

009

State of Utah

Comprehensive Annual Financial Report



For the Fiscal Year Ended **June 30, 2009**

State Of Utah
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Fiscal Year Ended June 30, 2009

CONSTITUTIONAL OFFICERS OF THE STATE OF UTAH

Gary R. Herbert Governor
Greg Bell Lt. Governor
Auston G. Johnson, CPA State Auditor
Richard K. Ellis, CPA State Treasurer
Mark L. Shurtleff Attorney General
Michael G. Waddoups President of the Senate
David Clark Speaker of the House
Christine M. Durham Chief Justice, Supreme Court

OTHER STATE OFFICIALS

Kimberly K. Hood Executive Director, Department of Administrative Services
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John E. Nixon, CPA Director, Governor's Office of Planning and Budget
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Special appreciation is given to all of the budget and accounting officers throughout the State whose extra time and effort made this report possible.



Department of Administrative Services: Division of Finance Accounting Standards and Financial Reporting Section

State of Utah
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2009

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State of Utah

GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

Department of Administrative Services

Kimberly K. Hood
Executive Director

Division of Finance

John C. Reidhead, CPA
Director

November 23, 2009

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

It is our pleasure to present the 2009 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 Office of the Utah State Auditor in conjunction with other independent audit firms. Their audits were conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The 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 124.

Budget Stabilization. In accordance with Sections 63J-1-312 and 313 of the *Utah Code*, the State maintains the General Fund Budget Reserve Account in the General Fund (the "Rainy Day Fund") and an Education Fund Budget Reserve Account in the Education Fund (the "Education Reserve"). State law requires 25 percent of any revenue surplus in the General Fund to be deposited in the Rainy Day Fund and 25 percent of any revenue surplus in the Education Fund to be deposited in the Education Reserve, in each case up to a statutory limit. State law limits the totals of the Rainy Day Fund and Education Reserve based on the amount of appropriations from the General Fund and Education Fund, respectively, for the fiscal year in which the surplus occurred. In addition to the Rainy Day Fund and Education Reserve, the Legislature created the Disaster Recovery Restricted Account to fund costs to the State directly related to a declared disaster. According to Section 63J-1-314 of the *Utah Code*, this fund receives 25 percent of the revenue surplus in the General Fund, after the transfer to the Rainy Day Fund has been made.

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, 2009, the State was \$285.5 million below the appropriations limitation.

ECONOMIC CONDITIONS AND OUTLOOK

Economy. Nationally, corporate before-tax profits decreased by 17.6 percent in 2008 and are expected to decrease an additional 2.2 percent through the end of 2009 as the economy continues to decline. The national unemployment annual average rate was 5.8 percent in 2008, and is expected to increase to 9.2 percent in 2009, and 10 percent in 2010. Utah's economy began to slow in the latter half of 2008 and further weakened in 2009, although less dramatically than in other parts of the country. In the coming months, the recessionary rate is expected to slow, both nationally and in Utah.

Utah's unemployment rate is expected to increase sharply from 3.4 percent in 2008 to 6.5 percent in 2009, and reach 6.8 percent in 2010. Most Utah industries have experienced job losses, making this the weakest employment environment in over 22 years. In 2008, personal income and nonagricultural wages rose by 4.1 percent and 2.6 percent, respectively. In 2009, personal income is expected to decrease 1.3 percent and nonagricultural wages are expected to decline by 4 percent, as high



unemployment causes downward pressure on income and wages. Taxable retail sales fell by 0.1 percent in 2008, and are expected to fall an additional 8.1 percent through 2009, as consumers reduce spending to get through the recession. In 2008, total construction value was \$4.6 billion, a sharp decline of activity from the 2006 record high of \$7.4 billion. Construction valuation is expected to decline further to \$3.5 billion in 2009, as the slow down expands to nonresidential construction. Residential construction, which reached a record high of \$4.9 billion in 2006, is expected to decline from \$1.9 billion in 2008 to \$1.6 billion in 2009, but may be close to the end of its downward trend. Despite weakness in the economy, Utah continues to grow through positive net migration of approximately 16,600 people in 2008 and 6,000 people in 2009. Utah has had positive net migration for the past 19 years and this trend is expected to continue in the coming years.

Industries. Utah’s nonagricultural employment growth is expected to contract 4.1 percent in 2009. A negative employment growth rate is rare in Utah’s history. For the past year from September 2008 to September 2009, most industries experienced job declines. Only education and health services and local and federal government added jobs to the Utah economy. It is anticipated that several industries will experience slight job gains during the first half of 2010 as the economy stabilizes. The results for September 2008 to September 2009 are presented in the following table.

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

	Number of Jobs		Numerical Change	Percentage Change	Components of Labor Force
	2009 (est.)	2008	2008 to 2009	2008 to 2009	2009 (est.)
Trade, Transportation, and Utilities	237.6	247.9	(10.3)	(4.2)%	19.6 %
Professional and Business	154.6	164.5	(9.9)	(6.0)%	12.8 %
Education and Health Services	153.2	148.9	4.3	2.9 %	12.7 %
Government (Local/Federal)	153.0	149.2	3.8	2.5 %	12.6 %
Manufacturing	113.9	124.8	(10.9)	(8.7)%	9.4 %
Leisure and Hospitality	110.6	114.9	(4.3)	(3.7)%	9.1 %
Construction	75.8	92.2	(16.4)	(17.8)%	6.3 %
Financial Activities	70.6	73.5	(2.9)	(3.9)%	5.8 %
Government (State/Higher Ed.)	64.9	65.5	(0.6)	(0.9)%	5.4 %
Other Services	33.5	35.9	(2.4)	(6.7)%	2.8 %
Information	29.4	30.7	(1.3)	(4.2)%	2.4 %
Natural Resources and Mining	13.5	13.5	0.0	0.0 %	1.1 %
Total	<u>1,210.6</u>	<u>1,261.5</u>	<u>(50.9)</u>		<u>100.0 %</u>

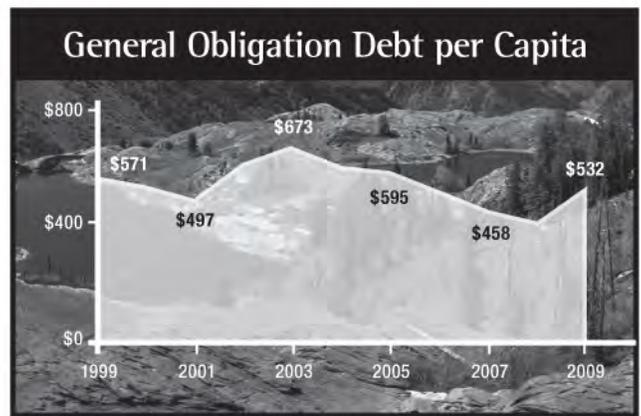
Source: Utah Department of Workforce Services, September 2009 Jobs by Industry and Components of Labor Force

Outlook. The national recession is expected to moderate over the coming months, with slower growth once the recession does end. Utah historically rebounds quicker and with greater progress than the national economy. However, at least initially, that pattern is not expected to hold due to Utah’s lagging housing market. Housing permits are forecast to remain near historic lows throughout 2009. Overall, construction is expected to have a total employment decline of 22.9 percent by the end of 2009. Credit markets, on which the construction industry depends, have not fully recovered. Job losses are still in a downward trend in most industries and areas of the State. Utah’s economy is expected to further weaken through the end of 2009, and then rebound slowly during 2010.

LONG-TERM FINANCIAL PLANNING

Debt Administration. 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 2004, the State advance refunded \$316.5 million of general obligation bonds to take advantage of continued low interest rates, but did not issue any other general obligation bonds. During fiscal year 2005, the State issued \$140.6 million of general obligation bonds for highway and capital facilities construction. The State issued no new general obligation bonds during fiscal years 2006 and 2007, but provided funding for building and transportation projects under a “Pay-As-You-Go” plan, using one-time and ongoing money. During the 2007 and 2008 General Sessions, the Legislature authorized a total of \$1.3 billion in general obligation bonds for highway projects to address critical needs and in

anticipation of future growth, spurred by the Governor's economic development initiatives. During the 2008 General Session, the Legislature also authorized \$43.75 million in general obligation bonds for buildings, and \$42.5 million for the St. George Airport. In early fiscal year 2008, the State issued \$75 million in general obligation bonds for highway and capital facility construction. During the 2009 General Session, \$2.25 billion in general obligation bonds was authorized for highway construction and \$147 million for capital facility projects. In late fiscal year 2009, the State issued \$498.8 million for highway and capital facility construction. More information about the State's long-term debt is found in Note 10 to the Basic Financial Statements.



MAJOR INITIATIVES

The nation's economy has been in recession for more than one year. Utah's economy has continued to slow, although less dramatically than in other parts of the country. For fiscal year 2010, state tax revenue is projected to decrease 17.8 percent from the fiscal year 2009 original projections. The Legislature covered anticipated revenue shortfalls by using one-time fund balances and federal funding provided by the American Recovery and Reinvestment Act (ARRA). ARRA is a one-time federal economic stimulus package provided to states to aid in recovering from the recession. The State received \$387.6 million of ARRA funds in fiscal year 2009, and anticipates receiving an additional \$1.2 billion in fiscal year 2010. The funds will provide relief or benefit to departments and programs throughout the State, including Public Education, Health, Workforce Services, Higher Education, and Human Services. In this recessionary environment, the State was able to address the following priorities for fiscal year 2010.

Education. State funding for education was again a top priority during the 2009 General Session. The fiscal year 2010 public education budget was supported with \$200 million one-time state funds and \$298.4 million in ARRA funding. This allowed the State to meet current needs and prepare for future population growth despite significant revenue reductions in General and Education funds. The Weighted Pupil Unit, the primary funding mechanism for public education, was maintained at \$2,577. New student enrollment of 13,500 students was funded with an additional \$53.2 million in ongoing money for fiscal year 2010. The ability to maintain consistent funding for education will largely depend on the status of the economy in fiscal year 2011.

Transportation. The Legislature provided for the State's transportation needs during the 2009 General Session by providing additional bond authorizations and increasing certain fees. Senate Bill 239, *Transportation Revisions*, authorized over \$2 billion of bonds for construction of state highway to be issued over multiple years. Beginning fiscal year 2010, Senate Bill 239 also increased the motor vehicle registration fee by \$20 for certain motor vehicles to compensate for a reduction of ongoing General Fund earmarks to the Transportation Investment Fund. The increased fee will result in approximately \$53 million in ongoing revenue beginning in fiscal year 2010 that will be made available to fund highway projects.

Capital Projects. During the 2009 General Session, the Legislature authorized \$147 million of general obligation bonds to fund state capital projects. Senate Bill 201, *General Obligation Bond Authorization Amendments*, authorized \$115 million general obligation bonds for certain capital projects, including \$104.5 million for higher education projects. House Bill 4, *General Obligation Bond Authorizations*, approved a \$32 million bond to replace the cash withdrawn for the Snow College Library and Multi-agency Government Office Building. Ongoing funding for capital improvement projects was reduced by \$27.2 million, and partially offset with one-time funding of \$12.2 million in fiscal year 2009.

Economic Housing Stimulus. To provide stimulus to the struggling housing market and the Utah economy, the 2009 General Session authorized funding for the Home Run Program. This program provided grants of \$6,000 to eligible homebuyers purchasing a newly constructed residence. Approximately 1,650 grants were provided and funded with \$10 million of ARRA federal funds. In fiscal year 2010 this program was extended with \$8 million in ARRA federal funds that will provide grants of \$4,000 to approximately 1,950 additional homebuyers.

Health System Reform. During the 2009 General Session legislation was passed to continue health system reform that began during the 2008 General Session. House Bill 188, *Health System Reform – Insurance Market*, created a defined contribution market that in part offers a range of health benefit plan choices to small employer groups and their employees. House Bill 331, *Health Reform – Health Insurance Coverage in State Contracts*, requires companies

contracting with certain state entities for construction or design projects exceeding a specified dollar amount, to provide a basic level of health insurance for their employees. Additional legislation was passed to improve the administration of health care and to help consumers make more informed decisions regarding health care alternatives.

Technology. The State of Utah has had the following technology initiatives during the fiscal year:

Utah Public Finance Web site. In fiscal year 2009, the Utah Public Finance Web site, transparent.utah.gov, was launched to help make the finances of the Utah state government transparent to its citizens. Additional legislation was passed during the 2009 General Session that requires state institutions of higher education and local governments to report public financial information to the Web site or on their own Web site in fiscal years 2010, and 2011, respectively. In the October 2009 issue of *Government Computer News*, the Web site was recognized as one of the top ten government agency information technology projects of 2009.

Data Center Consolidation. This project, started in January 2009, includes consolidating the 27 existing data centers down to two, and reducing the physical server count from around 1,700 to 400 or less. A \$4 million per year savings is expected to be realized by the state starting in fiscal year 2011.

National Web Site Awards. Utah.gov, the State of Utah's web portal, was recently recognized as the top government site in the nation by the Center for Digital Government. The Best of the Web award recognizes government Web sites on their innovation, Web-based delivery of public services, efficiency, economy, and functionality. This is the third time Utah has won this award since 2003. Utah.gov also won a Digital Government Achievement Award from the Center for Digital Government for its Utah Public Meeting Notice service Web site.

Other Postemployment Benefit Plans and Employee Compensation. The Legislature appropriated \$53.5 million in both fiscal years 2009 and 2010, which represents a level of funding that, if paid on an ongoing basis, is actuarially projected to fund the postemployment benefits over a period of twenty-five years. The 2009 General Session's House Joint Resolution 29, *Legislative Direction to the Public Employees' Benefit and Insurance Program*, changed the State's contribution for medical coverage for health maintenance organization type plans from a 98 percent employer and 2 percent employee premium share to a 95 percent employer and 5 percent employee premium share. Increased co-payments and deductible amounts were also mandated for the fiscal 2010 year. Due to the recessionary economy and budget constraints, the Legislature did not fund an increase in compensation or a cost-of-living adjustment for state employees.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded the *Certificate of Achievement for Excellence in Financial Reporting* to the State of Utah for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the twenty-fourth consecutive year the State has achieved this prestigious award.

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

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

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

Sincerely,



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, 2008

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.



M. L. R.
President

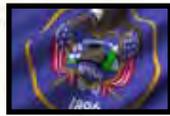
Jeffrey R. Emer
Executive Director

State of Utah Organization Chart



State of Utah

Financial Section



Lake Blanche, Wasatch Mountains



Auston G. Johnson, CPA
UTAH STATE AUDITOR

STATE OF UTAH
Office of the State Auditor

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Joe Christensen, CPA

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 Gary R. Herbert
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, 2009, 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 Health Program, the University of Utah's hospital and component units, the Utah State University Research Foundation, certain other college and university foundations, the Dairy Commission, and the Utah State Retirement Systems, which represent 38 percent of the assets and 41 percent of the revenues of the aggregate discretely presented component units and 67 percent of the assets and 37 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 on 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, 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, 2009, and the respective changes in financial position and, where applicable, cash flows 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 November 23, 2009, 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's discussion and analysis on pages 14 through 24 and the required supplementary information on pages 118 through 127 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 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 132 through 191 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 195 through 233 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.

A handwritten signature in black ink, appearing to read "Auston G. Johnson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Auston G. Johnson, CPA
Utah State Auditor
November 23, 2009

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, 2009. Please read it in conjunction with the transmittal letter in the Introductory Section of this report and with the State's financial statements that follow this section.

HIGHLIGHTS

Government-wide

- Total assets of the State exceeded liabilities by \$16.68 billion (reported as net assets). Of this amount, \$1.769 billion (unrestricted net assets) may be used to meet the government's ongoing obligations while \$14.910 billion is restricted for specific uses or invested in capital assets.
- The State's total net assets decreased \$42.6 million or 0.3 percent over the prior year. Net assets of governmental activities increased \$80.9 million or 0.6 percent. Net assets of business-type activities decreased by \$123.6 million or 5 percent.

Fund Level

- The governmental funds reported combined ending fund balances of \$3.325 billion, a decrease of \$460.4 million in comparison with the prior year. Approximately 7.4 percent or \$246.7 million of the ending fund balance is available for spending at the government's discretion (unreserved, undesignated fund balance).
- The General Fund ended the fiscal year with a zero dollar surplus by using \$37.2 million designated and budgeted to be used for fiscal year 2010 to cover revenue shortfalls that occurred in fiscal year 2009. The Education Fund ended the year with a \$21.5 million surplus.
- The General Fund Budget Reserve Account ("Rainy Day Fund") and the Education Budget Reserve Account ended the fiscal year with balances of \$188.9 million and \$230 million, respectively. Other than statutory changes that require any future interest earnings of these accounts to be transferred to either the General Fund or the Education Fund, as applicable, the balances remained preserved at fiscal yearend.
- Overall, sales tax revenues in the governmental funds declined by 13.3 percent. Combined tax revenues were 11.3 percent lower in the General Fund and 12.8 percent lower in the Education Fund than the prior year. Tax revenues in both funds declined as a result of continued weakness in the local economy.

Long-term Debt

- The State's long-term bonded debt increased a net \$446.1 million or 12.5 percent. The increase in debt issued was used to fund highway and capital facility construction, and to fund student loan programs.

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 of the State's finances as a whole with a long-term focus and are prepared using the *full-accrual* basis of accounting, similar to private-sector companies. This means all revenues and expenses are recognized regardless of when cash is received or spent, and all assets 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 31 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). The following are some of the major differences between the two statements:

- Capital assets and long-term debt are included on the government-wide statements, but are not reported on the governmental fund statements.
- Capital outlay spending results in capital assets on the government-wide statements, but 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. In addition, the RSI includes schedules on the funded status and employer contributions for the State's defined benefit Other Postemployment Benefit Plan. 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 *Appropriations Acts*.

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE**Net Assets**

The State's total net assets decreased \$42.6 million or 0.3 percent in fiscal year 2009. In comparison, net assets in the prior year increased \$729.8 million or 4.6 percent. This decrease in total net assets resulted from a weak economy that had the combined effects of high unemployment, lower tax revenues, and higher demand for government services. The change in net assets is comprised of the following:

- *Invested in Capital Assets* – Total net capital assets increased \$830.2 million or 7.9 percent as the State's investment in highways and buildings exceeded depreciation and net additional debt used to finance projects.
- *Restricted Net Assets* – Total restricted net assets decreased \$434.9 million or 10.7 percent over the prior year. Of the \$269.1 million decrease in restricted net assets of governmental activities, \$98.6 million was a result of a decrease in nonexpendable public education net assets as a result of a decrease in net earnings in the permanent Trust Lands Fund. Restricted net assets also decreased due to a \$72.1 million decrease in expendable public education net assets as a result of lower individual income and corporate tax revenues. Net assets restricted for transportation also decreased by \$56.5 million as the number of infrastructure projects escalated despite less funding available due to lower tax revenues. Restricted net assets in business-type activities decreased \$165.8 million primarily due to unemployment claims exceeding related premiums by \$209 million. This decrease was offset by an increase of \$43.1 million in additional loan capital in various loan programs provided by investment income and federal grants.
- *Unrestricted Net Assets* – Total unrestricted net assets in governmental activities decreased by \$480.3 million or 41.1 percent due to a decrease in carry-forward balances in the General Fund and other governmental funds of \$195.5 million and \$215.9 million, respectively. Total unrestricted net assets in business-type activities increased by \$42.3 million or 4.1 percent primarily due to the State providing additional capital to loan funds from mineral lease and dedicated sales tax revenues.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Current and Other Assets	\$ 4,693,031	\$ 5,092,823	\$ 5,030,178	\$ 4,770,529	\$ 9,723,209	\$ 9,863,352
Capital Assets	12,514,562	11,627,282	72,007	61,021	12,586,569	11,688,303
Total Assets	17,207,593	16,720,105	5,102,185	4,831,550	22,309,778	21,551,655
Current and Other Liabilities	941,661	869,300	58,871	57,036	1,000,532	926,336
Long-term Liabilities	1,949,751	1,615,550	2,680,326	2,287,956	4,630,077	3,903,506
Total Liabilities	2,891,412	2,484,850	2,739,197	2,344,992	5,630,609	4,829,842
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	11,277,630	10,447,357	13,751	13,837	11,291,381	10,461,194
Restricted	2,349,499	2,618,556	1,269,006	1,434,828	3,618,505	4,053,384
Unrestricted	689,052	1,169,342	1,080,231	1,037,893	1,769,283	2,207,235
Total Net Assets	\$ 14,316,181	\$ 14,235,255	\$ 2,362,988	\$ 2,486,558	\$ 16,679,169	\$ 16,721,813
Percent change in total net assets from prior year	0.6 %		(5.0)%		(0.3)%	

The largest component of the State's net assets, 67.7 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.

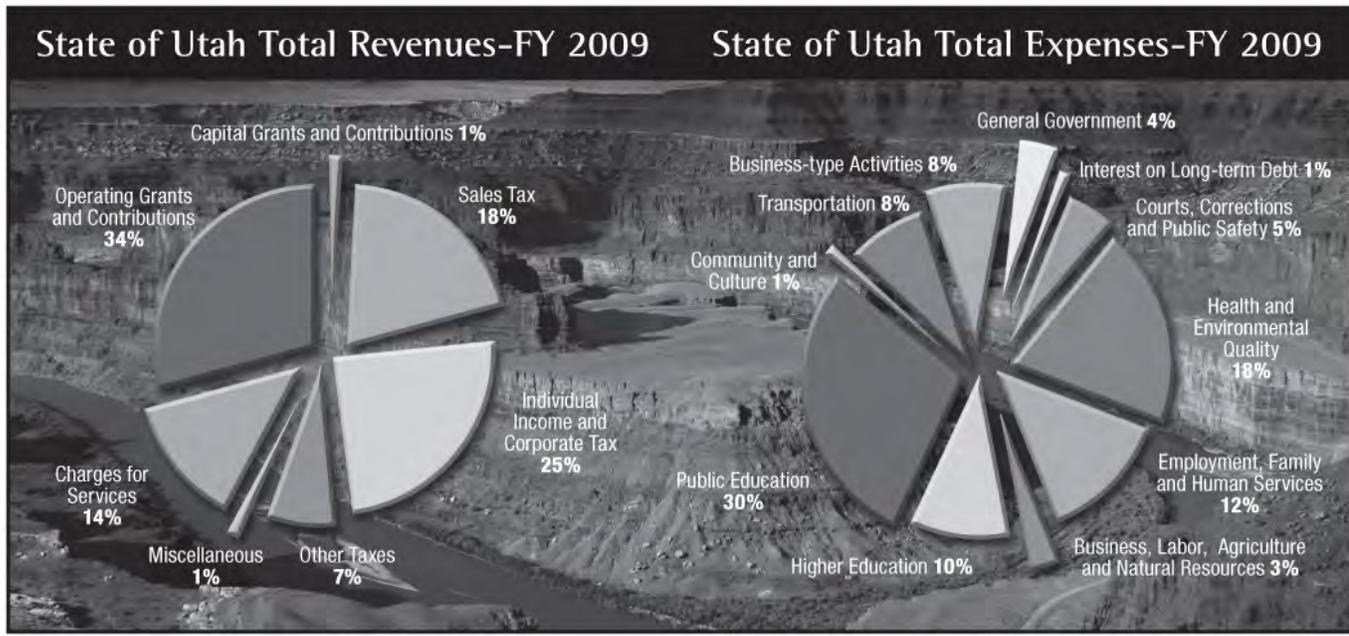
Restricted net assets comprise 21.7 percent of total net assets and are subject to constitutional, legal, or external constraints on how they can be used. Net assets that are restricted by the *Constitution of Utah* include income and corporate taxes that can be used only for public and higher education costs and 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 following schedule and charts summarize the State's total revenues, expenses, and changes in net assets for fiscal year 2009.

State of Utah							
Changes in Net Assets							
for the Fiscal Year Ended June 30							
<i>(Expressed in Thousands)</i>							
	Governmental		Business-type		Total Primary		Total
	Activities		Activities		Government		Percentage
	2009	2008	2009	2008	2009	2008	Change
							2008 to 2009
Revenues							
General Revenues:							
Taxes	\$ 5,043,745	\$ 5,535,750	\$ 22,976	\$ 23,462	\$ 5,066,721	\$ 5,559,212	(8.9)%
Other General Revenues	91,225	132,586	—	—	91,225	132,586	(31.2)%
Program Revenues:							
Charges for Services	887,113	933,371	532,171	557,470	1,419,284	1,490,841	(4.8)%
Operating Grants and Contributions	3,177,737	2,658,284	214,876	143,853	3,392,613	2,802,137	21.1 %
Capital Grants and Contributions	145,353	144,867	—	—	145,353	144,867	0.3 %
Total Revenues	9,345,173	9,404,858	770,023	724,785	10,115,196	10,129,643	(0.1)%
Expenses							
General Government	390,373	385,331	—	—	390,373	385,331	1.3 %
Human Services and Youth Corrections	700,307	679,920	—	—	700,307	679,920	3.0 %
Corrections, Adult	254,980	255,319	—	—	254,980	255,319	(0.1)%
Public Safety	189,069	191,910	—	—	189,069	191,910	(1.5)%
Courts	123,209	125,587	—	—	123,209	125,587	(1.9)%
Health and Environmental Quality	1,812,067	1,649,209	—	—	1,812,067	1,649,209	9.9 %
Higher Education	997,218	912,998	—	—	997,218	912,998	9.2 %
Employment and Family Services	514,915	423,122	—	—	514,915	423,122	21.7 %
Natural Resources	174,730	159,955	—	—	174,730	159,955	9.2 %
Community and Culture	139,840	132,687	—	—	139,840	132,687	5.4 %
Business, Labor, and Agriculture	101,995	95,563	—	—	101,995	95,563	6.7 %
Public Education	3,033,574	2,959,311	—	—	3,033,574	2,959,311	2.5 %
Transportation	819,833	850,387	—	—	819,833	850,387	(3.6)%
Interest on Long-term Debt	52,070	58,851	—	—	52,070	58,851	(11.5)%
Student Assistance Programs	—	—	144,007	164,411	144,007	164,411	(12.4)%
Unemployment Compensation	—	—	489,925	148,424	489,925	148,424	230.1 %
Water Loan Programs	—	—	12,900	10,477	12,900	10,477	23.1 %
Community and Economic Loan Programs ..	—	—	2,349	2,310	2,349	2,310	1.7 %
Liquor Retail Sales	—	—	168,844	160,635	168,844	160,635	5.1 %
Other Business-type Activities	—	—	35,635	33,417	35,635	33,417	6.6 %
Total Expenses	9,304,180	8,880,150	853,660	519,674	10,157,840	9,399,824	8.1 %
Excess Before Transfers	40,993	524,708	(83,637)	205,111	(42,644)	729,819	
Transfers	38,953	37,733	(38,953)	(37,733)	—	—	
Change in Net Assets	79,946	562,441	(122,590)	167,378	(42,644)	729,819	
Net Assets – Beginning as Adjusted	14,236,235	13,672,814	2,485,578	2,319,180	16,721,813	15,991,994	
Net Assets – Ending	\$ 14,316,181	\$ 14,235,255	\$ 2,362,988	\$ 2,486,558	\$ 16,679,169	\$ 16,721,813	(0.3)%

(Charts on next page.)



Changes in Net Assets

This year the State received 50.1 percent of its revenues from state taxes and 35 percent of its revenues from grants and contributions, mostly from federal sources. In the prior year, state taxes accounted for 54.9 percent and grants and contributions were 29.1 percent of total revenues. Charges for goods and services such as licenses, permits, liquor sales, park fees, and court fees, combined with other miscellaneous collections, comprised 14.9 percent of total revenues in fiscal year 2009, compared to 16 percent in fiscal year 2008.

Governmental Activities

The State's total governmental revenues from all sources decreased \$59.7 million or 0.6 percent. Tax revenues decreased \$492 million or 8.9 percent. This decrease in taxes reflects weak economic conditions and is similar to the decrease at the fund level. However, due to differences in measurement focus and timing of collections, the decrease at the government-wide level should not be used to predict future decreases at the fund statement or budget level. With the exception of higher education, natural resources, and transportation, as discussed below, other significant changes in governmental activities' revenues and expenses mirror the changes in the governmental funds. For further discussion, see the section entitled "Financial Analysis of the State's Governmental Funds" on page 19.

- *Higher Education* – Expenses increased by \$84.2 million compared to the prior year due to an increase in the amount spent for building projects completed for colleges and universities. When these buildings are completed, ownership is transferred to the colleges and universities and reported as expenses on the government-wide statements. However there is no impact on the governmental fund statements.
- *Natural Resources* – Expenses for natural resource activities increased \$14.8 million, as compared to the prior year, as less capital outlay was expended. Since less was expended for capital outlay in the fiscal year, expenses increased on the government-wide statements.
- *Transportation* – Expenses for transportation activities decreased \$30.6 million, as compared to the prior year, primarily due to an increase in the amount spent for capital outlay (i.e., land, state roads, and bridges). The amount expended for capital outlay is not reported as expenses, but as an asset on the government-wide statements.

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 2009, state taxes and other general revenues covered 54.7 percent of expenses. The remaining \$4.21 billion or 45.3 percent of the total expenses were covered by charges for services and grants.

(Table on next page.)

