Covered By Contract
Cash and cash equivalent purchased call options	$ 2,869
Cash and cash equivalent purchased put options	$ (13)
Fixed income written put options	$ (110)
Fixed income written call options	$ 753

Swaps represent an agreement between two or more parties to exchange sequences of cash flows over a period in the future. At the end of the year, URS had two different types of swap arrangements: interest rate swaps and credit default swaps. In the most common type of interest rate swap arrangement, one party agrees to pay fixed interest payments on designated dates to a counter party who, in turn, agrees to make return interest payments that float with some reference rate. The interest rate swaps allowed URS to convert their long term variable interest rate credit facility loans into fixed interest rate loans. The credit default swaps protects the rental cash flows on one of URS real estate investments in case the major tenant defaults on its lease contract. Gains and losses on swaps are determined based on market values and are recorded in the Statement of Changes in Net Assets. At December 31, 2005, URS investments had the following swap market value balances:

Utah Retirement Systems
Interest Rate Swaps
December 31, 2005
(Expressed in Thousands)

	Outstanding Notational Amount*	Interest Rate**	Maturity Date	Fair Value
Interest Rate Swaps				
Interest Rate Swaps	$ 660,369	3.4675–5.046%–LIBOR	2007–2020	$ 9,573
Total	$ 660,369			$ 9,573
Credit Facility Swaps				
Morgan Stanley Credit Default Swaps	$ 111,000		9/29/2008	$ (727)

* Base used to calculate interest
** London Interbank Offered Rate

Utah Housing Corporation

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

Objective — In order to protect against the potential of rising interest rates, the Corporation has entered into 60 separate pay-fixed, receive-variable interest rate swaps and one Interest Rate Cap Agreement as of June 30, 2006. The cost of these swaps is less than what the Corporation would have paid to issue fixed rate debt. The Corporation's swaps are all similar in nature and summary information is included in this report. 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, 2006, 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.

Utah Housing Corporation
Interest Rate Swap and Cap Agreements
June 30, 2006
(Expressed in Thousands)

Outstanding Notational Amount	Issue Dates	Fixed Rate Paid by the Corporation	Variable Rate Received from Counterparty	Fair Values	Termination Dates
Interest Rate Swap Agreements					
$ 80,020	2000–2006	4.640% to 7.760%	LIBOR* plus .15%	$ (2,752)	2008–2029
542,275	2000–2006	3.939% to 5.610%	BMA** plus .27%	(16,934)	2012–2028
$ 622,295				$ (19,686)	
Interest Rate Cap Agreements					
$ 1,875	2005	1.02%	Excess of BMA ** over 5.73%	$ (203)	2027

* London Interbank Offered Rate
** The Bond Market Association Municipal Swap Index

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.

Credit Risk — The Corporation executes swap transactions with two counterparties, Lehman Brothers Financial Products, Inc. and Lehman Brothers Derivative Products, Inc. Both counterparties are rated AAA/Aaa, which mitigates any credit risk associated with the derivatives' fair value.

Basis Risk — The Corporation's tax-exempt variable-rate bond coupon payments are equivalent to the BMA rate. Its taxable variable-rate bond coupon payments are equivalent to the LIBOR rate. The Corporation is therefore not exposed to basis risk except as disclosed below under Tax Risk/Cross-over.

Tax Risk / Cross-over — Nineteen of the Corporation's BMA based swaps are exposed to basis risk should Congress or other federal branches of government propose or pass legislation (a "Tax Event"), that causes the relationship between LIBOR and BMA to exceed 75 percent for a continuous period of 180 days. If both of these events occur the result would be that the swap provider would pay the Corporation 68 percent of the LIBOR rate regardless of what the BMA rate is. In addition, various of the Corporation's BMA based Cross-over Swaps are also exposed to 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 or 4 percent, the provider will pay the Corporation 68 percent of the LIBOR rate regardless of what the BMA rate is. As of June 30, 2006, no "Tax Event" or "Cross-over Event" has occurred.

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.

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, 2006, the Corporation's swap termination dates ranged from 7 to 26 years prior to the maturity dates of the associated debt.

NOTE 4. INVESTMENT POOL

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF) investment pool. 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 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, there is very little 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 on the ratio of the participant's share to the total funds in the PTIF based on the participant's average daily balance. 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, 2006, are as follows:

Public Treasurer's Investment Fund
Statement of Net Assets
June 30, 2006
(*Expressed in Thousands*)

Assets	
Cash and Cash Equivalents	$ 237,646
Investments	7,858,259
Interest Receivable	50,145
Total Assets	$ 8,146,050
Net Assets Consist of:	
External Participant Account Balances	$ 4,301,311
Internal Participant Account Balances:	
Primary Government	3,116,821
Component Units	717,817
Undistributed Reserves and Unrealized Gains/Losses	10,101
Net Assets	$ 8,146,050
Participant Account Balance Net Asset Valuation Factor	.99968

Public Treasurer's Investment Fund
Statement of Changes in Net Assets
For the Fiscal Year Ended June 30, 2006
(*Expressed in Thousands*)

Additions	
Pool Participant Deposits	$ 10,974,231
Investment Income:	
Investment Earnings	317,613
Fair Value Increases (Decreases)	(3,667)
Total Investment Income	313,946
Less Administrative Expenses	(197)
Net Investment Income	313,749
Total Additions	11,287,980
Deductions	
Pool Participant Withdrawals	9,744,453
Earnings Distributions	323,982
Total Deductions	10,068,435
Net Increase From Operations	1,219,545
Net Assets	
Beginning of Year	6,926,505
Net Assets – End of Year	$ 8,146,050

Public Treasurer's Investment Fund
Portfolio Statistics

June 30, 2006	Range of Yields	Weighted Average Maturity
Money Market Mutual Fund	4.92%	52 days
Certificates of Deposit	5.00% – 6.25%	40.72 days
U.S. Agencies	3.56% – 5.63%	107.46 days
Corporate Bonds and Notes	3.81% – 6.24%	52.82 days
Commercial Paper	5.30% – 5.35%	3 days

June 30, 2006	Weighted Average Yield	Average Adjusted Maturity
Total Investment Fund	5.00%	66.77 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, 2006, were $79.044 million. Of those, $78.344 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, 2006, are presented below.

Public Treasurer's Investment Fund Investments
(Expressed in Thousands)

		Investment Maturities (in years)	
Investment Type	Fair Value	Less Than 1	1–5
Debt Securities			
U.S. Agencies	$ 2,411,782	$ 2,246,683	$ 165,099
Corporate Bonds and Notes	5,134,008	5,134,008	—
Negotiable Certificates of Deposit	272,809	272,809	—
Money Market Mutual Fund	40,000	40,000	—
Commercial Paper	195,745	195,745	—
	$ 8,054,344	$ 7,889,245	$ 165,099

The majority of the PTIF's U.S. agencies and corporate debt securities are variable-rate securities, most of which reset every three months to the market interest rate. Because these securities frequently reprice 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.

U.S. agency debt securities of $1.597 billion of the PTIF reset periodically and have a maximum maturity out to three years. The securities "step up" to higher interest rates at levels determined at the time of purchase. These securities are callable at par and may be called on a quarterly basis, or will mature at par if held to maturity. In the event that current market interest rates were to exceed the predetermined rates, the fair value of the securities would be impacted.

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, 2006, 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.

Public Treasurer's Investment Fund Rated Debt Investments
(Expressed in Thousands)

Rated Debt Investments	Fair Value	Quality Ratings AAA	AA	A	BBB
U.S. Agencies	$ 2,411,782	$ 2,220,747	$ —	$ 191,035	$ —
Corporate Bonds and Notes	$ 5,134,008	$ 563,948	$ 835,289	$ 3,356,244	$ 378,527
Negotiable Certificates of Deposit	$ 272,809	$ —	$ 30,046	$ 242,763	$ —
Money Market Mutual Fund	$ 40,000	$ —	$ —	$ —	$ —
Commercial Paper	$ 195,745	$ —	$ —	$ —	$ —

Continues Below

Rated Debt Investments	Quality Ratings A1 *	Not Rated
U.S. Agencies	$ —	$ —
Corporate Bonds and Notes	$ —	$ —
Negotiable Certificates of Deposit	$ —	$ —
Money Market Mutual Fund	$ —	$ 40,000
Commercial Paper	$ 195,745	$ —

***** A1 is Commercial Paper rating

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 Money Management Council. Rule 17 of the 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 Money Management Council limitations do not apply to securities issued by the U.S. government and its agencies. The PTIF had debt securities investments at June 30, 2006, with more than 5 percent of the total investments in Federal Home Loan Bank and Federal Home Loan Mortgage Corporation. These investments represented 17.8 percent and 8.8 percent, respectively, of total investments.

NOTE 5. RECEIVABLES

Receivables as of June 30, 2006, consisted of the following (in thousands):

	Accounts Receivable					
	Federal	Customer	Other	Interest	Taxes	Notes/ Mortgages
Governmental Activities:						
General Fund	$ 216,794	$ 215,272	$ 2,221	$ 30	$ 277,646	$ 22,282
Uniform School Fund	30,913	1,089	95	—	680,459	8,879
Transportation Fund	49,513	—	6,889	—	66,972	365
Transportation Investment Fund	3,476	—	—	—	808	—
Trust Lands	—	—	9,865	1,586	—	2,400
Nonmajor Funds	153	4,057	—	105	—	155
Internal Service Funds	—	6,027	—	—	—	—
Adjustments:						
Fiduciary Funds	—	—	694	—	—	—
Total Receivables	300,849	226,445	19,764	1,721	1,025,885	34,081
Less Allowance for Uncollectibles:						
General Fund	—	(56,311)	—	—	(15,553)	(1,210)
Uniform School Fund	—	—	—	—	(78,173)	—
Transportation Fund	—	—	(200)	—	(2,687)	—
Transportation Investment Fund	—	—	—	—	(51)	—
Internal Service Funds	—	—	—	—	—	—
Receivables, net	$ 300,849	$ 170,134	$ 19,564	$ 1,721	$ 929,421	$ 32,871
Current Receivables	$ 300,849	$ 147,783	$ 10,067	$ 1,721	$ 887,214	$ 19,956
Noncurrent Receivables	—	22,351	9,497	—	42,207	12,915
Total Receivables, net	$ 300,849	$ 170,134	$ 19,564	$ 1,721	$ 929,421	$ 32,871
Business-type Activities:						
Student Assistance Programs	$ 27,927	$ 738	$ —	$ 19,028	$ —	$ 1,755,885
Unemployment Compensation	216	96,531	—	—	—	—
Water Loan Programs	—	2,526	—	8,606	—	499,466
Nonmajor Funds	39	13,345	—	3,760	—	292,348
Total Receivables	28,182	113,140	—	31,394	—	2,547,699
Less Allowance for Uncollectibles:						
Student Assistance Programs	—	—	—	—	—	(3,009)
Unemployment Compensation	—	(8,118)	—	—	—	—
Water Loan Programs	—	—	—	—	—	—
Receivables, net	$ 28,182	$ 105,022	$ 0	$ 31,394	$ 0	$ 2,544,690

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 Assets.

Aggregated receivables for component units at June 30, 2006, were $1.395 billion for major component units and $76.772 million for nonmajor component units, net of an allowance for doubtful accounts of $48.928 million and $4.844 million, respectively.

NOTE 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of June 30, 2006, consisted of the following (in thousands):

	Salaries/ Benefits	Service Providers	Vendors/ Other	Government	Tax Refunds	Interest	Total
Governmental Activities:							
General Fund	$ 45,465	$ 190,631	$ 53,786	$ 70,325	$ 3,964	$ —	$ 364,171
Uniform School Fund	1,923	1,549	6,372	29,090	16,143	—	55,077
Transportation Fund	5,837	—	72,385	28,107	3,492	—	109,821
Transportation Investment Fund	—	—	2	—	—	—	2
Nonmajor Funds	32	4	35,140	13	—	34,122	69,311
Internal Service Funds	1,343	9	9,014	224	—	5	10,595
Adjustments:							
Fiduciary Funds	—	—	—	2,826	—	—	2,826
Other	—	—	—	—	—	1,556	1,556
Total Governmental Activities	$ 54,600	$ 192,193	$ 176,699	$ 130,585	$ 23,599	$ 35,683	$ 613,359
Business-type Activities:							
Student Assistance Programs	$ 1,425	$ —	$ 10,953	$ 1,569	$ —	$ 8,321	$ 22,268
Unemployment Compensation	—	2,008	—	4	—	—	2,012
Water Loan Programs	—	—	692	—	—	—	692
Nonmajor Funds	708	—	10,091	—	—	221	11,020
Adjustments:							
Fiduciary Funds	—	—	—	51	—	—	51
Total Business-type Activities	$ 2,133	$ 2,008	$ 21,736	$ 1,624	$ 0	$ 8,542	$ 36,043

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; 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 Assets. 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 Assets.

NOTE 7. INTERFUND BALANCES AND LOANS

Interfund Balances

Interfund balances at June 30, 2006, consisted of the following (in thousands):

Due to General Fund from:	
Uniform School Fund	$ 121
Transportation Fund	843
Trust Lands Fund	27
Nonmajor Governmental Funds	2,288
Unemployment Compensation Fund	8,139
Nonmajor Enterprise Funds	11,158
Internal Service Funds	1,261
Fiduciary Funds	284
Total due to General Fund from other funds	$ 24,121
Due to Uniform School Fund from:	
General Fund	420
Trust Lands Fund	25
Unemployment Compensation Fund	169
Nonmajor Enterprise Funds	3,371
Internal Service Funds	37
Total due to Uniform School Fund from other funds	$ 4,022
Due to Transportation Fund from:	
General Fund	199
Nonmajor Governmental Funds	1
Nonmajor Enterprise Funds	4
Internal Service Funds	34
Total due to Transportation Fund from other funds	$ 238
Due to Trust Lands Fund from Nonmajor Enterprise Funds	$ 6,392
Due to Nonmajor Governmental Funds from:	
General Fund	1,637
Nonmajor Governmental Funds	24
Nonmajor Enterprise Funds	9
Internal Service Funds	139
Fiduciary Funds	24
Total due to Nonmajor Governmental Funds from other funds	$ 1,833
Due to Water Loan Programs from:	
General Fund	117
Trust Lands Fund	43
Nonmajor Enterprise Funds	18
Total due to Water Loan Programs from other funds	$ 178
Due to Nonmajor Enterprise Funds from:	
General Fund	$ 502
Transportation Fund	92
Nonmajor Governmental Funds	14,885
Internal Service Funds	5
Total due to Nonmajor Enterprise Funds from other funds	$ 15,484
Due to Internal Service Funds from:	
General Fund	7,988
Uniform School Fund	249
Transportation Fund	3,003
Nonmajor Governmental Funds	591
Nonmajor Enterprise Funds	130
Internal Service Funds	127
Fiduciary Funds	386
Total due to Internal Service Funds from other funds	$ 12,474
Due to Fiduciary Funds from:	
General Fund	2,731
Uniform School Fund	1
Transportation Fund	12
Nonmajor Enterprise Funds	51
Internal Service Funds	82
Total due to Fiduciary Funds from other funds	$ 2,877
Total Due to/Due froms	$ 67,619

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

Interfund loans at June 30, 2006, consisted of the following (in thousands):

Payable to General Fund from Internal Service Funds	$ 27,507
Payable to General Fund from Nonmajor Enterprise Funds	604
Payable to Nonmajor Enterprise Funds from Internal Service Funds	20
Total Interfund Loans Receivable/Payable	$ 28,131

The interfund loans receivable/payable balances consist of revolving loans with Internal Service Funds. The balance payable to the General Fund from Internal Service Funds of $27.507 million includes $10.74 million that is not expected to be repaid within one year.

NOTE 8. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2006, was as follows (in thousands):

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets not being Depreciated:				
Land and Related Assets	$ 743,977	$ 52,314	$ (299)	$ 795,992
Infrastructure	7,545,349	184,356	(27,109)	7,702,596
Construction-In-Progress	594,099	481,895	(272,087)	803,907
Total Capital Assets not being Depreciated	8,883,425	718,565	(299,495)	9,302,495
Capital Assets being Depreciated:				
Buildings and Improvements	1,177,992	5,730	(2,959)	1,180,763
Infrastructure	33,211	275	(188)	33,298
Machinery and Equipment	446,975	36,513	(19,229)	464,259
Total Capital Assets being Depreciated	1,658,178	42,518	(22,376)	1,678,320
Less Accumulated Depreciation for:				
Buildings and Improvements	(368,002)	(32,656)	1,348	(399,310)
Infrastructure	(6,006)	(1,402)	6	(7,402)
Machinery and Equipment	(306,954)	(34,688)	14,806	(326,836)
Total Accumulated Depreciation	(680,962)	(68,746)	16,160	(733,548)
Total Capital Assets being Depreciated, Net	977,216	(26,228)	(6,216)	944,772
Capital Assets, Net	$ 9,860,641	$ 692,337	$ (305,711)	$10,247,267
Business-type Activities:				
Capital Assets not being Depreciated:				
Land and Related Assets	$ 22,314	$ 7,114	$ (2,234)	$ 27,194
Construction-In-Progress	479	1,009	(599)	889
Total Capital Assets not being Depreciated	22,793	8,123	(2,833)	28,083
Capital Assets being Depreciated:				
Buildings and Improvements	43,824	575	—	44,399
Infrastructure	204	—	—	204
Machinery and Equipment	13,891	1,035	(75)	14,851
Total Capital Assets being Depreciated	57,919	1,610	(75)	59,454
Less Accumulated Depreciation for:				
Buildings and Improvements	(8,055)	(1,169)	—	(9,224)
Infrastructure	(49)	(6)	—	(55)
Machinery and Equipment	(10,454)	(873)	43	(11,284)
Total Accumulated Depreciation	(18,558)	(2,048)	43	(20,563)
Total Capital Assets being Depreciated, Net	39,361	(438)	(32)	38,891
Capital Assets, Net	$ 62,154	$ 7,685	$ (2,865)	$ 66,974

Construction-in-progress of governmental activities includes amounts for buildings the State is constructing for colleges and universities (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. For fiscal year 2006, $91.471 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	$ 9,780
Human Services and Youth Corrections	4,945
Corrections, Adult	5,248
Public Safety	4,194
Courts	5,244
Health and Environmental Quality	2,542
Employment and Family Services	1,989
Natural Resources	6,953
Community and Culture	477
Business, Labor, and Agriculture	1,131
Public Education	528
Transportation	8,586
Depreciation on capital assets of the State's internal service funds is charged to the various functions based on their usage of services provided	17,129
Total	$ 68,746

Discretely Presented Component Units

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

	Utah Housing Corporation	Public Employees Health Program	University of Utah	Utah State University	Nonmajor Component Units	Total
Capital Assets not being Depreciated:						
Land and Other Assets	$ 1,472	$ —	$ 56,696	$ 18,383	$ 60,460	$ 137,011
Construction-In-Progress	—	—	138,977	36,090	11,255	186,322
Total Capital Assets not being Depreciated	1,472	—	195,673	54,473	71,715	323,333
Capital Assets being Depreciated:						
Building and Improvements	5,064	—	1,136,454	507,247	999,635	2,648,400
Infrastructure	—	—	138,236	—	24,019	162,255
Machinery and Equipment	1,365	4,426	652,893	164,459	161,980	985,123
Total Capital Assets being Depreciated	6,429	4,426	1,927,583	671,706	1,185,634	3,795,778
Less Total Accumulated Depreciation	(1,271)	(3,539)	(985,465)	(279,726)	(458,081)	(1,728,082)
Total Capital Assets being Depreciated, Net	5,158	887	942,118	391,980	727,553	2,067,696
Discretely Presented Component Units – Capital Assets, Net	$ 6,630	$ 887	$ 1,137,791	$ 446,453	$ 799,268	$ 2,391,029

The State had long-term construction project commitments totaling $226.16 million at June 30, 2006. The following construction projects have remaining commitments and represent reservations of fund balance in the Capital Projects Funds (nonmajor governmental funds):

Capital Projects Fund
Construction Project Commitments
(Expressed in Thousands)

Project	Description	Remaining Construction Commitment
02156050	State Capitol Restoration	$ 80,529
02032750	U of U – Marriott Library Renovation	37,720
04141680	SLCC – Jordan Campus Health Sciences Building	13,838
03215810	WSU – Student Union Renovation	11,139
05225750	U of U – University Hospital Expansion	10,483
01284750	U of U – John E. and Marva M. Warnock Building	8,222
05025110	CUCF – New 288 Bed Facility	7,712
03200770	USU – New West Student Housing	6,914
02243750	U of U – New Museum of Natural History	5,855
03234730	SUU – Old Main HVAC	3,527
00144420	DHS – State Hospital Water Pipeline	2,935
02053520	DWR – Whiterocks Fish Hatchery	2,222
04160150	Courts – Tooele Facility	2,085
02278810	WSU – Swenson Gymnasium Renovation	1,834
05055410	DHS – USDC New Housing Unit	1,767
05027810	WSU – Humanities Building	1,547
01009750	U of U – Moran Eye Center Ph II	1,475
05049730	SUU – Teacher Education Center	1,456
06041110	CUCF – New 192 Bed Expansion	1,196
06227790	UVSC – Parking Lot V Ph II	1,026
—	All Others	22,678
	Total Commitments	$ 226,160

NOTE 9. LEASE COMMITMENTS

The State leases office buildings and 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 $1.287 million in principal and $1.231 million in interest for fiscal year 2006. As of June 30, 2006, the historical cost of the primary government's assets acquired through capital leases was $26.257 million of which $24.719 million was buildings and $1.538 million was equipment and other depreciable assets. As of June 30, 2006, the accumulated depreciation of the primary government's assets acquired through capital leases was $8.641 million of which $8.112 million was buildings and $529 thousand was equipment and other depreciable assets.

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 2006 were $26.206 million for the primary government and $30.931 million for component units. For fiscal year 2005, the operating lease expenditures were $25.321 million for the primary government and $18.635 million for component units. Future minimum lease commitments for noncancellable operating leases and capital leases as of June 30, 2006, 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**
2007	$ 20,949	$ 32,095	$ 53,044	$ 2,548	$ 15,281	$ 17,829
2008	17,532	30,406	47,938	2,612	13,844	16,456
2009	13,642	28,396	42,038	2,186	26,174	28,360
2010	8,510	24,158	32,668	2,246	8,503	10,749
2011	5,452	22,097	27,549	1,888	23,886	25,774
2012–2016	9,982	91,348	101,330	7,507	15,968	23,475
2017–2021	5,119	53,760	58,879	6,682	7,522	14,204
2022–2026	1,499	39,203	40,702	2,867	3,706	6,573
2027–2031	—	899	899	—	—	—
Total Future Minimum Lease Payments	$ 82,685	$ 322,362	$ 405,047	28,536	114,884	143,420
Less Amounts Representing Interest				(8,892)	(21,721)	(30,613)
Present Value of Future Minimum Lease Payments				$ 19,644	$ 93,163	$ 112,807

NOTE 10. LONG-TERM LIABILITIES

A. Changes in Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2006, are presented in the following schedule. 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	$ 1,514,510	$ —	$ (137,120)	$ 1,377,390	$ 140,220
State Building Ownership Authority Lease Revenue Bonds	308,898	—	(15,672)	293,226	17,799
Net Unamortized Premiums	101,395	—	(18,048)	83,347	—
Deferred Amount on Refunding	(25,361)	—	3,815	(21,546)	—
Capital Leases (Note 9)	20,931	—	(1,287)	19,644	1,416
Contracts Payable	8,527	120	(711)	7,936	2,242
Compensated Absences (Notes 1 and 17)	140,029	68,960	(60,227)	148,762	68,075
Claims	44,673	12,758	(10,706)	46,725	11,443
Total Governmental Long-term Liabilities	$ 2,113,602	$ 81,838	$ (239,956)	$ 1,955,484	$ 241,195
Business-type Activities					
Revenue Bonds	$ 1,544,830	$ 633,675	$ (40,420)	$ 2,138,085	$ 430
State Building Ownership Authority Lease Revenue Bonds	30,672	8,355	(1,213)	37,814	1,261
Net Unamortized Premiums	1,061	34	(107)	988	—
Deferred Amount on Refunding	(464)	—	49	(415)	—
Claims and Uninsured Liabilities	6,025	102,010	(103,075)	4,960	3,680
Arbitrage Liability (Note 1)	66,411	2,750	(1,316)	67,845	275
Total Business-type Long-term Liabilities	$ 1,648,535	$ 746,824	$ (146,082)	$ 2,249,277	$ 5,646
Component Units					
Revenue Bonds	$ 1,744,744	$ 420,609	$ (297,807)	$ 1,867,546	$ 133,050
Net Unamortized Premiums/(Discounts)	(764)	655	(1)	(110)	(56)
Capital Leases/Contracts Payable (Notes 9 and 10)	96,722	16,395	(14,658)	98,459	12,150
Notes Payable	43,856	101,455	(2,617)	142,694	7,107
Claims	110,741	536,244	(521,192)	125,793	73,437
Leave/Termination Benefits (Note 1)	75,754	44,930	(41,007)	79,677	20,192
Total Component Unit Long-term Liabilities	$ 2,071,053	$ 1,120,288	$ (877,282)	$ 2,314,059	$ 245,880

Compensated absences of governmental activities are liquidated in the General Fund, Uniform School 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.

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, 2006, the State had $130.942 million and $32.398 million of authorized but unissued general obligation building and highway bond authorizations remaining, respectively.

General obligation bonds payable consist of the following:

General Obligation Bonds Payable
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2006
1997 A–E Highway/Capital Facility Issue	07/01/97	2001–2007	4.80% to 5.50%	$ 200,000	$ 20,425
1997 F Highway Issue	08/01/97	2001–2007	5.00% to 5.50%	$ 205,000	33,850
1998 A Highway/Capital Facility Issue	07/07/98	2001–2008	5.00%	$ 265,000	53,250
2001 B Highway/Capital Facility Issue	07/02/01	2004–2009	4.50%	$ 348,000	141,675
2002 A Highway/Capital Facility Issue	06/27/02	2003–2011	3.00% to 5.25%	$ 281,200	122,250
2002 B Refunding Issue	07/31/02	2004–2012	3.00% to 5.38%	$ 253,100	250,860
2003 A Highway/Capital Facility Issue	06/26/03	2005–2013	2.00% to 5.00%	$ 407,405	314,025
2004 A Refunding Issue	03/02/04	2010–2016	4.00% to 5.00%	$ 314,775	314,775
2004 B Highway/Capital Facility Issue	07/01/04	2005–2019	4.75% to 5.00%	$ 140,635	126,280
Total General Obligation Bonds Outstanding					1,377,390
Plus Unamortized Bond Premium					79,300
Less Deferred Amount on Refunding					(19,845)
Total General Obligation Bonds Payable					$ 1,436,845

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

	Principal						
Fiscal Year	1997 A–E Highway/ Capital Facility	1997 F Highway Bonds	1998 A Highway/ Capital Facility	2001 B Highway/ Capital Facility	2002 A Highway/ Capital Facility	2002 B Refunding Bonds	2003 A Highway/ Capital Facility
2007	$ 9,925	$ 16,475	$ 16,775	$ 33,250	$ 48,075	$ 160	$ 7,775
2008	10,500	17,375	17,750	34,650	50,575	120	12,825
2009	—	—	18,725	36,125	5,525	29,455	59,300
2010	—	—	—	37,650	5,750	50,835	61,125
2011	—	—	—	—	6,000	53,670	50,025
2012–2016	—	—	—	—	6,325	116,620	122,975
2017–2021	—	—	—	—	—	—	—
Total	$ 20,425	$ 33,850	$ 53,250	$ 141,675	$122,250	$ 250,860	$ 314,025

Continues Below

	Principal				
Fiscal Year	2004 A Refunding Bonds	2004 B Highway/ Capital Facility	Total Principal Required	Interest Required	Total Amount Required
2007	$ —	$ 7,785	$ 140,220	$ 60,597	$ 200,817
2008	—	6,865	150,660	53,100	203,760
2009	—	9,970	159,100	45,845	204,945
2010	—	11,180	166,540	37,897	204,437
2011	39,310	25,755	174,760	29,350	204,110
2012–2016	218,060	46,000	509,980	60,614	570,594
2017–2021	57,405	18,725	76,130	1,461	77,591
Total	$ 314,775	$ 126,280	$ 1,377,390	$ 288,864	$ 1,666,254

C. **Revenue Bonds**

Revenue bonds payable consist of those issued by the Utah State Building Ownership Authority, the Utah State Board of Regents Student Loan Purchase Program, the Utah Housing Corporation, and the 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. The outstanding bonds payable at June 30, 2006, are reported as a long-term liability of the governmental activities, except for $37.302 million and $1.04 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 assets.

During fiscal year 2006, the average interest rate for the SBOA Series 2001 C variable rate demand lease revenue bonds was 3 percent, there is no stated minimum rate, but the maximum rate is 12 percent. The rate on the bond is reset weekly by the remarketing agent and fluctuates with the general changes in interest rates and the demand for these particular securities. In the applicable debt service requirements to maturity schedule, the interest rate used to project debt service requirements was 3.98 percent, which was the rate in effect at yearend.

Business-type Activities

The Utah State Board of Regents Student Loan Purchase Program 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 have $391.635 million of bonds bearing interest at an adjustable rate, which is determined weekly by a remarketing agent. The Programs also have adjustable rate bonds that are set by an auction procedure every 28 days in the amount of $847.1 million and $859.725 million of bonds that are auctioned every 35 days.