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

	Program Expenses 2009	Less Program Revenues 2009	Net Program (Expenses) / Revenues		Program Revenues as a Percentage of Program Expenses	
			2009	2008	2009	2008
General Government	\$ 390,373	\$ 358,733	(31,640)	\$ 43,785	91.9 %	111.4 %
Human Services and Youth Corrections	700,307	345,468	(354,839)	(374,396)	49.3 %	44.9 %
Corrections, Adult	254,980	5,939	(249,041)	(248,520)	2.3 %	2.7 %
Public Safety	189,069	125,634	(63,435)	(75,574)	66.4 %	60.6 %
Courts	123,209	50,558	(72,651)	(78,452)	41.0 %	37.5 %
Health and Environmental Quality	1,812,067	1,472,475	(339,592)	(392,963)	81.3 %	76.2 %
Higher Education	997,218	34,139	(963,079)	(911,645)	3.4 %	0.1 %
Employment and Family Services	514,915	454,323	(60,592)	(64,727)	88.2 %	84.7 %
Natural Resources	174,730	110,362	(64,368)	(54,650)	63.2 %	65.8 %
Community and Culture	139,840	57,910	(81,930)	(89,219)	41.4 %	32.8 %
Business, Labor, and Agriculture	101,995	76,985	(25,010)	(17,213)	75.5 %	82.0 %
Public Education	3,033,574	502,798	(2,530,776)	(2,538,693)	16.6 %	14.2 %
Transportation	819,833	614,879	(204,954)	(282,510)	75.0 %	66.8 %
Interest and Charges on Long-term Debt	52,070	—	(52,070)	(58,851)		
Total Governmental Activities	\$ 9,304,180	\$ 4,210,203	\$ (5,093,977)	\$ (5,143,628)	45.3 %	42.1 %

Business-type Activities

Revenues from the State's business-type activities increased \$45.2 million or 6.2 percent from the prior year. The increase is primarily due to a \$71 million increase in federal grant revenue in the Unemployment Compensation Fund provided to extend benefits for the unemployed as part of the *American Recovery and Reinvestment Act (ARRA)*, a one-time federal economic stimulus package provided to states to aid in recovering from the recession. This increase was partially offset by a \$25.3 million decrease in charges for services caused in part by a \$13.2 million decrease in unemployment taxes paid into the Unemployment Compensation Fund as a result of higher unemployment and a decrease in other miscellaneous revenues. Total expenses for the State's business-type activities increased \$334 million or 64.3 percent. The increase is primarily due to a \$341.5 million increase in payments for unemployment benefits due to higher unemployment in the weak economy.

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 tax revenues 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 to 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, 2009, the State's governmental funds reported combined ending fund balances of \$3.325 billion. Of this amount, \$2.198 billion or 66.1 percent is reserved for specific programs by state law, external constraints, or contractual obligations. Unspent bond proceeds, balances of restricted accounts, and agencies' nonlapsing balances are included in reserved fund balance. An additional \$880.2 million or 26.5 percent of total fund balances has been designated through internally imposed limitations on uses of certain funds. Note 11 on page 100 provides more details about reserved and designated fund balances at June 30, 2009. The remaining \$246.7 million or 7.4 percent of fund balance is available for appropriation for the general purposes of the funds.

(Table on next page.)

State of Utah
Governmental Fund Balances as of June 30, 2009
(Expressed in Thousands)

	General Fund	Education Fund	Uniform School Fund	Transportation Fund	Transportation Investment Fund	Trust Lands Fund	Nonmajor Funds	Total
Reserved	\$ 305,224	\$ —	\$ 194,266	\$ 447,158	\$ —	\$ 915,831	\$ 335,479	\$ 2,197,958
Unreserved Designated	327,467	496,176	2,902	48,402	—	—	5,210	880,157
Unreserved Undesignated	—	21,501	—	179,612	(8,652)	—	54,196	246,657
Total	\$ 632,691	\$ 517,677	\$ 197,168	\$ 675,172	\$ (8,652)	\$ 915,831	\$ 394,885	\$ 3,324,772
Percent change from prior year	(26.8)%	25.0 %	(47.1)%	32.2 %	(104.3)%	(9.7)%	(3.4)%	(12.2)%

General Fund

During fiscal year 2009, the General Fund's total fund balance decreased \$232.2 million or 26.8 percent. This decrease was due in large part to lower sales tax revenue as a result of the recessionary economy. To offset revenue shortfalls, the Legislature used balances set aside for specific purposes along with agency carry forward monies to balance the budget, causing the reserved fund balance to decrease by \$165.6 million. The remainder of the decrease was in the unreserved designated fund balance described as follows.

The unreserved designated fund balance decreased \$66.6 million or 16.9 percent. A significant part of the decrease was because the Legislature appropriated \$7.4 million of interest earned in the prior year from the General Fund Budget Reserve Account, and \$21 million from the Disaster Recovery Restricted Account to the General Fund to offset budget shortfalls for fiscal year 2009. The General Fund Budget Reserve Account and Disaster Recovery Restricted Account, both of which are reported as part of unreserved designated fund balance, ended fiscal year 2009 with a balance of \$188.9 and \$13.8 million, respectively. Decreased tax accruals designated by law accounted for most of the remaining change in the unreserved designated fund balance.

The General Fund ended fiscal year 2009 with a zero dollar surplus, or unreserved undesignated fund balance, by using \$37.2 million of the \$50.4 million of General Fund budgeted revenues set aside for fiscal year 2010. This left \$13.2 million set aside in the budget and designated by the Legislature for fiscal year 2010 appropriations.

Total General Fund revenues increased \$187 million or 4.1 percent from the prior year. Total tax collections decreased \$225.8 million or 11.3 percent. The major decrease in tax revenues was sales tax, which decreased \$222.9 million or 13 percent, due to the weak economy. Federal contracts and grants increased by \$380.1 million or 20.1 percent and was the largest single factor in increasing non-tax revenues for the fiscal year. Of the increase, \$362.9 million was provided by the *American Recovery and Reinvestment Act* (ARRA). Federal mineral lease revenue increased by \$38.2 million or 28.5 percent, in part due to higher energy prices in the first quarter of fiscal year 2009 that led to higher mineral lease payments to the State. Miscellaneous and other revenue increased by \$43.8 million or 27.6 percent. An increase in Medicaid supplemental drug rebates of \$12.8 million was the largest single increasing revenue, with the balance of the increase across many miscellaneous revenues. The increase in revenues was offset by a decrease in investment income of \$45.7 million or 60.4 percent due to lower interest rates.

Total General Fund expenditures increased by \$276.1 million or 5.7 percent as the economic slowdown of the past fiscal year increased the public's demand for government services. The increase was also due in part to a 5 percent cost-of-living adjustment (COLA) provided for state employees, 2 percent of which was provided by changes to certain employee health insurance plans. Significant changes in expenditures occurred in the following areas:

- *Health and Environmental Quality* – Total expenditures in this category were up \$162.9 million, primarily due to increased funding for Medicaid program costs resulting from a 19 percent increase in enrollees. A change to continuous open enrollment of new applicants in the Children's Health Insurance Plan (CHIP) also contributed to the increase.
- *Employment and Family Services* – Total expenditures in this category increased \$87.3 million due to a \$74.1 million increase in federal funding for Food Stamp program costs as a result of an increase in caseloads and benefits. Expenditures also increased \$15.7 million due to increases in the Unemployment Insurance program administration; the Employment and Training, Veterans, and Trade Act programs; and the Medicaid program administration.
- *Human Services and Youth Corrections* – Total expenditures in this category were up \$22.4 million due to funding increases in provider rates, and also increased demand for people with disabilities and child and family services.
- *Public Safety* – Total expenditures in this category increased \$18.5 million due increases in highway safety programs.
- *Higher Education* – Total expenditures in this category decreased overall \$26.5 million due to net budget reductions.

ARRA funds were used to restore \$28.8 million to the institutions, but there still was a net reduction in fiscal year 2009 of 7.5 percent.

Budgetary Highlights — General Fund

The Legislature adopted the initial fiscal year 2009 budget during the 2008 General Session. The original revenue estimates in the General Fund budget at the start of fiscal year 2009, excluding department-specific revenue sources such as federal grants and departmental collections, and including miscellaneous transfers, were 0.6 percent higher than the final fiscal year 2008 budget. Budgeted expenditures were 7.6 percent lower than the final fiscal year 2008 budget. At the beginning of fiscal year 2009, revenue estimates were revised downward as sales and other taxes available for fiscal year 2009 were estimated to be \$104.9 million less than anticipated. In September 2008, the 2008 Second Special Session of the Legislature was called by the Governor to address the revenue shortfalls. During the Second Special Session, the Legislature reduced most fiscal year agency budgets by 3 percent, and made other budget adjustments as necessary to balance the budget.

The fiscal year 2009 budget was again addressed during the 2009 General Session of the Legislature (January to March 2009). At that time, the general revenue estimates, primarily sales and use tax, had decreased \$291.8 million from the original estimates adopted in the 2008 General Session. In order to balance the General Fund budget, the Legislature made additional budget reductions, utilized one-time fund balances and federal funding provided by the ARRA. Through the combined use of these fiscal strategies, Legislators were able to close the cumulative budget gap. In the end, taxes and other unrestricted revenues ended the year \$20.9 million above the final budgeted amounts.

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 departmental collections. Final budgets for many of the departmental-specific revenue sources and related expenditures such as federal grants, departmental collections, and miscellaneous revenues, are generally revised based on actual collections. The difference between final budgeted expenditures and actual expenditures is primarily due to nonlapsing and unspent restricted funds that will be carried forward to the next year. However, \$4.8 million of unspent budgeted dollars were lapsed back to the General Fund by agencies.

Education Fund

Fund balance in the Education School Fund increased \$103.7 million or 25 percent from the prior year due to a \$99.5 million increase in the designated fund balance. In the prior year, the amount set aside in the budget and designated by the Legislature for the 2009 fiscal year appropriations was reported in the Uniform School Fund. This year the designated fund balance for 2010 fiscal year appropriations is reported in the Education Fund as was directed by the Legislature. Revenue from corporate taxes decreased by \$161.4 million or 39.3 percent along with individual income taxes, which decreased \$220 million or 8.6 percent. Although revenue decreased significantly, transfers out also decreased and no expenditures were reported in the Education Fund. A total of \$2.492 billion was transferred out for public and higher education. Of this amount, the Uniform School Fund received \$2.182 billion for public education, the General Fund received \$237.7 million for higher education, and the Nonmajor Governmental Funds received \$74.4 million for debt service and capital-related projects.

The Education Fund ended fiscal year 2009 with a \$21.5 million dollar surplus, or unreserved undesignated fund balance, as compared to a zero dollar surplus in the prior year. In the event of a surplus, State law requires 25 percent of any revenue surplus in the Education Fund to be transferred to the Education Budget Reserve Account, an account within the Education Fund. However, State law prohibits transfers of surplus to the Education Budget Reserve Account when the balance exceeds 7 percent of Education Fund appropriations. At yearend, the balance exceeded the 7 percent limit, and as a result, no surplus transfer was made. The Education Budget Reserve Account ended the fiscal year with a balance of \$230 million.

Uniform School Fund

Fund balance in the Uniform School Fund decreased \$175.6 million or 47.1 percent from the prior year, in part because the designated fund balance at the beginning of the year was used for current year public education expenditures and less was transferred in from the Education Fund. In addition, at yearend, the amount set aside in the budget and designated by the Legislature for the 2010 fiscal year appropriations is now reported in the Education Fund. Revenues in the Uniform School Fund increased by \$220.2 million or 47.2 percent, primarily due to a \$217.6 million increase in federal contracts and grants as a result of the federal funding provided by the ARRA. Expenditures increased \$74.2 million or 2.5 percent as the Legislature increased funding for enrollment growth for public education. The Uniform School Fund ended the year with a zero dollar surplus, or unreserved undesignated fund balance.

Transportation Fund

Fund balance in the Transportation Fund increased \$164.5 million or 32.2 percent from the prior year primarily due to funding provided through general obligation bond proceeds, most of which were unspent at June 30, 2009, and net transfers (appropriations)

into the fund. Revenues increased by \$20.7 million due in part to a \$38.2 million increase in federal contracts and grants (\$16.6 million of which was from the ARRA) and a \$65 million increase in miscellaneous and other income because of an increase in fees received from cooperative agreements with cities and counties for construction projects. These increases were offset by a \$49.8 million decrease, in part due to a decline in tax revenues as a result of the weak economy. Aeronautics revenue also decreased \$34.5 million due to a reduction in fuel taxes collected and a decrease in federal aviation funding, which fluctuates based on the timing of projects completed. Expenditures increased by \$302.6 million or 27.6 percent as a result of increased spending on federal participating highway projects. Over the past several years, there has been a major effort directed toward funding the State's transportation needs and critical 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 existing weather conditions. In addition, the Department of Transportation has discretion on allocating federal funds among projects, which impacts the amount of federal revenue reported in the Transportation Fund and Transportation Investment Fund.

Transportation Investment Fund

Fund balance in the Transportation Investment Fund decreased by \$208.5 million or 104.3 percent from the prior year as expenditures and transfers out exceeded revenues. Revenues in the fund decreased \$37.7 million or 17.7 percent primarily due to a decrease in sales and use tax collections of \$24.7 million. Federal contracts and grants revenue also decreased \$13.2 million or 91.6 percent as federal funding slowed for specific Centennial Highway projects nearing completion. Although expenditures decreased by \$79.7 million or 21.4 percent, construction expenditures increased for other critical highway projects funded out of the Transportation Fund.

Trust Lands Fund

The fund balance of the permanent Trust Lands Fund decreased by \$98.6 million or 9.7 percent primarily due to a decline in investment values due to general market conditions and as a result of lower rates of return. The permanent fund also generated \$24.8 million 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 net assets of the Student Assistance Programs decreased only slightly by \$4.1 million or 0.1 percent. The decrease is explained by changes in total assets and total liabilities. Total assets increased by \$362.8 million primarily due to an increase in student loans receivable as unemployed workers returned to college in the down economy. Total liabilities increased \$366.9 mainly due to a new participating line of credit payable to the U.S. Department of Education for student loans. Of total net assets of \$297.8 million, \$208.3 million is restricted for use within programs by bond covenants or federal law.

Unemployment Compensation Fund

The State's rising unemployment rate spurred by the state and national economic slowdown, resulted in a \$341.5 million or 230.1 percent increase in benefit payments over the prior year. For the first time since fiscal year 2004, benefit payments exceeded employer taxes and other revenues, resulting in a reduction of net assets of \$208.7 million. Nonetheless, assets were sufficient to handle the demand for benefits, although net assets decreased \$209 million or 23.5 percent, to \$679.3 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 \$16.6 million or 2.4 percent from the prior year. Additional capital for loans was provided from \$22.5 million in dedicated sales tax revenues, \$15.7 million in federal grants, and \$3.2 million in investment income, offset by net transfers out of the fund of \$24.1 million. Loans receivable for the programs increased \$58.4 million or 10.6 percent over the prior year as additional funds were available for loans. Of total net assets of \$706.6 million, \$321.6 million is restricted for use within the Water Loan Programs by federal grant requirements.

CAPITAL ASSET AND LONG-TERM DEBT ADMINISTRATION

Capital Assets

The State's capital assets increased a net \$898.3 million during the year. The change consisted of net increases in infrastructure (i.e.,

state roads and bridges) of \$1.430 billion; land and related assets of \$184.5 million; buildings and improvements of 45.5 million; and a net decrease in construction in progress of \$763.4 million. Machinery and equipment increased a net \$1.5 million during the year. Several buildings financed by the State are actually owned by the colleges and universities, which are discrete component units of the State. Therefore, while the capital assets are on the component unit's financial statements, any outstanding debt issued by the State to finance construction of those assets is reported as a liability of the State's governmental activities. This in turn reduces unrestricted net assets. As of June 30, 2009, the State had \$88.8 million of outstanding debt related to capital assets of component units.

At June 30, 2009, the State had \$221 million in commitments for building projects in its capital projects funds and \$1.233 billion (\$181.9 million in the Transportation Investment Fund and \$1.051 billion 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 state roads and bridges (infrastructure assets) maintained by the Utah Department of Transportation (UDOT). Under this alternative method, referred to as the "modified approach," UDOT must maintain an asset management system and demonstrate that the infrastructure is being preserved at or above established condition levels. Infrastructure assets accounted for under the modified approach are not depreciated, and maintenance and preservation costs are expensed.

The State's established condition level for state roads is to maintain 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 in 2008 (calendar year basis), indicated that 61 percent of the roads were in "fair" or better condition. Only 13.9 percent of the roads assessed were in "very poor" condition. These results reflect a slight decline from conditions in calendar year 2007, when 62.6 percent of the roads were assessed as "fair" or better, and 12.4 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 2009, indicated that 69 percent and 1 percent of bridges were in "good" and "poor" condition, respectively. These results are similar to the prior year.

During fiscal year 2009, the State spent \$369.2 million to maintain and preserve roads and bridges. This amount is 5.8 percent above the estimated amount of \$348.8 million needed to maintain these assets at established condition levels.

More information about capital assets is included in Note 8 on page 86, and more detailed information on the State's modified approach for reporting infrastructure is presented in the Required Supplementary Information on pages 126 and 127.

Long-term Debt

The *Constitution of Utah* authorizes issuing general obligation debt only as approved by the Legislature. The *Constitution* also limits the total general obligation indebtedness of the State to an amount equal to 1.5 percent of the value of the total taxable property of the State. The *State Appropriation and Tax Limitation Act* (i.e., statutory debt limit) further limits the outstanding general obligation debt of the State to not exceed 45 percent of the maximum allowable state budget appropriation limit. As of June 30, 2009, the State was \$3.11 billion below the debt limit established in the *Constitution* and \$661.6 million below the statutory debt limit.

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

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

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change
	2009	2008	2009	2008	2009	2008	2008 to 2009
General Obligation Bonds	\$ 1,563.0	\$ 1,198.0	\$ —	\$ —	\$ 1,563.0	\$ 1,198.0	30.5 %
Revenue Bonds:							
State Building Ownership Auth.	149.3	162.3	74.9	51.0	224.2	213.3	5.1 %
Student Assistance Programs	—	—	2,235.4	2,165.2	2,235.4	2,165.2	3.2 %
Total Bonds Payable	\$ 1,712.3	\$ 1,360.3	\$ 2,310.3	\$ 2,216.2	\$ 4,022.6	\$ 3,576.5	12.5 %

Total bonds payable increased \$446.1 million during the fiscal year. The State issued \$498.81 million of general obligation bonds during the fiscal year as the State sought to take advantage of lower interest rates to fund both highway and capital facility projects. Of the general obligation bonds issued, \$394.36 million was for highway construction and \$104.45 million was for capital facility construction. In addition, the State issued a total of \$217.005 million of revenue bonds. Of the revenue bonds issued, \$25.505 million was to provide for capital facility construction and \$191.5 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 from all three national rating agencies, and double-A rating on lease revenue bonds from two national rating agencies from which ratings were sought. These ratings are the best available and save millions of dollars in interest each year because the State is able to obtain very favorable interest rates on new debt. Note 10 beginning on page 90 contains more information about the State's outstanding debt.

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

Original general revenue estimates of the General Fund and Education Fund for fiscal year 2010 are lower than actual fiscal year 2009 revenues. The Legislature balanced the 2010 budget by using one-time fund balances and federal funding provided by the ARRA. The State anticipates receiving up to \$1.2 billion of ARRA funds in fiscal year 2010. The funds will be used for general government, health, human services, employment, and public and higher education operations.

Preliminary data for fiscal year 2010 show tax revenues lower than the original 2010 expected budget estimates. The overall unemployment rate is expected to increase in 2009 to 6.5 percent, up from the average 2008 rate of 3.4 percent. Taxable retail sales are expected to decline 8.1 percent in 2009 and increase 2.2 percent in 2010. Personal income is expected to decline 1.3 percent in 2009, yet grow 2 percent in 2010. 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 2010. The Governor and Legislature are expected to review the fiscal year 2010 budget again during the upcoming 2010 General Session and take action as necessary to balance the budget.

CONTACTING THE STATE'S DIVISION OF FINANCE

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Department of Administrative Services: Division of Finance, Financial Reporting Section at (801) 538-3082 or visit our Web site at: www.finance.utah.gov.

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

State of Utah

Basic Financial Statements



Antelope Island, Great Salt Lake

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State of Utah

Statement of Net Assets

June 30, 2009

(Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and Cash Equivalents	\$ 1,116,529	\$ 1,080,442	\$ 2,196,971	\$ 573,263
Investments	1,070,235	206,281	1,276,516	1,719,979
Taxes Receivable, net	753,290	—	753,290	—
Accounts and Interest Receivable, net	754,113	141,689	895,802	453,090
Amounts Due From:				
Component Units	28,879	—	28,879	—
Primary Government	—	—	—	3,442
Prepaid Items	1,992	12,215	14,207	15,491
Inventories	17,990	30,307	48,297	60,631
Internal Balances	9,465	(9,465)	—	—
Restricted Investments	846,993	84,808	931,801	920,338
Deferred Charges	4,159	56,793	60,952	33,173
Notes/Loans/Mortgages/Pledges Receivable, net	26,396	3,427,108	3,453,504	1,406,949
Other Assets	62,990	—	62,990	82,003
Capital Assets:				
Land and Related Non-depreciable Assets	1,088,212	17,930	1,106,142	123,196
Infrastructure	9,406,853	—	9,406,853	—
Construction in Progress	793,112	2,120	795,232	294,921
Buildings, Equipment, and Other Depreciable Assets	2,094,420	77,833	2,172,253	4,864,674
Less Accumulated Depreciation	(868,035)	(25,876)	(893,911)	(2,158,927)
Total Capital Assets	12,514,562	72,007	12,586,569	3,123,864
Total Assets	17,207,593	5,102,185	22,309,778	8,392,223
LIABILITIES				
Accounts Payable and Accrued Liabilities	838,372	44,369	882,741	321,437
Amounts Due to:				
Component Units	3,439	3	3,442	—
Primary Government	—	—	—	28,879
Securities Lending	—	—	—	21,617
Unearned Revenue	99,850	14,338	114,188	117,956
Deposits	—	161	161	80,903
Long-term Liabilities (Note 10)				
Due Within One Year	285,214	581,031	866,245	281,665
Due in More Than One Year	1,664,537	2,099,295	3,763,832	2,265,089
Total Liabilities	2,891,412	2,739,197	5,630,609	3,117,546
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	11,277,630	13,751	11,291,381	2,529,490
Restricted for:				
Transportation	351,328	—	351,328	—
Public Education – Expendable	987,123	—	987,123	—
Public Education – Nonexpendable	915,831	—	915,831	—
Higher Education – Expendable	—	—	—	820,122
Higher Education – Nonexpendable	—	—	—	477,027
Debt Service	5,103	—	5,103	173,931
Unemployment Compensation and Insurance Programs ..	4,844	679,263	684,107	110,975
Loan Programs	—	589,743	589,743	—
Other Purposes – Expendable	85,270	—	85,270	363
Unrestricted	689,052	1,080,231	1,769,283	1,162,769
Total Net Assets	\$ 14,316,181	\$ 2,362,988	\$ 16,679,169	\$ 5,274,677

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

State of Utah

Statement of Activities

For the Fiscal Year Ended June 30, 2009

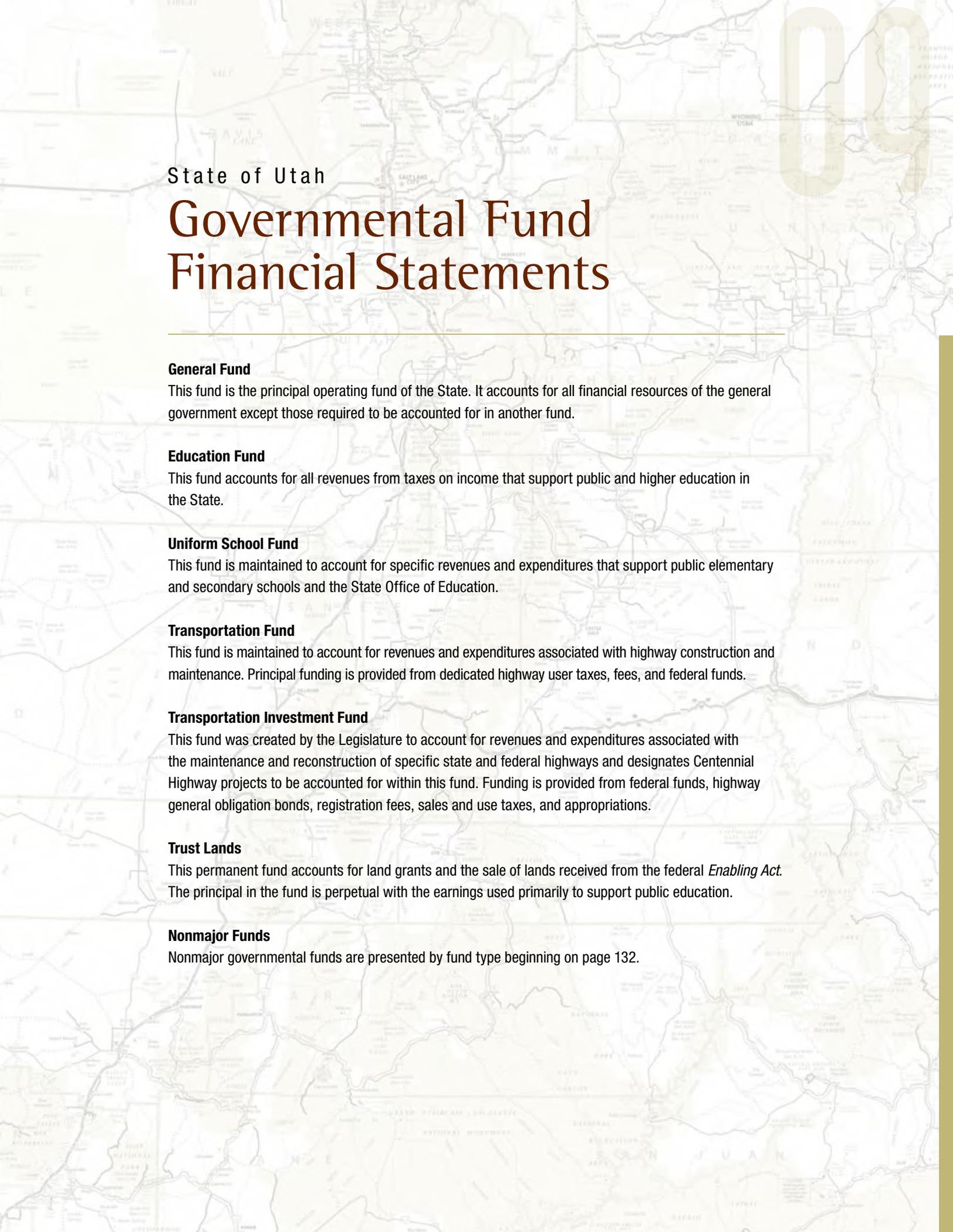
(Expressed in Thousands)

Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental:				
General Government	\$ 390,373	\$ 154,794	\$ 203,939	\$ —
Human Services and Youth Corrections	700,307	13,359	332,109	—
Corrections, Adult	254,980	5,211	728	—
Public Safety	189,069	51,475	74,159	—
Courts	123,209	48,957	1,601	—
Health and Environmental Quality	1,812,067	64,328	1,408,147	—
Higher Education	997,218	32,981	1,158	—
Employment and Family Services	514,915	8,067	446,256	—
Natural Resources	174,730	71,266	39,096	—
Community and Culture	139,840	3,632	54,278	—
Business, Labor, and Agriculture	101,995	65,376	11,609	—
Public Education	3,033,574	79,462	423,336	—
Transportation	819,833	288,205	181,321	145,353
Interest and Other Charges on Long-term Debt	52,070	—	—	—
Total Governmental Activities	<u>9,304,180</u>	<u>887,113</u>	<u>3,177,737</u>	<u>145,353</u>
Business-type:				
Student Assistance Programs	144,007	89,805	50,058	—
Unemployment Compensation	489,925	144,383	136,812	—
Water Loan Programs	12,900	12,234	18,885	—
Community and Economic Loan Programs	2,349	7,838	9,039	—
Liquor Retail Sales	168,844	228,474	45	—
Other Business-type Activities	35,635	49,437	37	—
Total Business-type Activities	<u>853,660</u>	<u>532,171</u>	<u>214,876</u>	<u>0</u>
Total Primary Government	<u>\$10,157,840</u>	<u>\$ 1,419,284</u>	<u>\$ 3,392,613</u>	<u>\$ 145,353</u>
Component Units:				
Utah Housing Corporation	\$ 115,681	\$ 108,866	\$ 10,000	\$ —
Public Employees Health Program	591,855	581,917	16,838	—
University of Utah	2,530,643	1,893,353	407,108	124,662
Utah State University	492,875	136,781	167,841	20,420
Nonmajor Colleges and Universities	866,613	357,207	158,099	97,969
Nonmajor Component Units	66,476	29,257	2,174	—
Total Component Units	<u>\$ 4,664,143</u>	<u>\$ 3,107,381</u>	<u>\$ 762,060</u>	<u>\$ 243,051</u>
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				
Adjustment to Beginning Net Assets				
Net Assets—Beginning as Adjusted				
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			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (31,640)	\$ —	\$ (31,640)	\$ —
(354,839)	—	(354,839)	—
(249,041)	—	(249,041)	—
(63,435)	—	(63,435)	—
(72,651)	—	(72,651)	—
(339,592)	—	(339,592)	—
(963,079)	—	(963,079)	—
(60,592)	—	(60,592)	—
(64,368)	—	(64,368)	—
(81,930)	—	(81,930)	—
(25,010)	—	(25,010)	—
(2,530,776)	—	(2,530,776)	—
(204,954)	—	(204,954)	—
(52,070)	—	(52,070)	—
<u>(5,093,977)</u>	<u>0</u>	<u>(5,093,977)</u>	<u>0</u>
—	(4,144)	(4,144)	—
—	(208,730)	(208,730)	—
—	18,219	18,219	—
—	14,528	14,528	—
—	59,675	59,675	—
—	13,839	13,839	—
<u>0</u>	<u>(106,613)</u>	<u>(106,613)</u>	<u>0</u>
<u>(5,093,977)</u>	<u>(106,613)</u>	<u>(5,200,590)</u>	<u>0</u>
—	—	—	3,185
—	—	—	6,900
—	—	—	(105,520)
—	—	—	(167,833)
—	—	—	(253,338)
—	—	—	(35,045)
<u>0</u>	<u>0</u>	<u>0</u>	<u>(551,651)</u>
1,762,745	22,976	1,785,721	—
2,336,528	—	2,336,528	—
252,095	—	252,095	—
337,395	—	337,395	—
354,982	—	354,982	—
<u>5,043,745</u>	<u>22,976</u>	<u>5,066,721</u>	<u>0</u>
29,267	—	29,267	922
—	—	—	751,866
—	—	—	34,330
15,583	—	15,583	—
46,375	—	46,375	—
—	—	—	25,276
<u>38,953</u>	<u>(38,953)</u>	<u>—</u>	<u>—</u>
<u>5,173,923</u>	<u>(15,977)</u>	<u>5,157,946</u>	<u>812,394</u>
<u>79,946</u>	<u>(122,590)</u>	<u>(42,644)</u>	<u>260,743</u>
14,235,255	2,486,558	16,721,813	5,013,934
980	(980)	—	—
<u>14,236,235</u>	<u>2,485,578</u>	<u>16,721,813</u>	<u>5,013,934</u>
<u>\$14,316,181</u>	<u>\$ 2,362,988</u>	<u>\$ 16,679,169</u>	<u>\$ 5,274,677</u>

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State of Utah

Governmental Fund Financial Statements

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.