Discrete Component Units

The Utah Housing Corporation bonds were issued to provide sources of capital for making housing loans to persons of low or moderate income. The bonds are secured by mortgages, and repayments are made from the mortgage payments.

The colleges and universities issue bonds for various purposes, including student housing, special events centers, and student union centers. The bonds are secured by the related assets, student building fees, and other income of certain college activities.

Revenue bonds payable consist of the following:

Revenue Bonds Payable – Component Units
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2006
Utah Housing Corporation Issues	1985–2006	2006–2050	Variable and 1.50% to 10.30%	$ 2,616,328	$ 1,478,105
Colleges and Universities Revenue Bonds	1987–2006	2006–2035	Variable and 1.90% to 6.75%	$ 605,635	389,441
Total Revenue Bonds Outstanding					1,867,546
Colleges and Universities Less Unamortized Bond Discount					(110)
Total Revenue Bonds Payable					$ 1,867,436

Revenue Bonds Payable – Primary Government
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2006
Governmental Activities					
SBOA Lease Revenue Bonds:					
Series 1992 A	07/15/92	1993–2011	5.30% to 5.75%	$ 26,200	$ 11,400
Series 1992 B	07/15/92	1994–2011	4.00% to 6.00%	$ 1,380	620
Series 1993 A	12/01/93	1995–2013	4.50% to 5.25%	$ 6,230	2,975
Series 1995 A	07/01/95	1996–2007	5.00% to 5.75%	$ 92,260	4,115
Series 1996 A	07/01/96	1997–2007	5.50% to 6.00%	$ 42,895	1,930
Series 1996 B	11/01/96	1999–2007	5.00%	$ 16,875	1,150
Series 1998 A	07/01/98	1999–2008	3.75% to 5.00%	$ 24,885	1,445
Series 1998 C	08/15/98	2000–2019	3.80% to 5.50%	$ 101,557	100,190
Series 1999 A	08/01/99	2001–2009	5.25%	$ 6,960	830
Series 2001 A	11/21/01	2005–2021	4.00% to 5.00%	$ 69,850	64,675
Series 2001 B	11/21/01	2002–2024	3.00% to 5.75%	$ 14,240	13,245
Series 2001 C	11/21/01	2005–2022	variable	$ 30,300	30,300
Series 2003	12/30/03	2005–2025	2.00% to 5.00%	$ 20,820	19,720
Series 2004 A	10/26/04	2005–2027	3.00% to 5.25%	$ 32,458	32,016
Series 2004 B	10/26/04	2005–2013	3.00% to 5.00%	$ 8,920	8,615
Total Lease Revenue Bonds Outstanding					293,226
Plus Unamortized Bond Premium					4,047
Less Deferred Amount on Refunding					(1,701)
Total Lease Revenue Bonds Payable					$ 295,572
Business-type Activities					
Student Assistance Programs:					
Series 1988 and 1993 Board of Regents Student Loan Indentures	1988–2006	1998–2046	Variable and 4.45% to 6.00%	$2,181,050	$ 2,127,725
Office Facility Bond Fund	2002, 2004	2003–2024	3.00% to 5.13%	$ 11,780	10,360
Total Revenue Bonds Outstanding					2,138,085
Plus Unamortized Bond Premium					45
Total Revenue Bonds Payable					$ 2,138,130
SBOA Lease Revenue Bonds:					
Series 1995 A	07/01/95	1996–2007	5.00% to 5.70%	$ 740	$ 40
Series 1996 A	07/01/96	1997–2007	5.50% to 6.00%	$ 1,830	80
Series 1997 A	12/01/97	1999–2008	4.60% to 4.70%	$ 4,150	385
Series 1998 A	07/01/98	1999–2008	4.40% to 5.00%	$ 825	65
Series 1998 C	08/15/98	2000–2019	3.80% to 5.50%	$ 3,543	3,495
Series 1999 A	08/01/99	2001–2009	5.25%	$ 2,495	320
Series 2001 B	11/21/01	2004–2023	3.25% to 5.25%	$ 11,540	10,350
Series 2003	12/30/03	2005–2025	2.00% to 5.00%	$ 1,905	1,765
Series 2004 A	10/26/04	2005–2025	3.00% to 5.25%	$ 13,347	12,959
Series 2006 A	01/10/06	2006–2027	3.50% to 5.00%	$ 8,355	8,355
Total Lease Revenue Bonds Outstanding					37,814
Plus Unamortized Bond Premium					943
Less Deferred Amount on Refunding					(415)
Total Lease Revenue Bonds Payable					$ 38,342
Total Lease Revenue Revenue Bonds Payable					$ 2,472,044

Revenue Bond Issues – Primary Government
Debt Service Requirements to Maturity
For Fiscal Years Ended June 30
(Expressed in Thousands)

	Principal							
Fiscal Year	**Utah State Student Assistance Programs**	**1992 A Utah State Building Ownership Authority**	**1992 B Utah State Building Ownership Authority**	**1993 A Utah State Building Ownership Authority**	**1995 A Utah State Building Ownership Authority**	**1996 A Utah State Building Ownership Authority**	**1996 B Utah State Building Ownership Authority**	**1997 A Utah State Building Ownership Authority**
2007	$ 430	$ 1,640	$ 90	$ 360	$ 4,155	$ 2,010	$ 1,150	$ 190
2008	72,145	1,735	95	380	—	—	—	195
2009	5,355	1,835	100	400	—	—	—	—
2010	76,610	1,945	105	425	—	—	—	—
2011	510	2,060	110	445	—	—	—	—
2012–2016	27,925	2,185	120	965	—	—	—	—
2017–2021	3,705	—	—	—	—	—	—	—
2022–2026	136,395	—	—	—	—	—	—	—
2027–2031	80,000	—	—	—	—	—	—	—
2032–2036	396,905	—	—	—	—	—	—	—
2037–2041	743,105	—	—	—	—	—	—	—
2042–2046	595,000	—	—	—	—	—	—	—
Total	$2,138,085	$ 11,400	$ 620	$ 2,975	$ 4,155	$ 2,010	$ 1,150	$ 385

Continues Below

	Principal							
Fiscal Year	**1998 A Utah State Building Ownership Authority**	**1998 C Utah State Building Ownership Authority**	**1999 A Utah State Building Ownership Authority**	**2001 A Utah State Building Ownership Authority**	**2001 B Utah State Building Ownership Authority**	**2001 C Utah State Building Ownership Authority**	**2003 Utah State Building Ownership Authority**	**2004 A Utah State Building Ownership Authority**
2007	$ 735	$ 1,170	$ 365	$ 3,125	$ 935	$ 1,000	$ 1,180	$ 865
2008	775	7,715	380	3,250	965	1,400	1,210	895
2009	—	8,130	405	3,375	1,005	1,500	1,240	1,930
2010	—	8,575	—	3,500	1,055	1,600	1,275	2,405
2011	—	9,065	—	3,650	1,090	1,600	1,325	2,550
2012–2016	—	47,985	—	20,975	6,150	9,500	5,425	14,735
2017–2021	—	21,045	—	26,800	7,740	11,300	5,115	12,540
2022–2026	—	—	—	—	4,655	2,400	4,715	8,345
2027–2031	—	—	—	—	—	—	—	710
2032–2036	—	—	—	—	—	—	—	—
2037–2041	—	—	—	—	—	—	—	—
2042–2046	—	—	—	—	—	—	—	—
Total	$ 1,510	$ 103,685	$ 1,150	$ 64,675	$ 23,595	$ 30,300	$ 21,485	$ 44,975

Continues Below

Revenue Bond Issues – Primary Government (continued)
Debt Service Requirements to Maturity
For Fiscal Years Ended June 30
(Expressed in Thousands)

Fiscal Year	Principal: 2004 B Utah State Building Ownership Authority	Principal: 2006 A Utah State Building Ownership Authority	Total Principal Required	Interest Required	Total Amount Required
2007	$ 90	$ —	$ 19,490	$ 114,625	$ 134,115
2008	1,295	280	92,715	113,043	205,758
2009	1,340	290	26,905	109,855	136,760
2010	1,380	300	99,175	107,873	207,048
2011	1,455	315	24,175	104,481	128,656
2012–2016	3,055	1,755	140,775	502,397	643,172
2017–2021	—	2,140	90,385	472,387	562,772
2022–2026	—	2,670	159,180	451,069	610,249
2027–2031	—	605	81,315	412,623	493,938
2032–2036	—	—	396,905	363,034	759,939
2037–2041	—	—	743,105	265,668	1,008,773
2042–2046	—	—	595,000	140,587	735,587
Total	$ 8,615	$ 8,355	$ 2,469,125	$ 3,157,642	$ 5,626,767

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

Fiscal Year	Principal: Utah Housing Corporation	Principal: University of Utah	Principal: Utah State University	Principal: Nonmajor Component Units	Total Principal Required	Interest Required	Total Amount Required
2007	$ 115,668	$ 9,513	$ 3,025	$ 4,844	$ 133,050	$ 82,335	$ 215,385
2008	39,769	9,642	3,178	5,087	57,676	81,721	139,397
2009	42,487	11,026	3,319	5,449	62,281	79,117	141,398
2010	43,004	11,551	3,462	5,710	63,727	76,378	140,105
2011	42,937	12,529	3,629	5,233	64,328	73,508	137,836
2012–2016	181,075	54,746	20,224	23,827	279,872	325,580	605,452
2017–2021	158,125	48,612	14,668	17,894	239,299	263,424	502,723
2022–2026	214,520	29,707	12,800	11,170	268,197	201,452	469,649
2027–2031	279,388	23,541	11,625	10,330	324,884	128,931	453,815
2032–2036	260,814	—	11,550	1,550	273,914	52,390	326,304
2037–2041	60,029	—	—	—	60,029	16,735	76,764
2042–2046	30,179	—	—	—	30,179	6,814	36,993
2047–2050	10,110	—	—	—	10,110	1,389	11,499
Total	$ 1,478,105	$ 210,867	$ 87,480	$ 91,094	$ 1,867,546	$ 1,389,774	$ 3,257,320

D. **Conduit Debt Obligations**

Of the Utah Housing Corporation (component unit) bonds outstanding, $304.186 million were issued as multi-family purchase bonds. Of those bonds, $298.286 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. However, in accordance with the Corporation's accounting policies, the conduit debt is reported in the Corporation's financial statements.

In 1985, the State Board of Regents authorized the University of Utah (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, 2006, is $6.425 million.

E. **Demand Bonds**

- The Utah State Building Ownership Authority (SBOA) issued $30.3 million Series 2001 C variable rate demand lease revenue bonds. The bonds are subject to purchase upon not less than seven days notice of tender from the bondholder or in case the bonds cannot be remarketed. The remarketing agent is paid a fee of 5 basis points of the bonds outstanding on a quarterly basis.

  In the case that the bonds cannot be remarketed, the SBOA has an irrevocable direct-pay letter of credit with Landesbank Hessen-Thüringen Girozentrale (Helaba) acting through its New York Branch in the amount of $30.828 million, which is an amount sufficient to pay principal and 53 days of accrued interest at 12 percent. In consideration for the letter of credit, Helaba receives a fee of 18.5 basis points paid on a quarterly basis. The letter of credit expires on December 31, 2015, and as of June 30, 2006, the SBOA has not had to draw any funds for bondholder tenders or a failed remarketing.

  The letter of credit also has a take out agreement for the bonds that allows the SBOA to pay the bonds that Helaba holds (bank bonds) over a five-year period in approximately equal payments. The rate in effect for bank bonds for the first 90 days is the base rate, which is the higher of the Federal Funds rate plus 50 basis points or the Prime Rate, up to a maximum of 12 percent per annum. The interest rate for bank bonds held longer than 90 days is the base rate plus 2 percent. If the take out agreement were in effect and assuming all the bonds were not remarketed, the SBOA would pay debt service of $8.406 million a year for five years, based on the maximum rate.

- The Student Loan Purchase Program had $391.635 million of demand bonds outstanding at June 30, 2006, 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.

  In the event bonds cannot be remarketed, the Board has standby bond purchase agreements and a letter of credit agreement sufficient to pay the purchase price of bonds delivered to it. The Board pays quarterly fees to maintain the standby bond purchase agreements and letter of credit on the demand bonds.

  An unused irrevocable direct-pay letter of credit expiring November 15, 2011, in the amount of $37.462 million supports the Series 1993 A bonds of $35 million. Standby bond purchase agreements of $25.336 million expiring November 20, 2013 to support the Series 1988 C bonds of $25 million, $85.294 million expiring November 16, 2025, support the Series 1996 Q and 1997 R bonds of $101.055 million and $158.753 million expiring February 11, 2024 to support the 2005 Series W and X bonds of $151.08 million. As of June 30, 2006, the Board had not drawn any funds under the standby bond purchase agreements or the letter of credit.

- The Utah Housing Corporation (component unit) had $695.2 million of bonds outstanding at June 30, 2006, 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) with five different banks totaling $900 million. These Agreements provide that these institutions will provide funds to purchase the variable rate bonds that have been tendered and not remarketed. These liquidity providers receive a fee ranging from 12.5 to 17.5 basis points of the outstanding amount of the variable rate bonds paid on a quarterly basis. The Corporation has not drawn on any of the facilities to date.

- The University of Utah (component unit) Series 1997 A bonds in the amount of $13 million currently bear interest at a weekly rate in accordance with bond provisions. When a weekly rate is in effect, the Series 1997 A bonds are 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 University's tender agent. The interest requirement for the Series 1997 A Bonds is calculated using an interest rate of 4.01 percent, which is the rate in effect as of June 30, 2006.

  In the event the bonds cannot be remarketed, the tender agent is required to draw on an irrevocable standby bond purchase agreement to pay the purchase price of the bonds delivered to it. The standby bond purchase agreement is with J.P. Morgan Chase Bank and is valid through July 30, 2010. As of June 30, 2006, the University had not drawn any funds under the standby bond purchase agreement.

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 Assets. At June 30, 2006, the total amount outstanding of defeased general obligation bonds was $571.06 million. At June 30, 2006, the total amount outstanding of defeased revenue bonds was $55.87 million.

In prior years, 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 Assets. At June 30, 2006, $145.509 million of college and university bonds outstanding are considered defeased.

G. **Contracts Payable**

Component unit capital leases/contracts payable include $5.294 million in life annuity contracts.

H. **Notes Payable**

The notes payable balance consists of notes issued by component units for the purchase of buildings and equipment. The notes bear various interest rates and will be repaid over the next 25 years. They are secured by the related assets.

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**
2007	$ 22	$ 578	$ 1,355	$ 5,154	$ 7,109	$ 2,266	$ 9,375
2008	24	615	1,431	474	2,544	1,942	4,486
2009	27	652	1,465	545	2,689	1,799	4,488
2010	30	699	1,460	881	3,070	1,646	4,716
2011	33	749	1,422	289	2,493	19,027	21,520
2012–2016	171	4,641	5,317	860	10,989	93,260	104,249
2017–2021	—	4,929	4,282	720	9,931	89,961	99,892
2022–2026	—	35,758	3,095	522	39,375	53,821	93,196
2027–2031	—	64,323	—	171	64,494	22,008	86,502
Total	$ 307	$112,944	$ 19,827	$ 9,616	$142,694	$285,730	$428,424

I. **Debt Service Requirements for Derivatives**

Swap Payments and Associated Debt — As explained in Note 3.D., Utah Housing Corporation (major component unit) had entered into 60 separate pay-fixed, receive-variable interest rate swaps and an interest rate cap agreement as of June 30, 2006. Using rates as of June 30, 2006, debt service requirements of the Corporation's outstanding variable-rate debt and net swap payments are summarized below (in thousands). As rates vary, variable-rate bond interest payments and net swap payments will vary. The principal, interest and net swap interest are included in the Component Unit debt service schedule presented on page 91 for Utah Housing Corporation.

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

Fiscal Year	Variable Rate Bonds Principal	Variable Rate Bonds Interest	Interest Rate Swaps, Net	Total
2007	$ 14,865	$ 26,064	$ 1,896	$ 42,825
2008	3,770	25,350	2,919	32,039
2009	3,615	25,166	2,904	31,685
2010	3,580	24,990	2,890	31,460
2011	3,555	24,816	2,871	31,242
2012–2016	18,770	121,931	14,018	154,719
2017–2021	58,325	114,959	12,537	185,821
2022–2026	103,535	98,746	9,865	212,146
2027–2031	199,095	69,726	4,914	273,735
2032–2036	194,945	23,894	(523)	218,316
2037–2041	14,740	677	(165)	15,252
Total	$ 618,795	$ 556,319	$ 54,126	$ 1,229,240

NOTE 11. GOVERNMENTAL FUND BALANCES AND NET ASSETS RESTRICTED BY ENABLING LEGISLATION

A. Governmental Fund Balances – Reserved and Designated

The State's reserved fund balances represent: (***1***) **Nonlapsing Appropriations** which include continuing appropriations or nonlapsing funds, encumbrances for construction contracts in the capital projects funds, and limited encumbrances in the general and special revenue funds; or (***2***) **Restricted Purposes** which include fund balances that are legally restricted for other purposes, assets restricted by bond agreements or other external restrictions, and those portions of fund balance that are not available for appropriation or expenditure, such as loans to internal service funds. A summary of the nature and purpose of these reserves by fund type at June 30, 2006, follows:

Reserved Fund Balances
(Expressed in Thousands)

	Nonlapsing Appropriations	Restricted Purposes	Total Reserved
General Fund:			
Legislature	$ 3,571	$ —	$ 3,571
Governor	13,611	10,162	23,773
Elected Officials	1,214	1	1,215
Administrative Services	4,928	951	5,879
Tax Commission	10,577	14,437	25,014
Human Services	7,653	5,100	12,753
Corrections	6,235	1	6,236
Public Safety	25,357	8,146	33,503
Courts	1,259	6,391	7,650
Health	9,241	3,512	12,753
Environmental Quality	2,442	8,695	11,137
Higher Education	292	1	293
Employment and Family Services	2,966	15,636	19,549
Natural Resources	14,787	17,924	32,711
Community and Culture	2,491	2,482	4,973
Business, Labor, and Agriculture	10,965	9,789	20,754
Industrial Assistance Account	—	31,304	31,304
Loans to Internal Service Funds	—	10,740	10,740
Tobacco Settlement Funds	—	3,190	3,190
Oil Overcharge Funds	—	6,694	6,694
Mineral Bonus Account	—	20,040	20,040
Other Purposes	1,315	6,397	7,712
Total	$ 118,904	$ 181,593	$ 301,444
Uniform School Fund:			
Minimum School Program	$ 27,264	$ —	$ 27,264
State Office of Education	12,143	—	12,143
School Building Program	—	8,558	8,558
School Land Interest	—	18,509	18,509
Total	$ 39,407	$ 27,067	$ 66,474
Transportation Fund:			
Transportation	$ 3,083	$ —	$ 3,083
Public Safety	—	8,685	8,685
Corridor Preservation	—	2,157	2,157
Aeronautical Programs	—	7,435	7,435
Salt Lake County Road Construction	—	23,601	23,601
Total	$ 3,083	$ 41,878	$ 44,961
Transportation Investment Fund:			
Centennial Highway Program	$ —	$ 143,490	$ 143,490
Trust Lands Fund:			
Funds Held as Permanent Investments	$ —	$ 751,024	$ 751,024
Non-major Governmental Funds:			
Capital Projects	$ 226,160	$ 521	$ 226,681
Debt Service	—	6,390	6,390
Tobacco Settlement Funds	—	24,671	24,671
Environmental Reclamation	—	16,501	16,501
Other Purposes	—	6,391	6,391
Total	$ 226,160	$ 54,474	$ 280,634

Designated Fund Balances
(Expressed in Thousands)

	General Fund	Uniform School Fund	Transportation Fund	Transportation Investment Fund	Nonmajor Governmental Funds	Total Governmental Funds
Designated for:						
Budget Reserve (Rainy Day) Account	$ 131,560	$ —	$ —	$ —	$ —	$ 131,560
Education Budget Reserve Account	—	123,366	—	—	—	123,366
Postemployment and Other Liabilities	195,053	224,665	48,107	672	—	468,497
Fiscal Year 2007 Appropriations:						
Line Item Appropriations	155,489	304,582	—	—	—	460,071
Industrial Assistance Account	1,408	—	—	—	—	1,408
Capital Projects	—	—	—	—	100	100
Debt Service	—	—	—	—	14,332	14,332
Total	$ 483,510	$ 652,613	$ 48,107	$ 672	$ 14,432	$1,199,334

B. **Net Assets Restricted by Enabling Legislation**

The State's net assets 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 Assets reports $3.519 billion of restricted net assets, of which $17.743 million is restricted by enabling legislation.

NOTE 12. DEFICIT NET ASSETS AND FUND BALANCE

Funds reporting a deficit total net assets position at June 30, 2006, are (in thousands):

Private Purpose Trust Funds:
- Employers' Reinsurance ..... $ (162,331)
- Petroleum Storage Tank ..... $ (48,515)

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 workers' compensation insurance. 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.

The Petroleum Storage Tank Trust covers the clean-up 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 by future revenues.

Funds/activities reporting a deficit position in the unrestricted portion of their net assets at June 30, 2006, are (in thousands):

Internal Service Funds:
- General Services ..... $ (578)
- Fleet Operations ..... $ (17,327)

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.

In addition, the Capital Projects – General Government Fund (nonmajor governmental fund) reported a $93.348 million deficit unreserved undesignated fund balance as a result of outstanding encumbrances on various capital projects. Appropriations and bond proceeds available in the next fiscal year will fund this deficit.

NOTE 13. 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, 2006, are as follows (in thousands):

	Transfers In: Governmental Funds					
	General Fund	Uniform School Fund	Transportation Fund	Transportation Investment Fund	Trust Lands Fund	Nonmajor Governmental Funds
Transfers Out:						
General Fund	$ —	$ 6,215	$ 53,449	$ 120,000	$ 22	$ 115,647
Uniform School Fund	226,116	—	—	—	—	63,957
Transportation Fund	34,581	—	—	76,832	—	9,411
Transportation Investment Fund	—	—	30,000	—	—	126,393
Nonmajor Governmental Funds	7,564	—	—	—	—	7,608
Unemployment Compensation	2,160	—	—	—	—	—
Water Loan Programs	3,198	—	—	—	—	—
Nonmajor Enterprise Funds	50,004	—	—	—	—	—
Internal Service Funds	66	—	—	—	—	2,500
Total Transfers In	$ 323,689	$ 6,215	$ 83,449	$ 196,832	$ 22	$ 325,516

Continues Below

	Enterprise Funds			
	Water Loan Programs	Nonmajor Enterprise Funds	Internal Service Funds	Total Transfers Out
Transfers Out:				
General Fund	$ 1,582	$ 72,807	$ 614	$ 370,336
Uniform School Fund	—	—	—	290,073
Transportation Fund	—	—	—	120,824
Transportation Investment Fund	—	—	—	156,393
Nonmajor Governmental Funds	—	—	—	15,172
Unemployment Compensation	—	—	—	2,160
Water Loan Programs	—	—	—	3,198
Nonmajor Enterprise Funds	—	—	14	50,018
Internal Service Funds	—	—	13	2,579
Total Transfers In	$ 1,582	$ 72,807	$ 641	$ 1,010,753

Transfers from major governmental funds to nonmajor governmental funds are primarily for capital facility construction and debt service expenditures. Transfers from the General Fund to nonmajor enterprise funds are primarily mineral lease royalties used to make loans and grants to local governments through the Community Impact Loan Fund. 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 2006, the legislature authorized transfers of $66 thousand from the Internal Service Funds to the General Fund to subsidize general fund revenues. In addition, the Legislature authorized payments of $682.886 million to the Colleges and Universities. Payments to Colleges and Universities are reported as expenditures in both the General Fund 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 14. 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.

- Members of the Navajo Nation allege the State of Utah has mismanaged Navajo Nation Trust Fund monies. The plaintiffs are seeking an accounting of the legitimacy of the fund's receipts and disbursements, and damages of $142 million including interest and attorneys' fees.

- A lawsuit was filed by the Tobacco Companies against the 45 states participating in a master settlement agreement in an effort to recoup tobacco settlement payments made in 2003. The plaintiffs allege that they are entitled to a non-participating manufacturer adjustment that will allow them to take a credit against the 2003 payment obligations. 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 $16 million plus attorneys' fees and interest and other cases where the amount of potential loss is undeterminable.

B. Contingencies

- 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, the allowability of $10.1 million of federal expenditures is in question. These costs will be contested with the federal agency involved, and management estimates the liability to be less than the questioned amounts. Other audit findings on noncompliance cannot be estimated as to the potential liability. The Single Audit for the fiscal year ended June 30, 2006, is in process and management expects proposed disallowances to be immaterial.

- 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 uncertainties 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 Department of Transportation (UDOT) plans on seeking reimbursement from the Federal Highway Administration (FHWA) for approximately $18 million per year for fiscal years 2007 and 2008. The State received $3.445 million in fiscal year 2006. The related costs were incurred by the State as a result of the I-15 reconstruction project and were originally paid using state funds. UDOT has not recorded an accounts receivable for these future reimbursement requests because the requests are contingent upon sufficient future federal funds and federal obligation authority becoming available and future approval by the FHWA.

- The State is totally self-insured against liability claims and up to $2.5 million in property claims incurred prior to July 1, 2006. For property claims incurred July 1, 2006 and after, the State is totally self-insured up to $3.5 million. According to an actuarial study and other known factors, $46.725 million exists as either incurred but unfiled or unpaid claims. This amount is reported as a liability of the 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 Guarantied Bonds.

  In the event a school board is unable to make the scheduled debt service payments on its Guarantied 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 Guarantied 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 does not expect that it will be required to advance monies for the payment of debt service on Guarantied Bonds for any significant period of time.

  Local school boards have $1.687 billion principal amount of Guarantied Bonds outstanding at June 30, 2006. The State cannot predict the amount of bonds that may be guarantied in future years, but no limitation is currently imposed by the Guaranty Act.

- 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 $26.029 million from tobacco companies in fiscal year 2006 and expects to receive approximately $29.837 million in fiscal year 2007. 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, 2006, the Industrial Assistance Program of the General

Fund had grant commitments of $1.409 million, contingent on participating companies meeting certain performance criteria.

- Utah Retirement Systems (pension trust funds) has at its yearend December 31, 2005, committed to fund certain private equity partnerships and real estate projects for an amount of $3.144 billion. Funding of $1.948 billion has been provided, leaving an unfunded commitment of $1.196 billion as of December 31, 2005, which will be funded over the next five years.

- As of June 30, 2006, the Utah Housing Corporation (major component unit) has committed to purchase mortgages under the warehouse loans and the Single-Family Mortgage Purchase Program in the amount of $39.4 million. The Corporation has a Revolving Credit Loan with a community development company in the amount of $2.5 million due August 3, 2007. At June 30, 2006, the outstanding balance was $412.5 thousand and bears interest at the LIBOR Rate plus 2.5 percent.

- At June 30, 2006, the enterprise funds had loan commitments of approximately $251.182 million and grant commitments of approximately $23.607 million.

- At June 30, 2006, the Utah Higher Education Assistance Authority Student Loan Guarantee Program (Student Assistance Programs, major enterprise fund) had guaranteed student loans outstanding with an original principal amount of approximately $2.325 billion. Also, at June 30, 2006, the Student Assistance Programs had commitments to purchase approximately $341.677 million in student loans and provide approximately $10.212 million in reductions to borrower loan balances.

- At June 30, 2006, the Department of Transportation had construction and other contract commitments of $516.569 million, of which $321.641 million is for Transportation Investment Fund (special revenue fund) projects and $194.928 million is for Transportation Fund (special revenue fund) projects. These commitments will be funded with bonded debt and future appropriations.

NOTE 15. JOINT VENTURE

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 ten representatives elected by the board, and five state representatives of which four 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 of $185 thousand. UCAN receives federal funds as a subrecipient of grants awarded to the Department of Public Safety. UCAN also may 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.

UCAN had $9.8 million of revenue bonds outstanding at June 30, 2006. 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 never requested any such funding from the State and has had sufficient resources to cover its debt service and debt service reserve requirements.

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

NOTE 16. PENSION PLANS

Eligible employees of the State are covered by one of the following retirement plans:

A. Utah Retirement Systems

Utah Retirement Systems (URS) was established by Section 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, 2005, financial report has been included in this Comprehensive Annual Financial Report as a pension trust fund for the Public Employees Retirement System (PERS) within the fiduciary funds. Copies of the separately issued financial report that include financial statements and required supplemental information may be obtained by writing to Utah Retirement Systems, 560 East 200 South, Salt Lake City, Utah 84102, or by calling 1-800-365-8772.

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

- The Public Safety Retirement System, which is a defined-benefit mixed agent and cost-sharing, multiple-employer retirement system;

- The Judges Retirement System and the Utah Governors and Legislative Pension Plan, which are single-employer service employee retirement systems; and four defined contribution plans comprised of the 401(k) Plan, 457 Plan, Roth and Traditional IRA Plans.

Retirement benefits are specified by Section 49 of *Utah Code Annotated, 1953*, as amended. The retirement systems are defined-benefit plans in which 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

	Contributory System	Noncontributory System	Public Safety System	Firefighters System	Judges System
Highest Average Salary	Highest 5 Years	Highest 3 Years	Highest 3 Years		Highest 2 Years
Years of Service Required and/or Age Eligible for Benefit	30 years any age *20 years age 60 *10 years age 62 4 years age 65	30 years any age *25 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
Benefit Percent per Year of Service	1.25% to June 1975 2.00% July 1975 to present	2.00% per year	2.50% per year up to 20 years 2.00% per year over 20 years Benefit cannot exceed 70% of final average salary		5.00% first 10 years 2.25% second 10 years 1.00% over 20 years Benefit cannot exceed 75% of final average salary

*With actuarial reductions

Former governors at age 65 receive $1,140 per month per term. Legislators receive a benefit actuarially reduced at age 62 with ten or more years of service, or an unreduced benefit at age 65 with four or more years of service at the rate of $25.20 per month per year of service. 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 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.

Participants
December 31, 2005

	Non-contributory System	Contributory System	Public Safety System	Fire-fighters System	Judges System	Governors and Legislative Pension Plan
Number of participating:						
Employers	401	161	120	48	1	1
Members:						
Active	85,637	3,198	7,239	1,636	108	88
Terminated vested	26,028	1,437	1,376	94	6	96
Retirees and beneficiaries:						
Service benefits	25,710	6,171	3,252	909	88	230
Disability benefits	—	4	16	65	—	—

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 an open 20 year amortization period. These rates are determined using the entry age actuarial cost method with a supplemental present value and the same actuarial assumptions used to calculate the actuarial accrued liability.

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. For the Governors and Legislative Pension Plan, there has been no annual pension cost, required contributions, or NPO because the plan was overfunded for each of these years.

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

	Contributory System	Non-contributory System	Public Safety System	Fire-fighters System	Judges System	Total All Systems
Primary Government:						
2006	$ 4,197	$ 87,445	$ 22,701	$ 49	$ 1,007	$ 115,399
2005	$ 4,335	$ 80,966	$ 21,112	$ 52	$ 814	$ 107,279
2004	$ 3,894	$ 67,745	$ 19,165	$ 50	$ 782	$ 91,636
2003	$ 3,683	$ 60,033	$ 16,713	$ 47	$ 539	$ 81,015
2002	$ 5,777	$ 93,037	$ 25,921	$ 58	$ 928	$ 125,721
Component Units:						
Colleges and Universities:						
2006	$ 2,117	$ 37,813	$ 425	$ —	$ —	$ 40,355
2005	$ 2,201	$ 35,195	$ 422	$ —	$ —	$ 37,818
2004	$ 1,996	$ 30,434	$ 411	$ —	$ —	$ 32,841
2003	$ 1,840	$ 29,409	$ 375	$ —	$ —	$ 31,624
2002	$ 1,904	$ 28,028	$ 399	$ —	$ —	$ 30,331
Other:						
2006	$ 60	$ 2,385	$ —	$ —	$ —	$ 2,445
2005	$ 59	$ 2,273	$ —	$ —	$ —	$ 2,332
2004	$ 52	$ 1,913	$ —	$ —	$ —	$ 1,965
2003	$ 44	$ 1,609	$ —	$ —	$ —	$ 1,653
2002	$ 43	$ 258	$ —	$ —	$ —	$ 301
Total Primary Government and Component Units:						
2006	$ 6,374	$ 127,643	$ 23,126	$ 49	$ 1,007	$ 158,199
2005	$ 6,595	$ 118,434	$ 21,534	$ 52	$ 814	$ 147,429
2004	$ 5,942	$ 100,092	$ 19,576	$ 50	$ 782	$ 126,442
2003	$ 5,567	$ 91,051	$ 17,088	$ 47	$ 539	$ 114,292
2002	$ 7,724	$ 121,323	$ 26,320	$ 58	$ 928	$ 156,353

The following schedule summarizes contribution rates in effect at December 31, 2005:

Contribution Rates as a Percent of Covered Payroll

System	Member	Employer	Other
Contributory	6.00%	7.08% – 8.89%	—
Noncontributory	—	11.09% – 13.38%	—
Public Safety:			
Contributory	10.50% – 13.74%	7.95% – 19.96%	—
Noncontributory	—	19.34% – 32.52%	—
Firefighters:			
Division A	8.61%	—	12.16%
Division B	7.83%	—	12.16%
Judges:			
Contributory	2.00%	6.26%	19.19%
Noncontributory	—	8.26%	19.19%
Governors and Legislative	—	—	—

Deferred Compensation Plans

The 401(k), 457, Roth, and Traditional IRA Plans administered by URS, in which the State participates, are deferred compensation plans. These plans are available as supplemental plans to the basic retirement benefits of the retirement systems. Voluntary contributions may be made into the plans subject to plan and Internal Revenue Code limitations. Employer contributions may be made into the plans at rates determined by the employers. There are 351 employers participating in the 401(k) Plan and 154 employers participating in the 457 Plan. There are 127,279 plan participants in the 401(k) Plan, 13,825 participants in the 457 Plan, 259 participants in the Roth IRA Plan, and 118 participants in the Traditional IRA Plan.

After termination of employment, benefits are paid out to individuals in lump sum, or as periodic benefit payments, at the option of the participant based on individual account balances and plan provisions. The defined contribution plans account balances are fully vested to the participants at the time of deposit. Investments of the plans are reported at fair value.

Employees of the State are eligible to participate in the deferred compensation 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, 2006, by employees and employers are as follows: for Primary Government, $35.55 million and $12.368 million; for Component Units – Colleges and Universities, $4.134 million and $4.21 million; for Component Units – Other, $857 thousand and $570 thousand; and the combined total for all is $40.541 million and $17.148 million, respectively.

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. 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 12 percent of the net assets held in trust for the pension benefits are invested in debt securities of the U.S. Government and its instrumentalities. Of the 12 percent, approximately 3 percent are U.S. Government debt securities and 9 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 available for 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	Fire-fighters System	Judges System	Governors and Legislative Pension Plan
Receivables:						
Member Contributions	$ —	$ 441	$ 235	$ 300	$ —	$ —
Employer Contributions	25,543	595	2,802	—	37	—
Court Fees and Fire Insurance Premium	—	—	—	—	142	—
Investments	599,481	43,986	74,936	29,645	4,893	489
Total Receivables	$ 625,024	$ 45,022	$ 77,973	$ 29,945	$ 5,072	$ 489
Investments:						
Debt Securities	$ 3,422,029	$ 251,090	$ 427,758	$ 169,229	$ 27,928	$ 2,793
Equity Investments	8,004,825	587,350	1,000,614	395,859	65,330	6,535
Private Equity	486,622	35,706	60,828	24,065	3,971	397
Real Estate	1,872,423	137,389	234,056	92,596	15,281	1,528
Mortgage Loans	5,462	401	682	270	45	4
Invested Securities Lending Collateral	1,894,493	139,007	236,815	93,688	15,462	1,547
Investment Contracts	—	—	—	—	—	—
Total Investments	$ 15,685,854	$ 1,150,943	$ 1,960,753	$ 775,707	$ 128,017	$ 12,804

Continues Below

	401(k) Plan	457 Plan	Roth IRA Plan	Traditional IRA Plan	Total December 31 2005
Receivables:					
Member Contributions	$ —	$ —	$ —	$ —	$ 976
Employer Contributions	—	—	—	—	28,977
Court Fees and Fire Insurance Premium	—	—	—	—	142
Investments	43,603	2,404	—	—	799,437
Total Receivables	$ 43,603	$ 2,404	$ 0	$ 0	$ 829,532
Investments:					
Debt Securities	$ 694,087	$ 73,049	$ 289	$ 2,016	$ 5,070,268
Equity Investments	1,333,317	137,562	736	4,531	11,536,659
Private Equity	—	—	—	—	611,589
Real Estate	—	—	—	—	2,353,273
Mortgage Loans	—	—	—	—	6,864
Invested Securities Lending Collateral	68,422	5,553	25	119	2,455,131
Investment Contracts	31,364	15,855	—	—	47,219
Total Investments	$ 2,127,190	$ 232,019	$ 1,050	$ 6,666	$ 22,081,003

Actuarial Methods and Assumptions

The information contained in the Schedules of Funding Progress is based on the actuarial study dated January 1, 2005 and calendar year 2005 activity. The actuarial accrued liability and schedule of funding progress is presented by the retirement systems for the last ten years in their separately presented financial reports based on the report generated by the latest actuarial study, conducted by Gabriel, Roeder, Smith & Company. The actuarial value of assets is based on a smoothed expected investment income rate. Investment income in excess or shortfall of the expected 8 percent return 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 the entry age actuarial cost method and the level percent of payroll amortization method. The remaining amortization period for all systems is open group, 20 years, open period. An inflation rate of 3 percent is used for all systems. Post retirement cost of living adjustments are non-compounding and are based on the original benefit. The adjustments are also limited to the actual CPI increase for the year with any unusual CPI increase not met carried forward to subsequent years. Below is the Schedule of Funding Progress.

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

	Contributory System	Noncontributory System	Public Safety System	Firefighters System	Judges System	Governors and Legislative Pension Plan
Actuarial Value of Assets:						
January 1, 2004	$ 913,949	$ 11,657,525	$ 1,448,888	$ 589,502	$ 97,412	$ 10,905
January 1, 2005	$ 933,974	$ 12,212,437	$ 1,524,904	$ 610,688	$ 100,814	$ 10,650
December 31, 2005	$ 955,390	$ 13,065,512	$ 1,633,022	$ 644,496	$ 106,374	$ 10,587
Actuarial Accrued Liability (AAL):						
January 1, 2004	$ 982,569	$ 12,351,310	$ 1,556,758	$ 549,378	$ 97,902	$ 8,812
January 1, 2005	$ 1,013,836	$ 13,235,444	$ 1,726,785	$ 578,891	$ 104,210	$ 8,727
December 31, 2005	$ 1,047,544	$ 14,165,548	$ 1,851,635	$ 617,088	$ 110,667	$ 8,662
Unfunded Actuarial Accrued Liability (UAAL):						
January 1, 2004	$ 68,620	$ 693,785	$ 107,870	$ (40,124)	$ 490	$ (2,093)
January 1, 2005	$ 79,862	$ 1,023,007	$ 201,881	$ (31,797)	$ 3,396	$ (1,923)
December 31, 2005	$ 92,154	$ 1,101,036	$ 218,613	$ (27,408)	$ 4,293	$ (1,925)
Funding Ratios:						
January 1, 2004	93.0%	94.4%	93.1%	107.3%	99.5%	123.8%
January 1, 2005	92.1%	92.3%	88.3%	105.5%	96.7%	122.0%
December 31, 2005	91.2%	92.2%	88.2%	104.5%	96.1%	122.2%
Annual Covered Payroll:						
January 1, 2004	$ 139,470	$ 2,959,347	$ 278,402	$ 75,619	$ 10,888	$ 556
January 1, 2005	$ 139,362	$ 3,084,317	$ 293,797	$ 79,638	$ 11,646	$ 556
December 31, 2005	$ 137,730	$ 3,165,504	$ 298,756	$ 84,061	$ 11,594	$ 887
UAAL as a Percent of Covered Payroll:						
January 1, 2004	49.2%	23.4%	38.7%	(53.1)%	4.5%	(376.4)%
January 1, 2005	57.3%	33.2%	68.7%	(39.9)%	29.2%	(345.9)%
December 31, 2005	66.9%	34.8%	73.2%	(32.6)%	37.0%	(217.0)%

B. **Teachers Insurance and Annuity Association-College Retirement Equities Fund**

Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF), 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. Most of the employers contribute both the employer and the employee share of 7.1 percent. The State has no further liability once annual contributions are made.

The total contribution made by the college and university (component units) to the TIAA-CREF retirement system for June 30, 2006 and 2005, were $105.08 million and $98.347 million, respectively.

NOTE 17. POSTEMPLOYMENT BENEFITS

At the option of the individual state agencies, employees may be offered participation in a post retirement benefits program, as set forth in Section 67–19–14(2) of the *Utah Code*. In order to qualify, the employee must be eligible to receive retirement benefits. The 2005 Legislature passed House Bill 213, *Unused Sick Leave at Retirement Amendments* that became effective January 1, 2006. Beginning January 1, 2006, upon retirement, the employee receives 25 percent of the value of unused accumulated sick leave as a mandatory employer contribution into a 401(k) account. Employees retiring *prior* to January 1, 2006, were paid up to 25 percent of the value of unused accumulated sick leave.

In addition, the employee may receive health and life insurance coverage for up to five years or until age 65, whichever comes first. However, as of January 1, 2006, this part of the program will phase out over the next five years. If the employee has not reached age 65 or the employee retires after the phase out period, then that employee may exchange one day of unused accumulated sick leave earned *prior* to January 1, 2006, for one month of paid health and life insurance coverage. 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. The value of any unused accumulated sick leave earned *on or after* January 1, 2006, will be converted to a health reimbursement account for the retiree at retirement. As of June 30, 2006, there were 2,842 individuals on the program. For retirees that participate in the health program, insurance premiums are paid 100 percent by the State for individuals that retired before July 1, 2000. Individuals retiring thereafter are required to pay between 2 and 7 percent of the cost depending on the coverage selected.

The Governmental Accounting Standards Board (GASB) issued Statement 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* Additionally GASB issued Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* GASB Statements 43 and 45, which will be implemented by the State for the fiscal year beginning July 1, 2006, will require that the long-term cost of retirement health care and other obligations for postemployment benefits be determined on an actuarial basis and reported similar to pension plans. An actuarial study was completed to determine the actuarial accrued liability as of December 31, 2004. The study determined the liability if funded at transition of $487.798 million, or $749.238 million if not funded at transition. GASB Statement 45 does not mandate the pre-funding of postemployment benefit liabilities. However, any pre-funding of these benefits will help minimize or eliminate the postemployment benefit obligation that will be required to be reported on the financial statements. The Legislature took steps through the appropriations process to fund the actuarial required contribution (ARC) of $46.814 million for the fiscal year ending June 30, 2007. In addition, the Legislature is expected to consider the creation of a trust fund in the next General Session. The State will request another actuarial study prior to implementing these standards for fiscal year 2007.

The estimated 25 percent sick leave payouts at retirement and the estimated unused sick leave that will be converted to health reimbursement accounts are included in the liability for compensated absences. Charges to agency budgets are made on an ongoing basis to fund the current payments for postemployment benefits and compensated absences. For the year ended June 30, 2006, $20.492 million in postemployment benefit expenditures were recognized.

A liability is also reported in the Pension Trust Funds of $6.162 million, including $2.401 million for compensated absences, which will be liquidated by assets of Utah Retirement Systems.

All employers who participate in the State 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, 2006, there are 331 state employees receiving benefits. The program is funded by paying premiums to the Public Employees Health Program (component unit), where assets are set aside for future payments. For the year ended June 30, 2006, the State paid $5.618 million in premiums and the program has $25.982 million in assets.

NOTE 18. 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 (component unit). The State is the predominant 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 programs of the State. The University of Utah, Utah State University, Southern Utah University, and Salt Lake Community College (component units) each maintain self-insurance funds to manage health 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 has not had any losses or settlements that exceeded the commercial excess

insurance coverage for any of the last three years. 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, 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, 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 5 percent. The Public Employees Health Program long-term disability benefit reserves are reported using a discount rate of 5.5 percent. The primary government and the discrete component units of the State paid premiums to the Public Employees Health Program of $262.026 million and $12.658 million, respectively, for health and life insurance coverage in fiscal year 2006. In addition, the State Department of Health paid $30.738 million in premiums to the Public Employees Health Program for the Children's Health Insurance 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, and Salt Lake Community College 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) during fiscal years ended June 30, 2005, and June 30, 2006:

Changes in Claims Liabilities
(Expressed in Thousands)

	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
Risk Management:				
2005	$ 40,423	$ 11,250	$ (7,000)	$ 44,673
2006	$ 44,673	$ 12,758	$ (10,706)	$ 46,725
Public Employees Health Program:				
2005	$ 99,314	$ 463,990	$(455,908)	$ 107,396
2006	$ 107,396	$ 515,022	$(498,983)	$ 123,435
College and University Self-Insurance:				
2005	$ 44,899	$ 154,507	$(143,993)	$ 55,413
2006	$ 55,413	$ 171,412	$(168,650)	$ 58,175

NOTE 19. SUBSEQUENT EVENTS

On October 26, 2006 the University of Utah (major component unit) issued $77.145 million Hospital Revenue and Refunding Bonds Series 2006A and $20.240 million Variable Rate Hospital Revenue Bonds Series 2006B.

In August 2006 Salt Lake Community College (nonmajor component unit) received and accepted an offer to purchase a building in downtown Salt Lake City for $5.2 million with settlement on October 20, 2006. As part of the closing, notes payable to RDA and Zions Bank totaling $4.508 million were liquidated. The terms of the sale permit continued occupancy through December 31, 2006 allowing classes to continue through fall semester.

Subsequent to June 30, 2006 the Utah Housing Corporation (major component unit) issued $13.905 million Single-Family Mortgage Purchase Variable Rate Bonds, 2006 Series D, maturing on January 1, 2038, interest at a variable rate adjusted weekly, and issued $21.095 million Single-Family Mortgage Purchase Fixed Rate Bonds, 2006 Series D, maturing July 1, 2008 through 2016, on January 1, 2028 and 2032, and on July 1, 2034, interest rate of 4 percent and 6.41 percent.

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule
General Fund

For the Fiscal Year Ended June 30, 2006 (Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Sales Tax	$ 1,614,055	$ 1,744,000	$ 1,806,265	$ 62,265
Licenses, Permits, and Fees:				
Insurance Fees	5,763	5,628	5,468	(160)
Court Fees	5,312	5,565	4,167	(1,398)
Other Licenses, Permits, and Fees	7,463	8,030	9,158	1,128
Investment Income	11,000	25,000	40,006	15,006
Miscellaneous Taxes and Other:				
Beer Tax	9,800	8,242	8,720	478
Cigarette and Tobacco Tax	49,200	49,257	52,112	2,855
Inheritance Tax	—	4,000	7,448	3,448
Insurance Premium Tax	70,000	73,000	71,418	(1,582)
Oil, Gas, and Mining Severance Tax	49,500	78,000	88,557	10,557
Taxpayer Rebates	(5,600)	(6,000)	(5,611)	389
Court Collections	5,488	5,775	5,613	(162)
Other Taxes	18,514	25,589	26,881	1,292
Miscellaneous Other	9,319	10,414	11,053	639
Total General Revenues	1,849,814	2,036,500	2,131,255	94,755
Department Specific Revenues				
Restricted Sales Tax	2,638	2,625	2,625	—
Federal Contracts and Grants	1,910,048	1,850,706	1,850,706	—
Departmental Collections	254,606	266,104	278,380	12,276
Higher Education Collections	322,093	331,587	331,587	—
Federal Mineral Lease	70,625	114,904	156,851	41,947
Investment Income	5,097	7,310	8,188	878
Miscellaneous	428,599	433,725	435,616	1,891
Total Department Specific Revenues	2,993,706	3,006,961	3,063,953	56,992
Total Revenues	4,843,520	5,043,461	5,195,208	151,747
Expenditures				
General Government	232,185	250,629	213,069	37,560
Human Services and Youth Corrections	609,356	611,740	601,938	9,802
Corrections, Adult	209,807	210,379	203,959	6,420
Public Safety	175,174	206,395	179,076	27,319
Courts	113,821	114,591	111,746	2,845
Health and Environmental Quality	1,886,373	1,880,552	1,863,578	16,974
Higher Education – State Administration	46,426	43,797	43,505	292
Higher Education – Colleges and Universities	988,995	1,004,840	1,004,840	—
Employment and Family Services	297,604	420,584	417,588	2,996
Natural Resources	149,989	164,490	144,601	19,889
Community and Culture	127,914	85,201	82,710	2,491
Business, Labor, and Agriculture	111,822	95,538	81,921	13,617
Total Expenditures	4,949,466	5,088,736	4,948,531	140,205
Excess Revenues Over (Under) Expenditures	(105,946)	(45,275)	246,677	291,952
Other Financing Sources (Uses)				
Transfers In	322,553	345,292	345,292	—
Transfers Out	(55,908)	(388,197)	(388,197)	—
Total Other Financing Sources (Uses)	266,645	(42,905)	(42,905)	0
Net Change in Fund Balance	160,699	(88,180)	203,772	291,952
Budgetary Fund Balance – Beginning	459,569	459,569	459,569	—
Budgetary Fund Balance – Ending	$ 620,268	$ 371,389	$ 663,341	$ 291,952

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

Budgetary Comparison Schedule
Uniform School Fund

For the Fiscal Year Ended June 30, 2006 (Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Individual Income Tax	$ 1,939,950	$ 2,119,000	$ 2,288,483	$ 169,483
Corporate Tax	211,500	262,000	368,869	106,869
Investment Income	13,000	13,000	18,132	5,132
Miscellaneous Other	11,000	10,000	19,414	9,414
Total General Revenues	2,175,450	2,404,000	2,694,898	290,898
Department Specific Revenues				
Federal Contracts and Grants	315,621	371,888	371,888	—
Departmental Collections	2,640	6,563	6,563	—
Miscellaneous:				
School Lunch Tax	16,815	20,586	20,586	—
Driver Education Fee	4,320	4,735	4,735	—
Other	6,539	6,906	7,222	316
Total Department Specific Revenues	345,935	410,678	410,994	316
Total Revenues	2,521,385	2,814,678	3,105,892	291,214
Expenditures				
Public Education	2,304,745	2,371,270	2,331,806	39,464
Total Expenditures	2,304,745	2,371,270	2,331,806	39,464
Excess Revenues Over (Under) Expenditures	216,640	443,408	774,086	330,678
Other Financing Sources (Uses)				
Transfers In	5,420	6,215	6,215	—
Transfers Out	(267,709)	(290,073)	(290,073)	—
Total Other Financing Sources (Uses)	(262,289)	(283,858)	(283,858)	0
Net Change in Fund Balance	(45,649)	159,550	490,228	330,678
Budgetary Fund Balance – Beginning	227,476	227,476	227,476	—
Budgetary Fund Balance – Ending	$ 181,827	$ 387,026	$ 717,704	$ 330,678

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, 2006 (Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Motor Fuel Tax	$ 239,000	$ 241,300	$ 240,432	$ (868)
Special Fuel Tax	93,500	98,900	101,098	2,198
Licenses, Permits, and Fees:				
Motor Vehicle Registration Fees	31,525	31,444	32,579	1,135
Proportional Registration Fees	12,609	12,585	13,040	455
Temporary Permits	400	345	357	12
Special Transportation Permits	6,254	7,095	7,351	256
Highway Use Permits	8,807	8,289	8,588	299
Motor Vehicle Control Fees	5,004	4,886	5,062	176
Miscellaneous	2,001	1,861	1,928	67
Investment Income	2,400	5,546	5,746	200
Miscellaneous Other	1,000	1,949	2,019	70
Total General Revenues	402,500	414,200	418,200	4,000
Department Specific Revenues				
Restricted Sales and Aviation Fuel Taxes	31,921	32,483	35,551	3,068
Federal Contracts and Grants	130,317	264,262	264,262	—
Departmental Collections	37,451	49,121	50,190	1,069
Federal Aeronautics	33,000	33,000	37,521	4,521
Investment Income	904	904	1,548	644
Miscellaneous	4,350	30,674	32,107	1,433
Total Department Specific Revenues	237,943	410,444	421,179	10,735
Total Revenues	640,443	824,644	839,379	14,735
Expenditures				
Transportation	558,188	814,808	800,726	14,082
Total Expenditures	558,188	814,808	800,726	14,082
Excess Revenues Over (Under) Expenditures	82,255	9,836	38,653	28,817
Other Financing Sources (Uses)				
Transfers In	88	83,449	83,449	—
Transfers Out	(36,038)	(120,824)	(120,824)	—
Total Other Financing Sources (Uses)	(35,950)	(37,375)	(37,375)	0
Net Change in Fund Balance	46,305	(27,539)	1,278	28,817
Budgetary Fund Balance – Beginning	160,489	160,489	160,489	—
Budgetary Fund Balance – Ending	$ 206,794	$ 132,950	$ 161,767	$ 28,817

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

Budgetary Comparison Schedule
Transportation Investment Fund

For the Fiscal Year Ended June 30, 2006 (Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Sales Tax	$ 65,000	$ 66,000	$ 65,851	$ (149)
Motor Vehicle Registration Fees	21,600	21,200	21,486	286
Investment Income	900	2,800	2,783	(17)
Total General Revenues	87,500	90,000	90,120	120
Department Specific Revenues				
Federal Contracts and Grants	34,000	5,416	5,416	—
Total Department Specific Revenues	34,000	5,416	5,416	0
Total Revenues	121,500	95,416	95,536	120
Expenditures				
Transportation	159,287	176,350	176,300	50
Total Expenditures	159,287	176,350	176,300	50
Excess Revenues Over (Under) Expenditures	(37,787)	(80,934)	(80,764)	170
Other Financing Sources (Uses)				
Transfers In	—	196,832	196,832	—
Transfers Out	—	(156,393)	(156,393)	—
Total Other Financing Sources (Uses)	0	40,439	40,439	0
Net Change in Fund Balance	(37,787)	(40,495)	(40,325)	170
Budgetary Fund Balance – Beginning	183,815	183,815	183,815	—
Budgetary Fund Balance – Ending	$ 146,028	$ 143,320	$ 143,490	$ 170

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

Budgetary Comparison Schedule
Budget To GAAP Reconciliation

For the Fiscal Year Ended June 30, 2006 (Expressed in Thousands)

	General Fund	Uniform School Fund	Transportation Fund	Transportation Investment Fund
Revenues				
Actual total revenues (budgetary basis)	$ 5,195,208	$ 3,105,892	$ 839,379	$ 95,536
Differences – Budget to GAAP:				
Intrafund revenues are budgetary revenues but are not revenues for financial reporting	(285,329)	(4,582)	(2,689)	—
Higher education and Utah Schools for the Deaf and the Blind collections are budgetary revenues but are not revenues for financial reporting	(338,985)	(4,814)	—	—
Change in revenue accrual for nonbudgetary Medicaid claims	13,645	—	—	—
Change in tax accruals designated by law for postemployment and other liabilities are revenues for financial reporting but not for budgetary reporting	10,732	46,058	3,653	37
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	$ 4,595,271	$ 3,142,554	$ 840,343	$ 95,573
Expenditures				
Actual total expenditures (budgetary basis)	$ 4,948,531	$ 2,331,806	$ 800,726	$ 176,300
Differences – Budget to GAAP:				
Intrafund expenditures for reimbursements are budgetary expenditures but are not expenditures for financial reporting	(285,329)	(4,582)	(2,689)	—
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	(338,985)	(4,814)	—	—
Certain budgetary transfers and other charges are reported as a reduction of expenditures for financial reporting	(16,486)	—	—	—
Leave/postemployment charges budgeted as expenditures when earned rather than when taken or due	6,029	391	1,095	—
Change in accrual for Medicaid incurred but not reported claims excluded from the budget by statute	19,707	—	—	—
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	$ 4,333,467	$ 2,322,801	$ 799,132	$ 176,300

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 each of the State's major governmental funds for which the Legislature enacts an annual budget. An annual budget is also adopted for the Debt Service Fund, a nonmajor 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, 2006, 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 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 reservations of 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 Planning 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 overexpended by $82 thousand. This deficit is allowed by statute and will be funded with future appropriations. All other appropriated budgets of the State were within their authorized spending levels.

Spending Limitation

The State also has an appropriation limitation statute that limits the growth in state appropriations. The total of the amount appropriated from unrestricted General Fund sources plus the income tax revenues appropriated for higher education is limited to the growth in population and inflation. The appropriations limitation can be exceeded only if a fiscal emergency is declared and approved by more than two-thirds of both houses of the Legislature, or if approved by a vote of the people. However, the appropriations limitation statute may be amended by a majority of both houses of the Legislature. Appropriations for debt service, emergency expenditures, amounts from other than unrestricted revenue sources, transfers to the Budgetary Reserve Account (Rainy Day Fund), Education Budget Reserve Account and the Transportation Investment Fund; or capital developments meeting certain criteria are exempt from the appropriations limitation. For the fiscal year ended June 30, 2006, the State was $50.401 million below the appropriations limitation. The State is currently below the fiscal year 2007 appropriations limitation by $18.77 million.

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 5,680 centerline miles of state roads. The assessment is based on the Ride Index, which is a measure of ride quality on a 1 to 5 scale, with 5 representing new or nearly new pavements that provide a very smooth ride. The Ride Index is calculated from the International Roughness Index (IRI), with pavement type (asphalt or concrete) taken into account. The IRI is a mathematical statistic based on the longitudinal profile of the road.

Category	Range	Description
Very Good	4.35 – 5.00	New or nearly new pavements that provide a very smooth ride, and are mainly free of distress.
Good	3.55 – 4.34	Pavements that provide an adequate ride, and exhibit few, if any, visible signs of distress.
Fair	2.75 – 3.54	Surface defects in this category such as cracking, rutting, and raveling are affecting the ride.
Poor	1.85 – 2.74	These roadways have deteriorated to such an extent that they are in need of resurfacing and the ride is noticeably rough.
Very Poor	1.00 – 1.84	Pavements in this category are severely deteriorated, and the ride quality must be improved.

Condition Level

The State's established condition level is to maintain 50 percent of its roads with a rating of "fair" or better and no more than 15 percent of roads with a rating of "very poor."