Education Fund

This fund accounts for all revenues from taxes on income that support public and higher education in the State.

Uniform School Fund

This fund is maintained to account for specific revenues and expenditures that support public elementary and secondary schools and the State Office of Education.

Transportation Fund

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

Transportation Investment Fund

This fund was created by the Legislature to account for revenues and expenditures associated with the maintenance and reconstruction of specific 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 132.

State of Utah

**Balance Sheet
Governmental Funds**

June 30, 2009

(Expressed in Thousands)

	Special Revenue			
	General	Education	Uniform School	Transportation
ASSETS				
Cash and Cash Equivalents	\$ 348,597	\$ 83,800	\$ 174,253	\$ 254,678
Investments	70,488	229,910	26,573	456,112
Receivables:				
Accounts, net	519,217	—	111,187	94,589
Accrued Interest	31	—	—	—
Accrued Taxes, net	165,315	517,330	1,615	56,367
Notes/Mortgages, net	1,419	—	9,369	285
Due From Other Funds	37,381	1,572	322	20,411
Due From Component Units	232	—	—	—
Inventories	—	—	—	13,324
Interfund Loans Receivable	34,899	—	34	—
Other Assets	21	—	—	—
Total Assets	<u>\$ 1,177,600</u>	<u>\$ 832,612</u>	<u>\$ 323,353</u>	<u>\$ 895,766</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 415,472	\$ 35,094	\$ 117,200	\$ 178,381
Due To Other Funds	26,283	—	454	6,322
Due To Component Units	—	—	379	—
Deferred Revenue	103,154	279,841	8,152	35,891
Total Liabilities	<u>544,909</u>	<u>314,935</u>	<u>126,185</u>	<u>220,594</u>
Fund Balances:				
Reserved for:				
Nonlapsing Appropriations and Encumbrances	137,879	—	46,193	3,279
Specific Purposes by Statute	159,649	—	148,039	443,879
Interfund Loans Receivable	7,696	—	34	—
Debt Service	—	—	—	—
Unreserved Designated	327,467	496,176	2,902	48,402
Unreserved Designated, reported in nonmajor:				
Debt Service Funds	—	—	—	—
Unreserved Undesignated	—	21,501	—	179,612
Unreserved Undesignated, reported in nonmajor:				
Special Revenue Funds	—	—	—	—
Capital Projects Funds	—	—	—	—
Total Fund Balances	<u>632,691</u>	<u>517,677</u>	<u>197,168</u>	<u>675,172</u>
Total Liabilities and Fund Balances	<u>\$ 1,177,600</u>	<u>\$ 832,612</u>	<u>\$ 323,353</u>	<u>\$ 895,766</u>

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

<u>Special Revenue</u>	<u>Permanent</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Transportation Investment</u>	<u>Trust Lands</u>		
\$ —	\$ 831	\$ 190,944	\$ 1,053,103
—	846,993	287,152	1,917,228
—	13,252	9,392	747,637
—	1,741	24	1,796
12,663	—	—	753,290
—	15,323	—	26,396
—	2,976	1,452	64,114
—	—	28,597	28,829
—	—	—	13,324
—	—	—	34,933
—	62,969	—	62,990
<u>\$ 12,663</u>	<u>\$ 944,085</u>	<u>\$ 517,561</u>	<u>\$ 4,703,640</u>
\$ —	\$ —	\$ 66,407	\$ 812,554
19,872	64	30,581	83,576
—	12	3,048	3,439
1,443	28,178	22,640	479,299
<u>21,315</u>	<u>28,254</u>	<u>122,676</u>	<u>1,378,868</u>
—	—	221,004	408,355
—	915,831	108,705	1,776,103
—	—	—	7,730
—	—	5,770	5,770
—	—	—	874,947
—	—	5,210	5,210
(8,652)	—	—	192,461
—	—	67,415	67,415
—	—	(13,219)	(13,219)
<u>(8,652)</u>	<u>915,831</u>	<u>394,885</u>	<u>3,324,772</u>
<u>\$ 12,663</u>	<u>\$ 944,085</u>	<u>\$ 517,561</u>	<u>\$ 4,703,640</u>

State of Utah

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

June 30, 2009

(Expressed in Thousands)

Total Fund Balances for Governmental Funds \$ 3,324,772

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	\$ 1,088,195	
Infrastructure, Non-depreciable	9,406,853	
Construction-In-Progress	793,034	
Buildings, Equipment, and Other Depreciable Assets	1,912,891	
Accumulated depreciation	<u>(760,277)</u>	12,440,696

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. 379,710

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. 73,064

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. 3,626

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	(1,640,463)	
Unamortized Premiums	(80,925)	
Amount Deferred on Refunding	10,108	
Accrued Interest Payable	(903)	
Pollution Remediation Obligation	(7,687)	
Compensated Absences	(162,689)	
Capital Leases	(19,210)	
Net Other Post Employment Benefit Obligation	<u>(3,918)</u>	<u>(1,905,687)</u>

Total Net Assets of Governmental Activities \$ 14,316,181

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, 2009

(Expressed in Thousands)

	Special Revenue			
	General	Education	Uniform School	Transportation
REVENUES				
Taxes:				
Sales and Use Tax	\$ 1,487,652	\$ —	\$ —	\$ 119,141
Individual Income Tax	—	2,340,400	—	—
Corporate Tax	—	249,177	—	—
Motor and Special Fuels Tax	—	—	—	337,529
Other Taxes	280,934	—	33,359	8,474
Total Taxes	<u>1,768,586</u>	<u>2,589,577</u>	<u>33,359</u>	<u>465,144</u>
Other Revenues:				
Federal Contracts and Grants	2,272,215	—	597,224	322,175
Charges for Services/Royalties	293,753	—	2,397	69,092
Licenses, Permits, and Fees	23,018	—	5,002	77,237
Federal Mineral Lease	172,642	—	—	—
Federal Aeronautics	—	—	—	34,141
Intergovernmental	—	—	—	—
Investment Income	29,993	5,850	27,326	9,327
Miscellaneous and Other	202,666	—	21,019	114,287
Total Revenues	<u>4,762,873</u>	<u>2,595,427</u>	<u>686,327</u>	<u>1,091,403</u>
EXPENDITURES				
Current:				
General Government	283,138	—	—	—
Human Services and Youth Corrections	696,787	—	—	—
Corrections, Adult	252,886	—	—	—
Public Safety	209,961	—	—	—
Courts	127,442	—	—	—
Health and Environmental Quality	1,806,126	—	—	—
Higher Education – State Administration	60,224	—	—	—
Higher Education – Colleges and Universities	746,846	—	—	—
Employment and Family Services	519,282	—	—	—
Natural Resources	173,138	—	—	—
Community and Culture	135,062	—	—	—
Business, Labor, and Agriculture	92,430	—	—	—
Public Education	—	—	3,034,678	—
Transportation	—	—	—	1,400,858
Capital Outlay	—	—	—	—
Debt Service:				
Principal Retirement	—	—	—	—
Interest and Other Charges	—	—	—	—
Total Expenditures	<u>5,103,322</u>	<u>0</u>	<u>3,034,678</u>	<u>1,400,858</u>
Excess Revenues Over (Under) Expenditures	<u>(340,449)</u>	<u>2,595,427</u>	<u>(2,348,351)</u>	<u>(309,455)</u>
OTHER FINANCING SOURCES (USES)				
General Obligation Bonds Issued	—	—	—	394,360
Premium on Bonds Issued	—	—	—	33,557
Capital Leases Acquisition	2,010	—	—	—
Sale of Capital Assets	11,001	—	—	6,157
Transfers In	587,138	—	2,227,988	189,981
Transfers Out	(491,877)	(2,491,748)	(55,265)	(150,054)
Total Other Financing Sources (Uses)	<u>108,272</u>	<u>(2,491,748)</u>	<u>2,172,723</u>	<u>474,001</u>
Net Change in Fund Balances	<u>(232,177)</u>	<u>103,679</u>	<u>(175,628)</u>	<u>164,546</u>
Fund Balances – Beginning	864,868	413,998	372,796	510,626
Fund Balances – Ending	<u>\$ 632,691</u>	<u>\$ 517,677</u>	<u>\$ 197,168</u>	<u>\$ 675,172</u>

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

<u>Special Revenue</u>	<u>Permanent</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Transportation Investment</u>	<u>Trust Lands</u>		
\$ 150,690	\$ —	\$ 3,741	\$ 1,761,224
—	—	—	2,340,400
—	—	—	249,177
—	—	—	337,529
—	—	31,946	354,713
<u>150,690</u>	<u>0</u>	<u>35,687</u>	<u>5,043,043</u>
1,200	—	14,296	3,207,110
—	76,732	21,274	463,248
22,955	—	—	128,212
—	—	—	172,642
—	—	—	34,141
—	—	9,446	9,446
948	(200,798)	(5,169)	(132,523)
—	—	44,642	382,614
<u>175,793</u>	<u>(124,066)</u>	<u>120,176</u>	<u>9,307,933</u>
—	—	41,938	325,076
—	—	4,312	701,099
—	—	2,562	255,448
—	—	3,077	213,038
—	—	1,683	129,125
—	—	6,362	1,812,488
—	—	—	60,224
—	—	35,804	782,650
—	—	459	519,741
—	—	5,168	178,306
—	—	5,391	140,453
—	—	9,536	101,966
—	—	841	3,035,519
293,498	—	455	1,694,811
—	—	196,204	196,204
—	—	180,613	180,613
—	—	64,675	64,675
<u>293,498</u>	<u>0</u>	<u>559,080</u>	<u>10,391,436</u>
<u>(117,705)</u>	<u>(124,066)</u>	<u>(438,904)</u>	<u>(1,083,503)</u>
—	—	104,450	498,810
—	—	11,888	45,445
—	—	—	2,010
—	10,877	—	28,035
131,977	14,571	454,879	3,606,534
(222,796)	—	(146,019)	(3,557,759)
<u>(90,819)</u>	<u>25,448</u>	<u>425,198</u>	<u>623,075</u>
<u>(208,524)</u>	<u>(98,618)</u>	<u>(13,706)</u>	<u>(460,428)</u>
199,872	1,014,449	408,591	3,785,200
<u>\$ (8,652)</u>	<u>\$ 915,831</u>	<u>\$ 394,885</u>	<u>\$ 3,324,772</u>

State of Utah

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

For the Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

Net Change in Fund Balances – Total Governmental Funds \$ (460,428)

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 \$1,158,149 exceeded depreciation \$(58,452) and buildings “transferred” to component units \$(154,276) in the current period. (See Note 8) 945,421

In the Statement of Activities, only the gain/loss on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sales increase financial resources. Thus, the change in net assets differs from the change in fund balance by the assets sold. (57,130)

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. (10,041)

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. (7,685)

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)

Bonds Issued	\$ (498,810)	
Premiums on Bonds Issued	(45,445)	
Capital Lease Additions	(2,010)	
Payment of Bond Principal	180,613	
Capital Lease Payments	<u>1,569</u>	(364,083)

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:

Pollution Remediation Obligation Costs	155	
Compensated Absences Expenses	23,892	
Accrued Interest on Bonds Payable	63	
Amortization of Bond Premiums	15,486	
Amortization of Amount Deferred on Refunding	(3,462)	
Deferred Bond Issue Costs	1,676	
Other Post Employment Benefit Costs	<u>(3,918)</u>	<u>33,892</u>

Change in Net Assets of Governmental Activities \$ 79,946

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

State of Utah

Proprietary Fund Financial Statements

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 156.

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 166.

State of Utah

**Statement Of Net Assets
Proprietary Funds**

June 30, 2009

(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	\$ 110,723	\$ 642,206	\$ 86,208	\$ 241,305
Investments	205,361	—	—	—
Receivables:				
Accounts, net	11,932	64,669	114	11,972
Accrued Interest	37,178	—	6,472	4,542
Notes/Loans/Mortgages, net	458,636	—	33,579	33,790
Due From Other Funds	—	—	80	27,850
Due From Component Units	—	—	—	—
Prepaid Items	12,212	—	—	3
Inventories	—	—	—	30,307
Deferred Charges	—	—	—	—
Total Current Assets	<u>836,042</u>	<u>706,875</u>	<u>126,453</u>	<u>349,769</u>
Noncurrent Assets:				
Restricted Investments	84,808	—	—	—
Investments	—	—	—	920
Prepaid Items	—	—	—	—
Accrued Interest Receivable	—	—	3,894	916
Notes/Loans/Mortgages Receivables, net	1,936,847	—	577,867	386,389
Deferred Charges	56,793	—	—	—
Capital Assets:				
Land	—	—	—	17,930
Infrastructure	—	—	—	304
Buildings and Improvements	12,576	—	—	49,832
Machinery and Equipment	1,358	—	—	13,763
Construction in Progress	—	—	—	2,120
Less Accumulated Depreciation	(2,853)	—	—	(23,023)
Total Capital Assets	<u>11,081</u>	<u>0</u>	<u>0</u>	<u>60,926</u>
Total Noncurrent Assets	<u>2,089,529</u>	<u>0</u>	<u>581,761</u>	<u>449,151</u>
Total Assets	<u>2,925,571</u>	<u>706,875</u>	<u>708,214</u>	<u>798,920</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	23,148	2,766	1,347	16,841
Deposits	—	64	—	97
Due To Other Funds	—	12,954	236	24,205
Due To Component Units	—	—	—	3
Interfund Loans Payable	—	—	—	—
Unearned Revenue	2,694	—	7	3,596
Policy Claims and Uninsured Liabilities	1,308	11,828	—	—
Contracts/Notes Payable	297,381	—	—	—
Revenue Bonds Payable	268,110	—	—	2,360
Arbitrage Liability	44	—	—	—
Total Current Liabilities	<u>592,685</u>	<u>27,612</u>	<u>1,590</u>	<u>47,102</u>
Noncurrent Liabilities:				
Accrued Liabilities	267	—	—	—
Unearned Revenue	8,041	—	—	—
Interfund Loans Payable	—	—	—	—
Policy Claims and Uninsured Liabilities	1,805	—	—	—
Contracts/Notes Payable	—	—	—	—
Revenue Bonds Payable	1,967,249	—	—	72,503
Arbitrage Liability	57,738	—	—	—
Total Noncurrent Liabilities	<u>2,035,100</u>	<u>0</u>	<u>0</u>	<u>72,503</u>
Total Liabilities	<u>2,627,785</u>	<u>27,612</u>	<u>1,590</u>	<u>119,605</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	2,025	—	—	11,726
Restricted for:				
Unemployment Compensation and Insurance Programs ...	—	679,263	—	—
Loan Programs	208,299	—	321,639	59,805
Unrestricted (Deficit)	87,462	—	384,985	607,784
Total Net Assets	<u>\$ 297,786</u>	<u>\$ 679,263</u>	<u>\$ 706,624</u>	<u>\$ 679,315</u>

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

<u>Total</u>	<u>Governmental Activities – Internal Service Funds</u>
\$ 1,080,442	\$ 63,426
205,361	—
88,687	4,545
48,192	—
526,005	—
27,930	26,238
0	50
12,215	1,710
30,307	4,666
0	16
<u>2,019,139</u>	<u>100,651</u>
84,808	—
920	—
0	282
4,810	—
2,901,103	—
56,793	517
17,930	17
304	303
62,408	6,081
15,121	175,145
2,120	78
(25,876)	(107,758)
<u>72,007</u>	<u>73,866</u>
<u>3,120,441</u>	<u>74,665</u>
<u>5,139,580</u>	<u>175,316</u>
44,102	19,830
161	—
37,395	2,261
3	—
0	27,203
6,297	96
13,136	16,711
297,381	28
270,470	69
44	—
<u>668,989</u>	<u>66,198</u>
267	—
8,041	165
0	7,730
1,805	26,939
0	484
2,039,752	736
57,738	—
<u>2,107,603</u>	<u>36,054</u>
<u>2,776,592</u>	<u>102,252</u>
13,751	73,158
679,263	4,844
589,743	—
1,080,231	(4,938)
<u>\$ 2,362,988</u>	<u>\$ 73,064</u>

State of Utah

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

For the Fiscal Year Ended June 30, 2009

(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	\$ 7,705	\$ 144,383	\$ 386	\$ 273,423
Fees and Assessments	4,069	—	448	4,159
Interest on Notes/Mortgages	77,160	—	11,355	7,359
Federal Reinsurance and Allowances/Reimbursements	41,991	99,972	—	—
Miscellaneous	871	—	45	808
Total Operating Revenues	<u>131,796</u>	<u>244,355</u>	<u>12,234</u>	<u>285,749</u>
OPERATING EXPENSES				
Administration	4,636	—	9	34,032
Purchases, Materials, and Services for Resale	—	—	—	152,643
Grants	—	—	6,381	1,504
Rentals and Leases	—	—	—	2,107
Maintenance	—	—	—	2,591
Interest	55,285	—	—	—
Depreciation	545	—	—	1,740
Student Loan Servicing and Related Expenses	35,067	—	—	—
Payment to Lenders for Guaranteed Claims	44,858	—	—	—
Benefit Claims and Unemployment Compensation	—	489,925	—	—
Supplies and Other Miscellaneous	3,477	—	6,510	9,775
Total Operating Expenses	<u>143,868</u>	<u>489,925</u>	<u>12,900</u>	<u>204,392</u>
Operating Income (Loss)	<u>(12,072)</u>	<u>(245,570)</u>	<u>(666)</u>	<u>81,357</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Income	8,067	36,840	3,221	5,154
Federal Grants	—	—	15,664	3,967
Gain (Loss) on Sale of Capital Assets	—	—	—	—
Tax Revenues	—	—	22,451	525
Interest Expense	—	—	—	(2,436)
Refunds Paid to Federal Government	—	—	—	—
Other Revenues (Expenses)	(139)	—	—	—
Total Nonoperating Revenues (Expenses)	<u>7,928</u>	<u>36,840</u>	<u>41,336</u>	<u>7,210</u>
Income (Loss) before Transfers	(4,144)	(208,730)	40,670	88,567
Transfers In	—	—	8,890	65,139
Transfers Out	—	(227)	(32,992)	(79,763)
Change in Net Assets	(4,144)	(208,957)	16,568	73,943
Net Assets – Beginning	301,930	888,220	690,056	606,352
Adjustment to Beginning Net Assets	—	—	—	(980)
Net Assets – Beginning as Adjusted	<u>301,930</u>	<u>888,220</u>	<u>690,056</u>	<u>605,372</u>
Net Assets – Ending	<u>\$ 297,786</u>	<u>\$ 679,263</u>	<u>\$ 706,624</u>	<u>\$ 679,315</u>

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

<u>Total</u>	<u>Governmental Activities – Internal Service Funds</u>
\$ 425,897	\$ 293,920
8,676	—
95,874	—
141,963	—
1,724	44
<u>674,134</u>	<u>293,964</u>
38,677	108,431
152,643	76,608
7,885	—
2,107	2,343
2,591	23,859
55,285	—
2,285	16,395
35,067	—
44,858	—
489,925	11,980
19,762	52,252
<u>851,085</u>	<u>291,868</u>
<u>(176,951)</u>	<u>2,096</u>
53,282	1,564
19,631	—
0	(178)
22,976	—
(2,436)	(68)
0	(1,046)
<u>(139)</u>	<u>(231)</u>
<u>93,314</u>	<u>41</u>
(83,637)	2,137
74,029	324
<u>(112,982)</u>	<u>(10,146)</u>
(122,590)	(7,685)
2,486,558	79,769
(980)	980
<u>2,485,578</u>	<u>80,749</u>
<u>\$ 2,362,988</u>	<u>\$ 73,064</u>

State of Utah

**Statement Of Cash Flows
Proprietary Funds**

For the Fiscal Year Ended June 30, 2009

(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 ...	\$ 69,176	\$ 135,765	\$ 11,975	\$ 330,619
Receipts from Loan Maturities	199,763	—	36,970	27,081
Receipts Federal Reinsurance & Allowances/Reimburse ..	44,624	99,994	—	—
Receipts from State Customers	10,932	—	—	10,548
Student Loan Disbursements Received from Lenders	476,554	—	—	—
Student Loan Disbursements Sent to Schools/Lenders	(480,289)	—	—	—
Payments to Suppliers/Claims/Grants	(30,837)	(484,225)	348	(166,648)
Disbursements for Loans Receivable	(575,956)	—	(95,744)	(70,607)
Payments on Loan Guarantees	(43,037)	—	—	—
Payments for Employee Services and Benefits	(10,606)	—	(9)	(29,366)
Payments to State Suppliers and Grants	—	—	(11,635)	(21,098)
Payments of Sales, School Lunch, and Premium Taxes	—	—	—	(40,764)
Net Cash Provided (Used) by Operating Activities	<u>(339,676)</u>	<u>(248,466)</u>	<u>(58,095)</u>	<u>39,765</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	—	—	—	19,597
Repayments Under Interfund Loans	—	—	—	(16,651)
Receipts from Bonds, Notes, and Deposits	490,124	13	—	—
Payments of Bonds, Notes, Deposits, and Refunds	(123,006)	(14)	—	—
Interest Paid on Bonds, Notes, and Financing Costs	(73,434)	—	—	—
Federal Grants and Other Revenues	—	—	15,664	4,398
Restricted Sales Tax	—	—	22,451	525
Transfers In from Other Funds	—	—	8,890	63,052
Transfers Out to Other Funds	—	(227)	(32,992)	(78,223)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>293,684</u>	<u>(228)</u>	<u>14,013</u>	<u>(7,302)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	—	—	—	—
Repayments Under Interfund Loans	—	—	—	—
Proceeds from Bond and Note Debt Issuance	—	—	—	27,270
Proceeds from Disposition of Capital Assets	—	—	—	73
Principal Paid on Debt and Contract Maturities	—	—	—	(2,517)
Acquisition and Construction of Capital Assets	(65)	—	—	(28,271)
Interest Paid on Bonds, Notes, and Capital Leases	—	—	—	(2,287)
Transfers In from Other Funds	—	—	—	2,087
Transfers Out to Other Funds	—	—	—	(1,540)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(65)</u>	<u>0</u>	<u>0</u>	<u>(5,185)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the Sale and Maturity of Investments	771,070	—	—	173
Receipts of Interest and Dividends from Investments	8,134	36,840	3,384	5,046
Payments to Purchase Investments	(713,875)	—	—	—
Net Cash Provided (Used) by Investing Activities	<u>65,329</u>	<u>36,840</u>	<u>3,384</u>	<u>5,219</u>
Net Cash Provided (Used) – All Activities	19,272	(211,854)	(40,698)	32,497
Cash and Cash Equivalents – Beginning	91,451	854,060	126,906	210,482
Adjustment to Beginning Cash and Cash Equivalents	—	—	—	(1,674)
Cash and Cash Equivalents – Ending	<u>\$ 110,723</u>	<u>\$ 642,206</u>	<u>\$ 86,208</u>	<u>\$ 241,305</u>

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

<u>Total</u>	<u>Governmental Activities – Internal Service Funds</u>
\$ 547,535	\$ 47,027
263,814	—
144,618	—
21,480	261,739
476,554	—
(480,289)	—
(681,362)	(141,290)
(742,307)	—
(43,037)	—
(39,981)	(105,719)
(32,733)	(37,488)
(40,764)	—
<u>(606,472)</u>	<u>24,269</u>
19,597	—
(16,651)	(4,460)
490,137	—
(123,020)	(1,301)
(73,434)	(30)
20,062	13
22,976	—
71,942	—
<u>(111,442)</u>	<u>(10,129)</u>
<u>300,167</u>	<u>(15,907)</u>
0	4,725
0	(4,337)
27,270	—
73	3,421
(2,517)	(48)
(28,336)	(18,983)
(2,287)	(43)
2,087	324
<u>(1,540)</u>	<u>(17)</u>
<u>(5,250)</u>	<u>(14,958)</u>
771,243	—
53,404	1,564
<u>(713,875)</u>	<u>—</u>
<u>110,772</u>	<u>1,564</u>
(200,783)	(5,032)
1,282,899	66,784
(1,674)	1,674
<u>\$ 1,080,442</u>	<u>\$ 63,426</u>

Continues

State of Utah

**Statement Of Cash Flows
Proprietary Funds**

Continued

For the Fiscal Year Ended June 30, 2009

(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)	\$ (12,072)	\$ (245,570)	\$ (666)	\$ 81,357
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	545	—	—	1,740
Interest Expense for Noncapital and Capital Financing	62,927	—	—	—
Miscellaneous Gains, Losses, and Other Items	5,450	—	—	1,178
Net Changes in Assets and Liabilities:				
Accounts Receivable/Due From Other Funds	6,777	(9,461)	639	15,778
Notes/Accrued Interest Receivables	(397,506)	—	(58,987)	(45,314)
Inventories	—	—	—	(1,696)
Prepaid Items/Deferred Charges	(24)	—	—	24
Accrued Liabilities/Due to Other Funds	(5,773)	(2,236)	919	(12,902)
Unearned Revenue/Deposits	—	—	—	(400)
Notes Payable	—	—	—	—
Policy Claims Liabilities	—	8,801	—	—
Net Cash Provided (Used) by Operating Activities	<u>\$ (339,676)</u>	<u>\$ (248,466)</u>	<u>\$ (58,095)</u>	<u>\$ 39,765</u>
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	\$ —	\$ —	\$ 437	\$ 876
Total Noncash Investing, Capital, and Financing Activities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 437</u>	<u>\$ 876</u>

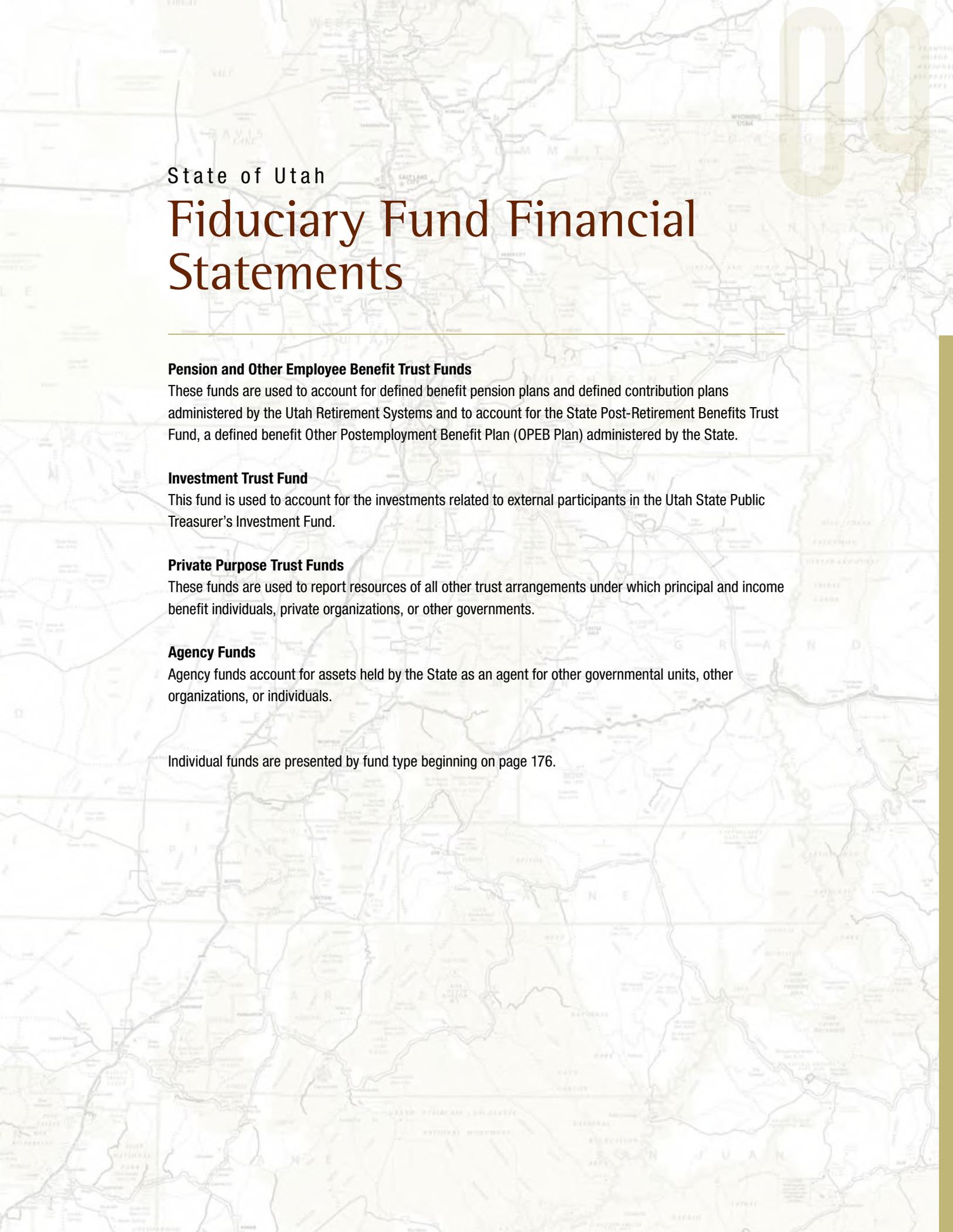
The Notes to the Financial Statements are an integral part of this statement.

<u>Total</u>	<u>Governmental Activities – Internal Service Funds</u>
\$ (176,951)	\$ 2,096
2,285	16,395
62,927	—
6,628	—
13,733	14,900
(501,807)	—
(1,696)	2,153
0	(959)
(19,992)	(12,580)
(400)	(65)
0	(36)
<u>8,801</u>	<u>2,365</u>
<u>\$ (606,472)</u>	<u>\$ 24,269</u>

<u>\$ 1,313</u>	<u>\$ 253</u>
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<u>\$ 1,313</u>	<u>\$ 253</u>
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State of Utah

Fiduciary Fund Financial Statements

Pension and Other Employee Benefit Trust Funds

These funds are used to account for defined benefit pension plans and defined contribution plans administered by the Utah Retirement Systems and to account for the State Post-Retirement Benefits Trust Fund, a defined benefit Other Postemployment Benefit Plan (OPEB Plan) administered by the State.

Investment Trust Fund

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

Private Purpose Trust Funds

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

Agency Funds

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

Individual funds are presented by fund type beginning on page 176.

State of Utah

**Statement Of Fiduciary Net Assets
Fiduciary Funds**

June 30, 2009

(Expressed in Thousands)

	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS				
Cash and Cash Equivalents	\$ 1,026,029	\$ 2,019,995	\$ 19,950	\$ 166,586
Receivables:				
Accounts	230	—	5,744	6,294
Contributions	38,931	—	—	—
Investments	435,551	—	—	—
Accrued Interest	—	24,491	—	—
Accrued Assessments	—	—	10,840	—
Due From Other Funds	3,850	—	1,130	105
Investments:				
Debt Securities	5,845,232	4,028,842	926,459	21,676
Equity Investments	6,208,338	—	1,781,926	—
Absolute Return	2,097,466	—	—	—
Private Equity	1,442,274	—	—	—
Real Estate	3,280,056	—	—	—
Mortgage Loans	6,845	—	—	—
Invested Securities Lending Collateral	1,192,833	—	—	—
Investment Contracts	39,220	—	—	—
Total Investments	<u>20,112,264</u>	<u>4,028,842</u>	<u>2,708,385</u>	<u>21,676</u>
Capital Assets:				
Land	1,779	—	271	—
Buildings and Improvements	11,405	—	10,715	—
Machinery and Equipment	3,875	—	934	—
Less Accumulated Depreciation	(16,534)	—	(2,653)	—
Total Capital Assets	<u>525</u>	<u>0</u>	<u>9,267</u>	<u>0</u>
Total Assets	<u>21,617,380</u>	<u>6,073,328</u>	<u>2,755,316</u>	<u>\$ 194,661</u>
LIABILITIES				
Accounts Payable	835,371	—	2,346	\$ —
Securities Lending Liability	1,192,833	—	—	—
Due To Other Funds	—	—	135	—
Due To Individuals, Organizations, and Other Governments	—	—	—	194,661
Unearned Revenue	—	—	260	—
Leave/Postemployment Benefits	7,416	—	—	—
Policy Claims Liabilities/Insurance Reserves	5,109	—	292,863	—
Real Estate Liabilities	1,231,575	—	—	—
Total Liabilities	<u>3,272,304</u>	<u>0</u>	<u>295,604</u>	<u>\$ 194,661</u>
NET ASSETS				
Held in trust for:				
Pension Benefits	15,886,067	—	—	—
Other Postemployment Benefits	69,767	—	—	—
Defined Contribution	2,389,242	—	—	—
Pool Participants	—	6,073,328	—	—
Individuals, Organizations, and Other Governments	—	—	2,459,712	—
Total Net Assets	<u>\$ 18,345,076</u>	<u>\$ 6,073,328</u>	<u>\$ 2,459,712</u>	—
Participant Account Balance Net Asset Valuation Factor		<u>1.001386</u>		

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

State of Utah**Statement Of Changes In Fiduciary Net Assets
Fiduciary Funds**

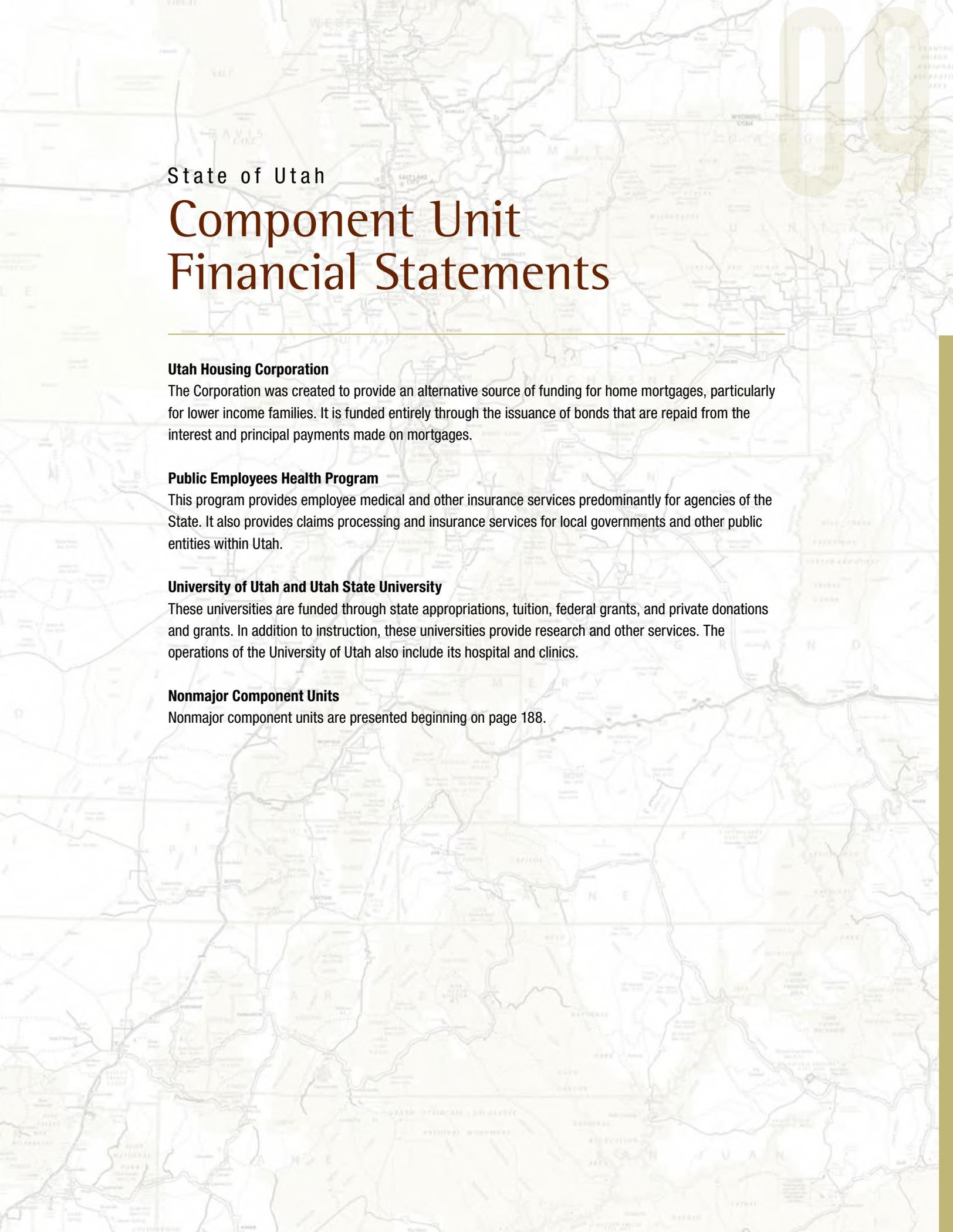
For the Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund	Private Purpose Trust Funds
ADDITIONS			
Contributions:			
Member	\$ 306,037	\$ —	\$ 411,637
Employer	684,019	—	—
Court Fees and Fire Insurance Premiums	12,291	—	—
Total Contributions	<u>1,002,347</u>	<u>0</u>	<u>411,637</u>
Pool Participant Deposits	—	7,605,228	—
Investment Income:			
Net Increase (Decrease) in Fair Value of Investments	(5,939,740)	28,172	(568,043)
Interest, Dividends, and Other Investment Income	502,728	104,205	78,582
Less Investment Expenses	(50,764)	(259)	—
Net Investment Income	<u>(5,487,776)</u>	<u>132,118</u>	<u>(489,461)</u>
Transfers From Affiliated Systems	14,537	—	—
Other Additions:			
Escheats	—	—	15,585
Royalties and Rents	—	—	3,259
Fees, Assessments, and Revenues	—	—	73,023
Miscellaneous	—	—	12,413
Total Other	<u>0</u>	<u>0</u>	<u>104,280</u>
Total Additions	<u>(4,470,892)</u>	<u>7,737,346</u>	<u>26,456</u>
DEDUCTIONS			
Pension Benefits	863,530	—	—
Retiree Healthcare Benefits	27,585	—	—
Refunds/Plan Distributions	169,121	—	—
Earnings Distribution	—	132,962	—
Pool Participant Withdrawals	—	8,014,905	—
Transfers To Affiliated Systems	14,537	—	—
Trust Operating Expenses	—	—	30,501
Distributions and Benefit Payments	—	—	152,232
Administrative and General Expenses	17,868	—	24,897
Total Deductions	<u>1,092,641</u>	<u>8,147,867</u>	<u>207,630</u>
Change in Net Assets Held in Trust for:			
Pension Benefits	(5,064,589)	—	—
Other Postemployment Benefits	17,886	—	—
Defined Contributions	(516,830)	—	—
Pool Participants	—	(410,521)	—
Individuals, Organizations, and Other Governments	—	—	(181,174)
Net Assets – Beginning	23,908,609	6,483,849	2,640,886
Net Assets – Ending	<u>\$ 18,345,076</u>	<u>\$ 6,073,328</u>	<u>\$ 2,459,712</u>

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

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State of Utah

Component Unit Financial Statements

Utah Housing Corporation

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

Public Employees Health Program

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

University of Utah and Utah State University

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

Nonmajor Component Units

Nonmajor component units are presented beginning on page 188.

State of Utah

**Combining Statement Of Net Assets
Component Units**

June 30, 2009

(Expressed in Thousands)

	Utah Housing Corporation	Public Employees Health Program	University of Utah	Utah State University
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 54,854	\$ 10,744	\$ 255,979	\$ 40,261
Investments	172,638	31,267	600,854	48,343
Receivables:				
Accounts, net	—	28,799	287,004	58,829
Notes/Loans/Mortgages/Pledges, net	27,269	—	8,781	1,200
Accrued Interest	6,484	1,812	4,678	—
Due From Primary Government	—	—	3,048	—
Prepaid Items	1,315	11,042	—	1,937
Inventories	—	—	40,019	4,372
Deferred Charges	—	—	18,192	—
Total Current Assets	<u>262,560</u>	<u>83,664</u>	<u>1,218,555</u>	<u>154,942</u>
Noncurrent Assets:				
Restricted Investments	474,813	—	316,904	65,289
Accounts Receivables, net	—	—	—	31,714
Investments	—	184,622	345,774	130,203
Notes/Loans/Mortgages/Pledges Receivables, net	1,223,069	—	103,931	11,260
Deferred Charges	11,510	—	—	—
Other Assets	6,815	—	67,958	—
Capital Assets (net of Accumulated Depreciation)	6,398	267	1,578,878	490,663
Total Noncurrent Assets	<u>1,722,605</u>	<u>184,889</u>	<u>2,413,445</u>	<u>729,129</u>
Total Assets	<u>1,985,165</u>	<u>268,553</u>	<u>3,632,000</u>	<u>884,071</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	57,080	13,557	180,296	37,381
Securities Lending Liability	—	21,617	—	—
Deposits	—	—	68,052	471
Due To Primary Government	—	—	15,095	3,002
Unearned Revenue	—	2,818	66,991	16,051
Current Portion of Long-term Liabilities (Note 10)	136,199	67,359	31,304	21,653
Total Current Liabilities	<u>193,279</u>	<u>105,351</u>	<u>361,738</u>	<u>78,558</u>
Noncurrent Liabilities:				
Accrued Liabilities	43	—	—	—
Unearned Revenue	8,210	—	—	540
Deposits	—	—	9,492	—
Due To Primary Government	—	—	—	—
Long-term Liabilities (Note 10)	1,550,239	51,960	396,633	145,541
Total Noncurrent Liabilities	<u>1,558,492</u>	<u>51,960</u>	<u>406,125</u>	<u>146,081</u>
Total Liabilities	<u>1,751,771</u>	<u>157,311</u>	<u>767,863</u>	<u>224,639</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	3,709	267	1,202,270	383,603
Restricted for:				
Nonexpendable:				
Higher Education	—	—	308,512	78,668
Expendable:				
Higher Education	—	—	512,674	171,456
Debt Service	173,931	—	—	—
Insurance Plans	—	110,975	—	—
Other	—	—	—	—
Unrestricted	55,754	—	840,681	25,705
Total Net Assets	<u>\$ 233,394</u>	<u>\$ 111,242</u>	<u>\$ 2,864,137</u>	<u>\$ 659,432</u>

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

Nonmajor Component Units	Total
\$ 211,425	\$ 573,263
81,043	934,145
32,989	407,621
5,438	42,688
350	13,324
394	3,442
1,197	15,491
16,240	60,631
3,471	21,663
<u>352,547</u>	<u>2,072,268</u>
63,332	920,338
431	32,145
125,235	785,834
26,001	1,364,261
—	11,510
7,230	82,003
<u>1,047,658</u>	<u>3,123,864</u>
<u>1,269,887</u>	<u>6,319,955</u>
<u>1,622,434</u>	<u>8,392,223</u>
33,070	321,384
—	21,617
1,827	70,350
9,613	27,710
23,346	109,206
25,150	281,665
<u>93,006</u>	<u>831,932</u>
10	53
—	8,750
1,061	10,553
1,169	1,169
<u>120,716</u>	<u>2,265,089</u>
<u>122,956</u>	<u>2,285,614</u>
<u>215,962</u>	<u>3,117,546</u>
939,641	2,529,490
89,847	477,027
135,992	820,122
—	173,931
—	110,975
363	363
240,629	1,162,769
<u>\$ 1,406,472</u>	<u>\$ 5,274,677</u>

State of Utah

**Combining Statement Of Activities
Component Units**

For the Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

	Utah Housing Corporation	Public Employees Health Program	University of Utah	Utah State University
Expenses	<u>\$ 115,681</u>	<u>\$ 591,855</u>	<u>\$ 2,530,643</u>	<u>\$ 492,875</u>
Program Revenues:				
Charges for Services:				
Tuition and Fees	—	—	192,898	108,284
Scholarship Allowances	—	—	(23,548)	(34,708)
Sales, Services, and Other Revenues (net of University of Utah patient services allowance of \$60,942)	108,866	581,917	1,724,003	63,205
Operating Grants and Contributions	10,000	16,838	407,108	167,841
Capital Grants and Contributions	—	—	124,662	20,420
Total Program Revenues	<u>118,866</u>	<u>598,755</u>	<u>2,425,123</u>	<u>325,042</u>
Net (Expenses) Revenues	<u>3,185</u>	<u>6,900</u>	<u>(105,520)</u>	<u>(167,833)</u>
General Revenues:				
State Appropriations	—	—	266,761	148,256
Unrestricted Investment Income	—	—	—	—
Permanent Endowments Contributions	—	—	15,855	5,510
Total General Revenues	<u>0</u>	<u>0</u>	<u>282,616</u>	<u>153,766</u>
Change in Net Assets	<u>3,185</u>	<u>6,900</u>	<u>177,096</u>	<u>(14,067)</u>
Net Assets – Beginning	<u>230,209</u>	<u>104,342</u>	<u>2,687,041</u>	<u>673,499</u>
Net Assets – Ending	<u>\$ 233,394</u>	<u>\$ 111,242</u>	<u>\$ 2,864,137</u>	<u>\$ 659,432</u>

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

Nonmajor Component Units	Total
<u>\$ 933,089</u>	<u>\$ 4,664,143</u>
304,281	605,463
(50,389)	(108,645)
132,572	2,610,563
160,273	762,060
97,969	243,051
<u>644,706</u>	<u>4,112,492</u>
<u>(288,383)</u>	<u>(551,651)</u>
371,179	786,196
922	922
3,911	25,276
<u>376,012</u>	<u>812,394</u>
<u>87,629</u>	<u>260,743</u>
1,318,843	5,013,934
<u><u>\$ 1,406,472</u></u>	<u><u>\$ 5,274,677</u></u>

Notes to the Financial Statements

Fiscal Year Ended June 30, 2009

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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 Office of the Utah State Auditor, P.O. Box 142310, Salt Lake City, UT 84114.

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

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

Fiduciary Component Units

Utah Retirement Systems (defined benefit pension plans and defined contribution plans) — Utah Retirement Systems (URS) administers pension funds for various public employee retirement systems and plans of the State and its political subdivisions. URS is an independent state agency subject to legislative and executive department budgetary examination and comment. The Utah State Retirement Board, a seven-member board, is established by statute to administer the systems and plans, and to serve as investment trustees of the funds. Six members are appointed by the Governor with the advice and consent of the Senate, while the State Treasurer serves as the seventh member. Because of the State's trustee responsibilities for these systems and plans, GAAP requires them to be reported as pension trust funds of the primary government rather than discrete component units. 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.
- **Education Fund.** This special revenue fund accounts for all revenues from taxes on intangible property or from a tax on income that supports public and higher education.
- **Uniform School Fund.** This special revenue fund accounts for specific 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 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, debt collections, 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's (FASB) pronouncements issued on or before November 30, 1989, except those that conflict with a GASB pronouncement. The State has elected not to apply FASB pronouncements issued after November 30, 1989.

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, transportation infrastructure, 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, property management, and human resource management. In the government-wide financial statements, internal service funds are included with governmental activities.

Fiduciary Fund Financial Statements

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

Pension and Other Employee Benefit Trust Funds — These funds account for the plan assets, liabilities, net assets, and changes in net assets of: (1) defined benefit pension plans and defined contribution plans administered by Utah Retirement Systems; and (2) the State Post-Retirement Benefits Trust Fund, a defined benefit other postemployment health care plan (State Employees' OPEB Plan), administered by the State.

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

Private Purpose Trust Funds — These funds report resources of all other trust arrangements in which principal and income benefit individuals, private organizations or other governments. Examples include the Utah Navajo Royalties Holding, 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 current 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 defined benefit pension plans and defined contribution plans (fiduciary funds), administered by Utah Retirement Systems, Utah State Fair Corporation (nonmajor component unit), 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, has determined the fair values for the individual investments. Investments held as security deposits which are not held for investment purposes are carried at cost. The Utah Retirement Systems' (defined benefit pension plans and defined contribution plans) mortgages are valued on an amortized cost basis which approximates fair value, and the fair value of real estate investments has been estimated based on independent appraisals.

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 (defined benefit pension plans and defined contribution plans) 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 receivables in the governmental and business-type activities are primarily long-term loans for local governments and agricultural development, home mortgages, and individual student loans. The interest rates on the loans vary but are generally lower than market rates and, in some cases, are non-interest bearing. Student loans in the Student Assistance Programs (business-type activities) are fixed and variable rate federally insured loans. Student loans are insured at 95 to 100 percent of their principal balance depending on the date disbursed.

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 federal default fees 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:

<u>Asset Class</u>	<u>Years</u>
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 (i.e., roads and bridges) maintained by the State’s Department of Transportation. This includes infrastructure acquired prior to fiscal year 1981. Under this approach, depreciation expense is not recorded and only improvements that 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 amounts 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, 2009, the total estimated arbitrage rebate liability in the Student Assistance Programs (enterprise fund) was \$57.783 million, of which \$56.221 million represents yield reduction payments and \$1.562 million represents the estimated liability for non-purpose interest. Other arbitrage liabilities are immaterial.

Compensated Absences and Postemployment Benefits

Employees' vacation leave is accrued at a rate of four hours every two weeks for the first five years of employment, and grows to a rate of seven hours every two weeks after 20 years of employment. There is no requirement to use vacation leave, but a maximum of 320 hours may be carried forward at the beginning of each calendar year. 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 all unused accumulated sick leave as a mandatory employer contribution into a 401(k) account. Each day of remaining sick leave earned prior to January 1, 2006, may be

used to participate in the State's Other Postemployment Benefit Plan (State Employees' OPEB Plan) to purchase health and life insurance coverage or Medicare supplemental insurance. Any remaining sick leave earned on or after January 1, 2006, is converted to a value (based on the higher of the employee's rate of pay at retirement or the average pay rate of retirees in the previous year) and placed in a defined contribution plan – health reimbursement arrangement administered by Utah Retirement Systems. The Annual Required Contribution (ARC) needed to fund current and future liabilities of the State Employees' OPEB Plan is provided by charges to agency budgets. Payments of postemployment health and life insurance benefits to retirees are made from the State Employees' OPEB plan that is administered as a single-employer defined benefit healthcare plan. See Note 17 for additional information about the State's OPEB Plan administered as an irrevocable trust.

The State of Utah also administers the Elected Officials' OPEB Plan, a single-employer defined benefit healthcare plan. Only governors and legislators (elected officials) that retire after January 1, 1998 and have 4 or more years of service can elect to receive and apply for this benefit. To qualify for health coverage, elected officials must be between 62 and 65 years of age and either be active members at the time of retirement or have continued coverage with the program until the date of eligibility. To qualify for Medicare supplemental coverage an elected official must be at least 65 years of age. The State will pay a portion or all the health benefit costs for the elected official and spouse based on years of service. See Note 17 for additional information.

For administrative purposes, the State maintains compensated absences 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 is made from the compensated absences pools. Proprietary funds, Utah Schools for the Deaf and the Blind, and private purpose trust funds of the primary government also participate in the pools and the OPEB Plan, and have no liability for leave or postemployment benefits once their contributions have been made.

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

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

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, 2009, the State reported revenue and expenditures of \$19.467 million for commodities in the General Fund, and \$15.078 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 State 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 State Endowment Fund to increase the principal in the fund as required by state law.

Retirement and Employee Benefit Costs

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

G. Interfund Transactions

Government-wide Financial Statements

Interfund Activity — In general, eliminations have been made to minimize the double counting of internal activity, including internal service fund type activity. However, interfund services, provided and used between different functional categories, have not been eliminated in order to avoid distorting the direct costs and program revenues of the applicable functions. 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

Beginning Net Assets Adjustments

The Transportation Infrastructure Loan Fund was reevaluated and is now reported as a nonmajor enterprise fund. It was previously reported as an internal service fund. As a result of this change, a reclassification of \$2.670 million was made to reduce beginning net assets of internal service funds and increase beginning net assets of nonmajor enterprise funds. Amounts included in the governmental activities on the prior year Statement of Net Assets and Statement of Activities included the following: \$2.670 million in total assets; and, \$87 thousand in total revenue.

The Energy Efficiency Fund was reevaluated and certain activities are now reported within the Property Management internal service fund. These activities were previously reported within a nonmajor enterprise fund. As a result of this change, a reclassification of \$3.650 million was made to reduce beginning net assets of nonmajor enterprise funds and to increase beginning net assets of internal service funds. Amounts included in the business-type activities on the prior year Statement of Net Assets included \$3.650 million in total assets. There was no prior year activity on the Statement of Activities.

(Notes continue on next page.)

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits and investments for the primary government and its discrete component units are governed by the Utah Money Management Act (*Utah Code*, Title 51, Chapter 7) and rules of the State 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 State Endowment (special revenue fund), Employers' Reinsurance Trust (private purpose trust), and Utah Educational Savings Plan Trust (private purpose trust). Exempt from the Act in the primary government are the Trust Lands (permanent fund), Utah Retirement Systems and State Post-Retirement Benefits Trust Fund (pension and other employee benefit trust funds). The discrete component units exempt from the Act are Utah Housing Corporation, Public Employees Health Program, and the college and universities' endowment funds.

A. PRIMARY GOVERNMENT**Custodial Credit Risk — Deposits**

The custodial credit risk for deposits is the risk that in the event of a bank failure, the State's deposits may not be recovered. The Money Management Act requires that deposits be in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the federal government and 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.

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, 2009, were \$437.544 million. These deposits are exposed to custodial credit risk as follows:

- \$291.807 million were exposed to custodial credit risk as uninsured and uncollateralized.
- Exposure to custodial credit risk cannot be determined for \$117.618 million of the primary government deposits which are in an FDIC-Insured Savings account at Zions First National Bank (Bank) for Account Owners in the Utah Educational Savings Plan Trust (UESP) (private purpose trust). Contributions to and earnings on the FDIC-Insured Savings account are insured by the FDIC on a pass-through basis to each Account Owner up to the maximum amount set by federal law. The amount of FDIC insurance provided to an individual is based on the total of (1) the value of an Account Owners investments in the UESP's FDIC-Insured Savings account plus (2) the value of other accounts held (if any) at the Bank, as

determined by the Bank and by FDIC regulations. It is the Account Owners responsibility to determine how deposits in the FDIC-Insured Savings account would be aggregated with other deposits at the Bank for purposes of FDIC insurance.

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.

Statute allows certain funds acquired by gift, devise or bequest to be invested according to Rule 2 of the Money Management Council. 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; and corporate bonds or debentures. Currently, the Utah Education Savings Trust is the only entity required to comply with Rule 2.

The primary government's investments at June 30, 2009, are presented below. All investments, except those of the Utah Retirement Systems (pension and other employee benefit 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.

(Table on next page.)

Primary Government Investments
(except pension and other employee benefit trust funds)
(Expressed in Thousands)

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Debt Securities					
U.S. Treasuries	\$ 7,028	\$ 5,307	\$ 433	\$ 1,288	\$ —
U.S. Agencies	76,159	64,286	11,030	—	843
Corporate Debt	6,928,260	6,925,898	2,362	—	—
Negotiable Certificates of Deposit	65,198	65,198	—	—	—
Money Market Mutual Fund	2,360,000	2,360,000	—	—	—
Commercial Paper	187,206	187,206	—	—	—
Bond Mutual Fund *	753,519	—	—	753,519	—
Repurchase Agreements	7,928	7,928	—	—	—
	<u>10,385,298</u>	<u>\$ 9,615,823</u>	<u>\$ 13,825</u>	<u>\$ 754,807</u>	<u>\$ 843</u>
Other Investments					
Equity Securities	14,793				
Equity Mutual Funds Securities:					
Domestic	1,993,020				
International	379,566				
U.S. Unemployment Trust Pool.....	640,384				
Real Estate Held for Investment Purposes...	43,565				
Real Estate Joint Ventures	1,894				
Component Units Investment in Primary Government's Investment Pool	(409,747)				
Total	<u>\$13,048,773</u>				

* At June 30, 2009, the bond mutual fund had an average effective maturity of 6.7 years.

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

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

- Utah Educational Savings Plan Trust (private purpose trust) – \$1.457 billion, 63.1 percent, in domestic equity mutual fund securities; \$514.761 million, 22.3 percent, in bond mutual fund; \$192.401 million, 8.3 percent, in international equity mutual fund securities; and \$144.847 million, 6.3 percent, in the Utah Public Treasurer's Investment Fund.

- Trust Lands (permanent fund) – \$397.752 million, 48.1 percent, in domestic equity mutual fund securities; \$198.829 million, 24.1 percent, in bond mutual fund; \$187.165 million, 22.6 percent, in international equity mutual fund securities; and \$42.798 million, 5.2 percent in real estate.
- State Post-Retirement Benefits Trust (pension and other employee benefit trust funds) – \$36.006 million, 53.7 percent, in domestic equity mutual fund securities; \$24.863 million, 37.1 percent, in bond mutual fund; and \$6.215 million, 9.2 percent, in the Utah Public Treasurer's Investment Fund.
- State Endowment Fund (special revenue fund) – \$22.412 million, 39.8 percent, in domestic equity mutual fund securities; \$15.066 million, 26.7 percent, in bond mutual fund; and \$18.871 million, 33.5 percent, in the Utah Public Treasurer's Investment Fund.

(Table on next page.)