The State performs complete assessments on a calendar year basis. The following table reports the result of pavements with ratings of "fair" or better (ratings of 2.75 through 5.0) or "very poor" (ratings of 1.0 through 1.84) for the last three years:

Rating	2005	2004	2003
Fair or Better	69.5%	74.7%	74.8%
Very Poor	6.3%	6.2%	6.4%

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
2006	$ 240,854	$ 366,600
2005	$ 226,345	$ 307,858
2004	$ 231,214	$ 262,741
2003	$ 230,860	$ 224,645
2002	$ 242,287	$ 281,260

Bridges

UDOT uses the Structures Inventory System to monitor the condition of the 1,814 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

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	2006	2005	2004
Good	71.0%	71.0%	70.0%
Poor	2.0%	3.0%	3.0%

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
2006	$ 42,504	$ 64,694
2005	$ 39,943	$ 54,328
2004	$ 40,803	$ 46,366
2003	$ 40,739	$ 39,644
2002	$ 42,757	$ 49,634

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SUPPLEMENTARY INFORMATION

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Tobacco Endowment Fund
This fund accounts for a portion of proceeds relating to the State's settlement agreement with major tobacco manufacturers. 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 on fund assets 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, maintenance, and the restoration of Capitol Hill facilities and grounds. Funding is provided through private donations, fees, and legislative appropriations.

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 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 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.

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2006 (Expressed in Thousands)

	Special Revenue			
	Tobacco Endowment	Environmental Reclamation	Crime Victim Reparation	Universal Telephone Services
ASSETS				
Cash and Cash Equivalents	$ 87	$ 1,424	$ 1,643	$ 7,408
Investments	24,584	22,970	8,106	—
Receivables:				
Accounts, net	3,730	—	—	—
Accrued Interest	—	—	—	—
Notes/Mortgages, net	—	—	—	—
Due From Other Funds	—	150	87	—
Due From Component Units	—	—	—	—
Total Assets	$ 28,401	$ 24,544	$ 9,836	$ 7,408
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	$ —	$ 202	$ 125	$ 132
Due To Other Funds	—	206	21	157
Deferred Revenue	3,730	1	—	—
Total Liabilities	3,730	409	146	289
Fund Balances:				
Reserved for:				
Nonlapsing Appropriations and Encumbrances	—	—	—	—
Specific Purposes by Statute	24,671	16,501	—	—
Capital Projects	—	—	—	—
Debt Service	—	—	—	—
Unreserved Designated, reported in nonmajor:				
Capital Projects Funds	—	—	—	—
Debt Service Funds	—	—	—	—
Unreserved Undesignated, reported in nonmajor:				
Special Revenue Funds	—	7,634	9,690	7,119
Capital Projects Funds	—	—	—	—
Total Fund Balances	24,671	24,135	9,690	7,119
Total Liabilities and Fund Balances	$ 28,401	$ 24,544	$ 9,836	$ 7,408

Special Revenue				Capital Projects	
Consumer Education	Rural Development	State Capitol	Miscellaneous Special Revenue	General Government	State Building Ownership Authority
$ 801	$ 5,397	$ 129	$ 3,383	$ 97,667	$ —
2,542	19,573	384	16,316	46,495	21,781
12	—	—	153	315	—
—	—	—	—	—	99
—	155	—	—	—	—
6	—	47	140	1,293	1
—	—	—	—	14,950	—
$ 3,361	$ 25,125	$ 560	$ 19,992	$ 160,720	$ 21,881
$ 66	$ 13	$ 21	$ 23	$ 31,733	$ 2,762
50	100	414	1,400	690	13,785
—	—	—	10,226	1	—
116	113	435	11,649	32,424	16,547
—	—	—	—	221,447	4,713
—	—	—	6,194	197	—
—	—	—	—	—	521
—	—	—	—	—	—
—	—	—	—	—	100
—	—	—	—	—	—
3,245	25,012	125	2,149	—	—
—	—	—	—	(93,348)	—
3,245	25,012	125	8,343	128,296	5,334
$ 3,361	$ 25,125	$ 560	$ 19,992	$ 160,720	$ 21,881

Continues

Combining Balance Sheet
Nonmajor Governmental Funds

Continued

June 30, 2006 (Expressed in Thousands)

	Debt Service		Total
	General Government	State Building Ownership Authority	Nonmajor Governmental Funds
ASSETS			
Cash and Cash Equivalents	$ 46,976	$ 3,809	$ 168,724
Investments	1,141	3,881	167,773
Receivables:			
Accounts, net	—	—	4,210
Accrued Interest	—	6	105
Notes/Mortgages, net	—	—	155
Due From Other Funds	—	109	1,833
Due From Component Units	—	11,500	26,450
Total Assets	$ 48,117	$ 19,305	$ 369,250
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable and Accrued Liabilities	$ 33,785	$ 449	$ 69,311
Due To Other Funds	—	966	17,789
Deferred Revenue	—	11,500	25,458
Total Liabilities	33,785	12,915	112,558
Fund Balances:			
Reserved for:			
Nonlapsing Appropriations and Encumbrances	—	—	226,160
Specific Purposes by Statute	—	—	47,563
Capital Projects	—	—	521
Debt Service	—	6,390	6,390
Unreserved Designated, reported in nonmajor:			
Capital Projects Funds	—	—	100
Debt Service Funds	14,332	—	14,332
Unreserved Undesignated, reported in nonmajor:			
Special Revenue Funds	—	—	54,974
Capital Projects Funds	—	—	(93,348)
Total Fund Balances	14,332	6,390	256,692
Total Liabilities and Fund Balances	$ 48,117	$ 19,305	$ 369,250

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

For the Fiscal Year Ended June 30, 2006 (Expressed in Thousands)

	Special Revenue			
	Tobacco Endowment	Environmental Reclamation	Crime Victim Reparation	Universal Telephone Services
REVENUES				
Taxes:				
Other Taxes	$ —	$ —	$ —	$ —
Total Taxes	0	0	0	0
Other Revenues:				
Federal Contracts and Grants	—	—	2,829	—
Charges for Services	—	2,910	6,913	10,490
Intergovernmental	—	—	—	—
Investment Income	(307)	1,553	331	—
Miscellaneous and Other	6,507	22	—	—
Total Revenues	6,200	4,485	10,073	10,490
EXPENDITURES				
Current:				
General Government	—	2,492	6,587	—
Human Services and Youth Corrections	—	—	—	—
Corrections, Adult	—	—	—	—
Public Safety	—	—	—	—
Courts	—	—	—	—
Health and Environmental Quality	—	4,322	—	—
Higher Education – Colleges and Universities	—	—	—	—
Employment and Family Services	—	—	—	—
Natural Resources	—	—	—	—
Community and Culture	—	—	—	—
Business, Labor, and Agriculture	—	—	—	8,447
Public Education	—	—	—	—
Transportation	—	—	—	—
Capital Outlay	—	—	—	—
Debt Service:				
Principal Retirement	—	—	—	—
Interest and Other Charges	—	—	—	—
Total Expenditures	0	6,814	6,587	8,447
Excess Revenues Over (Under) Expenditures	6,200	(2,329)	3,486	2,043
OTHER FINANCING SOURCES (USES)				
Transfers In	362	733	—	—
Transfers Out	—	(190)	(3,419)	—
Total Other Financing Sources (Uses)	362	543	(3,419)	0
Net Change in Fund Balances	6,562	(1,786)	67	2,043
Fund Balances – Beginning	18,109	25,921	9,623	5,076
Fund Balances – Ending	$ 24,671	$ 24,135	$ 9,690	$ 7,119

Special Revenue				Capital Projects	
Consumer Education	Rural Development	State Capitol	Miscellaneous Special Revenue	General Government	State Building Ownership Authority
$ —	$ 4,988	$ —	$ 32	$ —	$ —
0	4,988	0	32	0	0
—	—	—	20,163	—	—
1,893	—	289	199	—	—
—	—	142	—	8,967	—
114	782	16	1,185	2,859	585
—	1,630	—	1,647	905	1,092
2,007	7,400	447	23,226	12,731	1,677
—	—	2,731	20,141	7,256	—
—	—	—	447	2,218	—
—	—	—	4	1,887	—
—	—	—	1,943	478	—
—	—	—	—	2,570	—
—	—	—	—	388	—
—	—	—	—	9,412	—
—	—	—	—	525	—
—	—	—	—	4,533	—
—	2,220	—	50	334	—
1,670	—	—	—	—	—
—	—	—	41	29	—
—	—	—	3	130	—
—	—	—	—	158,457	12,291
—	—	—	—	—	—
—	—	—	—	—	—
1,670	2,220	2,731	22,629	188,217	12,291
337	5,180	(2,284)	597	(175,486)	(10,614)
—	—	2,358	—	103,793	—
(416)	(90)	—	(328)	(5,911)	(4,818)
(416)	(90)	2,358	(328)	97,882	(4,818)
(79)	5,090	74	269	(77,604)	(15,432)
3,324	19,922	51	8,074	205,900	20,766
$ 3,245	$ 25,012	$ 125	$ 8,343	$ 128,296	$ 5,334

Continues

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

Continued

For the Fiscal Year Ended June 30, 2006 (Expressed in Thousands)

	Debt Service		Total
	General Government	State Building Ownership Authority	Nonmajor Governmental Funds
REVENUES			
Taxes:			
Other Taxes	$ —	$ —	$ 5,020
Total Taxes	0	0	5,020
Other Revenues:			
Federal Contracts and Grants	—	—	22,992
Charges for Services	—	—	22,694
Intergovernmental	—	—	9,109
Investment Income	27	186	7,331
Miscellaneous and Other	—	25,039	36,842
Total Revenues	27	25,225	103,988
EXPENDITURES			
Current:			
General Government	—	—	39,207
Human Services and Youth Corrections	—	—	2,665
Corrections, Adult	—	—	1,891
Public Safety	—	—	2,421
Courts	—	—	2,570
Health and Environmental Quality	—	—	4,710
Higher Education – Colleges and Universities	—	—	9,412
Employment and Family Services	—	—	525
Natural Resources	—	—	4,533
Community and Culture	—	—	2,604
Business, Labor, and Agriculture	—	—	10,117
Public Education	—	—	70
Transportation	—	—	133
Capital Outlay	—	—	170,748
Debt Service:			
Principal Retirement	137,120	15,626	152,746
Interest and Other Charges	67,664	15,026	82,690
Total Expenditures	204,784	30,652	487,042
Excess Revenues Over (Under) Expenditures	(204,757)	(5,427)	(383,054)
OTHER FINANCING SOURCES (USES)			
Transfers In	213,208	5,062	325,516
Transfers Out	—	—	(15,172)
Total Other Financing Sources (Uses)	213,208	5,062	310,344
Net Change in Fund Balances	8,451	(365)	(72,710)
Fund Balances – Beginning	5,881	6,755	329,402
Fund Balances – Ending	$ 14,332	$ 6,390	$ 256,692

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State of Utah

Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

For the Fiscal Year Ended June 30, 2006 (Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding: State Funds	Source of Funding: Federal Funds	Source of Funding: Restricted and Other Funds	Final Budget
GENERAL GOVERNMENT					
Legislature					
221	Senate	$ 2,738	$ —	$ —	$ 2,738
222	House	3,877	—	—	3,877
225	Printing	751	—	167	918
226	Research and General Counsel	6,588	—	—	6,588
227	Tax Review Commission	53	—	—	53
228	Constitutional Revision Commission	57	—	—	57
224	Fiscal Analyst	2,811	—	40	2,851
223	Auditor General	2,650	—	—	2,650
	Total Legislature	19,525	0	207	19,732
Elected Officials					
9	State Treasurer	$ 2,478	$ —	$ 197	$ 2,675
1	GOV – Administrative Office	3,888	—	319	4,207
5	GOV – Planning and Budget	3,921	—	250	4,171
2	GOV – Elections	1,845	28	48	1,921
7	GOV – Criminal and Juvenile Justice	3,454	10,479	78	14,011
3	GOV – Emergency and Contingency Fund	100	—	—	100
—	GOV – Incentive Funds	403	—	101	504
—	GOV – Economic Development	35,227	300	184	35,711
—	GOV – Industrial Assistance Fund	829	—	—	829
—	GOV – Oil Overcharge	2	—	—	2
10	Attorney General	18,815	1,396	15,812	36,023
11	AG – Contract Attorneys	1,664	—	1,529	3,193
13	AG – Prosecution Council	597	—	—	597
14	AG – Domestic Violence	80	—	—	80
12	AG – Children's Justice Centers	2,564	329	—	2,893
8	State Auditor	3,255	—	988	4,243
	Total Elected Officials	79,122	12,532	19,506	111,160
Government Operations					
37	Department of Administrative Services	$ 931	$ —	$ 92	$ 1,023
39	DAS – Administrative Rules	409	—	—	409
40	DAS – Facilities Construction and Management	4,217	—	109	4,326
41	DAS – Archives	2,257	—	44	2,301
42	DAS – Finance	13,364	266	2,099	15,729
44	DAS – Post Conviction Indigent Defense Fund	320	—	—	320
43	DAS – Mandated Expenditures	1,182	—	—	1,182
—	DAS – Convention Facilities	4,000	—	—	4,000
45	DAS – Judicial Conduct Commission	271	—	—	271
46	DAS – Purchasing	1,501	—	25	1,526
55	Tax Commission – Administration	62,634	479	8,348	71,461
56	TAX – License Plates Production	3,035	—	2,398	5,433
57	TAX – Liquor Profit Distribution	3,742	—	—	3,742
73	Career Service Review Board	191	—	—	191
74	Human Resource Management	3,522	—	347	3,869
—	DTS Chief Information Officer	1,157	—	—	1,157
—	DTS Automated Geographic Refernce Center	1,516	440	841	2,797
	Total Government Operations	104,249	1,185	14,303	119,737
	Total General Government	$ 202,896	$ 13,717	$ 34,016	$ 250,629

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward	Line Item #
$ 1,602	$ —	$ —	$ 1,136	221
3,299	—	—	578	222
678	—	—	240	225
6,114	—	—	474	226
52	—	—	1	227
56	—	—	1	228
1,934	—	—	917	224
2,426	—	—	224	223
16,161	0	0	3,571	
$ 2,237	$ 33	$ —	$ 405	9
3,289	—	827	91	1
3,177	—	—	994	5
1,319	—	—	602	2
13,279	—	500	232	7
—	—	—	100	3
283	—	—	221	—
24,340	—	—	11,371	—
829	—	—	—	—
2	—	—	—	—
36,022	—	—	1	10
2,927	—	—	266	11
513	—	—	84	13
80	—	—	—	14
2,723	—	—	170	12
3,955	—	—	288	8
94,975	33	1,327	14,825	
$ 937	$ —	$ —	$ 86	37
366	—	—	43	39
4,272	54	—	—	40
2,271	—	—	30	41
11,517	—	—	4,212	42
51	—	—	269	44
52	—	930	200	43
4,000	—	—	—	—
217	—	—	54	45
1,492	—	—	34	46
64,287	—	—	7,174	55
2,030	—	—	3,403	56
3,742	—	—	—	57
190	—	—	1	73
3,226	—	—	643	74
895	—	—	262	—
2,388	—	—	409	—
101,933	54	930	16,820	
$ 213,069	$ 87	$ 2,257	$ 35,216	

Continues

Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

Continued

For the Fiscal Year Ended June 30, 2006 (Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding: State Funds	Source of Funding: Federal Funds	Source of Funding: Restricted and Other Funds	Final Budget
HUMAN SERVICES					
98	Department of Human Services	$ 9,554	$ 6,860	$ 3,994	$ 20,408
100	Substance Abuse and Mental Health	75,558	25,083	12,218	112,859
99	Drug Court Program	1,647	—	—	1,647
101	Services for People with Disabilities	49,652	2,344	114,474	166,470
102	Recovery Services	11,802	29,624	4,352	45,778
103	Child and Family Services	82,740	44,287	17,727	144,754
22	Juvenile Justice Services	77,042	2,335	18,363	97,740
23	Youth Parole Authority	368	15	—	383
104	Aging and Adult Services	12,886	8,313	502	21,701
	Total Human Services	$ 321,249	$ 118,861	$ 171,630	$ 611,740
CORRECTIONS					
15	Corrections – Programs and Operations	$ 153,755	$ 510	$ 3,940	$ 158,205
16	DOC Draper Medical Services	17,471	—	162	17,633
18	Jail Contracting	22,026	13	—	22,039
19	Jail Reimbursement	9,606	—	—	9,606
21	Board of Pardons and Parole	2,895	—	1	2,896
	Total Corrections	$ 205,753	$ 523	$ 4,103	$ 210,379
PUBLIC SAFETY					
Department of Public Safety					
29	Programs and Operations	$ 74,456	$ 1,368	$ 10,572	$ 86,396
30	Emergency Services and Homeland Security	22,672	36,848	380	59,900
31	Peace Officer's Standards and Training	2,963	515	83	3,561
32	Liquor Law Enforcement	1,475	1	—	1,476
33	Driver License	22,175	54	54	22,283
34	Highway Safety	497	2,780	153	3,430
	Total Department of Public Safety	124,238	41,566	11,242	177,046
Utah National Guard					
205	Utah National Guard Administration	$ 5,585	$ 23,442	$ 322	$ 29,349
	Total Utah National Guard	5,585	23,442	322	29,349
	Total Public Safety	$ 129,823	$ 65,008	$ 11,564	$ 206,395

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward	Line Item #
$ 19,700	$ 151	$ —	$ 557	98
112,376	343	132	8	100
1,647	—	—	—	99
165,185	—	—	1,285	101
45,738	3	—	37	102
138,186	1,097	413	5,058	103
97,113	—	—	627	22
302	—	—	81	23
21,691	10	—	—	104
$ 601,938	$ 1,604	$ 545	$ 7,653	
$ 154,606	$ —	$ 185	$ 3,414	15
17,621	—	—	12	16
19,247	—	—	2,792	18
9,606	—	—	—	19
2,879	—	—	17	21
$ 203,959	$ 0	$ 185	$ 6,235	
$ 71,794	$ —	$ 546	$ 14,056	29
50,581	—	1,416	7,903	30
3,387	—	—	174	31
1,151	—	—	325	32
19,542	—	—	2,741	33
3,392	—	—	38	34
149,847	0	1,962	25,237	
$ 29,229	$ —	$ —	$ 120	205
29,229	0	0	120	
$ 179,076	$ 0	$ 1,962	$ 25,357	

Continues

Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

Continued

For the Fiscal Year Ended June 30, 2006 (Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding: State Funds	Source of Funding: Federal Funds	Source of Funding: Restricted and Other Funds	Final Budget
STATE COURTS					
24	Judicial Council	$ 85,417	$ 170	$ 2,258	$ 87,845
25	Grand Jury	1	—	—	1
26	Contracts and Leases	20,869	—	273	21,142
27	Jury and Witness Fees	1,525	—	10	1,535
28	Guardian Ad Litem	4,057	—	11	4,068
	Total State Courts	$ 111,869	$ 170	$ 2,552	$ 114,591
HEALTH and ENVIRONMENTAL QUALITY					
—	Commodities	$ —	$ 16,956	$ —	$ 16,956
89	Department of Health	6,260	16,143	2,929	25,332
90	Health System Improvements	6,422	3,538	4,496	14,456
92	Epidemiology and Laboratory Services	5,411	7,331	4,318	17,060
93	Community and Family Health Services	18,560	59,099	22,800	100,459
94	Health Care Financing	10,855	42,003	24,059	76,917
95	Medical Assistance	313,234	1,027,531	184,908	1,525,673
97	Local Health Department	2,056	—	—	2,056
96	Children's Health Insurance Program	10,312	40,699	877	51,888
91	Workforce Assistance	1,397	171	—	1,568
206	Environmental Quality	23,054	16,742	8,391	48,187
	Total Health and Environmental Quality	$ 397,561	$ 1,230,213	$ 252,778	$ 1,880,552
HIGHER EDUCATION					
156	Board of Regents	$ 5,663	$ —	$ 184	$ 5,847
158	REG - Campus Compact	100	—	—	100
157	REG – Federal Programs	—	519	—	519
—	REG – Engineering Initiative	2,000	—	—	2,000
159	REG – Student Aid	6,513	718	115	7,346
160	REG – WICHE	1,022	—	—	1,022
161	REG – T. H. Bell Scholarship Program	623	—	—	623
—	REG – Jobs Now Initiative	1,000	—	—	1,000
162	REG – University Centers	265	—	—	265
163	REG – Technology Initiative	2,446	—	—	2,446
164	REG – Electronic College	527	—	—	527
165	REG – Academic Library Consortium	2,884	—	—	2,884
106	U of U – Education and General	202,294	—	106,202	308,496
107	U of U – Educationally Disadvantaged	720	—	—	720
108	U of U – School of Medicine	21,006	—	9,627	30,633
109	U of U – University Hospital	4,557	—	—	4,557
110	U of U – Regional Dental Education	563	—	176	739
111	U of U – Public Service	1,363	—	—	1,363
112	U of U – Statewide TV Administration	2,469	—	—	2,469

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward	Line Item #
$ 85,420	$ —	$ 1,368	$ 1,057	24
1	—	—	—	25
20,683	—	300	159	26
1,617	—	—	(82)	27
4,025	—	—	43	28
$ 111,746	$ 0	$ 1,668	$ 1,177	
$ 16,956	$ —	$ —	$ —	—
25,226	—	33	73	89
12,111	4	—	2,341	90
16,635	—	—	425	92
100,010	2	—	447	93
75,944	—	726	247	94
1,518,091	—	2,502	5,080	95
2,056	—	—	—	97
51,847	—	41	—	96
940	—	—	628	91
43,762	—	1,983	2,442	206
$ 1,863,578	$ 6	$ 5,285	$ 11,683	
$ 5,847	$ —	$ —	$ —	156
100	—	—	—	158
519	—	—	—	157
2,000	—	—	—	—
7,346	—	—	—	159
1,022	—	—	—	160
623	—	—	—	161
1,000	—	—	—	—
265	—	—	—	162
2,446	—	—	—	163
527	—	—	—	164
2,884	—	—	—	165
308,496	—	—	—	106
720	—	—	—	107
30,633	—	—	—	108
4,557	—	—	—	109
739	—	—	—	110
1,363	—	—	—	111
2,469	—	—	—	112

Continues

Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

Continued

For the Fiscal Year Ended June 30, 2006 (Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding: State Funds	Source of Funding: Federal Funds	Source of Funding: Restricted and Other Funds	Final Budget
HIGHER EDUCATION (Continued)					
113	U of U – Poison Control Center	—	—	2,068	2,068
114	USU – Education and General	109,488	—	43,836	153,324
115	USU – Educationally Disadvantaged	236	—	—	236
120	USU – Water Research Laboratory	4,421	—	—	4,421
121	USU – Agricultural Experiment Station	12,222	3,413	—	15,635
122	USU – Cooperative Extension Service	11,718	763	—	12,481
116	USU – Uintah Basin CEC	2,953	—	2,169	5,122
117	USU – Southeastern Utah CEC	653	—	615	1,268
118	USU – Brigham City CEC	1,699	—	5,166	6,865
119	USU – Tooele CEC	1,186	—	4,295	5,481
123	Weber – Education and General	59,997	—	40,640	100,637
124	Weber – Educationally Disadvantaged	340	—	—	340
125	SUU – Education and General	28,009	—	15,308	43,317
126	SUU – Educationally Disadvantaged	95	—	—	95
127	SUU – Shakespeare Festival	35	—	—	35
128	SUU – Rural Development	98	—	—	98
129	Snow College – Education and General	16,718	—	5,973	22,691
130	Snow College – Educationally Disadvantaged	32	—	—	32
131	Snow College Applied Technology	1,266	—	—	1,266
132	Dixie – Education and General	17,765	—	7,631	25,396
133	Dixie – Educationally Disadvantaged	31	—	—	31
134	Dixie – Zion Park Amphitheatre	57	—	33	90
135	CEU – Education and General	11,190	—	2,168	13,358
136	CEU – Educationally Disadvantaged	118	—	—	118
137	CEU – Prehistoric Museum	265	—	—	265
138	CEU – San Juan Center	1,883	—	—	1,883
139	CEU – Price Distance Education	139	—	—	139
140	CEU – SJC Distance Education	138	—	—	138
141	UVSC – Education and General	47,832	—	46,201	94,033
142	UVSC – Educationally Disadvantaged	139	—	—	139
143	SLCC – Education and General	53,591	—	35,847	89,438
144	SLCC – Educationally Disadvantaged	178	—	—	178
145	SLCC – Skill Center	4,092	—	1,081	5,173
146	Utah College of Applied Technology	4,770	—	—	4,770
147	UCAT Bridgerland	8,251	—	1,114	9,365
148	UCAT Davis	8,212	—	1,472	9,684
151	UCAT Ogden/Weber	9,034	—	1,724	10,758
155	UCAT Uintah Basin	4,155	—	529	4,684
152	UCAT Salt Lake/Tooele	2,476	—	385	2,861
150	UCAT Mountainlands	3,597	—	201	3,798
153	UCAT Southeast	934	—	129	1,063
154	UCAT Southwest	1,560	—	137	1,697
149	UCAT Dixie	1,310	—	82	1,392
167	UEN Satellite Telecommunication	1,454	—	—	1,454
166	Utah Education Network	16,733	—	—	16,733
168	Medical Education Council	351	—	680	1,031
	Total Higher Education	$ 707,436	$ 5,413	$ 335,788	$ 1,048,637

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward	Line Item #
2,068	—	—	—	113
153,324	—	—	—	114
236	—	—	—	115
4,421	—	—	—	120
15,635	—	—	—	121
12,481	—	—	—	122
5,122	—	—	—	116
1,268	—	—	—	117
6,865	—	—	—	118
5,481	—	—	—	119
100,637	—	—	—	123
340	—	—	—	124
43,317	—	—	—	125
95	—	—	—	126
35	—	—	—	127
98	—	—	—	128
22,691	—	—	—	129
32	—	—	—	130
1,266	—	—	—	131
25,396	—	—	—	132
31	—	—	—	133
90	—	—	—	134
13,358	—	—	—	135
118	—	—	—	136
265	—	—	—	137
1,883	—	—	—	138
139	—	—	—	139
138	—	—	—	140
94,033	—	—	—	141
139	—	—	—	142
89,438	—	—	—	143
178	—	—	—	144
5,173	—	—	—	145
4,770	—	—	—	146
9,365	—	—	—	147
9,684	—	—	—	148
10,758	—	—	—	151
4,684	—	—	—	155
2,861	—	—	—	152
3,798	—	—	—	150
1,063	—	—	—	153
1,697	—	—	—	154
1,392	—	—	—	149
1,454	—	—	—	167
16,733	—	—	—	166
739	—	—	292	168
$ 1,048,345	$ 0	$ 0	$ 292	

Continues

Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

Continued

For the Fiscal Year Ended June 30, 2006 (Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding: State Funds	Source of Funding: Federal Funds	Source of Funding: Restricted and Other Funds	Final Budget
WORKFORCE SERVICES					
—	Food Stamps – EBT Issuances	$ —	$ 139,536	$ —	$ 139,536
58	Department of Workforce Services	69,591	202,254	9,203	281,048
—	Nonappropriated	—	—	—	—
	Total Workforce Services	$ 69,591	$ 341,790	$ 9,203	$ 420,584
NATURAL RESOURCES					
169	Department of Natural Resources	$ 5,246	$ —	$ —	$ 5,246
171	Rent, Utilities, and Fixtures	1,661	—	—	1,661
173	Forestry, Fire, and State Lands	13,270	5,456	4,952	23,678
174	Oil, Gas, and Mining	4,212	3,425	211	7,848
175	Wildlife Resources	30,360	11,750	273	42,383
170	Species Protection	550	—	2,450	3,000
172	Range Creek	211	—	—	211
—	Watershed Development	2,000	—	—	2,000
178	Contributed Research	—	—	823	823
179	Cooperative Environmental Studies	—	7,238	3,862	11,100
181	Parks and Recreation	26,374	711	561	27,646
182	Parks and Recreation – Capital Development	7,661	2,284	1,490	11,435
183	Utah Geological Survey	5,511	1,556	643	7,710
184	Water Resources	4,876	—	30	4,906
180	Wildlife Resources – Capital Development	2,889	777	—	3,666
187	Water Rights	6,905	50	325	7,280
—	Public Lands Policy Office	3,897	—	—	3,897
	Total Natural Resources	$ 115,623	$ 33,247	$ 15,620	$ 164,490
COMMUNITY AND CULTURE					
75	Community and Culture	$ 3,127	$ —	$ —	$ 3,127
82	Indian Affairs	254	—	8	262
79	State History	1,887	660	113	2,660
78	Historical Society	186	—	93	279
80	Fine Arts	3,660	450	921	5,031
81	State Library	4,494	1,675	2,126	8,295
83	Community Development	7,978	31,356	627	39,961
84	Community Development Capital	24,187	—	—	24,187
85	Zoos	1,399	—	—	1,399
	Total Community and Economic Development	$ 47,172	$ 34,141	$ 3,888	$ 85,201

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward	Line Item #
$ 139,536	$ —	$ —	$ —	—
278,082	—	—	2,966	58
(30)	—	30	—	—
$ 417,588	$ 0	$ 30	$ 2,966	
$ 5,068	$ 3	$ —	$ 175	169
1,660	1	—	—	171
19,745	—	—	3,933	173
7,445	7	—	396	174
38,762	—	2,897	724	175
2,640	—	360	—	170
200	11	—	—	172
1,868	—	—	132	—
823	—	—	—	178
11,100	—	—	—	179
26,624	7	571	444	181
6,132	—	—	5,303	182
6,984	—	—	726	183
4,869	—	—	37	184
1,756	—	567	1,343	180
6,885	—	—	395	187
2,040	—	678	1,179	—
$ 144,601	$ 29	$ 5,073	$ 14,787	
$ 2,194	$ —	$ —	$ 933	75
209	—	—	53	82
2,648	—	—	12	79
104	—	—	175	78
3,851	—	—	1,180	80
8,278	—	—	17	81
39,840	—	—	121	83
24,187	—	—	—	84
1,399	—	—	—	85
$ 82,710	$ 0	$ 0	$ 2,491	

Continues

Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

Continued

For the Fiscal Year Ended June 30, 2006 (Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding: State Funds	Source of Funding: Federal Funds	Source of Funding: Restricted and Other Funds	Final Budget
BUSINESS, LABOR, and AGRICULTURE					
189	Department of Agriculture and Food	$ 13,263	$ 4,967	$ 2,872	$ 21,102
190	AGR – Building Operations	270	—	—	270
191	AGR – Utah State Fair	793	—	—	793
192	AGR – Predatory Animal Control	1,255	—	496	1,751
193	AGR – Resource Conservation	1,387	22	—	1,409
—	AGR – Taylor Grazing Act	—	55	—	55
60	Labor Commission	7,287	2,330	25	9,642
61	Department of Commerce	20,565	249	1,584	22,398
62	COM/Public Utilities – Professional Services	230	—	—	230
63	COM/Consumer Services – Professional Services	906	—	—	906
64	Financial Institutions	5,093	—	—	5,093
65	Insurance Department	5,600	—	2,760	8,360
66	Comprehensive Health Insurance Pool	16,204	—	—	16,204
67	Bail Bond Program	22	—	—	22
68	Title Insurance Program	45	—	41	86
69	Public Service Commission	1,761	—	3	1,764
70	PSC – Research and Analysis	—	—	78	78
71	PSC – Speech and Hearing Impaired	3,945	—	1,356	5,301
—	PSC – Energy Independent Evaluator Fund	—	—	74	74
	Total Business, Labor, and Agriculture	$ 78,626	$ 7,623	$ 9,289	$ 95,538
TOTAL GENERAL FUND					
	Total Expenditures	$ 2,387,599	$ 1,850,706	$ 850,431	$ 5,088,736

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward	Line Item #
$ 17,867	$ —	$ 349	$ 2,886	189
270	—	—	—	190
793	—	—	—	191
1,418	—	333	—	192
1,406	—	—	3	193
55	—	—	—	—
9,347	—	245	50	60
18,871	—	1,391	2,136	61
59	—	—	171	62
682	—	—	224	63
4,760	—	333	—	64
6,933	—	—	1,427	65
16,204	—	—	—	66
21	—	1	—	67
62	—	—	24	68
1,545	—	—	219	69
78	—	—	—	70
1,476	—	—	3,825	71
74	—	—	—	—
$ 81,921	$ 0	$ 2,652	$ 10,965	
$ 4,948,531	$ 1,726	$ 19,657	$ 118,822	

Detail Schedule of Expenditures—Budget and Actual Comparison
Uniform School Fund, Transportation Fund, Transportation Investment Fund, and Debt Service Funds

For the Fiscal Year Ended June 30, 2006 (Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding: State Funds	Source of Funding: Federal Funds	Source of Funding: Restricted and Other Funds	Final Budget
UNIFORM SCHOOL FUND					
Office of Education					
196	State Office of Education	$ 37,852	$ 228,432	$ 6,125	$ 272,409
197	State Office of Rehabilitation	20,161	32,495	929	53,585
—	Minimum School Program	1,873,346	—	35	1,873,381
200	Child Nutrition	150	93,407	20,586	114,143
201	Board of Education – Fine Arts and Sciences	3,309	—	—	3,309
202	Educational Contracts	3,855	—	—	3,855
—	Charter School Board	3,274	7,430	—	10,704
—	Commodities	—	10,005	—	10,005
204	Indirect Cost Pool	159	—	3,904	4,063
	Total Office of Education	1,942,106	371,769	31,579	2,345,454
Schools for the Deaf and the Blind					
198	Schools for the Deaf and the Blind	$ 21,002	$ 119	$ 4,086	$ 25,207
199	Institutional Council	—	—	609	609
	Total Schools for the Deaf and the Blind	21,002	119	4,695	25,816
	Total Uniform School Fund	$ 1,963,108	$ 371,888	$ 36,274	$ 2,371,270
TRANSPORTATION FUND					
210	Support Services	$ 24,940	$ 1,300	$ —	$ 26,240
211	Engineering Services	22,514	11,377	1,055	34,946
212	Maintenance Management	94,526	7,325	2,022	103,873
213	Construction Management	102,189	241,741	21,006	364,936
214	District Management	19,894	2,450	1,328	23,672
215	Equipment Management	4,679	—	24,093	28,772
216	Aeronautics	7,351	70	37,949	45,370
217	B and C Roads	114,763	—	—	114,763
218	Safe Sidewalk Construction	2,263	—	—	2,263
219	Mineral Lease	53,361	—	—	53,361
—	Corridor Preservation	10,700	—	—	10,700
—	Nonappropriated	—	—	5,912	5,912
	Total Transportation Fund	$ 457,180	$ 264,263	$ 93,365	$ 814,808
TRANSPORTATION INVESTMENT FUND					
220	Centennial Highway Program	$ 168,151	$ 5,416	$ 2,783	$ 176,350
DEBT SERVICE FUNDS					
—	General Government	$ 216,300	$ —	$ 2,816	$ 219,116
—	State Building Ownership Authority	6,978	—	30,064	37,042
	Total Debt Service Funds	$ 223,278	$ 0	$ 32,880	$ 256,158

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward	Line Item #
$ 260,383	$ —	$ 22	$ 12,004	196
53,585	—	—	—	197
1,846,082	—	35	27,264	—
114,143	—	—	—	200
3,306	—	—	3	201
3,855	—	—	—	202
10,568	—	—	136	—
10,005	—	—	—	—
4,063	—	—	—	204
2,305,990	0	57	39,407	
$ 25,207	$ —	$ —	$ —	198
609	—	—	—	199
25,816	0	0	0	
$ 2,331,806	$ 0	$ 57	$ 39,407	
$ 25,754	$ 386	$ —	$ 100	210
34,680	158	—	108	211
102,947	126	—	800	212
364,936	—	—	—	213
23,563	9	—	100	214
27,791	881	—	100	215
42,599	—	2,771	—	216
114,763	—	—	—	217
388	—	—	1,875	218
53,361	—	—	—	219
10,700	—	—	—	—
(756)	6,668	—	—	—
$ 800,726	$ 8,228	$ 2,771	$ 3,083	
$ 176,300	$ 50	$ 0	$ 0	220
$ 204,784	$ —	$ —	$ 14,332	—
30,652	—	—	6,390	—
$ 235,436	$ 0	$ 0	$ 20,722	

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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.

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

Agriculture Loan Fund
This fund is comprised of two separate revolving loan programs: the Agriculture Resource Development Loan 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.

Clean Fuels Vehicle Loan Fund
This fund was created to provide a revolving loan fund for the conversion of government and private fleet vehicles to clean fuel. 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.

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 (UCI)
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 collections from milk producers.

Combining Statement Of Net Assets
Nonmajor Enterprise Funds

June 30, 2006 (Expressed in Thousands)

	Community Impact Loan Fund	Housing Loan Programs	Agriculture Loan Fund	Clean Fuels Vehicle Loan Fund
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 146,918	$ 10,292	$ 11,934	$ 2,536
Receivables:				
Accounts, net	—	39	—	—
Accrued Interest	1,896	700	420	—
Notes/Loans/Mortgages, net	17,927	941	3,179	5
Due From Other Funds	—	—	4	—
Interfund Loans Receivable	—	—	—	20
Prepaid Items	—	—	—	—
Inventories	—	—	—	—
Total Current Assets	166,741	11,972	15,537	2,561
Noncurrent Assets:				
Investments	—	957	—	—
Notes/Loans/Mortgages Receivables, net	196,141	52,006	21,766	14
Accrued Interest Receivable	163	580	—	—
Capital Assets:				
Land	—	—	—	—
Infrastructure	—	—	—	—
Buildings and Improvements	—	—	—	—
Machinery and Equipment	—	—	20	—
Construction in Progress	—	—	—	—
Less Accumulated Depreciation	—	—	(20)	—
Total Capital Assets	0	0	0	0
Total Noncurrent Assets	196,304	53,543	21,766	14
Total Assets	363,045	65,515	37,303	2,575
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	—	147	13	—
Deposits	—	98	—	—
Due To Other Funds	—	331	9	—
Interfund Loans Payable	—	—	—	—
Unearned Revenue	—	—	—	—
Revenue Bonds Payable	—	—	—	—
Total Current Liabilities	0	576	22	0
Noncurrent Liabilities:				
Revenue Bonds Payable	—	—	—	—
Total Noncurrent Liabilities	0	0	0	0
Total Liabilities	0	576	22	0
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	—	—	—	—
Restricted for:				
Loan Programs	—	34,304	3,500	—
Unrestricted	363,045	30,635	33,781	2,575
Total Net Assets	$ 363,045	$ 64,939	$ 37,281	$ 2,575

Petroleum Storage Tank Loan Fund	Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Total Nonmajor Enterprise Funds
$ 5,434	$ 109	$ —	$ 6,771	$ 726	$ 184,720
—	3,113	1,241	8,740	251	13,384
1	—	—	—	—	3,017
135	—	—	—	—	22,187
—	14,412	1,045	23	—	15,484
—	—	—	—	—	20
—	24	6	—	3	33
—	20,168	2,377	—	23	22,568
5,570	37,826	4,669	15,534	1,003	261,413
—	—	—	—	—	957
234	—	—	—	—	270,161
—	—	—	—	—	743
—	7,154	—	20,008	32	27,194
—	—	204	—	—	204
—	29,890	1,973	233	117	32,213
—	8,773	3,202	1,113	120	13,228
—	889	—	—	—	889
—	(14,271)	(2,792)	(987)	(198)	(18,268)
0	32,435	2,587	20,367	71	55,460
234	32,435	2,587	20,367	71	327,321
5,804	70,261	7,256	35,901	1,074	588,734
—	6,624	580	3,613	43	11,020
—	—	—	368	—	466
1	14,146	126	6,520	—	21,133
—	—	604	—	—	604
—	—	—	2,513	—	2,513
—	1,209	51	—	—	1,260
1	21,979	1,361	13,014	43	36,996
—	36,093	989	—	—	37,082
0	36,093	989	0	0	37,082
1	58,072	2,350	13,014	43	74,078
—	9,010	1,678	20,367	71	31,126
—	—	—	—	—	37,804
5,803	3,179	3,228	2,520	960	445,726
$ 5,803	$ 12,189	$ 4,906	$ 22,887	$ 1,031	$ 514,656

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

For the Fiscal Year Ended June 30, 2006 (Expressed in Thousands)

	Community Impact Loan Fund	Housing Loan Programs	Agriculture Loan Fund	Clean Fuels Vehicle Loan Fund
OPERATING REVENUES				
Sales and Charges for Services/Premiums	$ —	$ —	$ —	$ —
Fees and Assessments	—	—	—	—
Interest on Notes/Mortgages	3,384	1,103	890	1
Miscellaneous	—	—	5	—
Total Operating Revenues	3,384	1,103	895	1
OPERATING EXPENSES				
Administration	—	443	268	—
Purchases, Materials, and Services for Resale	—	—	—	—
Grants	—	688	—	—
Rentals and Leases	—	—	4	—
Maintenance	—	—	1	—
Depreciation	—	—	—	—
Miscellaneous Other:				
Data Processing	—	—	—	—
Supplies	—	—	30	—
Utilities	—	—	—	—
Advertising and Other	51	85	—	—
Total Operating Expenses	51	1,216	303	0
Operating Income (Loss)	3,333	(113)	592	1
NONOPERATING REVENUES (EXPENSES)				
Investment Income	4,435	399	424	96
Federal Grants	—	526	—	—
Tax Revenues	—	—	525	—
Interest Expense	—	—	—	—
Refunds Paid to Federal Government	—	—	—	—
Other Revenues (Expenses)	162	—	—	—
Total Nonoperating Revenues (Expenses)	4,597	925	949	96
Income (Loss) before Transfers	7,930	812	1,541	97
Transfers In	68,594	2,736	—	—
Transfers Out	(844)	—	(333)	(61)
Change in Net Assets	75,680	3,548	1,208	36
Net Assets – Beginning	287,365	61,391	36,073	2,539
Net Assets – Ending	$ 363,045	$ 64,939	$ 37,281	$ 2,575

Petroleum Storage Tank Loan Fund	Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Total Nonmajor Enterprise Funds
$ —	$ 171,487	$ 17,386	$ 13,154	$ 42	$ 202,069
—	1,902	—	26	2,136	4,064
12	—	—	—	—	5,390
—	11	—	—	81	97
12	173,400	17,386	13,180	2,259	211,620
—	12,691	5,175	5,475	526	24,578
—	104,519	9,576	—	—	114,095
—	—	—	—	—	688
—	832	351	638	—	1,825
—	1,649	460	27	—	2,137
—	1,332	223	31	13	1,599
—	680	188	286	—	1,154
—	398	801	144	—	1,373
—	378	93	102	—	573
—	2,154	207	1,256	1,729	5,482
0	124,633	17,074	7,959	2,268	153,504
12	48,767	312	5,221	(9)	58,116
222	5	—	(2)	19	5,598
—	—	—	—	—	526
—	—	—	—	—	525
—	(1,481)	(65)	—	—	(1,546)
—	—	(215)	—	—	(215)
—	—	—	—	—	162
222	(1,476)	(280)	(2)	19	5,050
234	47,291	32	5,219	10	63,166
—	1,477	—	—	—	72,807
(143)	(48,637)	—	—	—	(50,018)
91	131	32	5,219	10	85,955
5,712	12,058	4,874	17,668	1,021	428,701
$ 5,803	$ 12,189	$ 4,906	$ 22,887	$ 1,031	$ 514,656

Combining Statement Of Cash Flows
Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2006 (Expressed in Thousands)

	Community Impact Loan Fund	Housing Loan Programs	Agriculture Loan Fund	Clean Fuels Vehicle Loan Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers/Loan Interest/Fees/Premiums	$ 3,320	$ 928	$ 867	$ 1
Receipts from Loan Maturities	14,341	2,016	4,477	7
Receipts from State Customers	—	—	5	20
Payments to Suppliers/Claims/Grants	—	(542)	(17)	—
Disbursements for Loans Receivable	(51,623)	(5,284)	(4,275)	—
Payments for Employee Services and Benefits	—	—	(273)	—
Payments to State Suppliers	(51)	(282)	(29)	—
Payments of Sales, School Lunch, and Premium Taxes	—	—	—	—
Net Cash Provided (Used) by Operating Activities	(34,013)	(3,164)	755	28
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	—	—	—	—
Repayments Under Interfund Loans	—	—	—	—
Payments of Bonds, Notes, Deposits, and Refunds	—	—	—	—
Federal Grants and Other Revenues	162	487	—	—
Restricted Sales Tax	—	—	525	—
Transfers In from Other Funds	68,594	2,736	—	—
Transfers Out to Other Funds	(844)	—	—	—
Net Cash Provided (Used) by Noncapital Financing Activities	67,912	3,223	525	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Bond and Note Debt Issuance/Grants	—	—	—	—
Principal Paid on Debt and Contract Maturities	—	—	—	—
Acquisition and Construction of Capital Assets	—	—	—	—
Interest Paid on Bonds, Notes, and Capital Leases	—	—	—	—
Transfers In from Other Funds	—	—	—	—
Transfers Out to Other Funds	—	—	(333)	(61)
Net Cash Provided (Used) by Capital and Related Financing Activities	0	0	(333)	(61)
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts of Interest and Dividends from Investments	4,435	399	424	96
Net Cash Provided (Used) by Investing Activities	4,435	399	424	96
Net Cash Provided (Used) – All Activities	38,334	458	1,371	63
Cash and Cash Equivalents – Beginning	108,584	9,834	10,563	2,473
Cash and Cash Equivalents – Ending	$ 146,918	$ 10,292	$ 11,934	$ 2,536

Petroleum Storage Tank Loan Fund	Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Total Nonmajor Enterprise Funds
$ 12	$ 204,735	$ 7,999	$ 10,574	$ 2,246	$ 230,682
134	—	—	—	—	20,975
—	—	9,410	—	—	9,435
—	(112,239)	(11,772)	(1,056)	(1,774)	(127,400)
(92)	—	—	—	—	(61,274)
—	(12,990)	(5,346)	(5,312)	(527)	(24,448)
—	1,285	(775)	4,460	—	4,608
—	(31,824)	—	—	—	(31,824)
54	48,967	(484)	8,666	(55)	20,754
—	8,781	604	—	—	9,385
—	(7,243)	—	—	—	(7,243)
—	—	(215)	—	—	(215)
—	—	—	—	—	649
—	—	—	—	—	525
—	—	—	—	—	71,330
—	(47,305)	—	—	—	(48,149)
0	(45,767)	389	0	0	26,282
—	2,074	—	—	—	2,074
—	(1,460)	(51)	—	—	(1,511)
—	(2,481)	(479)	(6,052)	—	(9,012)
—	(1,478)	(57)	—	—	(1,535)
—	1,477	—	—	—	1,477
(143)	(1,332)	—	—	—	(1,869)
(143)	(3,200)	(587)	(6,052)	0	(10,376)
222	—	—	(2)	19	5,593
222	0	0	(2)	19	5,593
133	0	(682)	2,612	(36)	42,253
5,301	109	682	4,159	762	142,467
$ 5,434	$ 109	$ 0	$ 6,771	$ 726	$ 184,720

Continues

Combining Statement Of Cash Flows
Nonmajor Enterprise Funds

Continued

For the Fiscal Year Ended June 30, 2006 (Expressed in Thousands)

	Community Impact Loan Fund	Housing Loan Programs	Agriculture Loan Fund	Clean Fuels Vehicle Loan Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ 3,333	$ (113)	$ 592	$ 1
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	—	—	—	—
Miscellaneous Gains, Losses, and Other Items	—	—	—	—
Net Changes in Assets and Liabilities:				
Accounts Receivable/Due From Other Funds	—	2	—	—
Notes/Accrued Interest Receivables	(37,346)	(3,463)	179	7
Inventories	—	—	—	—
Prepaid Items	—	—	—	—
Accrued Liabilities/Due to Other Funds	—	312	(16)	20
Unearned Revenue/Deposits	—	98	—	—
Net Cash Provided (Used) by Operating Activities	$ (34,013)	$ (3,164)	$ 755	$ 28
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	$ (42)	$ (2)	$ —	$ —
Total Noncash Investing, Capital, and Financing Activities	$ (42)	$ (2)	$ 0	$ 0

Petroleum Storage Tank Loan Fund	Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Total Nonmajor Enterprise Funds
$ 12	$ 48,767	$ 312	$ 5,221	$ (9)	$ 58,116
—	1,332	223	31	13	1,599
—	923	—	2,234	—	3,157
42	(938)	23	(5,516)	(13)	(6,400)
—	—	—	—	—	(40,623)
—	(2,227)	(741)	—	3	(2,965)
—	—	(5)	—	(3)	(8)
—	1,110	(296)	6,020	(46)	7,104
—	—	—	676	—	774
$ 54	$ 48,967	$ (484)	$ 8,666	$ (55)	$ 20,754
$ —	$ —	$ —	$ —	$ —	$ (44)
$ 0	$ 0	$ 0	$ 0	$ 0	$ (44)

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Technology Services
This fund is responsible for providing data processing, computer programming, and voice and data communication services to state agencies.

General Services
This fund is used to administer office supply contracts and provide statewide copy and mail services to state agencies. This fund is also used to account for the central warehouse services for the Department of Natural Resources and the renting and maintaining of facilities used by the Department of Human Services.

Fleet Operations
This fund accounts for automobile rental, fuel dispensing, and surplus property services to state agencies.

Risk Management
This fund is used to account for insurance coverage and loss prevention provided 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 has statutory responsibility for the operation and maintenance of facilities used by state agencies.

State Debt Collection
This fund provides a central collection process for the delinquent receivables of the State. It is funded through collection fees.

Transportation Infrastructure Loan Fund
This fund was created as a revolving loan fund to provide infrastructure assistance to state and local governments to expedite construction projects. The fund was capitalized with federal grants and state matching appropriations.

Combining Statement Of Net Assets
Internal Service Funds

June 30, 2006 (Expressed in Thousands)

	Technology Services	General Services	Fleet Operations	Risk Management
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 4,309	$ 606	$ 813	$ 53,602
Receivables:				
Accounts, net	493	530	1,894	3,097
Due From Other Funds	3,969	2,749	4,699	399
Due From Component Units	—	19	10	4
Prepaid Items	610	5	—	136
Inventories	775	955	3,350	—
Deferred Charges	—	—	—	—
Total Current Assets	10,156	4,864	10,766	57,238
Noncurrent Assets:				
Prepaid Items	—	—	—	275
Deferred Charges	—	—	—	—
Capital Assets:				
Land	17	—	—	—
Infrastructure	321	—	—	—
Buildings and Improvements	4,711	883	1,729	—
Machinery and Equipment	61,781	10,366	106,261	96
Construction in Progress	92	—	—	—
Less Accumulated Depreciation	(55,189)	(6,309)	(51,425)	(80)
Total Capital Assets	11,733	4,940	56,565	16
Total Noncurrent Assets	11,733	4,940	56,565	291
Total Assets	21,889	9,804	67,331	57,529
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	2,768	1,516	4,019	905
Due To Other Funds	257	56	143	438
Interfund Loans Payable	—	1,715	15,072	—
Unearned Revenue	172	—	178	301
Policy Claims Liabilities	—	—	—	11,443
Contracts/Notes Payable	—	36	—	—
Revenue Bonds Payable	—	—	46	—
Total Current Liabilities	3,197	3,323	19,458	13,087
Noncurrent Liabilities:				
Unearned Revenue	—	—	—	165
Interfund Loans Payable	—	2,155	8,585	—
Policy Claims Liabilities	—	—	—	35,282
Contracts/Notes Payable	—	84	—	—
Revenue Bonds Payable	—	—	903	—
Total Noncurrent Liabilities	0	2,239	9,488	35,447
Total Liabilities	3,197	5,562	28,946	48,534
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	11,733	4,820	55,712	16
Restricted for:				
Insurance Programs	—	—	—	4,671
Loan Programs	—	—	—	—
Unrestricted (Deficit)	6,959	(578)	(17,327)	4,308
Total Net Assets	$ 18,692	$ 4,242	$ 38,385	$ 8,995

Property Management	State Debt Collection	Transportation Infrastructure Loan Fund	Total
$ 1,602	$ 1,602	$ 2,478	$ 65,012
3	10	—	6,027
658	—	—	12,474
—	—	—	33
—	—	—	751
—	—	—	5,080
6	—	—	6
2,269	1,612	2,478	89,383
—	—	—	275
518	—	—	518
—	—	—	17
—	—	—	321
—	—	—	7,323
559	—	—	179,063
—	—	—	92
(444)	—	—	(113,447)
115	0	0	73,369
633	0	0	74,162
2,902	1,612	2,478	163,545
1,352	35	—	10,595
161	630	—	1,685
—	—	—	16,787
—	5	—	656
—	—	—	11,443
6	—	—	42
—	—	—	46
1,519	670	0	41,254
—	—	—	165
—	—	—	10,740
—	—	—	35,282
518	—	—	602
—	—	—	903
518	0	0	47,692
2,037	670	0	88,946
115	—	—	72,396
—	—	—	4,671
—	—	2,478	2,478
750	942	—	(4,946)
$ 865	$ 942	$ 2,478	$ 74,599

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

For the Fiscal Year Ended June 30, 2006 (Expressed in Thousands)

	Technology Services	General Services	Fleet Operations	Risk Management
OPERATING REVENUES				
Charges for Services/Premiums	$ 55,866	$ 15,798	$ 62,550	$ 34,212
Miscellaneous	—	68	—	—
Total Operating Revenues	55,866	15,866	62,550	34,212
OPERATING EXPENSES				
Administration	21,345	2,554	2,823	1,900
Materials and Services for Resale	13,052	8,781	27,889	18,647
Grants	—	—	—	—
Rentals and Leases	329	1,111	2,889	26
Maintenance	1,137	870	11,897	8
Depreciation	3,547	1,730	11,797	19
Benefit Claims	—	—	—	12,758
Miscellaneous Other:				
Data Processing	10,861	35	195	104
Supplies	135	221	304	117
Utilities	561	31	93	27
Advertising and Other	1,258	185	1,421	775
Total Operating Expenses	52,225	15,518	59,308	34,381
Operating Income (Loss)	3,641	348	3,242	(169)
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	—	—	—	2,610
Gain (Loss) on Sale of Capital Assets	(46)	(32)	474	—
Interest Expense	—	—	(40)	—
Total Nonoperating Revenues (Expenses)	(46)	(32)	434	2,610
Income (Loss) before Transfers	3,595	316	3,676	2,441
Transfers In	—	—	641	—
Transfers Out	—	—	—	(2,579)
Change in Net Assets	3,595	316	4,317	(138)
Net Assets – Beginning	15,097	3,926	34,068	9,133
Net Assets – Ending	$ 18,692	$ 4,242	$ 38,385	$ 8,995

Property Management	State Debt Collection	Transportation Infrastructure Loan Fund	Total
$ 19,791	$ 1,642	$ —	$ 189,859
—	—	—	68
19,791	1,642	0	189,927
5,980	328	—	34,930
—	175	—	68,544
—	388	—	388
455	—	—	4,810
5,842	—	—	19,754
36	—	—	17,129
—	—	—	12,758
363	26	—	11,584
168	21	—	966
6,597	5	—	7,314
775	157	—	4,571
20,216	1,100	0	182,748
(425)	542	0	7,179
—	—	—	2,610
—	—	—	396
(25)	—	—	(65)
(25)	0	0	2,941
(450)	542	0	10,120
—	—	—	641
—	—	—	(2,579)
(450)	542	0	8,182
1,315	400	2,478	66,417
$ 865	$ 942	$ 2,478	$ 74,599

Combining Statement Of Cash Flows
Internal Service Funds

For the Fiscal Year Ended June 30, 2006 (Expressed in Thousands)

	Technology Services	General Services	Fleet Operations	Risk Management
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers/Loan Interest/Fees/Premiums	$ 2,299	$ 477	$ 21,473	$ 12,499
Receipts from State Customers	54,509	14,601	39,833	19,244
Payments to Suppliers/Claims/Grants	(20,355)	(7,432)	(16,307)	(25,126)
Payments for Employee Services and Benefits	(21,980)	(2,652)	(2,923)	(1,974)
Payments to State Suppliers and Grants	(6,659)	(3,817)	(28,954)	(6,961)
Net Cash Provided (Used) by Operating Activities	7,814	1,177	13,122	(2,318)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payments of Bonds, Notes, Deposits, and Refunds	—	—	—	(212)
Interest Paid on Bonds, Notes, and Financing Costs	—	—	—	—
Transfers Out to Other Funds	—	—	—	(2,579)
Net Cash Provided (Used) by Noncapital Financing Activities	0	0	0	(2,791)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Repayments Under Interfund Loans	(96)	(461)	(4,489)	—
Proceeds from Disposition of Capital Assets	669	35	3,034	—
Principal Paid on Debt and Contract Maturities	—	—	(46)	—
Acquisition and Construction of Capital Assets	(5,108)	(1,263)	(12,355)	—
Interest Paid on Bonds, Notes, and Capital Leases	—	—	(47)	—
Transfers In from Other Funds	—	—	641	—
Net Cash Provided (Used) by Capital and Related Financing Activities	(4,535)	(1,689)	(13,262)	0
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts of Interest and Dividends from Investments	—	—	—	2,610
Net Cash Provided (Used) by Investing Activities	0	0	0	2,610
Net Cash Provided (Used) – All Activities	3,279	(512)	(140)	(2,499)
Cash and Cash Equivalents – Beginning	1,030	1,118	953	56,101
Cash and Cash Equivalents – Ending	$ 4,309	$ 606	$ 813	$ 53,602

Property Management	State Debt Collection	Transportation Infrastructure Loan Fund	Total
$ 656	$ 7,533	$ —	$ 44,937
19,433	—	—	147,620
(13,987)	(191)	—	(83,398)
(6,186)	(345)	—	(36,060)
(253)	(6,519)	—	(53,163)
(337)	478	0	19,936
(3)	—	—	(215)
(25)	—	—	(25)
—	—	—	(2,579)
(28)	0	0	(2,819)
—	—	—	(5,046)
7	—	—	3,745
—	—	—	(46)
(52)	—	—	(18,778)
—	—	—	(47)
—	—	—	641
(45)	0	0	(19,531)
—	—	—	2,610
0	0	0	2,610
(410)	478	0	196
2,012	1,124	2,478	64,816
$ 1,602	$ 1,602	$ 2,478	$ 65,012

Continues

Combining Statement Of Cash Flows
Internal Service Funds

Continued

For the Fiscal Year Ended June 30, 2006 (Expressed in Thousands)

	Information Technology	General Services	Fleet Operations	Risk Management
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ 3,641	$ 348	$ 3,242	$ (169)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	3,547	1,730	11,797	19
Net Changes in Assets and Liabilities:				
Accounts Receivable/Due From Other Funds	1,054	(788)	(1,263)	(2,018)
Inventories	13	(126)	(1,044)	—
Prepaid Items/Deferred Charges	543	(5)	—	688
Accrued Liabilities/Due to Other Funds	(872)	(102)	371	(2,439)
Unearned Revenue/Deposits	(112)	—	19	(451)
Notes Payable	—	120	—	—
Policy Claims Liabilities	—	—	—	2,052
Net Cash Provided (Used) by Operating Activities	$ 7,814	$ 1,177	$ 13,122	$ (2,318)
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	$ —	$ —	$ —	$ (18)
Total Noncash Investing, Capital, and Financing Activities	$ 0	$ 0	$ 0	$ (18)

Property Management	State Debt Collection	Transportation Infrastructure Loan Fund	Total
$ (425)	$ 542	$ —	$ 7,179
36	—	—	17,129
298	244	—	(2,473)
—	—	—	(1,157)
3	—	—	1,229
(249)	(302)	—	(3,593)
—	(6)	—	(550)
—	—	—	120
—	—	—	2,052
$ (337)	$ 478	$ 0	$ 19,936
$ —	$ —	$ —	$ (18)
$ 0	$ 0	$ 0	$ (18)

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DEFINED BENEFIT PENSION PLANS AND OTHER PENSION TRUST FUNDS

These funds are used to account for the various pension funds and deferred compensation trust funds 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.