Utah Retirement Systems
(pension and other employee benefit trust funds)
Investments at Fair Value
At December 31, 2008
(Expressed in Thousands)

Investment Type	Defined Benefit	Defined Contribution	Total All Systems and Plans
Debt Securities – Domestic.....	\$ 3,530,507	\$ 1,219,322	\$ 4,749,829
Debt Securities – International	531,765	—	531,765
Equity Securities – Domestic.....	2,814,945	488,403	3,303,348
Equity Securities – International.....	1,744,677	130,881	1,875,558
Short-term Securities Pools	1,040,698	1,546	1,042,244
Mortgage Loans:			
Real Estate Notes	6,845	—	6,845
Real Estate	3,280,056	—	3,280,056
Private Equity (Venture Capital).....	1,442,274	—	1,442,274
Absolute Return.....	2,097,466	—	2,097,466
Guaranteed Investment Contracts	—	39,220	39,220
Equity Securities – Domestic (Pooled)	—	304,210	304,210
Mutual Fund – International	—	64,483	64,483
Investments Held by Broker-dealers			
Under Securities Lending Program:			
U.S. Government and Agency Securities.....	334,176	—	334,176
Corporate Debt Securities – Domestic	75,746	23,491	99,237
Debt Securities – International.....	105,362	—	105,362
Equity Securities – Domestic.....	430,302	40,723	471,025
Equity Securities – International.....	129,858	21,270	151,128
Total Investments	17,564,677	2,333,549	19,898,226
Securities Lending Collateral Pool	1,105,354	87,479	1,192,833
Total Investments	<u>\$ 18,670,031</u>	<u>\$ 2,421,028</u>	<u>\$ 21,091,059</u>

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) (pension and other employee benefit trust funds) 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 Barclays Capital Aggregate Index for domestic debt securities and the Barclays Capital Global Aggregate Index for international debt securities. The index range at December 31, 2008, was 2.78 – 4.64 for domestic debt securities and 2.56 – 7.68 for international debt securities. At December 31, 2008, no individual debt security investment manager's portfolio was outside of the policy guidelines. At December 31, 2008, the following tables show the investments by investment type, amount, and the effective weighted duration.

(Table on next page.)

Utah Retirement Systems
(pension and other employee benefit trust funds)
Debt Securities Investments, Domestic
At December 31, 2008
(Expressed in Thousands)

Investment	Defined Benefit Plans		Defined Contribution Plans		Total All Systems and Plans
	Fair Value	Effective Weighted Duration	Fair Value	Effective Weighted Duration	
Asset-backed Securities	\$ 158,330	0.79	\$ 35,452	1.58	\$ 193,782
Commercial Mortgage-backed	179,880	4.12	90,382	2.78	270,262
Corporate Bonds	790,948	5.32	256,732	4.11	1,047,680
Fixed Income Derivatives — Futures	(476,344)	NA	—	—	(476,344)
Fixed Income Derivatives — Options.....	(2,485)	NA	—	—	(2,485)
Fixed Income Futures.....	476,344	NA	—	—	476,344
Government Agencies	212,546	3.29	120,403	2.80	332,949
Government Bonds	345,389	7.95	26,667	7.50	372,056
Government Mortgage-backed Securities	1,845,372	3.31	247,383	0.78	2,092,755
Guaranteed Fixed Income	1,506	3.26	—	—	1,506
Index Linked Government Bonds	97,211	6.86	—	—	97,211
Municipal/Provincial Bonds.....	1,077	12.01	—	—	1,077
Non-government Backed C.M.O.s.....	329,359	1.62	—	—	329,359
Other Fixed Income	1,521	0.32	214,229	NA	215,750
Other Liabilities	(22,840)	NA	—	—	(22,840)
Other Options.....	(4,465)	NA	—	—	(4,465)
Swap Liabilities	(53,662)	NA	—	—	(53,662)
Swaps	60,742	NA	—	—	60,742
Treasury Inflation Protected Securities	—	NA	36,083	5.08	36,083
Treasury Notes	—	NA	215,482	3.31	215,482
Total Debt Securities Investments,					
Domestic	<u>\$ 3,940,429</u>	4.04	<u>\$ 1,242,813</u>	2.40	<u>\$ 5,183,242</u>

Utah Retirement Systems
(pension and other employee benefit trust funds)
Debt Securities Investments, International
At December 31, 2008
(Expressed in Thousands)

Investment	Defined Benefit Plans	
	Fair Value	Effective Weighted Duration
Corporate Bonds	\$ 159,531	5.25
Fixed Income Derivative — Futures.....	37,969	7.70
Fixed Income Futures	(37,969)	NA
Government Agencies.....	11,295	3.64
Government Bonds	431,565	6.67
Index Linked Government Bonds.....	15,692	6.22
Municipal/Provincial Bonds	18,037	4.75
Non-government Backed C.M.O.s.....	1,007	(0.02)
Total Debt Securities Investments,		
International.....	<u>\$ 637,127</u>	6.27

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The primary government, with the exception of the Utah Retirement Systems (URS) (pension and other employee benefit trust funds), 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, 2009, with the exception of URS, were rated by Standard and Poor’s and/or an equivalent nationally recognized statistical rating organization and the ratings are presented below using the Standard and Poor’s rating scale. Securities rated less than “A” met the investment criteria at the time of purchase.

Primary Government Rated Debt Investments
(except pension and other employee benefit trust funds)
(Expressed in Thousands)

<u>Debt Investments</u>	<u>Fair Value</u>	<u>Quality Ratings</u>			
		<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>
U.S. Agencies.....	\$ 76,159	\$ 74,521	\$ —	\$ —	\$ —
Corporate Debt.....	\$ 6,928,260	\$ 434,600	\$ 1,656,480	\$ 4,588,900	\$ 45,531
Negotiable Certificates of Deposit.....	\$ 65,198	\$ —	\$ 44,834	\$ 20,104	\$ —
Money Market Mutual Fund.....	\$ 2,360,000	\$ 400,000	\$ —	\$ —	\$ —
Commercial Paper.....	\$ 187,206	\$ —	\$ —	\$ —	\$ —
Bond Mutual Fund.....	\$ 753,519	\$ —	\$ —	\$ —	\$ —
Repurchase Agreements – Underlying:					
U.S. Treasuries.....	\$ 1,612	\$ —	\$ —	\$ —	\$ —
U.S. Agencies.....	\$ 6,316	\$ 6,316	\$ —	\$ —	\$ —

Continues Below

<u>Debt Investments</u>	<u>Quality Ratings</u>				
	<u>BB</u>	<u>B</u>	<u>D</u>	<u>A1 *</u>	<u>Unrated</u>
U.S. Agencies.....	\$ —	\$ —	\$ —	\$ —	\$ 1,638
Corporate Debt.....	\$ 60,399	\$ 128,850	\$ 13,500	\$ —	\$ —
Negotiable Certificates of Deposit.....	\$ —	\$ —	\$ —	\$ —	\$ 260
Money Market Mutual Fund.....	\$ —	\$ —	\$ —	\$ —	\$ 1,960,000
Commercial Paper.....	\$ —	\$ —	\$ —	\$ 187,206	\$ —
Bond Mutual Fund.....	\$ —	\$ —	\$ —	\$ —	\$ 753,519
Repurchase Agreements – Underlying:					
U.S. Treasuries.....	\$ —	\$ —	\$ —	\$ —	\$ 1,612
U.S. Agencies.....	\$ —	\$ —	\$ —	\$ —	\$ —

* A1 is Commercial Paper rating

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

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

The weighted quality rating average of the domestic debt securities, excluding pooled investments, at December 31, 2008, is AAA and the fair value of below grade investments is \$75.508 million or 1.92 percent of the domestic portfolio. The weighted quality rating average of the international debt securities investments, at December 31, 2008, is AAA and the fair value of below grade investments is \$11.435 million or 1.79 percent of the international portfolio.

The following table presents the URS credit risk ratings as of December 31, 2008:

(Table on next page.)

Utah Retirement Systems
(pension and other employee benefit trust funds)
Debt Securities Investments at Fair Value
At December 31, 2008
(Expressed in Thousands)

Quality Rating	Defined Benefit Plans			Defined Contribution Plans	Total All Systems and Plans
	Domestic	International	Total	Domestic	
AAA.....	\$ 1,178,698	\$ 326,986	\$ 1,505,684	\$ 118,247	\$ 1,623,931
AA+.....	13,311	20,868	34,179	—	34,179
AA.....	69,117	116,279	185,396	34,947	220,343
AA-.....	19,970	15,326	35,296	2,798	38,094
A+.....	104,601	38,881	143,482	215,976	359,458
A.....	194,052	22,849	216,901	21,263	238,164
A-.....	69,209	21,329	90,538	20,130	110,668
BBB+.....	112,633	35,192	147,825	119,802	267,627
BBB.....	60,243	23,004	83,247	12,743	95,990
BBB-.....	56,711	4,978	61,689	13,606	75,295
BB+.....	1,081	—	1,081	3,493	4,574
BB.....	11,437	5,926	17,363	3,090	20,453
BB-.....	1,468	231	1,699	—	1,699
B+.....	5,646	4,219	9,865	1,296	11,161
B.....	6,908	129	7,037	—	7,037
B-.....	7,380	—	7,380	8,525	15,905
CCC+.....	8,126	—	8,126	11,404	19,530
CCC.....	6,917	—	6,917	—	6,917
CC.....	276	—	276	—	276
C.....	568	—	568	—	568
D.....	870	—	870	13,762	14,632
NR.....	24,831	930	25,761	7,001	32,762
Total credit risk debt securities.....	<u>1,954,053</u>	<u>637,127</u>	<u>2,591,180</u>	<u>608,083</u>	<u>3,199,263</u>
U.S. Government and Agencies.....	1,932,861	—	1,932,861	634,730	2,567,591
Pooled investments.....	<u>53,515</u>	<u>—</u>	<u>53,515</u>	<u>—</u>	<u>53,515</u>
Total debt securities investments.....	<u>\$ 3,940,429</u>	<u>\$ 637,127</u>	<u>\$ 4,577,556</u>	<u>\$ 1,242,813</u>	<u>\$ 5,820,369</u>

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, 2009, except those of the Utah Retirement Systems (URS) (pension and other employee benefit trust funds), were held by the State or in the State's name by the State's custodial banks; except \$7.928 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, 2008, the URS investments were registered in the name of URS and held by their custodians; however, there is 6.178 million frictional cash and cash equivalents subject to custodial risk in foreign banks held in URS' name, but because it is in foreign banks it is subject to custodial risk. URS does not have an investment policy regarding custodial credit risk for frictional cash

in foreign banks. URS also has \$15.377 million of investments for which exposure to custodial credit risk could not be determined.

Concentration of Credit Risk — Investments

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

Except for the Utah Retirement Systems (URS) (pension and other employee benefit 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 no debt securities investments at June 30, 2009, with more than 5 percent of the total investments in a single issuer.

The Utah Retirement Systems debt securities investments had no single issuer investments at December 31, 2008, that exceed their diversified portfolio by sector and by issuer using the following guidelines:

- AAA/Aaa Debt Securities — no more than 5 percent of an investment manager's assets at market with a single issuer.
- AA-/Aa3 Debt Securities or higher — no more than 4 percent of an investment manager's assets at market with a single issuer.
- A-/A3 Debt Securities or higher— no more than 3 percent of an investment manager's assets at market with a single issuer.
- BBB-/Baa3 Debt Securities or higher — no more than 2 percent of an investment manager's assets at market with a single issuer.
- For Debt Securities — no individual holding shall constitute more than 10 percent of the market value of outstanding debt of a single issuer with the exception of the U.S. government or its agencies, or collateralized mortgage obligations.
- For Domestic Equity Securities — no individual holdings shall constitute more than 4 percent of the securities of any single issuer. Also, no more than 8 percent of an investment manager's assets shall be invested in the equity or REIT securities of any single issuer at market; or if specifically authorized in the manager's contract, the exposure of the portfolio to any single issuer shall not exceed the greater of 5 percent of the portfolio value or 2 percent of the portfolio value plus the benchmark weight measured at the time of purchase.
- For International Equity Securities — no more than 8 percent of an investment manager's assets shall be invested in the equity or REIT securities of any single issuer at market; or if specifically authorized in the manager's contract, the exposure of the portfolio to any single issuer shall not exceed the greater of 5 percent of the portfolio value or 2 percent of the portfolio value plus the benchmark weight measured at the time of purchase.

Foreign Currency Risk — Investments

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The primary government, except the Utah Retirement Systems (URS) (pension and other employee benefit trust funds), does not have a formal policy to limit foreign currency risk.

The Utah Educational Savings Plan Trust (private purpose trust) has \$192.402 million and the Trust Lands (permanent fund) has \$187.165 million invested in international equity funds. As such, no currency denomination is presented.

The Utah Retirement Systems (URS) (pension and other employee benefit trust funds), expect the International Securities Investment Managers to maintain diversified portfolios by sector and by issuer using the following guidelines:

- International investment managers invest in fixed income instruments and equity instruments of corporations headquartered outside of the United States unless specifically authorized within the investment manager's contract.
- Domestic investment managers are allowed to invest in international corporations traded in American Depository Receipts (ADR).
- Portfolios should be adequately diversified to limit foreign currency and security risk.

Risk of loss arises from changes in currency exchange rates. URS exposure to foreign currency risk is shown below.

(Table on next page.)

Utah Retirement Systems
(pension and other employee benefit trust funds)
Foreign Currency Risk
International Investment Securities at Fair Value
At December 31, 2008
(Expressed in Thousands)

Currency	Defined Benefit Plans				Defined Contribution Plans	Total
	Short-Term	Debt	Equity	Total	Equity	and Plans
American Depository Receipts (ADR) US dollar ...	\$ —	\$ 693	\$ 637,577	\$ 638,270	\$ —	\$ 638,270
Argentine peso	8	10	1,041	1,059	—	1,059
Australian dollar.....	54	18,863	39,610	58,527	5,558	64,085
Brazilian real	—	5,670	1,886	7,556	—	7,556
British pound sterling	2,499	84,825	200,919	288,243	22,826	311,069
Canadian dollar	25	14,247	37,207	51,479	863	52,342
Cayman Islands dollar	—	154	—	154	—	154
Chilean peso	—	1,325	—	1,325	—	1,325
Chinese yuan renminbi	—	—	4,095	4,095	—	4,095
Czech koruna.....	—	—	5,189	5,189	—	5,189
Danish krone	129	4,169	2,549	6,847	395	7,242
Estonian kroon	—	—	656	656	—	656
Euro.....	1,852	295,759	392,066	689,677	50,146	739,823
Hong Kong dollar	231	—	26,460	26,691	3,085	29,776
Icelandic krona.....	—	261	—	261	—	261
Indian rupee.....	—	—	5,615	5,615	—	5,615
Japanese yen.....	784	122,001	299,878	422,663	38,981	461,644
Kazakhstani tenge.....	—	378	—	378	—	378
Korean won	5	5,341	3,135	8,481	—	8,481
Liberian dollar.....	—	—	285	285	—	285
Malaysian ringgit	17	4,422	1,813	6,252	—	6,252
Mexican peso	—	23,766	530	24,296	—	24,296
New Zealand dollar	128	—	47	175	79	254
Norwegian krone	148	5,100	5,051	10,299	916	11,215
Panamanian balboa.....	—	1,971	5,966	7,937	—	7,937
Philippines peso	—	—	478	478	—	478
Polish zloty	—	2,636	—	2,636	—	2,636
Puerto Rico – US dollar.....	—	—	13,112	13,112	—	13,112
Qatari riyal.....	—	513	—	513	—	513
Russian Federation ruble.....	—	12,504	720	13,224	—	13,224
Singapore dollar.....	124	10,593	6,642	17,359	798	18,157
South African rand.....	—	—	5,761	5,761	—	5,761
Swedish krona.....	93	12,782	17,908	30,783	4,329	35,112
Swiss franc	130	6,665	146,271	153,066	13,979	167,045
Taiwanese new dollar	29	—	7,376	7,405	—	7,405
Thai baht.....	—	—	1,155	1,155	—	1,155
Tunisian dinar	—	641	—	641	—	641
Turkish Lira.....	—	—	3,537	3,537	—	3,537
United Arab Emirates dirham	—	1,838	—	1,838	—	1,838
Pooled International Investments.....	—	—	—	—	74,679	74,679
Total Securities Subject to Foreign Currency Risk.....	<u>\$ 6,256</u>	<u>\$ 637,127</u>	<u>\$ 1,874,535</u>	<u>\$ 2,517,918</u>	<u>\$ 216,634</u>	<u>\$ 2,734,552</u>

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, 2009, were \$224.377 million. Of these, \$203.115 million were exposed to custodial credit risk as uninsured and uncollateralized.

Investments

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

College and university funds from gifts, private grants, and the corpus of funds functioning as endowments are invested according

to the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and State Board of Regents Rule 541, Management and Reporting of Institutional Investments (Rule 541) or separate endowment investment policies which have been approved by their Board of Trustees and by the Board of Regents. The UPMIFA and Rule 541 allow the Entity to invest endowment funds (including gifts, devises, or bequests of property of any kind from any source) in any investments allowed by the Money Management Act or any of the following subject to satisfying certain criteria: professionally managed pooled or commingled investment funds registered with the Securities and Exchange Commission or the Comptroller of the Currency (e.g., mutual funds); professionally managed pooled or commingled investment funds created under 501(f) of the Internal Revenue Code which satisfy the conditions for exemption from registration under Section 3(c) of the Investment Company Act of 1940; any investment made in accordance with the donor's directions in a written instrument; and any alternative investment funds that derive returns primarily from high yield and distressed debt (hedged or non-hedged), private capital (including venture capital, private equity, both domestic and international), natural resources, and private real estate assets or absolute return and long/short hedge funds.

The component units' investments at June 30, 2009, are presented below.

Component Units Investments
(Expressed in Thousands)

<u>Investment Type</u>	<u>Investment Maturities (in years)</u>					
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>11-20</u>	<u>More Than 20</u>
<u>Debt Securities</u>						
U.S. Treasuries.....	\$ 597,852	\$ 345,783	\$ 244,211	\$ 6,906	\$ 952	\$ —
Government National Mortgage Association.....	9	—	—	—	9	—
U.S. Agencies	672,667	408,923	7,057	15,793	208,073	32,821
Corporate Debt	263,467	130,431	80,433	36,451	15,500	652
Commercial Paper	20,943	20,943	—	—	—	—
Money Market Mutual Funds	329,664	329,664	—	—	—	—
Negotiable Certificates of Deposit.....	5,640	5,341	299	—	—	—
Municipal/Public Bonds	12,993	1,852	1,009	3,139	6,993	—
Repurchase Agreements.....	27,192	27,192	—	—	—	—
Guaranteed Investment Contracts.....	165,804	114,993	16,023	3,732	31,056	—
Bond Mutual Funds	123,984	—	3,586	118,428	1,970	—
Securities Lending Cash Collateral Pool	21,617	21,617	—	—	—	—
Utah Public Treasurer's Investment Fund.....	409,747	409,747	—	—	—	—
	<u>2,651,579</u>	<u>\$ 1,816,486</u>	<u>\$ 352,618</u>	<u>\$ 184,449</u>	<u>\$ 264,553</u>	<u>\$ 33,473</u>
<u>Other Investments</u>						
Equity Securities:						
Domestic	41,104					
International.....	2,176					
Equity Mutual Funds Securities:						
Domestic	333,287					
International.....	275					
Alternatives.....	847					
Commodities.....	676					
Real Estate Held for Investment Purposes.....	1,268					
Total.....	<u>\$ 3,031,212</u>					

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, 2009, 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	\$ 672,667	\$ 670,389	\$ —	\$ 2,278	\$ —
Corporate Debt	\$ 263,467	\$ 9,762	\$ 44,103	\$ 159,848	\$ 43,221
Commercial Paper	\$ 20,943	\$ —	\$ —	\$ —	\$ —
Money Market Mutual Funds	\$ 329,664	\$ 277,798	\$ —	\$ —	\$ —
Negotiable Certificates of Deposit	\$ 5,640	\$ —	\$ —	\$ 3,485	\$ —
Municipal/Public Bonds	\$ 12,993	\$ 9,459	\$ 1,728	\$ —	\$ —
Guaranteed Investment Contracts	\$ 165,804	\$ —	\$ —	\$ —	\$ —
Bond Mutual Funds	\$ 123,984	\$ 34	\$ —	\$ 776	\$ —
Securities Lending Cash Collateral Pool	\$ 21,617	\$ —	\$ —	\$ —	\$ —
Utah Public Treasurer's Investment Fund	\$ 409,747	\$ —	\$ —	\$ —	\$ —
Repurchase Agreements – Underlying:					
U.S. Agencies	\$ 6,130	\$ 2,646	\$ —	\$ —	\$ —
Money Market Mutual Funds	\$ 21,062	\$ —	\$ —	\$ —	\$ —

Continues Below

Debt Investments	Quality Ratings				
	BB	B	CCC	CC	C
U.S. Agencies	\$ —	\$ —	\$ —	\$ —	\$ —
Corporate Debt	\$ 2,116	\$ 733	\$ 1,028	\$ 867	\$ 90
Commercial Paper	\$ —	\$ —	\$ —	\$ —	\$ —
Money Market Mutual Funds	\$ —	\$ —	\$ —	\$ —	\$ —
Negotiable Certificates of Deposit	\$ —	\$ —	\$ —	\$ —	\$ —
Municipal/Public Bonds	\$ —	\$ —	\$ —	\$ —	\$ —
Guaranteed Investment Contracts	\$ —	\$ —	\$ —	\$ —	\$ —
Bond Mutual Funds	\$ 20	\$ 295	\$ —	\$ —	\$ —
Securities Lending Cash Collateral Pool	\$ —	\$ —	\$ —	\$ —	\$ —
Utah Public Treasurer's Investment Fund	\$ —	\$ —	\$ —	\$ —	\$ —
Repurchase Agreements – Underlying:					
U.S. Agencies	\$ —	\$ —	\$ —	\$ —	\$ —
Money Market Mutual Funds	\$ —	\$ —	\$ —	\$ —	\$ —

Continues Below

Debt Investments	Quality Ratings	
	A1 *	Unrated
U.S. Agencies	\$ —	\$ —
Corporate Debt	\$ —	\$ 1,699
Commercial Paper	\$ 20,943	\$ —
Money Market Mutual Funds	\$ —	\$ 51,866
Negotiable Certificates of Deposit	\$ —	\$ 2,155
Municipal/Public Bonds	\$ —	\$ 1,806
Guaranteed Investment Contracts	\$ —	\$ 165,804
Bond Mutual Funds	\$ —	\$ 122,859
Securities Lending Cash Collateral Pool	\$ —	\$ 21,617
Utah Public Treasurer's Investment Fund	\$ —	\$ 409,747
Repurchase Agreements – Underlying:		
U.S. Agencies	\$ —	\$ 3,484
Money Market Mutual Funds	\$ —	\$ 21,062

* A1 is Commercial Paper rating

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, 2009, 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	\$ 544,829
U.S. Agencies	\$ 410,046
Corporate Debt.....	\$ 20,396
Repurchase Agreements	\$ 10,177
Equity Securities – Domestic.....	\$ 3,590
Equity Mutual Funds Securities – Domestic	\$ 36,807

Counterparty’s Trust Department or Agent

U.S. Treasuries	\$ 38,570
U.S. Agencies	\$ 328
Corporate Debt.....	\$ 132,652
Repurchase Agreements	\$ 17,015

Concentration of Credit Risk — Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. Except for Utah Housing Corporation and Public Employees Health Program, the component units’ policy for reducing this risk of loss is the same as described above for the primary government for non-endowment funds. For college and university endowments funds, their policy for reducing this risk of loss is to follow the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and State Board of Regents Rule 541, Management and Reporting of Institutional Investments (Rule 541) or separate endowment investment policies which have been approved by their Board of Trustees and by the Board of Regents.

The Utah Housing Corporation places no limit on the amount the Corporation may invest in any one issuer. More than five percent of the Corporation’s investments are in the Federal National Mortgage Association, Royal Bank of Canada Guaranteed Investment Contracts, and CDC Guaranteed Investment Contracts. These investments are 14.33 percent, 9.55 percent, and 5.50 percent, respectively, of the Corporation’s total investments.

Public Employees Health Program’s policy limits the amount that may be invested in any one issuer to between 2 and 5 percent, depending on the credit rating of the security. There is no limit to investments in U.S. Government and Agency Securities. All investments are within policy limits.

Foreign Currency Risk — Investments

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

C. Securities Lending

The Utah Retirement Systems (URS) (pension and other employee benefit trust funds) and the Public Employees Health Program (PEHP) (component unit) participate in security lending programs as authorized by their Boards. Under these programs, securities are transferred to an independent broker or dealer in exchange for collateral in the form of cash, government securities, and irrevocable bank letters of credit equal to approximately 102 percent of the market value of the domestic securities on loan (both URS and PEHP) and 105 percent of the market value of the international securities on loan (URS only), with a simultaneous agreement to return the collateral for the same securities in the future. For both state entities, their custodial bank is the agent for its securities lending program. Securities under loan are maintained in the financial records, and corresponding liabilities are recorded for market value of the collateral received.

At yearend, neither the 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 \$1.161 billion and \$21.112 million, respectively, and the collateral received for those securities on loan was \$1.193 billion and \$21.617 million, respectively. Under the terms of the lending agreement, both state entities are indemnified against loss should the lending agent be unable to recover borrowed securities and distributions due to borrower insolvency or failure of the lending agent to properly evaluate the creditworthiness of the borrower. In addition, they are indemnified against loss should the lending agent fail to demand adequate and appropriate collateral on a timely basis. All securities loaned can be terminated on demand by either the state entity or the borrower. Cash collateral is invested in the lending agent’s short-term investment pool.

The short-term investment pool guidelines specify that a minimum of 20 percent of the invested cash collateral is to be available each business day and that the dollar weighted average maturity of holdings should not exceed 60 days. The relationship between the maturities of the short-term investment pool and each of the state entities’ loans is affected by the maturities of the securities loans made by other entities that use the agent’s pool, which the state entities cannot determine. Since the securities lending collateral is in a pool maintained by the custodial bank, the state entities do not have the ability to pledge or sell the securities, and it is not necessary to report the total income and expenses of securities lending.

D. Derivative Financial Instruments

Utah Retirement Systems

The Utah Retirement Systems (URS) (pension and other employee benefit trust funds) invests in derivative financial investments as authorized by Board policy. Derivatives are financial arrangements between two parties whose payments are based on, or “derived” from, the performance of some agreed-upon benchmark. At December 31, 2008, 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’ credit risk. The net change in the futures contracts value is settled daily in cash with the exchanges. Net gains or losses

resulting from the daily settlements are included with trading account securities gains (losses) in the Statement of Changes in Fiduciary Net Assets. At December 31, 2008, URS' investments had the following futures balances (expressed in millions):

	<u>Value Covered By Contract</u>
Long – cash and cash equivalent derivative – futures.....	\$ 373.887
Short – cash and cash equivalent derivative – futures.....	\$ (27.148)
Long – cash and cash equivalent futures.....	\$ 27.148
Short – cash and cash equivalent futures.....	\$ 373.887
Long – equity derivatives – futures.....	\$ 446.893
Short – equity futures.....	\$ (446.893)
Long – debt securities derivatives – futures.....	\$ 180.978
Short – debt securities derivatives – futures.....	\$ (619.353)
Long – debt securities futures.....	\$ 619.353
Short – debt securities futures.....	\$ (180.978)

Currency forwards represent forward foreign exchange contracts that are entered into in order to hedge the exposure to changes in foreign currency exchange rate 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, 2008, URS investments included the following currency forwards balances (expressed in millions):

Currency forwards (pending foreign exchange purchases).....	\$ 254.149
Currency forwards (pending foreign exchange sales).....	\$ (252.881)

Options represent or give buyers the right, but not the obligation, to buy or sell an asset at a preset price over a specified period. The option's price is usually a small percentage of the underlying asset's value. As a writer of financial options, URS receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. As a purchaser of financial options, URS pays a premium at the outset of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option. At December 31, 2008, URS investments had the following options balances (expressed in thousands):

	<u>Value Covered By Contract</u>
Cash and cash equivalent purchased call options.....	\$ (626)
Cash and cash equivalent purchased put options.....	\$ (11)
Debt securities purchased call options.....	\$ (1,276)
Debt securities purchased put options.....	\$ (1,209)

URS has entered into various interest rate swap agreements in an attempt to manage their exposure to interest rate risk. Interest rate risk represents the exposure to fair value losses arising from the future changes in prevailing market interest rates. Swaps represent an agreement between two or more parties to exchange sequences of cash flows over a period in the future. In the most common type of interest rate swap arrangement, one party agrees to pay fixed interest payments on designated dates to a counter party who, in turn, agrees to make return interest payments that float with some reference rate. Most of the interest rate swaps were purchased in connection with variable real estate debt. Those interest rate swaps allowed URS to effectively convert most of their long term variable interest rate credit facility loans into fixed interest rate loans, thereby mitigating some of their interest rate risk. Gains and losses on swaps are determined based on market values and are recorded in the Statement of Changes in Fiduciary Net Assets. At December 31, 2008, URS investments had the swap market value balances as shown in the table below.