PRIVATE PURPOSE TRUST FUNDS

Utah Navajo Nation Trust
This fund receives oil royalties, operating, and other trust revenues. Funds received are used for the health, education, and general welfare of members of the Utah Chapters of the Navajo Nation.

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 Uniform School Fund and are used to 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 assets of the fund are 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. Sources of funding include fees from participating companies, recovered costs and settlements from responsible parties, and investment income. The net assets of this fund are 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 Assets
Defined Benefit Pension Plans And
Other Pension Trust Funds

June 30, 2006 (Expressed in Thousands)

	Pension Trust			
	Non-Contributory System	Contributory System	Public Safety System	Fire-fighters System
ASSETS				
Cash and Cash Equivalents	$ 1,042,540	$ 76,502	$ 130,342	$ 51,561
Receivables:				
Member Contributions	—	441	235	300
Employer Contributions	25,543	595	2,802	—
Court Fees and Fire Insurance Premiums	—	—	—	—
Investments	599,481	43,986	74,936	29,645
Total Receivables	625,024	45,022	77,973	29,945
Investments:				
Debt Securities	3,422,029	251,090	427,758	169,229
Equity Investments	8,004,825	587,350	1,000,614	395,859
Private Equity	486,622	35,706	60,828	24,065
Real Estate	1,872,423	137,389	234,056	92,596
Mortgage Loans	5,462	401	682	270
Invested Securities Lending Collateral	1,894,493	139,007	236,815	93,688
Investment Contracts	—	—	—	—
Total Investments	15,685,854	1,150,943	1,960,753	775,707
Capital Assets:				
Land	1,415	104	177	70
Buildings and Improvements	8,827	649	1,106	435
Machinery and Equipment	2,521	185	316	124
Less Accumulated Depreciation	(10,369)	(762)	(1,299)	(511)
Total Capital Assets	2,394	176	300	118
Total Assets	17,355,812	1,272,643	2,169,368	857,331
LIABILITIES				
Accounts Payable	874,277	64,145	109,276	43,231
Securities Lending Liability	1,894,493	139,007	236,815	93,688
Leave/Postemployment Benefits	4,903	360	613	242
Insurance Reserves	4,349	319	544	215
Real Estate Liabilities	685,351	50,287	85,669	33,893
Total Liabilities	3,463,373	254,118	432,917	171,269
NET ASSETS				
Held in trust for:				
Pension Benefits	13,892,439	1,018,525	1,736,451	686,062
Deferred Compensation	—	—	—	—
Total Net Assets	$ 13,892,439	$ 1,018,525	$ 1,736,451	$ 686,062

Pension Trust		Deferred Compensation				
Judges System	Governors and Legislative Pension Plan	401(k) Plan	457 Plan	Roth IRA Plan	Traditional IRA Plan	Total
$ 8,510	$ 852	$ 6,254	$ 1,308	$ 2	$ 10	$ 1,317,881
—	—	—	—	—	—	976
37	—	—	—	—	—	28,977
142	—	—	—	—	—	142
4,893	489	43,603	2,404	—	—	799,437
5,072	489	43,603	2,404	0	0	829,532
27,928	2,793	694,087	73,049	289	2,016	5,070,268
65,330	6,535	1,333,317	137,562	736	4,531	11,536,659
3,971	397	—	—	—	—	611,589
15,281	1,528	—	—	—	—	2,353,273
45	4	—	—	—	—	6,864
15,462	1,547	68,422	5,553	25	119	2,455,131
—	—	31,364	15,855	—	—	47,219
128,017	12,804	2,127,190	232,019	1,050	6,666	22,081,003
12	1	—	—	—	—	1,779
74	7	—	—	—	—	11,098
21	3	—	—	—	—	3,170
(87)	(9)	—	—	—	—	(13,037)
20	2	0	0	0	0	3,010
141,619	14,147	2,177,047	235,731	1,052	6,676	24,231,426
7,135	714	4,163	147	—	1	1,103,089
15,462	1,547	68,422	5,553	25	119	2,455,131
40	4	—	—	—	—	6,162
36	4	—	—	—	—	5,467
5,593	559	—	—	—	—	861,352
28,266	2,828	72,585	5,700	25	120	4,431,201
113,353	11,319	—	—	—	—	17,458,149
—	—	2,104,462	230,031	1,027	6,556	2,342,076
$ 113,353	$ 11,319	$ 2,104,462	$ 230,031	$ 1,027	$ 6,556	$ 19,800,225

Combining Statement Of Changes In Fiduciary Net Assets
Defined Benefit Pension Plans And
Other Pension Trust Funds

For the Fiscal Year Ended June 30, 2006 (Expressed in Thousands)

	Pension Trust			
	Non-Contributory System	Contributory System	Public Safety System	Fire-fighters System
ADDITIONS				
Contributions:				
Member	$ 19,817	$ 10,300	$ 4,806	$ 6,726
Employer	406,795	10,357	61,326	—
Court Fees and Fire Insurance Premiums	—	—	—	9,601
Total Contributions	426,612	20,657	66,132	16,327
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments	867,967	64,735	108,447	43,085
Interest, Dividends, and Other Investment Income	354,021	26,404	44,234	17,573
Less Investment Expenses	(36,893)	(2,751)	(4,610)	(1,831)
Net Investment Income	1,185,095	88,388	148,071	58,827
Transfers From Affiliated Systems	—	19,565	4,257	601
Total Additions	1,611,707	128,610	218,460	75,755
DEDUCTIONS				
Retirement Benefits	397,759	37,508	62,608	21,405
Cost of Living Benefits	71,936	18,479	10,859	5,252
Supplemental Retirement Benefits	—	1,113	574	612
Refunds/Plan Distributions	3,189	1,800	1,026	72
Administrative Expenses	7,557	578	985	331
Transfers To Affiliated Systems	24,957	—	—	—
Total Deductions	505,398	59,478	76,052	27,672
Change in Net Assets Held in Trust for:				
Pension Benefits	1,106,309	69,132	142,408	48,083
Deferred Compensation	—	—	—	—
Net Assets – Beginning	12,786,130	949,393	1,594,043	637,979
Net Assets – Ending	$ 13,892,439	$ 1,018,525	$ 1,736,451	$ 686,062

Pension Trust		Deferred Compensation				
Judges System	Governors and Legislative Pension Plan	401(k) Plan	457 Plan	Roth IRA Plan	Traditional IRA Plan	Total
$ 8	$ —	$ 182,744	$ 22,033	$ 1,007	$ 6,527	$ 253,968
792	—	—	—	—	—	479,270
1,605	—	—	—	—	—	11,206
2,405	0	182,744	22,033	1,007	6,527	744,444
7,150	730	141,265	14,183	53	357	1,247,972
2,916	298	3,739	928	—	—	450,113
(304)	(31)	(2,244)	(220)	—	(4)	(48,888)
9,762	997	142,760	14,891	53	353	1,649,197
518	16	—	—	—	—	24,957
12,685	1,013	325,504	36,924	1,060	6,880	2,418,598
3,784	595	—	—	—	—	523,659
971	160	—	—	—	—	107,657
—	—	—	—	—	—	2,299
—	—	106,678	19,633	33	315	132,746
60	5	4,919	531	—	9	14,975
—	—	—	—	—	—	24,957
4,815	760	111,597	20,164	33	324	806,293
7,870	253	—	—	—	—	1,374,055
—	—	213,907	16,760	1,027	6,556	238,250
105,483	11,066	1,890,555	213,271	—	—	18,187,920
$113,353	$ 11,319	$ 2,104,462	$ 230,031	$ 1,027	$ 6,556	$ 19,800,225

Combining Statement Of Fiduciary Net Assets
Private Purpose Trust Funds

June 30, 2006 (Expressed in Thousands)

	Utah Navajo Nation Trust	Unclaimed Property Trust	Employers' Reinsurance Trust	Petroleum Storage Tank Trust
ASSETS				
Cash and Cash Equivalents	$ 670	$ —	$ 27,460	$ 1,220
Receivables:				
Accounts	2,097	4	3,915	3
Accrued Assessments	—	—	9,841	—
Due From Other Funds	—	—	2	2
Investments:				
Debt Securities	15,854	17,831	70,527	14,945
Equity Investments	101	24,993	10,750	—
Total Investments	15,955	42,824	81,277	14,945
Capital Assets:				
Land	260	—	—	—
Buildings and Improvements	4,567	—	—	—
Machinery and Equipment	173	—	—	—
Less Accumulated Depreciation	(1,370)	—	—	—
Total Capital Assets	3,630	0	0	0
Total Assets	22,352	42,828	122,495	16,170
LIABILITIES				
Accounts Payable	154	83	96	473
Due To Other Funds	27	7	—	394
Unearned Revenue	—	—	—	324
Policy Claims Liabilities	—	—	284,730	63,494
Total Liabilities	181	90	284,826	64,685
NET ASSETS				
Held in trust for:				
Individuals, Organizations, and Other Governments	22,171	42,738	(162,331)	(48,515)
Total Net Assets	$ 22,171	$ 42,738	$ (162,331)	$ (48,515)

Utah Educational Savings Plan Trust	Miscellaneous Restricted Trust	Total
$ 1,065	$ 7,922	$ 38,337
6	—	6,025
—	—	9,841
—	933	937
317,542	6,634	443,333
1,221,292	—	1,257,136
1,538,834	6,634	1,700,469
—	—	260
—	—	4,567
411	—	584
(32)	—	(1,402)
379	0	4,009
1,540,284	15,489	1,759,618
310	687	1,803
—	266	694
—	—	324
—	—	348,224
310	953	351,045
1,539,974	14,536	1,408,573
$ 1,539,974	$ 14,536	$ 1,408,573

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

For the Fiscal Year Ended June 30, 2006 (Expressed in Thousands)

	Utah Navajo Nation Trust	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	(7)	(10)	826	(6)
Interest, Dividends, and Other Investment Income	666	655	2,749	606
Total Investment Income	659	645	3,575	600
Other Additions:				
Escheats	—	30,264	—	—
Royalties and Rents	2,864	—	—	—
Fees, Assessments, and Revenues	—	—	47,150	7,354
Miscellaneous	3	—	5	—
Total Other	2,867	30,264	47,155	7,354
Total Additions	3,526	30,909	50,730	7,954
DEDUCTIONS				
Trust Operating Expenses	705	—	—	705
Distributions and Benefit Payments	—	7,543	8,348	—
Administrative and General Expenses	1,780	5,089	2,000	1,331
Total Deductions	2,485	12,632	10,348	2,036
Change in Net Assets Held in Trust for:				
Individuals, Organizations, and Other Governments	1,041	18,277	40,382	5,918
Net Assets – Beginning	21,130	24,461	(202,713)	(54,433)
Net Assets – Ending	$ 22,171	$ 42,738	$ (162,331)	$ (48,515)

Utah Educational Savings Plan Trust	Miscellaneous Restricted Trust	Total
$ 390,973	$ 7,319	$ 398,292
390,973	7,319	398,292
71,066	(1)	71,868
32,273	318	37,267
103,339	317	109,135
—	—	30,264
—	—	2,864
—	21,616	76,120
—	4,197	4,205
0	25,813	113,453
494,312	33,449	620,880
—	22,874	24,284
34,233	7,610	57,734
2,803	1,793	14,796
37,036	32,277	96,814
457,276	1,172	524,066
1,082,698	13,364	884,507
$ 1,539,974	$ 14,536	$ 1,408,573

Combining Statement Of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2006 (Expressed in Thousands)

	Taxes and Social Security	County and Local Collections	State Courts	Deposits, Suspense, and Miscellaneous	Total
ASSETS					
Cash and Cash Equivalents	$ 40	$100,844	$ 29,096	$ 11,225	$141,205
Accounts Receivable	—	207	—	282	489
Due From Other Funds	—	—	29	1,911	1,940
Investments:					
Debt Securities	—	11	—	17,236	17,247
Equity Investments	—	—	—	—	—
Total Investments	0	11	0	17,236	17,247
Total Assets	$ 40	$101,062	$ 29,125	$ 30,654	$160,881
LIABILITIES					
Due To Other Individuals or Groups	$ —	$ 3,242	$ 28,629	$ 11,443	$ 43,314
Due To Other Taxing Units	40	97,820	496	19,211	117,567
Total Liabilities	$ 40	$101,062	$ 29,125	$ 30,654	$160,881

Combining Statement Of Changes In Assets And Liabilities Agency Funds

For the Fiscal Year Ended June 30, 2006 (Expressed in Thousands)

	Balance June 30, 2005	Additions	Deletions	Balance June 30, 2006
TAXES AND SOCIAL SECURITY				
Assets				
Cash and Cash Equivalents	$ 43	$ 209,734	$ 209,737	$ 40
Total Assets	$ 43	$ 209,734	$ 209,737	$ 40
Liabilities				
Due To Other Taxing Units	$ 43	$ 209,735	$ 209,738	$ 40
Total Liabilities	$ 43	$ 209,735	$ 209,738	$ 40
COUNTY AND LOCAL COLLECTIONS				
Assets				
Cash and Cash Equivalents	$ 73,356	$ 1,159,592	$ 1,132,104	$ 100,844
Investments	26	2,246	2,261	11
Accounts Receivable	194	208	195	207
Total Assets	$ 73,576	$ 1,162,046	$ 1,134,560	$ 101,062
Liabilities				
Due To Other Individuals or Groups	$ 2,162	$ 29,179	$ 28,099	$ 3,242
Due To Other Taxing Units	71,414	1,130,413	1,104,007	97,820
Total Liabilities	$ 73,576	$ 1,159,592	$ 1,132,106	$ 101,062
STATE COURTS				
Assets				
Cash and Cash Equivalents	$ 23,305	$ 45,875	$ 40,084	$ 29,096
Due From Other Funds	—	29	—	29
Total Assets	$ 23,305	$ 45,904	$ 40,084	$ 29,125
Liabilities				
Due To Other Individuals or Groups	$ 22,681	$ 42,046	$ 36,098	$ 28,629
Due To Other Taxing Units	624	3,829	3,957	496
Total Liabilities	$ 23,305	$ 45,875	$ 40,055	$ 29,125
DEPOSITS, SUSPENSE, AND MISCELLANEOUS				
Assets				
Cash and Cash Equivalents	$ 11,648	$ 689,243	$ 689,666	$ 11,225
Investments	13,532	155,016	151,312	17,236
Accounts Receivable	8	499	225	282
Due From Other Funds	256	38,694	37,039	1,911
Total Assets	$ 25,444	$ 883,452	$ 878,242	$ 30,654
Liabilities				
Due To Other Individuals or Groups	$ 8,200	$ 478,316	$ 475,073	$ 11,443
Due To Other Taxing Units	17,244	211,279	209,312	19,211
Total Liabilities	$ 25,444	$ 689,595	$ 684,385	$ 30,654
TOTAL — ALL AGENCY FUNDS				
Assets				
Cash and Cash Equivalents	$ 108,352	$ 2,104,444	$ 2,071,591	$ 141,205
Investments	13,558	157,262	153,573	17,247
Accounts Receivable	202	707	420	489
Due From Other Funds	256	38,723	37,039	1,940
Total Assets	$ 122,368	$ 2,301,136	$ 2,262,623	$ 160,881
Liabilities				
Due To Other Individuals or Groups	$ 33,043	$ 549,541	$ 539,270	$ 43,314
Due To Other Taxing Units	89,325	1,555,256	1,527,014	117,567
Total Liabilities	$ 122,368	$ 2,104,797	$ 2,066,284	$ 160,881

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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 appropriations from the General Fund.

Utah Schools for the Deaf and Blind
The Schools were created to provide practical 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.

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 State College
Dixie State College of Utah
College of Eastern Utah
Snow College
Utah College of Applied Technology

Combining Statement Of Net Assets
Nonmajor Component Units

June 30, 2006 (Expressed in Thousands)

	Comprehensive Health Insurance Pool	Utah Schools For the Deaf And the Blind	Heber Valley Historic Railroad Authority	Utah State Fair Corporation	Weber State University
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 24,257	$ 2,287	$ —	$ 819	$ 23,387
Investments	—	—	—	—	3,948
Receivables:					
Accounts, net	508	495	18	133	4,644
Notes/Loans/Mortgages/Pledges, net	—	—	—	—	1,687
Accrued Interest	—	—	—	—	558
Due From Primary Government	—	440	—	—	—
Prepaid Items	—	—	—	60	—
Inventories	—	—	44	—	2,485
Deferred Charges	—	—	—	—	341
Total Current Assets	24,765	3,222	62	1,012	37,050
Noncurrent Assets:					
Restricted Investments	—	—	—	—	24,149
Accounts Receivables, net	—	—	—	—	—
Investments	—	—	—	—	92,598
Notes/Loans/Mortgages/Pledges Receivables, net	—	—	—	—	9,836
Other Assets	—	—	—	—	—
Capital Assets (net of Accumulated Depreciation)	—	9,867	2,036	779	140,580
Total Noncurrent Assets	0	9,867	2,036	779	267,163
Total Assets	24,765	13,089	2,098	1,791	304,213
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	778	958	156	228	3,561
Deposits	—	—	—	—	—
Due To Primary Government	—	385	—	—	657
Unearned Revenue	208	—	—	245	3,800
Current Portion of Long-term Liabilities	2,358	—	142	17	3,560
Total Current Liabilities	3,344	1,343	298	490	11,578
Noncurrent Liabilities:					
Deposits	—	—	—	5	—
Due To Primary Government	—	—	—	—	—
Long-term Liabilities	—	—	204	16	40,091
Total Noncurrent Liabilities	0	0	204	21	40,091
Total Liabilities	3,344	1,343	502	511	51,669
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	—	9,867	1,690	762	102,007
Restricted for:					
Nonexpendable:					
Higher Education	—	—	—	—	42,121
Expendable:					
Higher Education	—	—	—	—	74,663
Other	—	—	—	46	—
Unrestricted (Deficit)	21,421	1,879	(94)	472	33,753
Total Net Assets	$ 21,421	$ 11,746	$ 1,596	$ 1,280	$ 252,544

Southern Utah University	Salt Lake Community College	Utah Valley State College	Dixie State College of Utah	College of Eastern Utah	Snow College	Utah College of Applied Technology	Total Nonmajor Component Units
$ 11,751	$ 56,618	$ 32,599	$ 12,958	$ 1,753	$ 6,589	$ 11,757	$ 184,775
7,124	9,591	1,106	293	—	75	—	22,137
2,179	6,566	6,750	1,784	1,680	640	2,958	28,355
492	913	554	355	100	227	1,110	5,438
145	—	—	—	20	52	—	775
—	—	—	—	—	—	—	440
3,077	27	963	324	119	27	150	4,747
1,309	2,727	1,746	950	432	686	1,422	11,801
—	—	—	—	—	—	—	341
26,077	76,442	43,718	16,664	4,104	8,296	17,397	258,809
8,266	6,867	15,297	19,701	14,167	5,656	214	94,317
—	—	—	854	235	—	—	1,089
6,129	5,856	—	2,684	829	3,378	1,003	112,477
2,064	24,510	1,712	2,136	—	857	—	41,115
—	1,117	6,363	—	—	—	—	7,480
96,107	136,209	161,694	67,548	40,121	74,058	70,269	799,268
112,566	174,559	185,066	92,923	55,352	83,949	71,486	1,055,746
138,643	251,001	228,784	109,587	59,456	92,245	88,883	1,314,555
1,157	7,904	3,416	1,383	1,310	837	3,280	24,968
301	—	406	111	—	179	89	1,086
232	155	184	46	264	34	457	2,414
4,259	5,007	2,855	200	200	376	437	17,587
2,406	8,194	4,274	1,526	531	492	984	24,484
8,355	21,260	11,135	3,266	2,305	1,918	5,247	70,539
—	688	—	—	42	83	—	818
—	—	—	—	1,238	369	—	1,607
14,924	11,494	29,642	9,462	4,386	3,403	5,705	119,327
14,924	12,182	29,642	9,462	5,666	3,855	5,705	121,752
23,279	33,442	40,777	12,728	7,971	5,773	10,952	192,291
81,681	120,708	132,501	59,515	35,588	71,434	66,155	681,908
7,729	2,308	9,165	19,701	5,960	4,068	625	91,677
10,214	37,092	21,333	8,310	8,643	3,095	2,255	165,605
—	—	—	—	—	—	—	46
15,740	57,451	25,008	9,333	1,294	7,875	8,896	183,028
$ 115,364	$ 217,559	$ 188,007	$ 96,859	$ 51,485	$ 86,472	$ 77,931	$ 1,122,264

Combining Statement Of Activities
Nonmajor Component Units

For the Fiscal Year Ended June 30, 2006 (Expressed in Thousands)

	Comprehensive Health Insurance Pool	Utah Schools For the Deaf And the Blind	Heber Valley Historic Railroad Authority	Utah State Fair Corporation	Weber State University
Expenses	$ 22,783	$ 25,776	$ 2,474	$ 4,128	$ 148,514
Program Revenues:					
Charges for Services:					
Tuition and Fees	—	—	—	—	61,910
Scholarship Allowances	—	—	—	—	(11,940)
Sales, Services, and Other Revenues	16,784	4,086	2,476	3,171	12,530
Operating Grants and Contributions	1,595	784	—	43	34,023
Capital Grants and Contributions	—	—	—	—	9,999
Total Program Revenues	18,379	4,870	2,476	3,214	106,522
Net (Expenses) Revenues	(4,404)	(20,906)	2	(914)	(41,992)
General Revenues:					
State Appropriations	16,204	21,002	—	793	60,866
Unrestricted Investment Income	848	13	—	—	—
Permanent Endowments Contributions	—	—	—	—	1,915
Total General Revenues	17,052	21,015	0	793	62,781
Change in Net Assets	12,648	109	2	(121)	20,789
Net Assets – Beginning	8,773	11,637	1,594	1,401	231,755
Net Assets – Ending	$ 21,421	$ 11,746	$ 1,596	$ 1,280	$ 252,544

Southern Utah University	Salt Lake Community College	Utah Valley State College	Dixie State College of Utah	College of Eastern Utah	Snow College	Utah College of Applied Technology	Total Nonmajor Component Units
$ 78,447	$ 139,683	$ 167,092	$ 43,270	$ 25,315	$ 35,171	$ 64,552	$ 757,205
24,293	52,166	65,424	14,994	4,165	7,077	6,475	236,504
(5,922)	(8,021)	(5,531)	(2,169)	(2,211)	(2,189)	(413)	(38,396)
15,602	13,941	21,585	4,780	2,811	3,025	6,626	107,417
17,295	28,575	39,728	9,461	8,598	5,952	11,861	157,915
1,148	953	3,267	2,328	204	2,260	611	20,770
52,416	87,614	124,473	29,394	13,567	16,125	25,160	484,210
(26,031)	(52,069)	(42,619)	(13,876)	(11,748)	(19,046)	(39,392)	(272,995)
28,821	59,706	49,201	18,080	12,704	18,610	40,713	326,700
—	—	—	—	—	—	—	861
1,660	—	763	438	144	224	—	5,144
30,481	59,706	49,964	18,518	12,848	18,834	40,713	332,705
4,450	7,637	7,345	4,642	1,100	(212)	1,321	59,710
110,914	209,922	180,662	92,217	50,385	86,684	76,610	1,062,554
$ 115,364	$ 217,559	$ 188,007	$ 96,859	$ 51,485	$ 86,472	$ 77,931	$ 1,122,264

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STATISTICAL SECTION

The Statistical Section provides additional historical, context, and detail to aid in using the information in the financial statements, notes to the financial statements, and required supplementary information for the primary government of the State of Utah in understanding and assessing 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.

Schedule A–1 Net Assets by Component 184
Schedule A–2 Changes in Net Assets 186
Schedule A–3 Fund Balances — Governmental Funds 190
Schedule A–4 Changes in Fund Balances — Governmental Funds 192

Revenue Capacity Information

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

Schedule B–1 Revenue Base 194
Schedule B–2 Revenue Payers by Industry — Taxable Sales, Services, and Use Tax Purchases 196
Schedule B–3 Revenue Payers — Personal Income Tax 197
Schedule B–4 Personal Income Tax Rates 198

Debt Capacity Information

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

Schedule C–1 Ratios of Outstanding Debt by Type 200
Schedule C–2 Other Long-Term Liabilities 202
Schedule C–3 Legal Debt Margin 204
Schedule C–4 Statutory Debt Limit 204
Schedule C–5 Pledged Revenue Bond Coverage 206

Demographic and Economic Information

These schedules contain demographic and economic indicators to help the reader understand the environment within the State's financial activities take place.

Schedule D–1 Demographic and Economic Indicators 207
Schedule D–2 Principal Employers 208
Schedule D–3 Composition of Labor Force 210
Schedule D–4 Public Education Student Enrollment (K–12) 212
Schedule D–5 Public Higher Education Enrollment 212

Operating Information

These schedules offer operating data to help the reader understand how the information in the State's financial report relates to the services it provides and the activities it performs.

Schedule E–1 Full-Time Equivalent State Employees by Function 214
Schedule E–2 Operating Indicators by Function 216
Schedule E–3 Capital Asset Statistics by Function 218

Other Information

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

Schedule F–1 Expenditures — Historical and Constant Dollars 220
Schedule F–2 Per Capita Expenditures — Historical and Constant Dollars 221

Sources: Unless otherwise noted, the information in the following schedules is derived from the State of Utah Comprehensive Annual Financial Report.

Net Assets by Component

Last Five Fiscal Years

(Accrual Basis of Accounting) (Expressed in Thousands)

	Fiscal Year			
	2002	**2003**	**2004**	**2005**
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	$ 7,827,247	$ 7,661,130	$ 7,942,495	$ 8,197,279
Restricted [1]	776,121	973,636	1,237,258	1,518,523
Unrestricted [1]	320,613	336,129	408,145	690,177
Total Governmental Activities Net Assets	8,923,981	8,970,895	9,587,898	10,405,979
Business-type Activities				
Invested in Capital Assets, Net of Related Debt	21,336	22,104	24,141	28,419
Restricted [2]	916,526	814,147	807,224	928,115
Unrestricted [3]	627,668	668,198	724,154	793,099
Total Business-type Activities Net Assets	1,565,530	1,504,449	1,555,519	1,749,633
Primary Government				
Invested in Capital Assets, Net of Related Debt	7,848,583	7,683,234	7,966,636	8,225,698
Restricted	1,692,647	1,787,783	2,044,482	2,446,638
Unrestricted	948,281	1,004,327	1,132,299	1,483,276
Total Primary Government Net Assets	$ 10,489,511	$ 10,475,344	$ 11,143,417	$ 12,155,612

Notes: The State implemented GASB Statement 34 in fiscal year 2002. The government-wide schedules are effective beginning in fiscal year 2002.

This schedule has been restated for prior period adjustments. Adjustments were made to the fiscal year and the preceding fiscal year in which the prior period adjustment was identified.

[1] From fiscal years 2004 to 2006, governmental activities' restricted and unrestricted net assets increased due to higher tax revenues from a strengthening economy.

[2] From fiscal years 2003 to 2004, business-type activities' restricted net assets decreased primarily due to unemployment claims exceeding related revenue.

[3] In fiscal year 2006, business-type activities' unrestricted net assets increased primarily due to the State adding additional capital to the Community Impact Loan Fund from increased mineral lease revenues.