Utah Retirement Systems
(pension and other employee benefit trust funds)
Interest Rate Swaps
December 31, 2008
(Expressed in Millions)

	<u>Outstanding Notional Amount*</u>	<u>URS Rate**</u>	<u>Counterparty Rate**</u>	<u>Maturity Date</u>	<u>Fair Value</u>
<u>Interest Rate Swaps:</u>					
	\$ 1,137.699	4.0570 % – 5.4640 %	LIBOR	2010–2021	\$ (164.945)
	\$ 461.520	3.5000 % – 5.7700 %	Three Month LIBOR	2009–2018	\$ (53.662)
	\$ 551.700	Three Month LIBOR	3.4163 % – 5.5250 %	2009–2027	\$ 60.743
Total Interest Rate Swaps	<u>\$ 2,150.919</u>				<u>\$ (157.864)</u>

* Base used to calculate interest

** London Interbank Offered Rate (LIBOR)

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 on its variable rate debt, the Corporation has entered into 76 separate pay-fixed, receive-variable interest rate swaps as of June 30, 2009. 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, 2009, 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, 2009
(Expressed in Thousands)

<u>Outstanding Notional Amount</u>	<u>Issue Dates</u>	<u>Fixed Rate Paid by the Corporation</u>	<u>Variable Rate Received from Counterparty</u>	<u>Fair Values</u>	<u>Termination Dates</u>
Interest Rate Swap Agreements					
\$ 539,780	2008	3.920 % to 5.610 %	SIFMA* plus .27 %	\$ (55,833)	2022–2030
124,000	2008	3.730 % to 4.253 %	SIFMA* plus .11 %	(10,889)	2026–2030
37,450	2008	3.713 % to 4.000 %	SIFMA* plus .08 %	(1,601)	2028–2032
14,000	2008	3.299 % to 3.200 %	SIFMA*	(632)	2023
35,215	2008	4.640 % to 7.760 %	LIBOR** plus .15 %	(3,543)	2010–2020
25,610	2008	5.301 % to 5.545 %	LIBOR** plus .01 %	(1,316)	2038
<u>\$ 776,055</u>				<u>\$ (73,814)</u>	

* Securities Industry and Financial Markets Association

** London Interbank Offered Rate

Fair Values — The fair values of swaps are a function of market interest rates and the remaining term on the swap contracts. The fair values of the swap contracts were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Credit Risk — During the year ended June 30, 2009 the Corporation replaced all of its 75 interest rate swaps with a notional amount of \$781.65 million due to a credit event affecting its counterparties. Two new counterparties have provided the Corporation with replacement swaps in the same notional amount, with the same maturity dates and at the same fixed payer rates as the original swap agreements. In connection with the swap replacements, a premium of \$8.903 million was received. This premium is represented in the financial statements as deferred revenue and is being amortized over the life of the swap agreements. The ability to acquire replacement swaps demonstrates a strong mitigating factor associated with credit and fair value risks.

Basis Risk — The Corporation's tax-exempt variable-rate bond coupon payments have historically been substantially the same as

the SIFMA rate. Its taxable variable-rate bond coupon payments have historically been substantially the same as the LIBOR rate. As the interest rate swaps pay a variable rate based on the SIFMA rate (tax-exempt debt), or the LIBOR rate (taxable debt), the Corporation therefore has limited exposure to basis risk except as disclosed under the Tax/Cross-over Risk.

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

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

Rollover Risk — The Corporation is exposed to rollover risk on swaps that mature or may be terminated prior to the maturity of the associated debt. When these swaps terminate, or in the case of the termination option, the Corporation will not realize the synthetic rate offered by the swaps on the underlying debt issues. As of June 30, 2009, the Corporation’s swap termination dates ranged from 0 to 24.5 years prior to the maturity dates of the associated debt.

activities of the State Treasurer and the PTIF. The Act lists the investments that are authorized which are high-grade securities and, therefore, minimizes credit risk except in the most unusual and unforeseen circumstances.

Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

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 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 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

The PTIF condensed financial statements, inclusive of external and internal participants along with the portfolio statistics for the fiscal year ended June 30, 2009, are as follows:

**Public Treasurer’s Investment Fund
Statement of Net Assets
June 30, 2009
(Expressed in Thousands)**

Assets	
Cash and Cash Equivalents	\$ 2,544,118
Investments	7,012,392
Interest Receivable.....	24,491
Total Assets	\$ 9,581,001
 Net Assets Consist of:	
External Participant Account Balances	\$ 6,074,555
Internal Participant Account Balances:	
Primary Government.....	3,097,052
Component Units	405,193
Undistributed Reserves and Unrealized Gains/Losses	4,201
Net Assets	\$ 9,581,001
Participant Account Balance Net Asset Valuation Factor.....	1.001386

(Notes continue on next page)

Public Treasurer's Investment Fund
Statement of Changes in Net Assets
For the Fiscal Year Ended June 30, 2009
(Expressed in Thousands)

Additions	
Pool Participant Deposits	\$ 10,088,974
Investment Income:	
Investment Earnings	173,464
Fair Value Increases (Decreases)	45,877
Total Investment Income	219,341
Less Administrative Expenses	(353)
Net Investment Income.....	218,988
Total Additions	<u>10,307,962</u>
Deductions	
Pool Participant Withdrawals	11,207,850
Earnings Distributions	202,127
Total Deductions.....	<u>11,409,977</u>
Net Increase/(Decrease) From Operations	<u>(1,102,015)</u>
Net Assets	
Beginning of Year.....	10,683,016
Net Assets – End of Year	<u>\$ 9,581,001</u>

Public Treasurer's Investment Fund
Portfolio Statistics

June 30, 2009

	Range of Yields	Weighted Average Maturity
Money Market Mutual Fund	0.13 % – 1.28 %	1.00 days
Certificates of Deposit – Negotiable	1.38 % – 3.10 %	31.94 days
Certificates of Deposit – Nonnegotiable	1.25 % – 1.80 %	56.33 days
U.S. Agencies.....	1.00 % – 1.75 %	254.66 days
Corporate Bonds and Notes.....	0.00 % – 8.06 %	65.86 days
Commercial Paper.....	0.70 % – 1.45 %	29.29 days

June 30, 2009

	Weighted Average Yield	Average Adjusted Maturity
Total Investment Fund.....	1.62 %	50.00 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.

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, 2009, were \$3.14 million. Of those, \$2.250 million were exposed to custodial credit risk as uninsured and uncollateralized.

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.

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, 2009, are presented below.

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>	
		<u>Less Than 1</u>	<u>1–5</u>
<u>Debt Securities</u>			
U.S. Agencies	\$ 73,428	\$ 63,402	\$ 10,026
Corporate Bonds and Notes	6,913,812	6,913,812	—
Negotiable Certificates of Deposit.....	64,843	64,843	—
Money Market Mutual Fund.....	2,360,000	2,360,000	—
Commercial Paper	174,988	174,988	—
	<u>\$ 9,587,071</u>	<u>\$ 9,577,045</u>	<u>\$ 10,026</u>

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.

Management Act. See Note 3 for information on requirements of the Act related to interest rate risk.

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

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, 2009, 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.

(Notes continue on next page)

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

<u>Rated Debt Investments</u>	<u>Fair Value</u>	<u>Quality Ratings</u>			
		<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>
U.S. Agencies.....	\$ 73,428	\$ 73,428	\$ —	\$ —	\$ —
Corporate Bonds and Notes	\$ 6,913,812	\$ 434,600	\$ 1,653,158	\$ 4,579,124	\$ 45,531
Negotiable Certificates of Deposit	\$ 64,843	\$ —	\$ 44,835	\$ 20,008	\$ —
Money Market Mutual Fund.....	\$ 2,360,000	\$ 400,000	\$ —	\$ —	\$ —
Commercial Paper.....	\$ 174,988	\$ —	\$ —	\$ —	\$ —

Continues Below

<u>Rated Debt Investments</u>	<u>Quality Ratings</u>				
	<u>BB</u>	<u>B</u>	<u>D</u>	<u>A1 *</u>	<u>Not Rated</u>
U.S. Agencies.....	\$ —	\$ —	\$ —	\$ —	\$ —
Corporate Bonds and Notes	\$ 60,399	\$ 127,500	\$ 13,500	\$ —	\$ —
Negotiable Certificates of Deposit	\$ —	\$ —	\$ —	\$ —	\$ —
Money Market Mutual Fund.....	\$ —	\$ —	\$ —	\$ —	\$ 1,960,000
Commercial Paper.....	\$ —	\$ —	\$ —	\$ 174,988	\$ —

* 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 no debt securities investments at June 30, 2009, with more than 5 percent of the total investments in a single issuer.

(Notes continue on next page.)

NOTE 5. RECEIVABLES

Receivables as of June 30, 2009, consisted of the following (in thousands):

	Accounts Receivable					Notes/ Mortgages
	Federal	Customer	Other	Interest	Taxes	
Governmental Activities:						
General Fund.....	\$ 356,175	\$ 201,081	\$ 12,075	\$ 31	\$ 187,445	\$ 2,626
Education Fund	—	—	—	—	628,326	—
Uniform School Fund.....	106,835	4	4,348	—	1,615	9,369
Transportation Fund	70,612	22,615	1,723	—	57,491	285
Transportation Investment Fund.....	—	—	—	—	14,839	—
Trust Lands	—	—	13,252	1,741	—	15,323
Nonmajor Funds.....	—	9,392	—	24	—	—
Internal Service Funds.....	—	4,545	—	—	—	—
Adjustments:						
Fiduciary Funds.....	—	—	135	—	—	—
Total Receivables	<u>533,622</u>	<u>237,637</u>	<u>31,533</u>	<u>1,796</u>	<u>889,716</u>	<u>27,603</u>
Less Allowance for Uncollectibles:						
General Fund.....	—	(50,114)	—	—	(22,130)	(1,207)
Education Fund	—	—	—	—	(110,996)	—
Transportation Fund	—	—	(361)	—	(1,124)	—
Transportation Investment Fund.....	—	—	—	—	(2,176)	—
Receivables, net	<u>\$ 533,622</u>	<u>\$ 187,523</u>	<u>\$ 31,172</u>	<u>\$ 1,796</u>	<u>\$ 753,290</u>	<u>\$ 26,396</u>
Current Receivables	<u>\$ 533,622</u>	<u>\$ 166,543</u>	<u>\$ 18,498</u>	<u>\$ 1,796</u>	<u>\$ 657,614</u>	<u>\$ 3,054</u>
Noncurrent Receivables	<u>—</u>	<u>20,980</u>	<u>12,674</u>	<u>—</u>	<u>95,676</u>	<u>23,342</u>
Total Receivables, net	<u>\$ 533,622</u>	<u>\$ 187,523</u>	<u>\$ 31,172</u>	<u>\$ 1,796</u>	<u>\$ 753,290</u>	<u>\$ 26,396</u>
Business-type Activities:						
Student Assistance Programs	\$ 10,146	\$ 1,786	\$ —	\$ 37,178	\$ —	\$ 2,399,202
Unemployment Compensation	3,065	68,873	—	—	—	—
Water Loan Programs.....	—	114	—	10,366	—	611,446
Nonmajor Funds.....	831	11,141	—	5,458	—	420,179
Total Receivables	<u>14,042</u>	<u>81,914</u>	<u>0</u>	<u>53,002</u>	<u>0</u>	<u>3,430,827</u>
Less Allowance for Uncollectibles:						
Student Assistance Programs.....	—	—	—	—	—	(3,719)
Unemployment Compensation	—	(7,269)	—	—	—	—
Receivables, net	<u>\$ 14,042</u>	<u>\$ 74,645</u>	<u>\$ 0</u>	<u>\$ 53,002</u>	<u>\$ 0</u>	<u>\$ 3,427,108</u>

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, 2009, were \$1.795 billion for major component units and \$65.209 million for nonmajor component units, net of an allowance for doubtful accounts of \$155.082 million and \$5.911 million, respectively.

NOTE 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of June 30, 2009, consisted of the following (in thousands):

	<u>Salaries/ Benefits</u>	<u>Service Providers</u>	<u>Vendors/ Other</u>	<u>Government</u>	<u>Tax Refunds</u>	<u>Interest</u>	<u>Total</u>
Governmental Activities:							
General Fund	\$ 55,860	\$ 248,083	\$ 36,486	\$ 72,914	\$ 2,129	\$ —	\$ 415,472
Education Fund.....	—	—	—	—	35,094	—	35,094
Uniform School Fund	2,899	1,638	16,326	96,337	—	—	117,200
Transportation Fund.....	5,811	49	128,050	41,876	2,595	—	178,381
Nonmajor Funds	98	—	35,950	578	—	29,781	66,407
Internal Service Funds	5,695	—	14,130	—	—	5	19,830
Adjustments:							
Fiduciary Funds	—	—	—	5,085	—	—	5,085
Other	—	—	—	—	—	903	903
Total Governmental Activities	<u>\$ 70,363</u>	<u>\$ 249,770</u>	<u>\$ 230,942</u>	<u>\$ 216,790</u>	<u>\$ 39,818</u>	<u>\$ 30,689</u>	<u>\$ 838,372</u>
Business-type Activities:							
Student Assistance Programs	\$ 1,712	\$ —	\$ 7,146	\$ 10,345	\$ —	\$ 4,212	\$ 23,415
Unemployment Compensation	—	2,022	—	744	—	—	2,766
Water Loan Programs	—	—	1,347	—	—	—	1,347
Nonmajor Funds	2,163	—	12,234	1,968	—	476	16,841
Adjustments:							
Fiduciary Funds	—	—	—	—	—	—	—
Total Business-type Activities.....	<u>\$ 3,875</u>	<u>\$ 2,022</u>	<u>\$ 20,727</u>	<u>\$ 13,057</u>	<u>\$ 0</u>	<u>\$ 4,688</u>	<u>\$ 44,369</u>

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.

(Notes continue on next page.)

NOTE 7. INTERFUND BALANCES AND LOANS

Interfund Balances

Interfund balances at June 30, 2009, consisted of the following (in thousands):

Due to General Fund from:	
Uniform School Fund.....	\$ 132
Transportation Fund.....	1,176
Trust Lands Fund.....	33
Nonmajor Governmental Funds.....	1,894
Unemployment Compensation Fund.....	11,382
Water Loan Programs.....	212
Nonmajor Enterprise Funds.....	20,439
Internal Service Funds.....	2,041
Fiduciary Funds.....	72
Total due to General Fund from other funds.....	\$ 37,381
Due to Education Fund from	
Unemployment Compensation Fund.....	\$ 1,572
Due to Uniform School Fund from:	
General Fund.....	\$ 319
Internal Service Funds.....	3
Total due to Uniform School Fund from other funds.....	\$ 322
Due to Transportation Fund from:	
General Fund.....	\$ 446
Uniform School Fund.....	3
Transportation Investment Fund.....	19,872
Nonmajor Governmental Funds.....	1
Nonmajor Enterprise Funds.....	3
Internal Service Funds.....	86
Total due to Transportation Fund from other funds.....	\$ 20,411
Due to Trust Lands Fund from	
Nonmajor Enterprise Funds.....	\$ 2,976
Due to Nonmajor Governmental Funds from:	
General Fund.....	\$ 840
Nonmajor Enterprise Funds.....	480
Internal Service Funds.....	105
Fiduciary Funds.....	27
Total due to Nonmajor Governmental Funds from other funds.....	\$ 1,452
Due to Water Loan Programs from:	
General Fund.....	\$ 49
Trust Lands Fund.....	31
Total due to Water Loan Programs from other funds.....	\$ 80

Due to Nonmajor Enterprise Funds from:	
General Fund.....	\$ 262
Uniform School Fund.....	28
Transportation Fund.....	3
Nonmajor Governmental Funds.....	27,533
Water Loan Programs.....	24
Total due to Nonmajor Enterprise Funds from other funds.....	\$ 27,850
Due to Internal Service Funds from:	
General Fund.....	\$ 20,606
Uniform School Fund.....	146
Transportation Fund.....	4,675
Nonmajor Governmental Funds.....	442
Nonmajor Enterprise Funds.....	307
Internal Service Funds.....	26
Fiduciary Funds.....	36
Total due to Internal Service Funds from other funds.....	\$ 26,238
Due to Fiduciary Funds from:	
General Fund.....	\$ 3,761
Uniform School Fund.....	145
Transportation Fund.....	468
Nonmajor Governmental Funds.....	711
Total due to Fiduciary Funds from other funds.....	\$ 5,085
Total Due to/Due froms.....	\$ 123,367

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, 2009, consisted of the following (in thousands):

Payable to General Fund from	
Internal Service Funds.....	\$ 34,899
Payable to Uniform School Fund from	
Internal Service Funds.....	34
Total Interfund Loans Receivable/Payable.....	\$ 34,933

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 \$34.9 million includes \$7.696 million that is not expected to be repaid within one year.

(Notes continue on next page.)

NOTE 8. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009, was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not being Depreciated:				
Land and Related Assets	\$ 908,448	\$ 187,822	\$ (8,058)	\$ 1,088,212
Infrastructure	7,976,676	1,475,658	(45,481)	9,406,853
Construction-In-Progress	1,557,346	932,181	(1,696,415)	793,112
Total Capital Assets Not being Depreciated.....	<u>10,442,470</u>	<u>2,595,661</u>	<u>(1,749,954)</u>	<u>11,288,177</u>
Capital Assets being Depreciated:				
Buildings and Improvements	1,457,138	82,944	(6,011)	1,534,071
Infrastructure	47,215	1,652	(18)	48,849
Machinery and Equipment.....	512,078	38,859	(39,437)	511,500
Total Capital Assets being Depreciated	<u>2,016,431</u>	<u>123,455</u>	<u>(45,466)</u>	<u>2,094,420</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(460,935)	(40,063)	2,766	(498,232)
Infrastructure	(10,188)	(1,673)	18	(11,843)
Machinery and Equipment.....	(360,496)	(33,111)	35,647	(357,960)
Total Accumulated Depreciation.....	<u>(831,619)</u>	<u>(74,847)</u>	<u>38,431</u>	<u>(868,035)</u>
Total Capital Assets being Depreciated, Net.....	<u>1,184,812</u>	<u>48,608</u>	<u>(7,035)</u>	<u>1,226,385</u>
Capital Assets, Net.....	<u>\$11,627,282</u>	<u>\$2,644,269</u>	<u>\$(1,756,989)</u>	<u>\$12,514,562</u>
Business-type Activities:				
Capital Assets Not being Depreciated:				
Land and Related Assets	\$ 13,216	\$ 4,714	\$ —	\$ 17,930
Construction-In-Progress	1,299	1,993	(1,172)	2,120
Total Capital Assets Not being Depreciated.....	<u>14,515</u>	<u>6,707</u>	<u>(1,172)</u>	<u>20,050</u>
Capital Assets being Depreciated:				
Buildings and Improvements	54,887	7,521	—	62,408
Infrastructure	304	—	—	304
Machinery and Equipment.....	15,576	196	(651)	15,121
Total Capital Assets being Depreciated	<u>70,767</u>	<u>7,717</u>	<u>(651)</u>	<u>77,833</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(11,760)	(1,620)	—	(13,380)
Infrastructure	(67)	(6)	—	(73)
Machinery and Equipment.....	(12,434)	(633)	644	(12,423)
Total Accumulated Depreciation.....	<u>(24,261)</u>	<u>(2,259)</u>	<u>644</u>	<u>(25,876)</u>
Total Capital Assets being Depreciated, Net.....	<u>46,506</u>	<u>5,458</u>	<u>(7)</u>	<u>51,957</u>
Capital Assets, Net.....	<u>\$ 61,021</u>	<u>\$ 12,165</u>	<u>\$ (1,179)</u>	<u>\$ 72,007</u>

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 2009, \$154.276 million of buildings were completed for colleges and universities. On the government-wide statement of activities, the building "transfers" are reported as higher education expenses of governmental activities and as program revenues of component units.

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

General Government	\$	13,722
Human Services and Youth Corrections		5,682
Corrections, Adult		6,221
Public Safety		4,820
Courts		5,371
Health and Environmental Quality		2,098
Employment and Family Services		2,160
Natural Resources		7,579
Community and Culture		421
Business, Labor, and Agriculture		928
Public Education		838
Transportation		8,612
Depreciation on capital assets of the State's internal service funds is charged to the various functions based on their usage of services provided		16,395
Total	\$	<u>74,847</u>

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	\$ —	\$ 18,550	\$ 17,092	\$ 86,082	\$ 123,196
Construction-In-Progress	—	—	251,339	14,052	29,530	294,921
Total Capital Assets Not being Depreciated ..	<u>1,472</u>	<u>0</u>	<u>269,889</u>	<u>31,144</u>	<u>115,612</u>	<u>418,117</u>
Capital Assets being Depreciated:						
Building and Improvements	5,064	—	1,540,607	610,938	1,268,841	3,425,450
Infrastructure	—	—	178,243	—	36,868	215,111
Machinery and Equipment	1,695	1,793	837,108	194,767	188,750	1,224,113
Total Capital Assets being Depreciated	<u>6,759</u>	<u>1,793</u>	<u>2,555,958</u>	<u>805,705</u>	<u>1,494,459</u>	<u>4,864,674</u>
Less Total Accumulated Depreciation	<u>(1,833)</u>	<u>(1,526)</u>	<u>(1,246,969)</u>	<u>(346,186)</u>	<u>(562,413)</u>	<u>(2,158,927)</u>
Total Capital Assets being Depreciated, Net .	<u>4,926</u>	<u>267</u>	<u>1,308,989</u>	<u>459,519</u>	<u>932,046</u>	<u>2,705,747</u>
Discretely Presented Component Units –						
Capital Assets, Net	<u>\$ 6,398</u>	<u>\$ 267</u>	<u>\$ 1,578,878</u>	<u>\$ 490,663</u>	<u>\$1,047,658</u>	<u>\$ 3,123,864</u>

(Continues on next page.)

The State had long-term construction project commitments totaling \$221.003 million at June 30, 2009. 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
02243750	U of U – New Museum of Natural History	\$ 54,639
06292700	USU – USTAR Life Sciences Building	25,506
06291750	U of U – USTAR Neuroscience & Biomedical Technology	23,635
08273770	USU – Vernal Bingham Entrepreneurship	16,910
07258700	Snow – Library/Classroom Building	9,722
08008770	USU – Early Childhood Research Center	9,355
07268300	Multi Agency Office Building	7,625
07042390	Unified State Lab Facility	6,855
06281150	St. George Courthouse	6,578
07260750	U of U – Nursing Building Renovation/Expansion	6,385
06272750	U of U – Eccles School of Business	5,024
05174250	UBATC Vernal Branch Building	2,456
07292900	UDOT – New Hurricane Maintenance Station	2,209
05225750	U of U – Hospital Expansion	2,149
07030550	POST Academy Remodel	1,952
09024670	SLCC – Center for New Media	1,609
07354100	Corrections – Lone Peak Facility Security Control System	1,309
08228030	ABC – New Hurricane Store	1,289
02156050	State Capitol Restoration	1,274
08227030	ABC – New Cedar City Store	1,272
08032470	UNG – Vernal, Camp Williams, American Fork, Price Armories	1,263
07297730	SUU – Gibson Science Center Addition	1,139
08211900	UDOT – Parleys Canyon Maintenance Station Replacement	1,118
08231110	CUCF – 192 Bed Expansion	1,100
—	All Others	28,630
	Total Commitments	<u>\$ 221,003</u>

(Notes continue on next page.)

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 \$1.569 million in principal and \$1.09 million in interest for fiscal year 2009. As of June 30, 2009, the historical cost of the primary government's assets acquired through capital leases was \$25.812 million of which

\$24.274 million was buildings and \$1.538 million was equipment and other depreciable assets. As of June 30, 2009, the accumulated depreciation of the primary government's assets acquired through capital leases was \$9.01 million of which \$8.173 million was buildings and \$837 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 2009 were \$33.941 million for the primary government and \$27.911 million for component units. For fiscal year 2008, the operating lease expenditures were \$30.378 million for the primary government and \$33.494 million for component units. Future minimum lease commitments for noncancellable operating leases and capital leases as of June 30, 2009, were as follows:

Future Minimum Lease Commitments
(Expressed in Thousands)

Fiscal Year	Operating Leases			Capital Leases		
	Primary Government	Component Units	Total	Primary Government	Component Units	Total
2010.....	\$ 23,289	\$ 29,538	\$ 52,827	\$ 2,564	\$ 16,642	\$ 19,206
2011.....	18,754	27,691	46,445	2,206	14,283	16,489
2012.....	14,428	24,334	38,762	1,885	11,679	13,564
2013.....	11,308	21,491	32,799	1,840	8,976	10,816
2014.....	6,358	19,976	26,334	1,871	5,019	6,890
2015–2019.....	9,363	73,869	83,232	8,424	11,396	19,820
2020–2024.....	2,037	41,344	43,381	6,946	6,699	13,645
2025–2029.....	10	14,222	14,232	957	672	1,629
2030–2034.....	10	3,089	3,099	—	—	—
2035–2039.....	10	2,625	2,635	—	—	—
2040–2044.....	10	—	10	—	—	—
2045–2049.....	10	—	10	—	—	—
2050–2054.....	10	—	10	—	—	—
2055–2060.....	7	—	7	—	—	—
Total Future Minimum Lease Payments	<u>\$ 85,604</u>	<u>\$ 258,179</u>	<u>\$ 343,783</u>	26,693	75,366	102,059
Less Amounts Representing Interest				(7,483)	(11,554)	(19,037)
Present Value of Future Minimum Lease Payments	<u>\$ 19,210</u>	<u>\$ 63,812</u>	<u>\$ 83,022</u>			

NOTE 10. LONG-TERM LIABILITIES**A. Changes in Long-term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2009, are presented in the following table. As referenced below, certain long-term liabilities are discussed in other Notes to the Financial Statements.

	Long-term Liabilities <i>(Expressed in Thousands)</i>			Ending Balance	Amounts Due Within One Year
	Beginning Balance	Additions	Reductions		
Governmental Activities					
General Obligation Bonds.....	\$ 1,161,510	\$ 498,810	\$ (167,700)	\$ 1,492,620	\$ 175,490
State Building Ownership Authority					
Lease Revenue Bonds	161,614	—	(12,960)	148,654	13,620
Net Unamortized Premiums.....	51,011	45,445	(15,494)	80,962	—
Deferred Amount on Refunding.....	(13,621)	—	3,470	(10,151)	—
Capital Leases (Note 9).....	18,769	2,010	(1,569)	19,210	1,584
Contracts Payable	559	—	(47)	512	28
Compensated Absences (Notes 1 and 17)*	186,581	54,120	(78,012)	162,689	77,720
Claims	41,285	11,980	(9,615)	43,650	16,711
Pollution Remediation Obligation**	7,842	942	(1,097)	7,687	61
Net Other Post Employment Benefit Obligation.....	—	3,918	—	3,918	—
Total Governmental Long-term Liabilities.....	<u>\$ 1,615,550</u>	<u>\$ 617,225</u>	<u>\$ (283,024)</u>	<u>\$ 1,949,751</u>	<u>\$ 285,214</u>
Business-type Activities					
Revenue Bonds	\$ 2,165,180	\$ 191,500	\$ (121,358)	\$ 2,235,322	\$ 268,110
State Building Ownership Authority					
Lease Revenue Bonds	50,246	25,505	(2,075)	73,676	2,360
Net Unamortized Premiums.....	1,117	587	(213)	1,491	—
Deferred Amount on Refunding.....	(318)	—	51	(267)	—
Contracts/Notes Payable	—	297,381	—	297,381	297,381
Claims and Uninsured Liabilities.....	5,786	500,181	(491,026)	14,941	13,136
Arbitrage Liability (Note 1)	65,945	—	(8,163)	57,782	44
Total Business-type Long-term Liabilities.....	<u>\$ 2,287,956</u>	<u>\$ 1,015,154</u>	<u>\$ (622,784)</u>	<u>\$ 2,680,326</u>	<u>\$ 581,031</u>
Component Units					
Revenue Bonds	\$ 2,238,461	\$ 179,702	\$ (229,813)	\$ 2,188,350	\$ 157,522
Net Unamortized Premiums/(Discounts)	1,928	603	(91)	2,440	(512)
Capital Leases/Contracts Payable (Notes 9 and 10)	76,335	9,544	(15,921)	69,958	15,538
Notes Payable	45,271	4,498	(4,590)	45,179	5,086
Claims.....	124,445	586,863	(589,351)	121,957	69,997
Leave/Termination Benefits (Note 1).....	95,953	82,755	(59,838)	118,870	34,034
Total Component Unit Long-term Liabilities.....	<u>\$ 2,582,393</u>	<u>\$ 863,965</u>	<u>\$ (899,604)</u>	<u>\$ 2,546,754</u>	<u>\$ 281,665</u>

* 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.

** Under the federal Superfund law, the State is responsible for sharing remediation costs at sites where the Environmental Protection Agency expends Superfund trust monies for cleanup. Currently there are seven sites in various stages of cleanup, from initial assessment to cleanup activities. The pollution remediation liabilities associated with these sites were measured using the actual contract cost, where no changes in cost are expected, or the expected cash flow technique. Liability estimates are subject to change due to price increases or reductions, technology, or changes in applicable laws or regulations governing the remediation efforts. The State does not anticipate recovering reimbursements from the parties who caused the pollution.

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, 2009, the

State had \$233.841 million and \$3.049 billion of authorized but unissued general obligation building and highway bond

authorizations remaining, respectively. General obligation bonds payable information is presented below.

General Obligation Bonds Payable
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2009
2001 B Highway/Capital Facility Issue.....	07/02/01	2004–2009	4.50 %	\$ 348,000	\$ 37,650
2002 A Highway/Capital Facility Issue.....	06/27/02	2003–2011	3.00 % to 5.25 %	\$ 281,200	18,075
2002 B Refunding Issue.....	07/31/02	2004–2012	3.00 % to 5.38 %	\$ 253,100	221,125
2003 A Highway/Capital Facility Issue.....	06/26/03	2005–2013	2.00 % to 5.00 %	\$ 407,405	234,125
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	101,660
2007 Highway/Capital Facility Issue.....	07/03/07	2008–2014	4.00 % to 5.00 %	\$ 75,000	66,400
2009 A Highway Issue.....	03/17/09	2010–2023	2.00 % to 5.00 %	\$ 394,360	394,360
2009 B Capital Facility Issue.....	05/19/09	2010–2015	4.00 %	\$ 104,450	104,450
Total General Obligation Bonds Outstanding.....					1,492,620
Plus Unamortized Bond Premium.....					79,591
Less Deferred Amount on Refunding.....					(9,396)
Total General Obligation Bonds Payable.....					<u>\$ 1,562,815</u>

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

Fiscal Year	Principal						
	2001 B Highway/Capital Facility	2002 A Highway/Capital Facility	2002 B Refunding Bonds	2003 A Highway/Capital Facility	2004 A Refunding Bonds	2004 B Highway/Capital Facility	2007 Highway/Capital Facility
2010.....	\$ 37,650	\$ 5,750	\$ 50,835	\$ 61,125	\$ —	\$ 11,180	\$ 8,950
2011.....	—	6,000	53,670	50,025	39,310	25,755	10,185
2012.....	—	6,325	56,705	15,100	40,830	30,600	15,030
2013.....	—	—	59,915	52,575	11,245	3,575	10,300
2014.....	—	—	—	55,300	18,480	3,750	10,720
2015–2019....	—	—	—	—	204,910	21,775	11,215
2020–2024....	—	—	—	—	—	5,025	—
Total.....	<u>\$ 37,650</u>	<u>\$ 18,075</u>	<u>\$ 221,125</u>	<u>\$ 234,125</u>	<u>\$ 314,775</u>	<u>\$ 101,660</u>	<u>\$ 66,400</u>

Continues Below

Fiscal Year	Principal				
	2009A Highway Bond	2009B Capital Facility Bonds	Total Principal Required	Total Interest Required	Total Amount Required
2010.....	\$ —	\$ —	\$ 175,490	\$ 63,100	\$ 238,590
2011.....	23,665	450	209,060	52,783	261,843
2012.....	23,680	19,175	207,445	42,945	250,390
2013.....	23,680	19,950	181,240	34,434	215,674
2014.....	23,680	20,775	132,705	28,292	160,997
2015–2019....	124,740	44,100	406,740	68,621	475,361
2020–2024....	174,915	—	179,940	21,249	201,189
Total.....	<u>\$ 394,360</u>	<u>\$ 104,450</u>	<u>\$ 1,492,620</u>	<u>\$ 311,424</u>	<u>\$ 1,804,044</u>

C. Revenue Bonds

Revenue bonds payable consists of those issued by the Utah State Building Ownership Authority, the Utah State Board of Regents Student Loan Purchase Program, the Utah Housing Corporation, and various colleges and universities. These bonds are not considered general obligations of the State.

Governmental Activities

The Utah State Building Ownership Authority (SBOA) has issued bonds for the purchase and construction of facilities to be leased to state agencies and other organizations. The bonds are secured by the facilities and repayment is made from lease income appropriated by the Legislature and is not considered pledged revenue of the State. The outstanding bonds payable at June 30, 2009 are reported as a long-term liability of the governmental activities, except for \$72.504 million and \$2.359 million and 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.

Business-type Activities

The Utah State Board of Regents Student Loan Purchase Program (Student Assistance Programs) bonds were issued to provide funds for student loans and are secured by all assets of the Board of Regents Revenue Bond Funds and by the revenues and receipts derived from such assets. The Board of Regents has also issued a revenue bond for an office facility secured by funds within the Board of Regents budget that would otherwise be expended for rent.

The Student Assistance Programs include \$566.802 million of bonds bearing interest at an adjustable rate, which is determined weekly by a remarketing agent. The Programs bonds also include adjustable rate bonds that are set by an auction procedure every 28 days in the amount of \$847.1 million and \$807.725 million of bonds that are auctioned every 35 days.

The Student Assistance Programs bonds issued under the 1988 Trust Estate are limited obligations of the Board secured by and payable solely from the Trust Estate established by the Indenture. The bonds were issued to finance eligible student loans. The Trust Estate consists of: Student loans acquired under the indenture; all proceeds of the bonds and net revenues in the funds and accounts; and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay \$482.902 million of outstanding student loan revenue bonds which are payable

through 2044. The total principal and interest remaining to be paid on the bonds is discussed below. Principal and interest paid for the current year and total net revenues before interest expense were \$142.55 million and \$20.316 million, respectively.

The Student Assistance Program's bonds issued under the 1993 Trust Estate are limited obligations of the Board secured by and payable solely from the Trust Estate established by the Indenture. The bonds were issued to finance eligible student loans. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the bonds and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay \$1.552 billion of outstanding student loan revenue bonds which are payable through 2046. The total principal and interest remaining to be paid on the bonds is discussed below. Principal and interest paid for the current year and total net revenues before interest expense were \$43.592 million and \$37.638 million, respectively.

The Student Assistance Program's bonds issued under the 2008 Trust Estate are limited obligations of the Board secured by and payable solely from the Trust Estate established by the Indenture. The bonds were issued to finance eligible student loans. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the bonds and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay \$191.5 million of outstanding student loan revenue bonds which are payable through 2009. The total principal and interest remaining to be paid on the bonds is discussed below. Principal and interest paid for the current year and total net loss before interest expense were \$485.449 thousand and \$393.087 thousand, respectively.

Discrete Component Units

The Utah Housing Corporation revenue bonds were issued to provide sources of capital for making housing loans to persons of low or moderate income. Bonds repayments are made from the pledged mortgage payments.

The University of Utah, Utah State University and nonmajor component units issued revenue bonds for various capital purposes including student housing, special events centers, student union centers, and hospital and research facilities. The bonds are secured by pledged student building fees and other income of certain college activities.

Information on pledged revenues for discrete component units for the fiscal year ended June 30, 2009, is presented below.

(Table on next page.)

Pledged Revenue — Component Units
(Expressed in Thousands)

	Utah Housing Corporation	University of Utah	Utah State University	Nonmajor Component Units
Type of Revenue Pledged*	D	A, B, C	A, B	A
Amount of Pledged Revenue	\$3,037,160	\$420,844	\$156,262	\$124,190
Term of Commitment	Thru 2050	Thru 2032	Thru 2035	Thru 2033
Percent of Revenue Pledged	100.00 %	100.00 %	100.00 %	100.00 %
Current Year Pledged Revenue	\$ 108,866	\$109,050	\$ 26,337	\$ 10,461
Current Year Principal and Interest Paid	\$ 262,900	\$ 54,849	\$ 7,184	\$ 8,555

*Type of Revenue Pledged:

- A = Student and housing fees, auxiliary net revenues from bookstores, parking, stadium and event centers, and other campus generated charges and fees.
- B = Research net revenue generated from the recovery of allocated facilities and administrative rates to grants and contracts.
- C = Hospital and clinic net revenues from providing various health and psychiatric services to the community.
- D = Principal and interest repayments from issuing and servicing mortgage loans on single and multi-family housing.

Revenue Bonds Payable — Primary Government
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2009
Governmental Activities					
SBOA Lease Revenue Bonds:					
Series 1992 A	07/15/92	1993–2011	5.30 % to 5.75 %	\$ 26,200	\$ 6,190
Series 1992 B	07/15/92	1994–2011	4.00 % to 6.00 %	\$ 1,380	335
Series 1993 A	12/01/93	1995–2013	4.50 % to 5.25 %	\$ 6,230	1,835
Series 1998 C	08/15/98	2000–2019	3.80 % to 5.50 %	\$ 101,557	77,500
Series 2001 A	11/21/01	2005–2021	4.00 % to 5.00 %	\$ 69,850	5,350
Series 2001 B	11/21/01	2002–2024	3.00 % to 5.75 %	\$ 14,240	11,670
Series 2003	12/30/03	2005–2025	2.00 % to 5.00 %	\$ 20,820	16,310
Series 2004 A	10/26/04	2005–2027	3.00 % to 5.25 %	\$ 32,458	29,464
Total Lease Revenue Bonds Outstanding..					148,654
Plus Unamortized Bond Premium.....					1,371
Less Deferred Amount on Refunding.....					(755)
Total Lease Revenue Bonds Payable.....					<u>\$ 149,270</u>

Continues Below

Revenue Bonds Payable — Primary Government
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2009
Business-type Activities					
Student Assistance Programs:					
1988 Trust Estate Student Loan Indentures	1988–2005	2005–2044	Variable	\$ 504,985	\$ 482,902
1993 Trust Estate Student Loan Indentures	1993–2006	2009–2046	Variable and 4.45 % to 4.55 %	\$1,556,790	1,551,900
2008 Trust Estate Student Loan Indentures	2008	2042–2048	Variable	\$ 191,500	191,500
Office Facility Bond Fund	2002, 2004	2003–2024	3.00 % to 5.25 %	\$ 11,780	9,020
Total Revenue Bonds Outstanding					2,235,322
Plus Unamortized Bond Premium					37
Total Revenue Bonds Payable					<u>\$ 2,235,359</u>
SBOA Lease Revenue Bonds:					
Series 1998 C	08/15/98	2000–2019	3.80 % to 5.50 %	\$ 3,543	\$ 2,915
Series 2001 B	11/21/01	2004–2023	3.25 % to 5.25 %	\$ 11,540	9,020
Series 2003	12/30/03	2005–2025	2.00 % to 5.00 %	\$ 1,905	1,545
Series 2004 A	10/26/04	2005–2025	3.00 % to 5.25 %	\$ 13,347	11,821
Series 2006 A	01/10/06	2006–2027	3.50 % to 5.00 %	\$ 8,355	7,785
Series 2007 A	07/10/07	2009–2028	4.25 % to 5.00 %	\$ 15,380	15,085
Series 2009 A	03/25/09	2011–2030	3.00 % to 5.00 %	\$ 25,505	25,505
Total Lease Revenue Bonds Outstanding .					73,676
Plus Unamortized Bond Premium					1,454
Less Deferred Amount on Refunding					(267)
Total Lease Revenue Bonds Payable					<u>\$ 74,863</u>
Total Lease Revenue/ Revenue Bonds Payable					<u>\$ 2,459,492</u>

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

Fiscal Year	Principal							
	1988 Trust Estate Student Loan Indentures	1993 Trust Estate Student Loan Indentures	2008 Trust Estate Student Loan Indentures	Office Facility Bond Fund	1992 A Utah State Building Ownership Authority	1992 B Utah State Building Ownership Authority	1993 A Utah State Building Ownership Authority	1998 C Utah State Building Ownership Authority
2010	\$ 37,600	\$ 38,525	\$191,500	\$ 485	\$ 1,945	\$ 105	\$ 425	\$ 7,950
2011	—	—	—	510	2,060	110	445	8,410
2012	—	—	—	535	2,185	120	470	8,345
2013	—	—	—	555	—	—	495	8,805
2014	19,500	—	—	585	—	—	—	9,290
2015–2019	298,767	—	—	3,365	—	—	—	37,615
2020–2024	—	35,000	—	2,985	—	—	—	—
2025–2029	20,500	80,000	—	—	—	—	—	—
2030–2034	21,185	179,000	—	—	—	—	—	—
2035–2039	49,500	410,600	—	—	—	—	—	—
2040–2044	35,000	273,775	—	—	—	—	—	—
2045–2049	850	535,000	—	—	—	—	—	—
Total	<u>\$482,902</u>	<u>\$1,551,900</u>	<u>\$191,500</u>	<u>\$ 9,020</u>	<u>\$ 6,190</u>	<u>\$ 335</u>	<u>\$ 1,835</u>	<u>\$ 80,415</u>

Continues Below

Fiscal Year	Principal						
	2001A Utah State Building Ownership Authority	2001 B Utah State Building Ownership Authority	2003 Utah State Building Ownership Authority	2004 A Utah State Building Ownership Authority	2006 A Utah State Building Ownership Authority	2007 A Utah State Building Ownership Authority	2009 A Utah State Building Ownership Authority
2010	\$ —	\$ 1,055	\$ 1,275	\$ 2,405	\$ 300	\$ 520	\$ —
2011.....	—	1,090	1,325	2,550	315	545	830
2012	—	1,135	1,375	2,665	325	565	875
2013	—	1,175	1,440	2,795	335	585	900
2014	—	1,225	835	2,945	350	610	925
2015–2019	5,350	7,030	4,715	14,415	1,975	3,500	5,150
2020–2024	—	7,980	5,810	9,720	2,440	4,390	6,550
2025–2029	—	—	1,080	3,790	1,745	4,370	8,350
2030–2034	—	—	—	—	—	—	1,925
2035–2039	—	—	—	—	—	—	—
2040–2044	—	—	—	—	—	—	—
2045–2049	—	—	—	—	—	—	—
Total	<u>\$5,350</u>	<u>\$20,690</u>	<u>\$ 17,855</u>	<u>\$ 41,285</u>	<u>\$ 7,785</u>	<u>\$ 15,085</u>	<u>\$ 25,505</u>

Continues Below

Fiscal Year	Total Principal Required	Interest Required	Total Amount Required
2010	\$ 284,090	\$ 36,101	\$ 320,191
2011.....	18,190	34,236	52,426
2012	18,595	33,299	51,894
2013	17,085	32,391	49,476
2014	36,265	30,950	67,215
2015–2019	381,882	85,956	467,838
2020–2024	74,875	57,688	132,563
2025–2029	119,835	39,646	159,481
2030–2034	202,110	31,918	234,028
2035–2039	460,100	18,376	478,476
2040–2044	308,775	7,331	316,106
2045–2049	535,850	1,008	536,858
Total	<u>\$2,457,652</u>	<u>\$ 408,900</u>	<u>\$2,866,552</u>

(Notes continue on next page.)

Revenue Bonds Payable — Component Units
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2009
Utah Housing Corporation Issues	1994–2009	2009–2050	Variable and 1.50 % to 9.00 %	\$ 3,021,003	\$ 1,685,845
University of Utah Revenue Bonds	1987–2008	2014–2032	Variable and 3.00 % to 6.75 %	\$ 451,060	320,021
Utah State University Revenue Bonds.....	1999–2009	2014–2035	1.90 % to 5.25 %	\$ 111,670	98,315
Nonmajor Component Units					
Revenue Bonds.....	1998–2008	2010–2033	2.00 % to 6.00 %	\$ 117,445	84,169
Total Revenue Bonds Outstanding.....					2,188,350
Colleges and Universities					
Plus Unamortized Bond Premium					2,440
Total Revenue Bonds Payable.....					<u>\$ 2,190,790</u>

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

Fiscal Year	Principal				Total Principal Required	Interest Required	Total Amount Required
	Utah Housing Corporation	University of Utah	Utah State University	Nonmajor Component Units			
2010.....	\$ 135,606	\$ 12,721	\$ 3,573	\$ 5,622	\$ 157,522	\$ 96,157	\$ 253,679
2011	27,272	15,301	3,755	5,331	51,659	94,335	145,994
2012	27,013	13,951	4,557	6,239	51,760	91,963	143,723
2013	27,829	14,441	4,725	4,343	51,338	89,643	140,981
2014.....	29,264	15,168	4,937	4,514	53,883	87,262	141,145
2015–2019	167,338	72,399	22,748	20,070	282,555	396,637	679,192
2020–2024	215,473	72,725	16,835	16,685	321,718	324,289	646,007
2025–2029	306,558	77,095	18,620	12,455	414,728	237,602	652,330
2030–2034	377,348	26,220	15,575	8,910	428,053	133,000	561,053
2035–2039	283,585	—	2,990	—	286,575	45,837	332,412
2040–2044	70,183	—	—	—	70,183	10,560	80,743
2045–2049	14,805	—	—	—	14,805	2,798	17,603
2050–2054	3,571	—	—	—	3,571	194	3,765
Total	<u>\$ 1,685,845</u>	<u>\$ 320,021</u>	<u>\$ 98,315</u>	<u>\$ 84,169</u>	<u>\$ 2,188,350</u>	<u>\$ 1,610,277</u>	<u>\$ 3,798,627</u>

D. Conduit Debt Obligations

Of the Utah Housing Corporation (component unit) bonds outstanding, \$333.926 million were issued as multi-family purchase bonds. Of those bonds, \$333.926 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, 2009, is \$5.1 million.

The State Charter School Finance Authority (component unit) issued conduit debt obligations on behalf of various charter schools. The debt is the responsibility of the charter schools, and neither the State nor any political subdivision of the State is obligated in any manner for repayment of the debt. Accordingly, this debt has not been reported in the accompanying financial statements. The outstanding balance at June 30, 2009, is \$104.045 million in tax-exempt and \$710 thousand in taxable conduit debt.

E. Demand Bonds

- The Student Assistance Programs had \$566.802 million of demand bonds outstanding at June 30, 2009, 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.

The Student Assistance Programs have an irrevocable direct-pay letter of credit expiring November 15, 2011, in the amount of \$37.462 million to support the Series 1993 A bonds of \$35 million. In addition, the Student Assistance Programs have a standby bond purchase agreements of \$19.799 million expiring November 20, 2013 to support the Series 1988 C bonds of \$19.5 million, \$83.099 million expiring November 16, 2025 to support the Series 1995 L bonds of \$77.454 million, \$104.917 million expiring April 29, 2025 to support the Series 1996 Q and 1997 R bonds of \$97.79 million, \$152.946 million expiring February 11, 2024 to support the 2005 Series W and X bonds of \$145.558 million. The Student Assistance Programs have in place a letter of credit expiring December 15, 2009, in the amount of \$204.407 million which supports the Series 2008 A bonds of \$191.5 million. The letter of credit expires within one year of June 30, 2009, as a result, the Series 2008 A bonds have been classified as a current liability.

As of June 30, 2009, the Student Assistance Programs had

drawn \$334.6 million upon the liquidity facility to support certain bonds under the 1988 Series C, 1995 Series L, 1996 Series Q, 1997 Series R, 2005 Series W, and 2005 Series X which had not been remarketed. Under the terms of the liquidity facility, the interest on the bonds held in the liquidity facility are paid at the Bank Rate which is defined as the greater of the Federal Funds Rate plus 0.50 percent per annum, or the Prime Rate. The Bank Rate on the bonds increases by 1.25 percent if the bonds remain in the liquidity facility for more than 90 days. The Bank Rate for the year ended June 30, 2009 ranged between 3.25 percent and 6.25 percent. The bonds are redeemable in semi-annual installments from available funds, provided that all of the unpaid principal amount of Bank Bonds shall be redeemed by the seventh anniversary of the Bank Purchase Date. The total bonds held in the liquidity facility as of June 30, 2009 was \$318.267 million.

On December 16, 2008, the Student Assistance Programs issued \$191.5 million of variable rate Series 2008A student loan revenue bonds at par. The Student Assistance Programs used \$99.67 million of the proceeds to refund, in total, the variable rate 2007 Series Y student loan revenue bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1.15 million. This difference reported as deferred bond issuance costs, will be amortized through the year 2042 using the straight line method. The Student Assistance Programs completed the refunding to manage its interest costs and to replace the supporting liquidity facility. The variable rate refunding issue has no stated minimum rate and a maximum rate of 12 percent per annum. The range of potential savings from the refunding will vary depending on the actual interest costs incurred over the life of the Series 2008 A bond. Based upon a minimum rate of 0 percent, the Student Assistance Programs would have no reduction in cash flow and no economic gain (i.e., the difference between the present values of the old debt and new debt service payments). At a maximum rate of 12 percent, the Student Assistance Programs could have a reduction in cash flow of \$67.5 million with an economic gain of \$16.1 million.

As of June 30, 2009, there were insufficient clearing bids on all of the Student Assistance Program's 1988 Revenue Bond Fund bonds bearing interest at an adjustable rate, which is set by auction procedure every 28 or 35 days (ARCs). Interest on these bonds will be calculated at the maximum rate. In general, the Maximum Auction Rate means, for any taxable auction, a per annum interest rate on the ARCs which, when taken together with the interest rate on the ARCs for the one year period ending on the final day of the proposed auction period, would result in the average interest rate on the ARCs not being in excess of, the lesser of the 91 day United States Treasury Bill Rate plus 1.2 percent or LIBOR plus 1.5 percent for such one year period. For a tax exempt bond the Maximum Auction Rate means, for any auction, a per annum interest rate on the ARCs which, when taken together with the interest rate on the ARCs for the one year period ending on the final day of the proposed auction period, would result in the average interest rate on the ARCs not being in excess of, the lesser of the After Tax Equivalent Rate plus 175 percent or the Kenny Index for such one year period absent a change in the rating on the bonds. The Maximum Auction Rate for the year ended June 30, 2009 ranged between 0 percent and 14 percent.

As of June 30, 2009, there were insufficient clearing bids on

all of the Student Assistance Program's 1993 Revenue Bond Fund bonds bearing interest at an adjustable rate, which is set by auction procedure every 28 or 35 days (ARCs). Interest on these bonds will be calculated at the maximum rate. In general, the Maximum Auction Rate means, for any taxable auction, a per annum interest rate on the ARCs which, when taken together with the interest rate on the ARCs for the one year period ending on the final day of the proposed auction period, would result in the average interest rate on the ARCs not being in excess of, the lesser of the 91 day United States Treasury Bill Rate plus 1.2 percent or LIBOR plus 1.5 percent for such one year period. For a tax exempt bond the Maximum Auction Rate means, for any auction, a per annum interest rate on the ARCs which, when taken together with the interest rate on the ARCs for the one year period ending on the final day of the proposed auction period, would result in the average interest rate on the ARCs not being in excess of, the lesser of the After Tax Equivalent Rate plus 175 percent or the Kenny Index for such one year period absent a change in the rating on the bonds. The Maximum Auction Rate for the year ended June 30, 2009 ranged between 0 percent and 14.7 percent.

- The Utah Housing Corporation (component unit) had \$906.24 million of bonds outstanding at June 30, 2009, 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 seven different banks totaling \$1.16 billion. 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 95 basis points of the outstanding amount of the variable rate bonds paid on a quarterly basis. As of June 30, 2009, none of the original commitments were available for replacement of existing liquidity facilities or to issue new variable rate bonds.

- The University of Utah (component unit) Series 1997 A bonds in the amount of \$8.81 million currently bear interest at a weekly rate in accordance with bond provisions. When a weekly rate is in effect, the 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. If 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. While funds were drawn during the period, eventually all bonds were successfully remarketed and the issue was resolved by the end of October. The interest requirement for the Series 1997 A Bonds is calculated using an interest rate of 0.4 percent, which is the rate in effect as of June 30, 2009.

The University's Hospital Revenue Bonds Series 2008 in the amount of \$20.64 million currently bear interest at a daily rate in accordance with the bond provisions. When a daily rate is in effect, these bonds are also subject to purchase on the demand of the holder at a price equal to principal plus accrued interest. The University's remarketing agent is authorized to use its best efforts to sell the repurchased bonds at a price equal to this same amount

plus accrued interest. If the bonds cannot be remarketed, the tender agent is required to draw on an irrevocable letter of credit to pay the purchase price of the bonds delivered to it. This agreement is with Wells Fargo bank, N.A. and is valid through December 1, 2010 or earlier on the occurrence of certain events. No funds have been drawn against the letter of credit. The interest requirement for the bonds is calculated using an annualized interest rate of 0.25 percent which is the rate effective at June 30, 2009.

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, 2009, the total amount outstanding of defeased general obligation bonds was \$316.485 million. At June 30, 2009, the total amount outstanding of defeased revenue bonds was \$60.425 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, 2009, \$104.976 million of college and university bonds outstanding are considered defeased.

G. Contracts Payable

Component unit capital leases/contracts payable include \$6.145 million in life annuity contracts.

H. Notes Payable

In March 2009, the Student Assistance Programs began participating in the U.S. Department of Education (ED) Loan Participation Purchase Program, which was created under the "Ensuring Continued Access to Student Loans Act of 2008" (Pub. L. No. 110-227). The Loan Participation Purchase Program was created to assist lenders in obtaining financing for student loans during the 2008-2009 and 2009-2010 academic years. Under the Loan Participation Purchase Program, ED may purchase a 100 percent participation interest in student loans disbursed after May 1, 2008. ED advances to the lender a line of credit equal to the principal amount of the student loan. The pledged loans are serviced internally by the Loan Participation Purchase Program and administered by a custodian. The Loan Participation Purchase Program has pledged collections from \$299.349 million of participating loans to repay the line of credit from ED of \$297.381 million. Monthly interest cost on the line of credit is equal to the Commercial Paper rate plus 0.50 percent. Interest is payable monthly to ED. The Loan Participation Purchase Program for the 2008-2009 academic year ended on September 30, 2009. At that time, the loans were sold to ED.

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 16 years. They are secured by the related assets. Payment information on notes payable is presented below.

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

Fiscal Year	Principal			Total Principal Required	Interest Required	Total Amount Required
	University of Utah	Utah State University	Nonmajor Component Units			
2010	\$ 949	\$ 1,947	\$ 2,190	\$ 5,086	\$ 2,293	\$ 7,379
2011	949	1,938	1,180	4,067	2,055	6,122
2012	803	1,899	3,888	6,590	1,789	8,379
2013	861	1,988	522	3,371	1,456	4,827
2014	922	1,806	112	2,840	1,305	4,145
2015–2019	5,750	9,361	667	15,778	4,076	19,854
2020–2024	1,316	5,248	794	7,358	746	8,104
2025–2029	—	89	—	89	—	89
Total	<u>\$ 11,550</u>	<u>\$ 24,276</u>	<u>\$ 9,353</u>	<u>\$ 45,179</u>	<u>\$ 13,720</u>	<u>\$ 58,899</u>

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 76 separate pay-fixed, receive-variable interest rate swaps as of June 30, 2009. Using rates as of June 30, 2009, debt

service requirements of the Corporation's outstanding variable-rate debt and net swap payments are presented below. As rates vary, variable-rate bond interest payments and net swap payments (receipts) will vary. The principal, interest and net swap interest are included in the Component Unit debt service schedule presented on page 96 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		Interest Rate Swaps, Net	Total
	Principal	Interest		
2010	\$ 15,485	\$ 17,197	\$ 31,296	\$ 63,978
2011	1,775	16,839	31,276	49,890
2012	1,525	16,797	31,191	49,513
2013	1,675	16,761	31,115	49,551
2014	2,445	16,721	31,023	50,189
2015–2019	40,490	82,131	151,894	274,515
2020–2024	100,145	74,445	136,763	311,353
2025–2029	168,000	60,693	110,027	338,720
2030–2034	252,495	37,501	64,946	354,942
2035–2039	183,460	11,148	17,368	211,976
2040–2044	5,695	122	101	5,918
Total	<u>\$ 773,190</u>	<u>\$ 350,355</u>	<u>\$ 637,000</u>	<u>\$ 1,760,545</u>

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, 2009, follows:

Reserved Fund Balances (Expressed in Thousands)			
	Nonlapsing Appropriations	Restricted Purposes	Total Reserved
General Fund:			
Legislature.....	\$ 4,842	\$ —	\$ 4,842
Governor	13,051	1,160	14,211
Elected Officials.....	14,111	1	14,112
Administrative Services	1,760	7,122	8,882
Tax Commission	8,370	4,276	12,646
Human Services	8,570	6,022	14,592
Corrections.....	9,787	—	9,787
Public Safety	28,081	10,470	38,551
Courts.....	1,893	9,605	11,498
Health.....	11,593	10,514	22,107
Environmental Quality	1,322	4,845	6,167
Higher Education	630	—	630
Employment and Family Services.....	2,597	11,946	14,543
Natural Resources	17,170	34,213	51,383
Community and Culture.....	3,781	210	3,991
Business, Labor, and Agriculture	9,260	13,886	23,146
Industrial Assistance Account	—	29,175	29,175
Loans to Internal Service Funds.....	—	7,696	7,696
Tobacco Settlement Funds	—	5,309	5,309
Oil Overcharge Funds	—	1,224	1,224
Mineral Bonus Account.....	—	—	—
Other Purposes	1,061	9,671	10,732
Total	<u>\$ 137,879</u>	<u>\$ 167,345</u>	<u>\$ 305,224</u>
Uniform School Fund:			
Minimum School Program.....	\$ 31,905	\$ —	\$ 31,905
State Office of Education	14,288	757	15,045
School Building Program.....	—	16,322	16,322
School Land Interest	—	28,872	28,872
Growth in Student Population.....	—	102,088	102,088
Loans to Internal Service Funds.....	—	34	34
Total	<u>\$ 46,193</u>	<u>\$ 148,073</u>	<u>\$ 194,266</u>
Transportation Fund:			
Transportation	\$ 3,279	\$ 403,109	\$ 406,388
Public Safety	—	11,940	11,940
Corridor Preservation.....	—	23,710	23,710
Aeronautical Programs.....	—	5,120	5,120
Total	<u>\$ 3,279</u>	<u>\$ 443,879</u>	<u>\$ 447,158</u>
Trust Lands Fund:			
Funds Held as Permanent Investments.....	\$ 0	\$ 915,831	\$ 915,831

Continues Below

Reserved Fund Balances
(Expressed in Thousands)

	Nonlapsing Appropriations	Restricted Purposes	Total Reserved
Non-major Governmental Funds:			
Capital Projects.....	\$ 221,004	\$ 901	\$ 221,905
Debt Service	—	5,770	5,770
State Endowment.....	—	79,480	79,480
Environmental Reclamation	—	19,465	19,465
Other Purposes	—	8,859	8,859
Total	<u>\$ 221,004</u>	<u>\$ 114,475</u>	<u>\$ 335,479</u>

Designated Fund Balances
(Expressed in Thousands)

	General Fund	Education Fund	Uniform School Fund	Transportation Fund
Designated for:				
Budget Reserve (Rainy Day) Account	\$ 188,940	\$ —	\$ —	\$ —
Education Budget Reserve Account	—	229,960	—	—
Disaster Recovery Account	13,803	—	—	—
Postemployment and Other Liabilities	111,508	166,416	2,902	48,402
Fiscal Year 2010 Appropriations:				
Line Item Appropriations	13,216	99,800	—	—
Capital Projects	—	—	—	—
Debt Service.....	—	—	—	—
Total	<u>\$ 327,467</u>	<u>\$ 496,176</u>	<u>\$ 2,902</u>	<u>\$ 48,402</u>

Continues Below

	Transportation Investment Fund	Nonmajor Governmental Funds	Total Governmental Funds
Designated for:			
Budget Reserve (Rainy Day) Account	\$ —	\$ —	\$ 188,940
Education Budget Reserve Account	—	—	229,960
Disaster Recovery Account	—	—	13,803
Postemployment and Other Liabilities	—	—	329,228
Fiscal Year 2010 Appropriations:			
Line Item Appropriations	—	—	113,016
Debt Service.....	—	5,210	5,210
Total	<u>\$ —</u>	<u>\$ 5,210</u>	<u>\$ 880,157</u>

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 \$3.616 billion of restricted net assets, of which \$20.125 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, 2009, are (in thousands):

Private Purpose Trust Funds:	
Employers' Reinsurance	\$ (39,624)
Petroleum Storage Tank	\$ (22,481)

The deficit in the Employers' Reinsurance Trust represents the unfunded portion of the actuarial estimate of claims incurred. The Employers' Reinsurance Trust claims are funded from assessments on all workers' compensation insurance issued to employers within the State. The Utah Labor Commission sets the rate up to the maximum established by the Legislature to keep current revenues at a level sufficient to cover current cash disbursements. State law limits the State's liability to the cash or assets in the Employers' Reinsurance Trust only. State law also limits the Trust's liability to claims resulting from industrial accidents or occupational diseases occurring on or before June 30, 1994. For claims resulting from accidents or diseases on or after July 1, 1994, the employer or its insurance carrier is liable for resulting liabilities. Unfunded future claims are payable solely from future trust revenues.