Schedule A–1

Fiscal Year
2006
$ 8,719,751
2,379,269
856,207
11,955,227
32,068
1,139,691
893,118
2,064,877
8,751,819
3,518,960
1,749,325
$ 14,020,104

State of Utah

Changes in Net Assets

Last Five Fiscal Years

(Accrual Basis of Accounting) (Expressed in Thousands)

	Fiscal Year			
	2002	**2003**	**2004**	**2005**
GOVERNMENTAL ACTIVITIES				
Expenses				
General Government	$ 218,758	$ 194,211	$ 187,544	$ 240,091
Human Services and Youth Corrections	539,028	538,492	576,276	573,154
Corrections, Adult	191,642	184,805	197,043	195,716
Public Safety	154,257	127,861	150,772	162,922
Courts	104,979	106,045	97,894	98,319
Health and Environmental Quality [1]	1,062,393	1,177,121	1,341,059	1,461,016
Higher Education	704,595	647,572	781,468	694,732
Employment and Family Services	324,113	352,082	384,457	409,334
Natural Resources	114,083	119,528	119,188	121,714
Community and Culture	91,083	90,794	88,339	86,065
Business, Labor and Agriculture	66,215	66,965	72,693	84,992
Public Education [2]	1,999,112	1,981,119	2,033,153	2,169,071
Transportation	541,547	523,591	538,525	579,914
Interest and Other Charges on Long-Term Debt	68,964	73,835	75,935	76,382
Total Expenses	6,180,769	6,184,021	6,644,346	6,953,422
Program Revenues				
Charges for Services:				
General Government	77,155	84,500	96,780	99,303
Human Services and Youth Corrections	13,304	17,182	11,918	13,193
Corrections, Adult	7,452	6,235	7,260	2,138
Public Safety	28,348	28,471	31,147	31,594
Courts	34,977	29,221	32,991	46,468
Health and Environmental Quality	87,120	74,087	84,251	108,406
Higher Education	714	676	231	282
Employment and Family Services	7,366	5,397	9,139	6,414
Natural Resources	40,660	35,353	41,554	44,842
Community and Culture	4,579	4,807	1,427	4,420
Business, Labor and Agriculture	46,230	50,318	55,906	61,637
Public Education	35,859	38,604	38,209	59,213
Transportation	123,934	97,759	134,123	137,934
Operating Grants and Contributions	1,794,902	2,034,177	2,347,065	2,436,116
Capital Grants and Contributions	109,751	123,883	105,149	124,836
Total Program Revenues	2,412,351	2,630,670	2,997,150	3,176,796
Net Program (Expense) — Governmental Activities	(3,768,418)	(3,553,351)	(3,647,196)	(3,776,626)
General Revenues and Other Changes in Net Assets				
Taxes:				
Sales Tax and Use Tax [3]	1,470,175	1,488,452	1,547,174	1,697,720
Individual Income Tax Imposed for Education [3]	1,473,341	1,604,618	1,760,844	2,001,286
Corporate Tax Imposed for Education [3]	124,333	160,705	165,921	209,403
Motor and Special Fuel Taxes Imposed for Transportation	329,296	317,536	332,673	335,625
Other Taxes	201,586	213,613	234,777	275,755
Unrestricted Investment Income	11,914	9,152	7,818	17,690
Gain on Sale of Capital Assets	19,642	15,412	13,072	23,010
Federal Appropriation–Jobs and Growth Relief	—	37,970	37,970	—
Miscellaneous	40,670	34,733	30,117	24,781
Special Item–Distribution to Local Governments	(29,772)	—	—	—
Transfers–Internal Activities	26,358	24,237	13,408	9,437
Prior Period Adjustments and Restatements	(61,189)	(306,163)	120,425	—
Total General Revenues and Other Changes in Net Assets	3,606,354	3,600,265	4,264,199	4,594,707
Change in Net Assets — Governmental Activities – Increase (Decrease)	(162,064)	46,914	617,003	818,081

Schedule A–2

Fiscal Year 2006
$ 289,749
595,337
208,922
182,042
109,180
1,635,544
810,228
405,845
133,441
84,843
90,573
2,321,139
640,251
70,345
7,577,439
121,067
11,073
4,483
32,777
47,330
98,296
115
8,492
50,308
5,368
64,098
85,867
175,821
2,744,231
100,519
3,549,845
(4,027,594)
1,921,048
2,496,911
379,801
356,176
316,980
46,856
46,084
—
31,999
—
(19,013)
—
5,576,842
1,549,248

Continues

Changes in Net Assets

Last Five Fiscal Years

(Accrual Basis of Accounting) (Expressed in Thousands)

	Fiscal Year			
	2002	**2003**	**2004**	**2005**
BUSINESS-TYPE ACTIVITIES				
Expenses				
Student Assistance Programs	$ 79,666	$ 86,995	$ 82,406	$ 95,495
Unemployment Compensation [4]	272,924	307,834	242,828	142,632
Water Loan Programs	6,181	7,074	6,730	8,648
Other Business-type Activities	122,694	123,706	131,164	141,374
Total Expenses	481,465	525,609	463,128	388,149
Program Revenues				
Charges for Services:				
Student Assistance Programs	75,836	73,685	72,823	87,375
Unemployment Compensation	84,611	108,130	158,466	221,298
Water Loan Programs	9,132	8,975	9,160	9,796
Other Business-type Activities	159,703	162,348	176,379	189,114
Operating Grants and Contributions	163,584	130,235	92,141	65,173
Total Program Revenues	492,866	483,373	508,969	572,756
Net Program Revenue (Expense) — Business-type Activities	11,401	(42,236)	45,841	184,607
General Revenues and Other Changes in Net Assets				
Taxes:				
Sales Tax and Use Tax	16,343	2,180	14,402	14,874
Unrestricted Investment Income	3,648	2,248	1,627	3,844
Gain on Sale of Capital Assets	2,347	—	—	226
Federal Appropriation–Jobs and Growth Relief	—	964	462	—
Transfers–Internal Activities	(26,358)	(24,237)	(13,408)	(9,437)
Prior Period Adjustments and Restatements	100	—	2,146	—
Total General Revenues and Other Changes in Net Assets	(3,920)	(18,845)	5,229	9,507
Change in Net Assets — Business-type Activities – Increase (Decrease)	7,481	(61,081)	51,070	194,114
Total Primary Government Change in Net Assets	$ (154,583)	$ (14,167)	$ 668,073	$ 1,012,195

Notes: The State implemented GASB Statement 34 in fiscal year 2002. The government-wide schedules are effective beginning in fiscal year 2002.

Legislative action created the Governor's Office of Economic Development in fiscal year 2006; This action moved activity from the community and culture function to the general government function.

This schedule has been restated for prior period adjustments. Adjustments were made to the fiscal year and the preceding fiscal year in which the prior period adjustment was identified.

[1] Expenses for health and environmental quality have increased over the last five fiscal years due to rising Medicaid program costs.

[2] From fiscal years 2005 to 2006 public education expenses increased for enrollment growth and increased costs related to benefits for educators.

[3] From fiscal years 2005 to 2006, 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.

[4] From fiscal years 2004 to 2006 unemployment compensation expenses decreased, reflecting Utah's improved employment.

Schedule A–2 (Continued)

Fiscal Year
2006
$ 152,895
102,476
6,560
155,265
417,196
112,960
253,809
10,715
211,620
109,140
698,244
281,048
14,875
—
308
—
19,013
—
34,196
315,244
$ 1,864,492

Fund Balances — Governmental Funds

Last Five Fiscal Years

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

	Fiscal Year			
	2002	**2003**	**2004**	**2005**
General Fund				
Reserved	$ 221,474	$ 230,980	$ 214,063	$ 262,360
Unreserved [1]	146,551	156,016	271,890	391,619
Total General Fund	368,025	386,996	485,953	653,979
All Other Governmental Funds				
Reserved	940,566	878,603	831,812	1,048,146
Unreserved reported in:				
Special Revenue Funds	418,365	562,605	643,340	737,746
Capital Projects [2]	52,959	75,489	(15,380)	(71,127)
Debt Service	8,173	7,107	5,787	5,881
Total All Other Governmental Funds	1,420,063	1,523,804	1,465,559	1,720,646
Total Fund Balances — Governmental Funds	$ 1,788,088	$ 1,910,800	$ 1,951,512	$ 2,374,625

Notes: Due to changes in the State's fund structure initiated when GASB Statement 34 was implemented, the changes in fund balance information is only available beginning in fiscal year 2002.

This schedule has been restated for prior period adjustments. Adjustments were made to the fiscal year and the preceding fiscal year in which the prior period adjustment was identified.

[1] From fiscal years 2004 to 2006, general fund unreserved fund balances increased due to higher tax revenues from a strengthening economy.

[2] From fiscal years 2004 to 2006, unreserved fund balance for capital projects reported a deficit as a result of outstanding encumbrances. Appropriations and bond proceeds available in the following fiscal year fund the outstanding encumbrances.

Schedule A–3

Fiscal Year
2006
$ 300,497
568,639
869,136
1,286,583
1,096,485
(93,248)
14,332
2,304,152
$ 3,173,288

Changes in Fund Balances — Governmental Funds

Last Five Fiscal Years

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

	Fiscal Year			
	2002	**2003**	**2004**	**2005**
Revenues				
Sales and Use Tax [1]	$ 1,473,479	$ 1,481,823	$ 1,553,909	$ 1,699,636
Individual Income Tax [1]	1,584,546	1,587,520	1,706,774	1,946,593
Corporate Tax [1]	124,561	161,129	165,893	209,304
Motor and Special Fuels Tax	321,682	321,370	327,838	336,417
Other Taxes	201,583	213,618	234,774	275,715
Federal Contracts and Grants	1,856,477	2,049,922	2,295,428	2,366,786
Charges for Services/Royalties	256,213	244,527	286,879	330,998
Licenses, Permits, and Fees	98,632	101,529	103,635	121,382
Federal Mineral Lease	30,527	47,307	67,216	82,704
Federal Aeronautics	31,026	18,791	25,821	34,416
Intergovernmental	7,611	8,463	11,395	4,104
Investment Income [2]	(10,347)	34,626	69,314	71,538
Miscellaneous and Other	176,895	193,448	204,331	231,708
Total Revenues	6,152,885	6,464,073	7,053,207	7,711,301
Expenditures:				
General Government	179,769	170,666	176,907	178,891
Human Services and Youth Corrections	531,290	533,898	553,136	576,871
Corrections, Adult	185,471	179,115	188,951	198,030
Public Safety	150,715	125,517	150,353	163,072
Courts	107,255	98,784	102,302	107,807
Health and Environmental Quality [3]	1,058,291	1,175,092	1,342,903	1,461,618
Higher Education–State Administration	42,155	34,891	32,827	39,121
Higher Education–Colleges and Universities	610,837	597,477	614,922	637,087
Employment and Family Services	321,154	363,116	394,926	417,037
Natural Resources	121,072	134,247	121,461	123,195
Community and Culture	91,014	91,986	89,051	87,621
Business, Labor, and Agriculture	63,940	66,382	72,124	85,115
Public Education [4]	1,998,450	1,979,880	2,033,259	2,168,896
Transportation	848,617	756,634	811,088	832,285
Capital Outlay	112,569	205,861	173,869	139,488
Debt Service — Principal Retirement	104,298	109,653	124,498	183,911
Debt Service — Interest and Other Charges	70,890	79,367	87,462	89,768
Total Expenditures	6,597,787	6,702,566	7,070,039	7,489,813
Revenues Over (Under) Expenditures	(444,902)	(238,493)	(16,832)	221,488
Other Financing Sources (Uses)				
General Obligation Bonds Issued	421,200	278,705	—	140,635
Revenue Bonds Issued	114,389	—	16,377	18,430
Refunding Bonds Issued	208,000	381,800	319,230	22,066
Premium on Bonds Issued	29,153	87,756	35,729	12,039
Payment of Current Bond Refunding	(208,000)	(150,000)	(5,050)	—
Payment to Refunded Bond Escrow Agent	—	(279,369)	(349,244)	(23,212)
Capital Leases/Contracts Issued	—	—	11,498	—
Sale of Trust Lands	16,115	15,412	13,066	18,070
Transfers In	763,114	458,734	572,766	852,989
Transfers Out	(734,251)	(431,833)	(555,468)	(839,392)
Special Item — Sale of Olympic Park Facilities	58,512	—	—	—
Special Item — Distribution to Local Governments	(29,772)	—	—	—
Prior Period Adjustments and Restatements	—	—	(1,360)	—
Total Other Financing Sources (Uses)	638,460	361,205	57,544	201,625
Net Change in Fund Balances	$ 193,558	$ 122,712	$ 40,712	$ 423,113
Debt Service as a Percentage of Noncapital Expenditures	2.7%	2.9%	3.1%	3.7%

Notes: Due to changes in the State's fund structure initiated when GASB Statement 34 was implemented, the changes in fund balance information is only available beginning in fiscal year 2002.

Legislative action created the Governor's Office of Economic Development in fiscal year 2006; This action moved activity from the community and culture function to the general government function.

This schedule has been restated for prior period adjustments. Adjustments were made to the fiscal year and the preceding fiscal year in which the prior period adjustment was identified.

[1] From fiscal years 2005 to 2006, 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.

Schedule A–4

Fiscal Year 2006
$ 1,915,600
2,324,365
379,624
344,902
316,994
2,524,022
405,013
113,684
156,851
37,521
9,109
116,215
239,901
8,883,801
239,838
593,392
205,310
179,622
114,111
1,634,619
43,505
675,267
413,380
140,592
85,231
89,255
2,322,871
975,565
170,748
152,746
82,690
8,118,742
765,059
—
—
—
—
—
—
—
50,679
935,723
(952,798)
—
—
—
33,604
$ 798,663
3.0%

[2] In fiscal year 2002, the decrease in fair value in investments for the permanent fund created a negative revenue.

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

[4] From fiscal years 2005 to 2006 public education expenditures increased for enrollment growth and increased costs related to benefits for educators.

State of Utah

Revenue Base

Last Ten Calendar Years

(Expressed in Thousands)

	Calendar Year			
	1996	**1997**	**1998**	**1999**
Taxable Sales, Services, and Use Tax Purchases				
Agriculture, Forestry, and Fishing	$ 17,377	$ 25,784	$ 22,612	$ 26,499
Mining	174,440	245,303	259,042	180,267
Construction	370,737	388,522	399,802	421,476
Manufacturing	1,512,616	1,464,211	1,601,027	1,539,452
Transportation	92,305	102,296	122,686	140,231
Communications and Utilities	1,697,103	1,960,097	2,167,105	2,252,281
Wholesale Trade	2,868,673	2,857,954	3,157,047	3,278,676
Retail	14,950,386	15,457,745	16,259,520	17,064,458
Finance, Insurance, and Real Estate	318,426	339,793	423,481	449,726
Services	3,275,917	3,383,895	3,698,830	3,900,743
Public Administration	144,481	75,837	59,288	67,973
Prior Period Payments and Refunds	421,476	527,266	474,869	676,759
Total Taxable Sales, Services and Use Tax Purchases	$ 25,843,937	$ 26,828,703	$ 28,645,309	$ 29,998,541
State Sales Tax Rate	4.875%	4.750%	4.750%	4.750%
Personal Income by Industry				
Federal Civilian	$ 1,701,372	$ 1,739,604	$ 1,782,087	$ 1,860,682
Federal Military	402,005	397,724	398,753	415,852
State and Local Government	4,136,165	4,440,950	4,797,097	5,041,634
Forestry, Fishing, and Related Activities	67,220	71,256	67,907	69,819
Mining	411,233	458,391	479,456	456,432
Utilities	330,080	330,892	338,420	319,073
Construction	2,280,301	2,527,282	2,811,796	2,996,429
Manufacturing	4,606,487	4,948,985	5,216,869	5,327,895
Wholesale Trade	1,447,588	1,587,190	1,768,414	1,925,470
Retail Trade	2,697,242	2,962,662	3,087,314	3,270,230
Transportation and Warehousing	1,515,861	1,645,533	1,774,169	1,833,166
Information	939,430	978,200	1,245,045	1,557,010
Financial, Insurance, Real Estate, Rental, and Leasing	2,185,775	2,455,734	2,591,372	2,926,702
Services	8,319,917	9,161,123	9,919,951	10,613,627
Farm Earnings	182,105	205,716	240,117	256,110
Other [1]	9,163,651	9,755,893	10,500,089	10,472,441
Total Personal Income	$ 40,386,432	$ 43,667,135	$ 47,018,856	$ 49,342,572
Highest Income Tax Rate	7.0%	7.0%	7.0%	7.0%

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

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

Calendar Year					
2000	**2001**	**2002**	**2003**	**2004**	**2005**
$ 32,173	$ 35,596	$ 37,667	$ 41,251	$ 44,957	$ 69,102
202,157	207,660	157,344	141,246	195,448	284,634
407,857	368,364	315,095	305,795	368,876	512,075
1,543,234	1,587,075	1,369,021	1,392,412	1,691,533	2,027,777
149,218	144,106	96,434	89,823	128,218	171,898
2,592,628	2,966,872	2,963,647	2,833,309	3,080,330	3,248,719
3,444,614	3,278,275	3,099,989	3,105,001	3,611,473	4,265,754
17,954,684	18,472,120	19,049,964	19,559,540	21,013,848	22,897,441
469,097	442,357	457,361	390,057	355,012	384,754
4,276,454	4,267,008	4,157,216	4,005,676	4,179,256	4,747,385
66,505	67,043	77,846	93,453	83,973	106,941
506,392	589,713	730,567	602,479	557,951	524,772
$ 31,645,013	$ 32,426,189	$ 32,512,151	$ 32,560,042	$ 35,310,875	$ 39,241,252
4.750%	4.750%	4.750%	4.750%	4.750%	4.750%
$ 2,092,156	$ 2,193,593	$ 2,423,704	$ 2,492,234	$ 2,658,300	$ 2,825,246
447,703	495,066	631,174	785,698	833,292	931,743
5,361,261	5,701,905	5,973,292	6,296,245	6,696,426	7,026,426
64,061	54,705	46,069	50,495	47,835	53,152
495,981	550,927	532,637	540,705	660,597	866,646
335,693	408,094	459,954	365,956	373,971	401,249
3,271,568	3,491,766	3,580,465	3,510,287	3,981,818	4,634,111
5,648,259	5,927,719	5,718,329	5,937,118	6,379,917	6,790,187
2,075,701	2,131,879	2,120,316	2,163,787	2,343,504	2,563,511
3,418,911	3,579,776	3,639,657	3,744,950	4,027,054	4,266,342
1,957,340	2,105,772	2,099,374	2,100,419	2,266,813	2,389,880
1,771,212	1,671,477	1,547,549	1,545,782	1,642,598	1,859,023
3,096,721	3,553,045	3,774,022	3,928,431	4,176,838	4,533,851
11,695,394	12,253,544	12,749,249	12,840,126	14,030,494	15,319,495
201,081	277,134	180,687	210,268	295,889	255,560
11,628,169	12,197,106	12,695,237	12,854,581	12,985,213	13,189,752
$ 53,561,211	$ 56,593,508	$ 58,171,715	$ 59,367,082	$ 63,400,559	$ 67,906,174
7.0%	7.0%	7.0%	7.0%	7.0%	7.0%

Revenue Payers by Industry — Taxable Sales, Services, and Use Tax Purchases

Schedule B–2

Most Current Calendar Year and Historical Comparison

(Dollars Expressed in Thousands)

	Calendar Year 1996				Calendar Year 2005			
	Number of Outlets	**Percent of Total**	**Taxable Sales and Purchases**	**Percent of Total**	**Number of Outlets**	**Percent of Total**	**Taxable Sales and Purchases**	**Percent of Total**
Agriculture, Forestry, and Fishing ..	329	0.6%	$ 17,377	0.1%	683	0.7%	$ 69,102	0.2%
Mining	226	0.4%	174,440	0.7%	301	0.3%	284,634	0.7%
Construction	1,293	2.3%	370,737	1.4%	1,987	1.9%	512,075	1.3%
Manufacturing	3,607	6.5%	1,512,616	5.9%	6,940	6.6%	2,027,777	5.2%
Transportation	384	0.7%	92,305	0.4%	501	0.5%	171,898	0.4%
Communications and Utilities	1,158	2.1%	1,697,103	6.6%	10,560	10.1%	3,248,719	8.3%
Wholesale Trade	4,759	8.5%	2,868,673	11.1%	10,345	9.9%	4,265,754	10.9%
Retail	21,616	38.8%	14,955,412	57.8%	34,100	32.7%	22,931,034	58.3%
Finance, Insurance, and Real Estate	909	1.6%	318,426	1.2%	2,195	2.1%	384,754	1.0%
Services	14,159	25.4%	3,275,917	12.6%	24,344	23.3%	4,747,385	12.1%
Public Administration	172	0.3%	144,481	0.6%	174	0.2%	106,941	0.3%
Prior Period Payments, Refunds	7,148	12.8%	416,450	1.6%	12,260	11.7%	491,179	1.3%
Total Number of Filers and Total Taxable Sales, Services, and Use Tax Purchases	55,760	100.0%	$ 25,843,937	100.0%	104,390	100.0%	$ 39,241,252	100.0%
State Sales Tax Rate	4.875% except 2.000% for Communications and Utilities				4.750% except 2.000% 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 2005.

Revenue Payers — Personal Income Tax

Schedule B–3

Most Current Calendar Year and Historical Comparison

(Dollars Expressed in Thousands)

	Calendar Year 1995				Calendar Year 2004			
	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	197,050	26.1%	$ 5,946	0.6%	174,977	19.0%	$ 3,123	0.2%
$10,001–20,000	149,547	19.8%	40,693	4.0%	156,231	16.9%	32,868	1.9%
$20,001–30,000	107,810	14.3%	73,089	7.2%	128,567	14.0%	71,537	4.1%
$30,001–40,000	84,314	11.2%	100,304	9.9%	98,924	10.8%	100,388	5.8%
$40,001–50,000	66,471	8.8%	115,830	11.4%	80,980	8.8%	124,093	7.1%
$50,001–75,000	93,404	12.4%	246,423	24.2%	138,905	15.1%	337,904	19.4%
$75,001–100,000	29,187	3.9%	116,557	11.5%	70,810	7.7%	269,254	15.5%
$100,001–250,000	21,877	2.9%	154,945	15.2%	60,481	6.6%	398,776	22.9%
Over $250,000	4,401	0.6%	162,588	16.0%	10,274	1.1%	401,169	23.1%
Total	754,061	100.0%	$ 1,016,375	100.0%	920,149	100.0%	$ 1,739,112	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 2004.

State of Utah

Personal Income Tax Rates — Schedule B–4

Last Ten Calendar Years

	Calendar Year		
	1996	**1997 to 2000** [1]	**2001 to 2005** [1]
	Single and Married Filing Separately		
Tax Rate	2.55%	2.30%	2.30%
Income Levels	$0–750	$0–750	$0–863
Tax Rate	3.50%	3.30%	3.30%
Income Levels	$751–1,500	$751–1,500	$864–1,726
Tax Rate	4.40%	4.20%	4.20%
Income Levels	$1,501–2,250	$1,501–2,250	$1,727–2,588
Tax Rate	5.35%	5.20%	5.20%
Income Levels	$2,251–3,000	$2,251–3,000	$2,589–3,450
Tax Rate	6.00%	6.00%	6.00%
Income Levels	$3,001–3,750	$3,001–3,750	$3,451–4,313
Tax Rate	7.00%	7.00%	7.00%
Income Levels	Over $3,750	Over $3,750	Over $4,313
	Married Filing Joint, Head of Household, and Qualifying Widow(er)		
Tax Rate	2.55%	2.30%	2.30%
Income Levels	$0–1,500	$0–1,500	$0–1,726
Tax Rate	3.50%	3.30%	3.30%
Income Levels	$1,501–3,000	$1,501–3,000	$1,727–3,450
Tax Rate	4.40%	4.20%	4.20%
Income Levels	$3,001–4,500	$3,001–4,500	$3,451–5,176
Tax Rate	5.35%	5.20%	5.20%
Income Levels	$4,501–6,000	$4,501–6,000	$5,177–6,900
Tax Rate	6.00%	6.00%	6.00%
Income Levels	$6,001–7,500	$6,001–7,500	$6,901–8,626
Tax Rate	7.00%	7.00%	7.00%
Income Levels	Over $7,500	Over $7,500	Over $8,626

Source: Utah State Tax Commission

Note: The Utah State Legislature can raise the income tax rates by legislation, no vote of the populace is required; *Utah Constitution* , Article XIII, Section 5.

[1] The Legislature passed structural reductions in the state income tax rate effective for calendar year 1997 and increased the income levels effective for calendar year 2001.

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Ratios of Outstanding Debt by Type
Last Five Fiscal Years

(Expressed in Millions)

	Fiscal Year			
	2002	**2003**	**2004**	**2005**
Governmental Activities				
General Obligation Bonds	$ 1,474	$ 1,624	$ 1,510	$ 1,515
State Building Ownership Authority Lease Revenue Bonds	342	332	336	309
Capital Leases	12	13	23	21
Total Governmental Activities	1,828	1,969	1,869	1,845
Business-type Activities				
Student Assistance Programs Revenue Bonds	1,227	1,311	1,398	1,545
Water Loan Revenue Bonds	4	3	1	—
State Building Ownership Authority Lease Revenue Bonds	23	22	23	31
Total Business-type Activities	1,254	1,336	1,422	1,576
Total Primary Government	$ 3,082	$ 3,305	$ 3,291	$ 3,421
Debt as a Percentage of Personal Income [1]	5.30%	5.57%	5.19%	5.04%
Amount of Debt Per Capita (expressed in dollars) [1]	$ 1,307	$ 1,369	$ 1,333	$ 1,343
Net General Obligation Bonded Debt				
General Obligation Bonds	$ 1,474	$ 1,624	$ 1,510	$ 1,515
Less: Restricted Debt Service Funds	(6)	—	—	—
Net General Obligation Bonded Debt	$ 1,468	$ 1,624	$ 1,510	$ 1,515
Net General Obligation Bonded Debt as a Percentage of Taxable Property Value [2]	1.22%	1.29%	1.17%	1.12%
Amount of Net General Obligation Bonded Debt Per Capita (expressed in dollars) [1]	$ 623	$ 673	$ 612	$ 595

Sources: Utah State Administrative Services, Division of Finance; Utah State Tax Commission – Property Tax; and Utah Governor's Office of Planning and Budget – Demographics.

Note: Only principal debt is included. Not included are premiums, discounts, and deferred amounts on refundings.

Ratios of outstanding debt by type, presented separately by governmental and business-type activities, are only available beginning in fiscal year 2002 when the State implemented GASB Statement 34.

[1] Ratios are calculated using personal income and population data. See Schedule D–1 for personal income and population data.

[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.

Schedule C–1

Fiscal Year
2006
$ 1,377
293
20
1,690
2,138
—
38
2,176
$ 3,866
5.22%
$ 1,475
$ 1,377
—
$ 1,377
0.95%
$ 525

Other Long-Term Liabilities
Last Five Fiscal Years

(Expressed in Thousands)

	Fiscal Year			
	2002	**2003**	**2004**	**2005**
Governmental Activities				
General Obligation Bonds	$ 1,474,400	$ 1,623,680	$ 1,510,160	$ 1,514,510
State Building Ownership Authority Lease Revenue Bonds	342,378	331,537	335,941	308,898
Net Unamortized Premiums	27,642	107,435	108,594	101,395
Deferred Amount on Refunding	—	(14,038)	(26,966)	(25,361)
Capital Leases	15,026	12,846	22,902	20,931
Contracts Payable	—	—	—	8,527
Compensated Absences	135,541	134,746	139,594	140,029
Postemployment Benefits [1]	213,633	216,442	240,538	—
Claims	126,709	43,659	40,423	44,673
Arbitrage Liability	99	103	—	—
Total Governmental Activities	2,335,428	2,456,410	2,371,186	2,113,602
Business-type Activities				
Revenue Bonds	1,231,460	1,313,605	1,398,520	1,544,830
State Building Ownership Authority Lease Revenue Bonds	22,858	22,341	23,330	30,672
Net Unamortized Premiums	269	265	237	1,061
Deferred Amount on Refunding	—	—	—	(464)
Capital Leases	96	—	—	—
Claims and Uninsured Liabilities	—	—	5,201	6,025
Arbitrage Liability	36,830	52,884	61,766	66,411
Total Business-type Activities	1,291,513	1,389,095	1,489,054	1,648,535
Total Primary Government Other Long-term Liabilities	$ 3,626,941	$ 3,845,505	$ 3,860,240	$ 3,762,137

Note: Details regarding the liabilities listed above can be found in Note 10. Long-term Liabilities in the financial statements.

[1] Beginning in 2005 the Postemployment Benefits liability is no longer reported in the financial statements in preparation for the implementation of Governmental Accounting Standards Board (GASB) Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions.*

Schedule C–2

Fiscal Year
2006
$ 1,377,390
293,226
83,347
(21,546)
19,644
7,936
148,762
—
46,725
—
1,955,484
2,138,085
37,814
988
(415)
—
4,960
67,845
2,249,277
$ 4,204,761

Legal Debt Margin
Last Ten Fiscal Years

(Expressed in Millions)

	Fiscal Year			
	1997	**1998**	**1999**	**2000**
Taxable Property, Taxable Value [1]	$ 83,149	$ 93,278	$ 99,917	$ 105,149
Taxable Property, Fair Market Value [1]	$ 111,599	$ 125,781	$ 134,601	$ 142,192
Debt Limit (Fair Market Value times 1.5%)	1.5%	1.5%	1.5%	1.5%
Debt Limit Amount	1,674	1,887	2,019	2,133
Net General Obligation Bonded Debt [2]	367	1,202	1,252	1,212
Legal Debt Margin	$ 1,307	$ 685	$ 767	$ 921
Net General Obligation Bonded Debt As a Percentage of the Debt Limit Amount	21.9%	63.7%	62.0%	56.8%

Source: Utah State Tax Commission.

Note: Article XIV, Section 5 of the *Utah Constitution* authorizes general obligation debt for purposes as authorized by the Legislature. Section 1 of the Article limits outstanding state general obligation debt to 1.5 percent of the fair market value of the taxable property in the State. Net General Obligation Bonded Debt includes premiums, discounts, and deferred amounts on refundings.

[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, 2005, are used for fiscal year 2006.

[2] Prior to fiscal year 2002, only principal debt is included; not included are premiums, discounts and deferred amounts on refundings.

Statutory Debt Limit
Last Ten Fiscal Years

(Expressed in Thousands)

	Fiscal Year			
	1997	**1998**	**1999**	**2000**
Appropriations Limitation Amount [1]	$ 3,050,726	$ 3,252,706	$ 3,529,861	$ 3,673,543
Limit (Appropriations Limitation Amount times applicable percentage) [1]	20%	20%	20%	20%
Statutory Debt Limit Amount	610,145	650,541	705,972	734,709
Net General Obligation Bonded Debt	367,160	1,202,310	1,251,525	1,212,325
Less: Exempt Highway Construction Bonds	—	(600,000)	(908,000)	(908,000)
Net General Obligation Bonded Debt Subject to Statutory Debt Limit	367,160	602,310	343,525	304,325
Additional General Obligation Debt Incurring Capacity	$ 242,985	$ 48,231	$ 362,447	$ 430,384

Source: Utah State Administrative Services, Division of Finance.

Notes: Article XIV, Section 5 of the *Utah Constitution* authorizes general obligation debt for purposes as authorized by the Legislature. In addition, Title 63, Chapter 38c 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 Bonded Debt includes premiums, discounts, and deferred amounts on refundings.

[1] The 2004 Legislature made changes to the calculation of the appropriations limit which also necessitated changing the applicable percentage from 20 to 45 percent, effective for fiscal year 2004.

Schedule C–3

Fiscal Year					
2001	**2002**	**2003**	**2004**	**2005**	**2006**
$ 112,218	$ 120,332	$ 125,437	$ 129,345	$ 135,827	$ 144,519
$ 152,329	$ 163,186	$ 170,776	$ 176,541	$ 185,620	$ 198,983
1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
2,285	2,448	2,562	2,648	2,784	2,985
1,146	1,498	1,714	1,589	1,588	1,437
$ 1,139	$ 950	$ 848	$ 1,059	$ 1,196	$ 1,548
50.2%	61.2%	66.9%	60.0%	57.0%	48.1%

Schedule C–4

Fiscal Year					
2001	**2002**	**2003**	**2004**	**2005**	**2006**
$ 3,798,512	$ 4,176,703	$ 4,150,684	$ 1,856,205	$ 1,956,584	$ 2,099,609
20%	20%	20%	45%	45%	45%
759,702	835,341	830,137	835,292	880,463	944,824
1,146,000	1,498,371	1,713,755	1,588,810	1,587,804	1,436,845
(908,000)	(1,000,450)	(1,020,049)	(980,811)	(957,093)	(877,979)
238,000	497,921	693,706	607,999	630,711	558,866
$ 521,702	$ 337,420	$ 136,431	$ 227,293	$ 249,752	$ 385,958

Pledged Revenue Bond Coverage

Schedule C–5

Last Five 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]
State Building Ownership Authority						
2006	$ 190,786	$ 140,152	$ 50,634	$ 1,213	$ 1,546	18.35
2005	$ 168,751	$ 126,850	$ 41,901	$ 1,149	$ 1,176	18.02
2004	$ 159,726	$ 118,545	$ 41,181	$ 798	$ 1,063	22.13
2003	$ 146,493	$ 110,603	$ 35,890	$ 539	$ 683	29.37
2002	$ 145,875	$ 110,207	$ 35,668	$ 553	$ 611	30.64
Water Loans						
2006	$ —	$ —	$ —	$ —	$ —	—
2005	$ 9,796	$ 8,611	$ 1,185	$ 1,060	$ 37	1.08
2004	$ 9,160	$ 6,613	$ 2,547	$ 1,580	$ 117	1.50
2003	$ 8,975	$ 6,873	$ 2,102	$ 1,495	$ 201	1.24
2002	$ 9,132	$ 5,716	$ 3,416	$ 4,540	$ 465	0.68
Student Assistance Programs						
2006	$ 118,044	$ 37,810	$ 80,234	$ 40,420	$ 61,922	0.78
2005	$ 83,093	$ 31,944	$ 51,149	$ 3,710	$ 33,404	1.38
2004	$ 67,550	$ 35,645	$ 31,905	$ 43,640	$ 18,797	0.51
2003	$ 69,561	$ 41,346	$ 28,215	$ 36,110	$ 23,507	0.47
2002	$ 72,451	$ 22,216	$ 50,235	$ 7,540	$ 29,367	1.36

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

Due to changes in the State's fund structure initiated when GASB Statement 34 was implemented, pledged revenue bond coverage is only available beginning in fiscal year 2002.

[1] Revenues for State Building Ownership Authority are primarily lease rental payments. Revenues for Water Loans 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.

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	U.S.	Utah Net Migration
1997	2,099	2.7%	273,368	1.2%	3.1%	4.9%	25,253
1998	2,142	2.0%	276,553	1.2%	3.8%	4.5%	9,745
1999	2,193	2.4%	279,731	1.1%	3.7%	4.2%	17,584
2000	2,247	2.5%	282,795	1.1%	3.2%	4.0%	18,612
2001	2,306	2.6%	285,721	1.0%	4.4%	4.7%	23,848
2002	2,358	2.3%	288,599	1.0%	5.7%	5.8%	17,299
2003	2,414	2.4%	291,388	1.0%	5.7%	6.0%	18,568
2004	2,469	2.3%	293,600	0.8%	5.2%	5.5%	18,367
2005	2,547	3.2%	296,300	0.9%	4.3%	5.1%	40,647
2006 (est.)	2,621	2.9%	299,000	0.9%	3.3%	4.7%	34,600

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
1997	$ 43,667	8.1%	$ 6,907,332	6.1%	$ 20,600	5.5%	$ 25,295	4.8%
1998	$ 47,019	7.7%	$ 7,415,709	7.4%	$ 21,708	5.4%	$ 26,840	6.1%
1999	$ 49,343	4.9%	$ 7,796,137	5.1%	$ 22,393	3.2%	$ 27,891	3.9%
2000	$ 53,561	8.5%	$ 8,422,074	8.0%	$ 23,878	6.6%	$ 29,807	6.9%
2001	$ 56,594	5.7%	$ 8,716,992	3.5%	$ 24,809	3.9%	$ 30,534	2.4%
2002	$ 58,172	2.8%	$ 8,872,871	1.8%	$ 25,073	1.1%	$ 30,776	0.8%
2003	$ 59,367	2.1%	$ 9,150,908	3.1%	$ 25,645	2.3%	$ 31,466	2.2%
2004	$ 63,401	6.8%	$ 9,717,173	6.2%	$ 26,946	5.1%	$ 33,026	5.0%
2005	$ 67,906	7.1%	$ 10,224,761	5.2%	$ 28,235	4.8%	$ 34,685	5.0%
2006 (est.)	$ 74,018	9.0%	$ 10,945,000	7.0%	$ 28,240	0.0%	$ 36,605	5.5%

Sources: Population—Utah Population Estimates Committee at July 1 each year. The 2006 estimate is from the Council of Economic Advisors. Personal Income—U.S. Department of Commerce, Bureau of Economic Analysis; and Utah Department of Workforce Services. The 2006 estimate is from the Council of Economic Advisors.

Note: Per capita personal income is calculated by dividing total personal income by population; amounts may not be exact due to rounding.

State of Utah

Principal Employers

Schedule D–2

Most Current Calendar Year and Historical Comparison

	Calendar Year 1996			Calendar Year 2005		
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%
State of Utah	15,000–19,999	1	2.0%	20,000 +	2	2.0%
Brigham Young University	15,000–19,999	3	1.6%	15,000–19,999	3	1.5%
University of Utah (includes Hospital)	15,000–19,999	2	1.6%	15,000–19,999	4	1.4%
Wal-Mart Stores				10,000–14,999	5	1.3%
Hill Air Force Base	7,000–9,999	6	0.7%	10,000–14,999	6	1.0%
Granite School District	7,000–9,999	4	0.8%	7,000–9,999	7	0.8%
Convergys	5,000–6,999	9	0.6%	7,000–9,999	8	0.7%
Jordan School District	7,000–9,999	5	0.8%	7,000–9,999	9	0.7%
Davis County School District	5,000–6,999	8	0.6%	7,000–9,999	10	0.6%
Utah State University	7,000–9,999	7	0.7%			
Morton International	5,000–6,999	10	0.6%			
Total Employees of Principal Employers	96,500		10.0%	140,059		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 Six Calendar Years

	Calendar Year			
	2000	**2001**	**2002**	**2003**
Nonagricultural Jobs				
Government	185,349	190,117	195,246	196,537
Mining	7,291	7,209	6,880	6,670
Construction	72,309	71,620	67,838	67,599
Manufacturing	125,784	122,092	113,873	112,291
Trade, Transportation, and Utilities	219,823	219,954	216,032	213,970
Information	35,927	33,514	31,004	30,016
Financial Activity	58,731	62,214	63,352	64,674
Professional and Business Services	139,533	136,646	131,912	131,910
Education and Health Services	104,855	109,520	113,696	118,379
Leisure and Hospitality	95,391	98,328	100,943	99,634
Other Services	29,886	30,471	32,970	32,451
Total Nonagricultural Jobs	1,074,879	1,081,685	1,073,746	1,074,131
Civilian Labor Force	1,104,208	1,161,070	1,180,007	1,188,279
Total Employed	1,068,371	1,110,359	1,107,946	1,121,088
Unemployed	35,837	50,711	72,061	67,191
Unemployment Rate	3.2%	4.4%	5.7%	5.7%

Source: Utah Department of Workforce Services

Note: The U.S. Bureau of Economic Analysis switched from the Standard Industrial Classification (SIC) to the North American Industry Classification System (NAICS) beginning in calendar year 2001. The Utah Department of Workforce Services provided calendar year 2000 data that conforms to the NAICS groupings.

Schedule D–3

Calendar Year	
2004	**2005**
198,877	202,355
7,083	8,472
72,631	81,673
114,765	117,244
219,212	225,850
30,272	32,105
65,040	67,584
138,220	146,681
123,282	128,595
102,031	104,222
32,915	33,241
1,104,328	1,148,022
1,203,459	1,268,075
1,140,498	1,214,150
62,961	53,925
5.2%	4.3%

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

	Academic Year			
	1996–97	**1997–98**	**1998–99**	**1999–2000**
Elementary	250,856	298,901	253,401	254,922
Secondary	227,172	180,250	223,660	221,052
Total All Grades	478,028	479,151	477,061	475,974

Source: State of Utah Office of Education

Public Higher Education Enrollment
Last Eight Academic Years

	Academic Year			
	1998–99	**1999–2000**	**2000–01**	**2001–02**
University of Utah	25,017	25,792	26,180	27,664
Utah State University	19,322	20,865	21,490	23,001
Weber State University	14,136	15,444	16,378	17,258
Southern Utah University	5,725	6,025	5,963	6,095
Salt Lake Community College	19,765	21,271	22,118	24,220
Utah Valley State College	18,174	20,062	20,946	22,609
Dixie State College of Utah	5,455	6,191	6,515	7,255
College of Eastern Utah	2,617	2,692	2,704	2,746
Snow College	3,318	4,081	4,092	4,096
Utah College of Applied Technology	37,371	41,099	37,443	37,210
Total All Institutions	150,900	163,522	163,829	172,154

Source: Utah State Board of Regents

Notes: In 1998–99 Utah Higher Education changed to a semester system. For comparability only numbers are included since then.

Schedule D–4

Academic Year					
2000–01	**2001–02**	**2002–03**	**2003–04**	**2004–05**	**2005–06**
256,429	259,328	262,168	266,666	273,163	283,972
218,840	218,473	218,975	220,272	222,519	226,040
475,269	477,801	481,143	486,938	495,682	510,012

Schedule D–5

Academic Year			
2002–03	**2003–04**	**2004–05**	**2005–06**
29,992	29,936	30,479	30,558
22,848	23,474	23,908	23,107
18,654	19,167	18,875	18,334
5,881	6,048	6,672	6,859
23,873	24,154	25,711	25,551
23,609	23,803	24,149	24,487
7,473	7,682	8,564	9,114
2,646	2,692	2,471	2,179
3,768	4,036	4,108	4,113
37,660	35,549	25,817	25,199
176,404	176,541	170,754	169,501

Full-Time Equivalent State Employees by Function
Last Ten Fiscal Years

	Fiscal Year			
	1997	**1998**	**1999**	**2000**
General Government				
Government Operations [1]	1,224	1,239	1,301	1,302
Tax Commission	765	791	829	859
All Other	133	140	156	144
Human Services and Youth Corrections [2]	5,115	4,190	4,341	4,530
Adult Corrections	2,010	2,088	2,119	2,169
Public Safety				
Department of Public Safety	999	1,015	1,074	1,105
Utah National Guard	144	150	172	180
State Courts	1,071	1,160	1,112	1,111
Health and Environmental Quality				
Department of Health	940	995	1,055	1,101
Department of Environmental Quality	393	390	389	396
Employment and Family Services [2]	—	1,703	1,796	1,702
Natural Resources	1,146	1,185	1,167	1,192
Community and Culture [1]	310	309	306	287
Business, Labor, and Agriculture	627	639	646	663
Education				
Public Education Support	922	961	991	1,042
Higher Education Support	149	153	155	160
Transportation	1,907	1,925	1,897	1,888
Total Full-Time Equivalent State Employees	17,855	19,033	19,506	19,831

Source: Utah State Administrative Services, Division of Finance

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

[2] In fiscal year 1998, the Legislature created the Department of Workforce Services; this action shifted employees from the human services to employment and family services.

Fiscal Year					
2001	**2002**	**2003**	**2004**	**2005**	**2006**
1,321	1,344	1,297	1,295	1,292	1,345
884	872	835	846	844	852
144	145	144	127	132	147
4,605	4,706	4,543	4,630	4,697	4,644
2,243	2,253	2,159	2,228	2,234	2,319
1,106	1,171	1,166	1,211	1,182	1,159
202	223	227	252	245	247
1,127	1,125	1,053	1,056	1,073	1,077
1,144	1,189	1,207	1,271	1,289	1,295
404	416	408	397	403	406
1,772	1,850	1,889	1,993	1,999	1,931
1,191	1,219	1,215	1,266	1,273	1,319
302	297	267	262	251	188
688	701	701	703	712	716
1,061	1,066	1,055	1,088	1,129	1,176
158	160	147	154	177	180
1,895	1,951	1,871	1,829	1,762	1,768
20,247	20,688	20,184	20,608	20,694	20,769

Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year			
	1997	**1998**	**1999**	**2000**
General Government				
Government Operations				
Construction Projects Managed	771	758	745	654
Tax Commission				
Percent of Data Managed Electronically	N/A	N/A	N/A	N/A
Number of Returns Filed Electronically	N/A	N/A	N/A	N/A
Motor Vehicle Registrations (in thousands)	2,189	2,259	2,333	2,382
Human Services and Youth Corrections				
Food Stamp Recipients [1]	190,125	181,943	174,984	171,872
Percent of Population	9.3%	8.7%	8.2%	7.8%
Juveniles, Daily Average in Justice System Placement	N/A	N/A	N/A	1,355
Rate of Recommitment to Juvenile Custody	N/A	N/A	N/A	10.2%
Adult Corrections				
Incarcerated Offenders [1]	4,696	5,064	5,215	5,573
Supervised Offenders [1]	9,345	10,699	10,690	11,025
Utah Incarceration Rate (per 100,000 population)	202	205	245	254
US Incarceration Rate (per 100,000 population)	436	461	476	478
State Courts [2]				
State Court Filings	404,793	414,493	414,953	374,700
State Court Dispositions	395,517	393,403	391,536	418,277
Health				
Children's Health Insurance Program Enrollment	N/A	N/A	6,003	14,612
Medicaid Eligible (unduplicated)	225,493	217,775	222,114	222,360
Percent of Population	11.0%	10.4%	10.4%	10.1%
Employment and Family Services				
Individuals Registered for Employment	219,758	239,833	264,113	252,520
Percent Who Entered Employment	N/A	N/A	N/A	N/A
Natural Resources				
Hatchery Fish, Pounds Raised	N/A	N/A	N/A	N/A
Hunting and Fishing Licenses Sold (in thousands) [1] [3]	N/A	N/A	N/A	N/A
State Park Visitations (in thousands)	6,634	6,879	6,767	6,555
Business, Labor, and Agriculture				
Department of Commerce				
Licenses and Registrations Issued [4]	205,326	222,494	219,048	243,661
Department of Agriculture and Food				
Dairy Farm Inspections	2,356	2,062	2,098	1,601
Pounds of Turkey Inspected and Graded (in thousands)	112,411	107,392	136,473	118,837
Gas Pumps and Scales Inspected	27,473	19,713	20,451	14,046
Higher Education				
Number of Certificates and Degrees Awarded [5]	18,223	21,575	19,361	21,114
Transportation				
Percent of Roads Which are Deficient (see page 114) [1]	N/A	N/A	7.3%	10.7%
Vehicles Weighed or Inspected (in thousands)	4,299	4,393	4,216	5,001

Source: Various departments of the State and 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, and fishing.

[4] Includes professional, occupational, real estate, and securities licenses. Does not include corporation and other business registrations or filings.

[5] Certificates for the Utah College of Applied Technology is not available and not included in fiscal year 1997 number.

Fiscal Year					
2001	**2002**	**2003**	**2004**	**2005**	**2006**
638	757	886	844	782	828
21.0%	28.5%	36.6%	42.1%	48.7%	55.2%
191,565	263,337	331,773	409,249	477,457	547,312
2,383	2,464	2,524	2,657	2,732	N/A
181,501	209,209	233,836	255,284	263,502	N/A
8.1%	9.1%	9.9%	10.6%	10.7%	N/A
1,288	1,231	1,208	1,203	1,239	1,128
10.2%	9.8%	10.3%	9.4%	7.3%	9.5%
5,590	5,434	5,687	5,875	6,148	N/A
11,392	11,514	11,519	11,798	N/A	N/A
230	233	240	246	240	N/A
470	476	482	486	488	N/A
350,633	342,794	313,340	294,376	300,049	N/A
354,961	338,551	323,235	317,015	339,664	N/A
21,366	24,674	24,854	28,443	28,924	35,259
235,813	249,447	249,745	276,813	286,983	N/A
10.5%	10.8%	10.6%	11.5%	11.6%	N/A
263,218	259,914	256,934	266,105	267,175	N/A
N/A	62%	61%	66%	70%	N/A
862,442	810,513	887,546	930,071	893,497	N/A
348,498	318,336	307,126	312,545	311,934	339,850
6,075	5,640	4,573	4,414	4,458	N/A
249,927	251,982	250,295	257,062	262,134	291,162
1,369	1,453	1,145	1,087	1,089	N/A
81,279	88,989	88,780	69,371	92,650	N/A
20,434	21,602	23,913	22,510	N/A	N/A
22,327	25,026	25,999	30,801	30,093	30,463
8.3%	6.6%	6.4%	6.2%	6.3%	N/A
5,313	5,600	5,363	5,335	5,440	5,528

Capital Asset Statistics by Function
Last Five Fiscal Years

	Fiscal Year			
	2002	**2003**	**2004**	**2005**
General Government				
Buildings	306	307	313	319
Vehicles	7,422	7,339	7,368	7,354
Data Processing Equipment and Software	3,727	3,927	2,048	2,116
Reproduction and Printing Equipment	750	872	1,013	1,011
Human Services and Youth Corrections				
Data Processing Equipment and Software	78	81	84	86
Adult Corrections				
Data Processing Equipment and Software	186	183	185	188
Security and Surveillance Equipment	44	44	43	41
Public Safety				
Department of Public Safety				
Vehicles	29	21	22	28
Data Processing Equipment and Software	189	95	117	129
Medical and Lab Equipment	187	109	116	122
Utah National Guard				
Buildings	198	199	201	202
State Courts				
Data Processing Equipment and Software	146	148	151	80
Audio Visual Equipment	107	141	163	188
Health and Environmental Quality				
Department of Health				
Data Processing Equipment and Software	285	276	214	229
Medical and Lab Equipment	152	159	172	189
Department of Environmental Quality				
Monitoring and Lab Equipment	238	250	247	279
Employment and Family Services				
Department of Workforce Services				
Data Processing Equipment and Software	235	226	289	351
Natural Resources				
Division of Parks and Recreation				
State Parks	39	39	39	40
Buildings	527	562	634	626
Vehicles	216	239	248	258
Division of Wildlife Resources				
Wildlife Management Areas	87	87	87	87
Fish Hatcheries	11	11	11	11
Buildings	166	185	192	167
Vehicles	89	93	107	117
Business, Labor, and Agriculture				
Data Processing Equipment and Software	98	94	91	100
Monitoring and Lab Equipment	88	90	101	107
Transportation				
Highway Center Line Miles	5,855	5,799	5,733	5,724
Buildings	297	299	308	315
Vehicles	742	693	701	737
Heavy Equipment	1,827	1,892	1,991	2,158

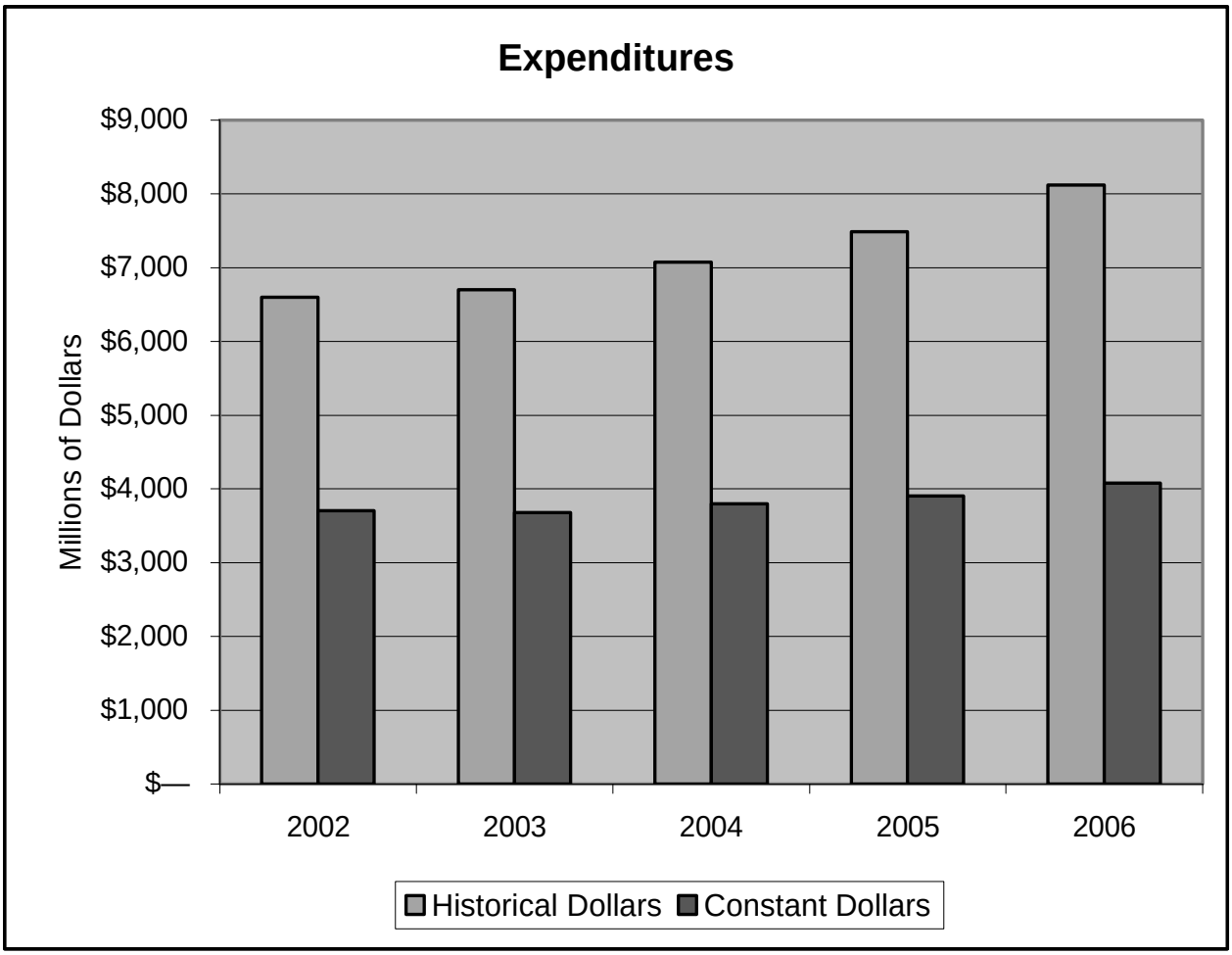
Source: Utah State Administrative Services, Division of Finance and various departments of the State.

Note: Capital asset statistics by function are only available beginning in fiscal year 2002 when the State implemented GASB Statement 34.

Schedule E–3

Fiscal Year
2006
319
7,376
2,179
1,011
75
192
40
35
135
133
204
85
190
215
204
295
370
42
622
269
87
11
167
136
94
108
5,680
336
770
2,346

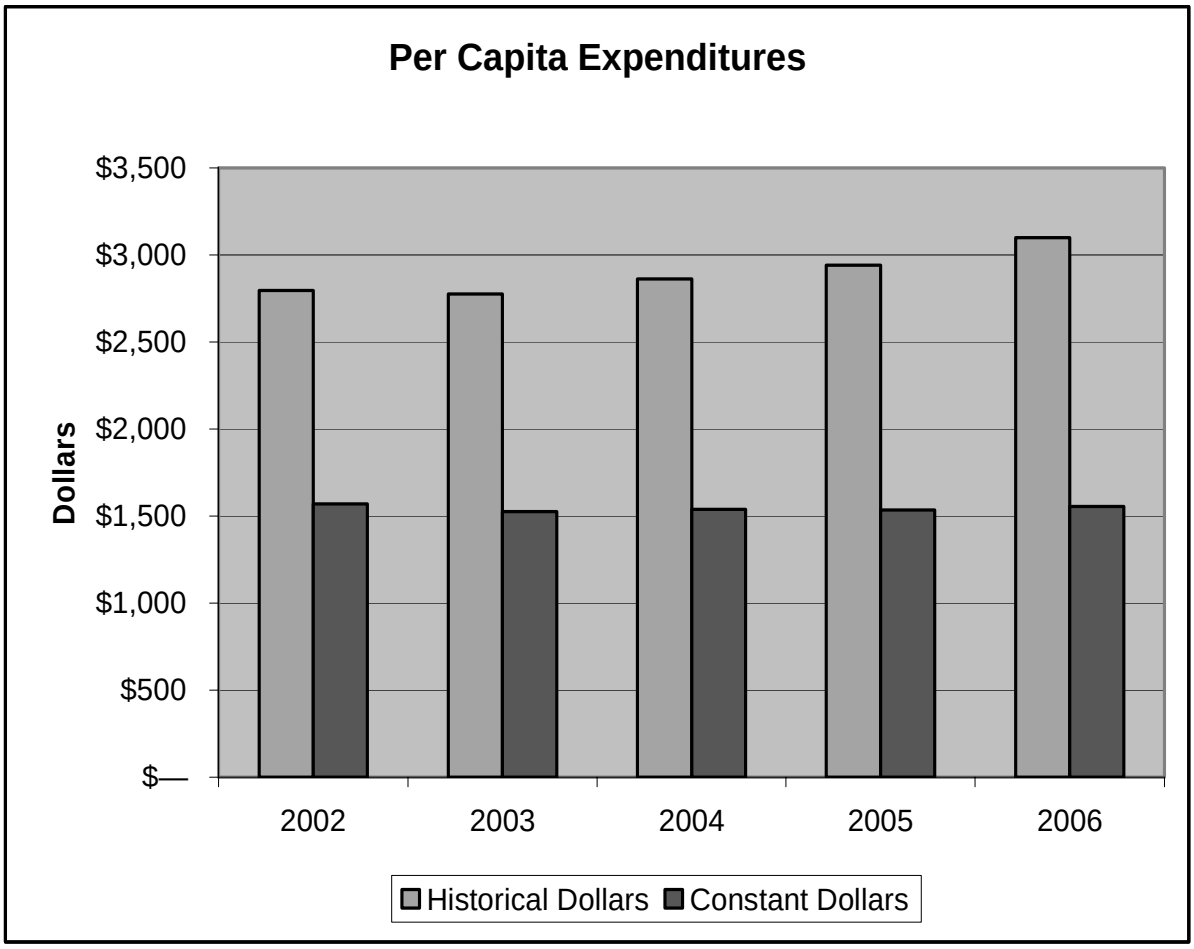
Expenditures — Historical and Constant Dollars **Schedule F–1**
All Governmental Fund Types
Last Five Fiscal Years



Fiscal Year	Historical Dollars (in Millions)	Historical Dollars Change	Constant Dollars (in Millions)	Constant Dollars Change
2002	$ 6,598	N/A	$ 3,703	N/A
2003	$ 6,703	1.6%	$ 3,681	(0.6%)
2004	$ 7,070	5.5%	$ 3,799	3.2%
2005	$ 7,490	5.9%	$ 3,909	2.9%
2006	$ 8,119	8.4%	$ 4,080	4.4%

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



	Per Capita Expenditures			
Fiscal Year	**Historical Dollars**		**Constant Dollars**	
		Change		**Change**
2002	$ 2,798	N/A	$ 1,570	N/A
2003	$ 2,777	(0.8%)	$ 1,525	(2.9%)
2004	$ 2,864	3.1%	$ 1,539	0.9%
2005	$ 2,941	2.7%	$ 1,535	(0.3%)
2006	$ 3,098	5.3%	$ 1,557	1.4%

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

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