The Petroleum Storage Tank Trust covers the 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 solely by future trust revenues.

Funds/activities reporting a deficit position in the unrestricted portion of their net assets at June 30, 2009, are (in thousands):

Internal Service Funds:

Technology Services.....	\$ (1,547)
General Services.....	\$ (902)
Fleet Operations	\$ (12,473)

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.

The Transportation Investment Fund (major governmental fund) reported a \$8.652 million deficit unreserved undesignated fund balance as a result of outstanding encumbrances on various highway projects. Bond proceeds available in the next fiscal year will fund these deficits.

In addition, the Capital Projects – General Government and State Building Ownership Authority Funds (nonmajor governmental funds) reported a \$8.895 million and \$4.324 million deficit unreserved undesignated fund balance, respectively, as a result of outstanding encumbrances on various capital projects. Appropriations and bond proceeds available in the next fiscal year will fund these deficits

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, 2009, are as follows (in thousands):

Transfers In:

Governmental Funds

	<u>General Fund</u>	<u>Uniform School Fund</u>	<u>Transportation Fund</u>	<u>Transportation Investment Fund</u>	<u>Trust Lands Fund</u>	<u>Nonmajor Governmental Funds</u>
Transfers Out:						
General Fund	\$ —	\$ 44,412	\$ 100,912	\$ 55,000	\$ 34	\$ 220,767
Education Fund.....	237,676	2,181,640	—	—	—	72,432
Uniform School Fund	55,265	—	—	—	—	—
Transportation Fund.....	46,033	—	—	76,977	—	26,044
Transportation Investment Fund .	—	—	87,569	—	—	135,227
Nonmajor Governmental Funds..	143,049	—	—	—	—	409
Unemployment Compensation....	227	—	—	—	—	—
Water Loan Programs.....	32,992	—	—	—	—	—
Nonmajor Enterprise Funds	63,267	1,936	—	—	14,537	—
Internal Service Funds	8,629	—	1,500	—	—	—
Total Transfers In.....	<u>\$ 587,138</u>	<u>\$ 2,227,988</u>	<u>\$ 189,981</u>	<u>\$ 131,977</u>	<u>\$ 14,571</u>	<u>\$ 454,879</u>

Continues Below

Transfers In:

	Enterprise Funds			
	Water Loan Programs	Nonmajor Enterprise Funds	Internal Service Funds	Total Transfers Out
Transfers Out:				
General Fund.....	\$ 8,890	\$ 61,615	\$ 247	\$ 491,877
Education Fund.....	—	—	—	2,491,748
Uniform School Fund	—	—	—	55,265
Transportation Fund.....	—	1,000	—	150,054
Transportation Investment Fund .	—	—	—	222,796
Nonmajor Governmental Funds ..	—	2,524	37	146,019
Unemployment Compensation	—	—	—	227
Water Loan Programs.....	—	—	—	32,992
Nonmajor Enterprise Funds	—	—	23	79,763
Internal Service Funds	—	—	17	10,146
Total Transfers In	\$ 8,890	\$ 65,139	\$ 324	\$ 3,680,887

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 2009, the Legislature authorized transfers of \$8.629 million from the Internal Service Funds to the General Fund to subsidize general fund revenues. In addition, the Legislature authorized payments of \$751.866 million to the Colleges and Universities. Payments to the 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. Although progress has been made toward a settlement, no agreement has been reached.

- A lawsuit was filed by the Tobacco Companies against the settling states participating in a master settlement agreement in an effort to recoup tobacco settlement payments made in prior years. The plaintiffs allege that they are entitled to a non-participating manufacturer adjustment that will allow them to take a credit against these payment obligations. The dispute is currently subject to arbitration. It is impossible to determine the potential liability; however, any settlement will be a reduction in future state tobacco receipts.
- In addition to the items above, the State is contesting other legal actions totaling over \$31.097 million plus attorneys' fees and interest and other cases where the amount of potential loss is undeterminable. Some portions of the amounts sought have been paid by the State or placed in escrow.

B. Contingencies

- 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 \$1.561 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. In addition, program compliance audits by the federal government are conducted periodically; however, an estimate of any potential disallowances on these audits and findings on other audits on noncompliance cannot be estimated as to the potential liability. The Single Audit for the fiscal year ended June 30, 2009, is in process.
- 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 State is self-insured for liability claims up to \$1 million and beyond the excess insurance policy limit of \$10 million. The State is self-insured for individual property and casualty claims up to \$1 million and up to \$3.5 million in aggregate claims and beyond the excess insurance policy limit of \$700 million per occurrence. According to an actuarial study and other known factors, \$43.650 million exists as either incurred but unfiled or unpaid claims. This amount is reported as a liability of the Department of Administrative Services' Risk Management Fund (internal service fund).
- The Utah School Bond Guaranty Act (*Utah Code Annotated, 1953*, as amended, Sections 53A-28-101 to 402), which took effect on January 1, 1997, pledges the full faith, credit, and unlimited taxing power of the State to guaranty full and timely payment of the principal and interest on general obligation bonds issued by qualifying local school boards. The primary purpose of the Guaranty Act is to reduce borrowing costs for local school boards by providing credit enhancement for 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 \$2.5 billion principal amount of Guarantied Bonds outstanding at June 30, 2009. 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 \$45.25 million from tobacco companies in fiscal year 2009 and expects to receive approximately \$45.721 million in fiscal year 2010. 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, 2009, the Industrial Assistance Program of the General Fund had grant commitments of \$6.552 million, contingent on participating companies meeting certain performance criteria.
- Utah Retirement Systems (defined benefit pension plans and defined contribution plans) has at its yearend December 31, 2008, committed to fund certain private equity partnerships and real estate projects for an amount of \$6.004 billion. Funding of \$3.683 billion has been provided, leaving an unfunded commitment of \$2.321 billion as of December 31, 2008, which will be funded over the next five years.
- As of June 30, 2009, 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 \$11.474 million. The Corporation has three Revolving Credit Notes with two Utah industrial banks.

The first Revolving Credit Note, in the amount of \$5 million matures on October 30, 2010. At June 30, 2009, the outstanding balance on this Revolving Credit Note was \$2.098 million. The Revolving Credit Note bears interest at a calculated LIBOR rate advance or base rate advance. The Revolving Credit Note balance consists of two separate loans. The first loan is dated June 26, 2008 for \$450 thousand with an interest rate of 1.31 percent at June 30, 2009. The second loan is dated November 24, 2008 for \$1.648 million with an interest rate of 2.17 percent at June 30, 2009. These two loans are due during the year ended June 30, 2010.

The second Revolving Credit Note, in the amount of \$3 million, matures on March 24, 2011. At June 30, 2009, the outstanding balance on this Revolving Credit Note was \$1.4 million. The Revolving Credit Note bears interest at a calculated LIBOR rate advance with a minimum rate of 5.25 percent. The Revolving Credit Note balance consists of two separate loans. The first loan is dated March 26, 2009 for \$900 thousand with an interest rate of 6.25 percent at June 30, 2009. The second loan is dated April 1, 2009 for \$500 thousand with an interest rate of 6.25 percent at June 30, 2009. These two loans are due during the year ended June 30, 2010.

The third Revolving Credit Note, in the amount of \$2 million, matures on March 24, 2011 and has no outstanding balance as of June 30, 2009.

- At June 30, 2009, the enterprise funds had loan commitments of approximately \$338.855 million and grant commitments of approximately \$44.439 million.
- At June 30, 2009, 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 \$2.608 billion. Also, at June 30, 2009, the Student Assistance Programs had commitments to purchase approximately \$173.315 million in student loans and fund undisbursed loans of \$13.024 million.
- At June 30, 2009, the Permanent Trust Lands Fund (permanent fund) had real estate commitments of \$100 million, of which \$61.457 million have been called, leaving a remaining commitment of \$38.543 million.

- At June 30, 2009, the Utah Department of Transportation had construction and other contract commitments of \$1.233 billion, of which \$181.9 million is for Centennial Highway Projects within the Transportation Investment Fund (special revenue fund) and \$1.051 billion is for Transportation Fund (special revenue fund) projects. These commitments will be funded with bonded debt and future appropriations.
- Under the terms of various limited partnership agreements approved by the Board of Trustees or by the University of Utah (major component unit) officers, the University is obligated to make periodic payments for advance commitments to venture capital and private equity investments. As of June 30, 2009, the University had committed, but not paid, a total of \$19.324 million in funding for these alternative investments.

Under the terms of various limited partnership agreements approved by the Board of Trustees or by the Utah State University (major component unit) officers, the University is obligated to make periodic payments for advance commitments to venture capital, natural resource, and private equity investments. As of June 30, 2009, the University had committed, but not paid, a total of \$2.447 million in funding for these alternative investments.

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 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 \$6.47 million of revenue bonds outstanding at June 30, 2009. 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 Office of the Utah State Auditor audits UCAN's financial statements. Copies of those statements can be obtained from UCAN's administrative office or from the Office of the Utah State Auditor.

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, 2008, financial report has been included in this Comprehensive Annual Financial Report as a pension trust fund for the Utah Retirement Systems (URS) within the fiduciary funds. Copies of the separately issued financial report that include financial statements and required supplemental information may be obtained by writing to Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102, or by calling 1-800-365-8772.

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 Firefighters Retirement System (Firefighters System), which are defined-benefit multiple-employer, cost-sharing, public employee retirement systems;
- The Public Safety Retirement System (Public Safety System), which is a defined-benefit mixed agent and cost-sharing, multiple-employer retirement system;
- The Judges Retirement System (Judges System) and the Utah Governors and Legislative Retirement Plan, which are single-employer service employee retirement systems; and five defined contribution plans comprised of the 401(k) Plan, 457 Plan, Roth and Traditional IRA Plans, and Health Reimbursement Arrangement.

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:

(Table on next page.)

Summary of Eligibility and Benefits

	<u>Contributory System</u>	<u>Noncontributory System</u>	<u>Public Safety System</u>	<u>Firefighters System</u>	<u>Judges System</u>
Highest Average Salary	Highest 5 Years	Highest 3 Years	Highest 3 Years	Highest 3 Years	Highest 2 Years
Years of Service	30 years any age	30 years any age	20 years any age	20 years any age	25 years any age
Required and/or Age Eligible for Benefit	*20 years age 60 *10 years age 62 4 years age 65	*25 years any age *20 years age 60 *10 years age 62 4 years age 65	10 years age 60 4 years age 65	10 years age 60 4 years age 65	*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	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 \$1,200 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 \$26.40 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, 2008

	<u>Non-contributory System</u>	<u>Contributory System</u>	<u>Public Safety System</u>	<u>Fire-fighters System</u>	<u>Judges System</u>	<u>Governors and Legislative Retirement Plan</u>
Number of participating:						
Employers.....	416	158	128	52	1	1
Members:						
Active.....	93,576	2,743	7,894	1,849	106	93
Terminated vested.....	30,360	1,374	1,654	117	9	81
Retirees and beneficiaries:						
Service benefits.....	31,731	5,236	3,752	1,002	97	222
Disability benefits.....	—	3	14	81	—	—

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 Retirement 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)**

	<u>Contributory System</u>	<u>Non- contributory System</u>	<u>Public Safety System</u>	<u>Fire- fighters System</u>	<u>Judges System</u>	<u>Total All Systems</u>
Primary Government:						
2009	\$ 3,692	\$ 106,881	\$ 33,711	\$ 76	\$ 1,980	\$ 146,340
2008	\$ 3,792	\$ 101,591	\$ 29,261	\$ 75	\$ 1,737	\$ 136,456
2007	\$ 3,874	\$ 94,384	\$ 27,208	\$ 59	\$ 1,238	\$ 126,763
2006	\$ 4,197	\$ 87,445	\$ 22,701	\$ 49	\$ 1,007	\$ 115,399
2005	\$ 4,335	\$ 80,966	\$ 21,112	\$ 52	\$ 814	\$ 107,279
Component Units:						
Colleges and Universities:						
2009	\$ 2,133	\$ 42,026	\$ 596	\$ —	\$ —	\$ 44,755
2008	\$ 2,160	\$ 40,781	\$ 498	\$ —	\$ —	\$ 43,439
2007	\$ 2,200	\$ 39,016	\$ 488	\$ —	\$ —	\$ 41,704
2006	\$ 2,117	\$ 37,813	\$ 425	\$ —	\$ —	\$ 40,355
2005	\$ 2,201	\$ 35,195	\$ 422	\$ —	\$ —	\$ 37,818
Other:						
2009	\$ 70	\$ 3,483	\$ —	\$ —	\$ —	\$ 3,553
2008	\$ 76	\$ 2,938	\$ —	\$ —	\$ —	\$ 3,014
2007	\$ 78	\$ 2,722	\$ —	\$ —	\$ —	\$ 2,800
2006	\$ 60	\$ 2,385	\$ —	\$ —	\$ —	\$ 2,445
2005	\$ 59	\$ 2,273	\$ —	\$ —	\$ —	\$ 2,332
Total Primary Government and Component Units:						
2009	\$ 5,895	\$ 152,390	\$ 34,307	\$ 76	\$ 1,980	\$ 194,648
2008	\$ 6,028	\$ 145,310	\$ 29,759	\$ 75	\$ 1,737	\$ 182,909
2007	\$ 6,152	\$ 136,122	\$ 27,696	\$ 59	\$ 1,238	\$ 171,267
2006	\$ 6,374	\$ 127,643	\$ 23,126	\$ 49	\$ 1,007	\$ 158,199
2005	\$ 6,595	\$ 118,434	\$ 21,534	\$ 52	\$ 814	\$ 147,429

(Continues on next page.)

The following table summarizes contribution rates in effect at December 31, 2008:

Contribution Rates as a Percent of Covered Payroll

System	Member	Employer	Other
Contributory.....	6.00 %	7.61 % – 9.73 %	—
Noncontributory.....	—	11.62 % – 14.22 %	—
Public Safety:			
Contributory.....	10.50 % – 13.74 %	11.22 % – 22.99 %	—
Noncontributory.....	—	22.47 % – 35.71 %	—
Firefighters:			
Division A.....	13.14 %	—	11.12 %
Division B.....	9.68 %	—	11.12 %
Judges:			
Contributory.....	2.00 %	11.51 %	14.32 %
Noncontributory.....	—	13.51 %	14.32 %
Governors and Legislative	—	—	—

Defined Contribution Plans

The 401(k), 457, Roth and Traditional IRA Plans, and Health Reimbursement Arrangement (HRA) administered by URS, in which the State participates, are defined contribution plans. These plans are available as supplemental plans to the basic retirement benefits of the retirement systems. Contributions may be made into the plans subject to plan and Internal Revenue Code limitations. Employer contributions may be made into the plans at rates determined by the employers and according to Utah Title 49. There are 361 employers participating in the 401(k) Plan and 150 employers participating in the 457 Plan. There are 143,360 plan participants in the 401(k) Plan, 16,880 participants in the 457 Plan, 1,639 participants in the Roth IRA Plan, 435 participants in the Traditional IRA Plan, and 742 in the HRA.

After termination of employment, benefits are paid out to individuals in lump sum, or as periodic benefit payments, at the option of the participant based on individual account balances and plan provisions. The defined contribution plans account balances are fully vested to the participants at the time of deposit. Investments of the plans are reported at fair value.

Employees of the State are eligible to participate in the deferred compensation 401(k), 457, Roth and Traditional IRA Plans. For the 401(k) plan, the State and participating employers are required to contribute to employees who participate in the noncontributory retirement plan. The State contributes 1.5 percent of eligible employees' salaries which amount vests immediately. The amounts contributed to the 401(k) Plan during the year ended June 30, 2009, by employees and employers are as follows: for Primary Government, \$37.179 million and \$18.627 million; for Component

Units – Colleges and Universities, \$4.629 million and \$4.846 million; for Component Units – Other, \$1.154 million and \$814 thousand; and the combined total for all is \$42.962 million and \$24.287 million, respectively. The amounts contributed by employees to the 457, Roth and Traditional IRA Plans (Primary Government) are \$7.283 million, \$907 thousand, and \$28 thousand, 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 15 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 15 percent, approximately 2 percent are U.S. Government debt securities and 13 percent are debt securities of the U.S. Government instrumentalities. The systems and plans have no investments of any commercial or industrial organization whose market value equals 5 percent or more of the net assets held in trust for pension benefits. The principal components of the receivables and investment categories are presented below.

(Continues on next page.)

Pension Receivables and Investments
(Expressed in Thousands)

	Non- contributory System	Contributory System	Public Safety System	Fire- fighters System	Judges System	Governors and Legislative Retirement Plan
Receivables:						
Member Contributions	\$ —	\$ 388	\$ 49	\$ 421	\$ —	\$ —
Employer Contributions	31,538	572	3,495	—	—	—
Court Fees and Fire Insurance Premium	—	—	—	—	230	—
Investments	302,084	19,874	38,360	14,583	2,398	207
Total Receivables	\$ 333,622	\$ 20,834	\$ 41,904	\$ 15,004	\$ 2,628	\$ 207
Investments:						
Debt Securities	\$ 3,663,014	\$ 240,990	\$ 465,138	\$ 176,835	\$ 29,074	\$ 2,505
Equity Investments	4,096,910	269,536	520,235	197,781	32,518	2,802
Absolute Return	1,678,417	110,423	213,129	81,027	13,322	1,148
Private Equity	1,154,125	75,930	146,553	55,717	9,160	789
Real Estate	2,624,738	172,682	333,297	126,711	20,833	1,795
Mortgage Loans	5,478	361	694	265	43	4
Invested Securities						
Lending Collateral	884,518	58,192	112,318	42,701	7,020	605
Investment Contracts	—	—	—	—	—	—
Total Investments	\$ 14,107,200	\$ 928,114	\$ 1,791,364	\$ 681,037	\$ 111,970	\$ 9,648

Continues Below

	401(k) Plan	457 Plan	IRA Plans	Health Reimbursement Arrangement	Total December 31, 2008
Receivables:					
Member Contributions	\$ —	\$ —	\$ —	\$ —	\$ 858
Employer Contributions	—	—	—	—	35,605
Court Fees and Fire Insurance Premium	—	—	—	—	230
Investments	53,905	4,140	—	—	435,551
Total Receivables	\$ 53,905	\$ 4,140	\$ —	\$ —	\$ 472,244
Investments:					
Debt Securities	\$ 1,111,824	\$ 114,803	\$ 16,186	\$ —	\$ 5,820,369
Equity Investments	941,100	98,722	10,148	—	6,169,752
Absolute Return	—	—	—	—	2,097,466
Private Equity	—	—	—	—	1,442,274
Real Estate	—	—	—	—	3,280,056
Mortgage Loans	—	—	—	—	6,845
Invested Securities					
Lending Collateral	78,336	8,191	952	—	1,192,833
Investment Contracts	27,154	12,066	—	—	39,220
Total Investments	\$ 2,158,414	\$ 233,782	\$ 27,286	\$ —	\$ 20,048,815

Actuarial Methods and Assumptions

The information contained in the Schedules of Funding Progress is based on the actuarial study dated January 1, 2008, and calendar year 2008 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. Beginning with the 2008 actuarial study, the investment rate of return assumption was changed from 8 percent to 7.75 percent. The actuarial value of assets is based on a smoothed expected investment income rate. Investment income in excess or shortfall of the expected rate on fair value is smoothed

over a five-year period with 20 percent of a year's excess or shortfall being recognized each year, beginning with the current year. All systems use 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 3.0 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 are the Schedules of Funding Progress.

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

	<u>Contributory System</u>	<u>Noncontributory System</u>	<u>Public Safety System</u>	<u>Firefighters System</u>	<u>Judges System</u>	<u>Governors and Legislative Retirement Plan</u>
Actuarial Value of Assets:						
January 1, 2007.....	\$ 1,004,452	\$ 14,446,928	\$ 1,809,198	\$ 705,051	\$ 116,879	\$ 10,983
January 1, 2008.....	\$ 1,102,107	\$ 16,199,077	\$ 2,038,613	\$ 787,663	\$ 129,847	\$ 11,736
December 31, 2008.....	\$ 1,002,443	\$ 15,257,243	\$ 1,936,871	\$ 735,235	\$ 121,075	\$ 10,407
Actuarial Accrued Liability (AAL):						
January 1, 2007.....	\$ 1,062,967	\$ 15,084,061	\$ 1,968,982	\$ 643,765	\$ 117,127	\$ 9,212
January 1, 2008.....	\$ 1,170,251	\$ 17,025,185	\$ 2,247,826	\$ 732,829	\$ 135,379	\$ 9,862
December 31, 2008.....	\$ 1,208,625	\$ 18,127,048	\$ 2,406,752	\$ 779,035	\$ 143,368	\$ 9,845
Unfunded Actuarial Accrued Liability (UAAL):						
January 1, 2007.....	\$ 58,515	\$ 637,133	\$ 159,784	\$ (61,286)	\$ 248	\$ (1,771)
January 1, 2008.....	\$ 68,144	\$ 826,108	\$ 209,213	\$ (54,834)	\$ 5,532	\$ (1,874)
December 31, 2008.....	\$ 206,182	\$ 2,869,805	\$ 469,881	\$ 43,800	\$ 22,293	\$ (562)
Funding Ratios:						
January 1, 2007.....	94.5 %	95.8 %	91.9 %	109.5 %	99.8 %	119.2 %
January 1, 2008.....	94.2 %	95.1 %	90.7 %	107.5 %	95.9 %	119.0 %
December 31, 2008.....	82.9 %	84.2 %	80.5 %	94.4 %	84.5 %	105.7 %
Annual Covered Payroll:						
January 1, 2007.....	\$ 133,812	\$ 3,326,392	\$ 316,662	\$ 88,682	\$ 12,195	\$ 860
January 1, 2008.....	\$ 132,899	\$ 3,582,495	\$ 339,187	\$ 95,767	\$ 13,322	\$ 947
December 31, 2008.....	\$ 133,110	\$ 3,871,636	\$ 365,043	\$ 102,252	\$ 14,404	\$ 910
UAAL as a Percent of Covered Payroll:						
January 1, 2007.....	43.7 %	19.2 %	50.5 %	(69.1)%	2.0 %	(205.9)%
January 1, 2008.....	51.3 %	23.1 %	61.7 %	(57.3)%	41.5 %	(197.9)%
December 31, 2008.....	154.9 %	74.1 %	128.7 %	42.8 %	154.8 %	(61.8)%

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. 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, 2009 and 2008, were \$115.986 million and \$108.887 million, respectively.

NOTE 17. OTHER POSTEMPLOYMENT BENEFITS

A. State's Other Postemployment Benefit Plan

At the option of individual state agencies, employees may participate in the State's Other Postemployment Benefit Plan (State Employees' OPEB Plan), a single-employer defined benefit healthcare plan, as set forth in Section 67–19–14(2) of the *Utah Code*. The State administers the Employee OPEB Plan through the State Post-Retirement Benefits Trust Fund, an irrevocable trust, as set forth in Section 67–19d–201 of the *Utah Code*. The trust fund is under the direction of a board of trustees, which consists of the State Treasurer, the Director of the Division of Finance, and the Director of the Governor's Office of Planning and Budget.

Plan assets of the State Post-Retirement Benefits Trust Fund are irrevocable and legally protected from creditors and dedicated to providing postemployment health and life insurance coverage, and in some situations dental coverage to current and eligible future state retirees in accordance with the terms of the plan. The State Post-Retirement Benefits Trust Fund does not issue a publicly available financial report, but is included in this report of the primary government using the economic resources measurement focus and the accrual basis of accounting under which expenses, including benefits and refunds, are recorded when the liability is incurred. Employer contributions are recorded in the accounting period in which they are earned and become measurable. Investments are reported at fair value and are based on published prices and quotations from major investment brokers at current exchange rates, as available. For investments where no readily ascertainable fair value exists, management, in consultation with their investment advisors have determined the fair values for the individual investments.

Only state employees entitled to receive retirement benefits and hired prior to January 1, 2006, are eligible to receive postemployment health and life insurance benefits from the OPEB Plan. Upon retirement, an employee receives 25 percent of the value of their unused accumulated sick leave as a mandatory employer contribution into a 401(k) account. The employee may exchange one day of remaining unused accumulated sick leave earned *prior* to January 1, 2006, for one month of paid health and life insurance coverage up to age 65. Regardless of the unused sick leave balance, the State will provide postemployment health and life insurance

coverage for up to five years (if the employee retired in 2006) or until the employee reaches age 65. This automatic coverage provision will decline by one year each calendar year until it is completely phased out on January 1, 2011. 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. As of December 31, 2008, the date of the latest actuarial valuation, approximately 4,888 retirees and their beneficiaries were receiving state post-retirement health and life insurance benefits, and an estimated 20,385 active state employees are eligible to receive future benefits under the State Employee OPEB Plan.

The contribution requirements of employees and the State are established and may be amended by the State Legislature. For retirees that participate in the State Employee OPEB Plan, health insurance premiums are paid 100 percent by the State for individuals that retired before July 1, 2000. Individuals retiring thereafter are required to contribute specified amounts monthly, ranging from 2 percent to 27 percent, toward the cost of health insurance premiums. For the year ended June 30, 2009, retirees contributed \$1.269 million, or approximately 4.4 percent of total premiums, through their required contributions of \$7.76 to \$491.31 per month depending on the coverage (single, double, or family) and health plan selected.

The State Legislature currently plans to contribute amounts to the trust fund sufficient to fully fund the Annual Required Contribution (ARC), an actuarially determined rate in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The ARC of \$53.491 million, from the December 31, 2006 actuarial valuation and used to establish the annual budget for fiscal year 2009, is 7.2 percent of annual covered payroll. There are no long-term contracts for contributions to the plan.

B. Elected Officials' Other Postemployment Benefit Plan

The State of Utah also administers the Elected Officials' Other Postemployment Benefit Plan (Elected Officials' OPEB Plan), a single-employer defined benefit healthcare plan, as set forth in Section 49-20-404 of the *Utah Code*. The Elected Officials' OPEB Plan does not issue a publicly available financial report.

Only governors and legislators (elected officials) that retire after January 1, 1998 and have 4 or more years of service can elect to receive and apply for this benefit. To qualify for health coverage, elected officials must be between 62 and 65 years of age and either be active members at the time of retirement or have continued coverage with the program until the date of eligibility. To qualify for Medicare supplemental coverage an elected official must be at least 65 years of age. As established by 49-20-404(3) of the *Utah Code*, the State will pay 40 percent of the benefit cost for 4 years of service and up to 100 percent for ten or more years of service, for elected officials, and their spouses.

For the year ended June 30, 2009, the State paid the expected benefit payments of \$252 thousand on a pay-as-you-go basis. Retirees that participate in the Elected Officials' OPEB Plan are

required to contribute specified amounts monthly, ranging from \$0 (for ten or more years of service) to \$545.22 per month (for four years of service) depending on the coverage (single, double) and health plan selected.

The following table shows the components of the annual OPEB cost for the year, amount actually contributed to the plan, and changes in the net OPEB obligation for both the State Employees' and Elected Officials' OPEB plans for fiscal year 2009 (dollar amount in thousands):

	State Employees' OPEB Plan	Elected Officials' OPEB Plan
Annual required contribution.....	\$ 53,491	\$ 2,188
Interest on net OPEB obligation	—	80
Adjustment to annual required contribution	—	(107)
Annual OPEB cost (expense).....	<u>53,491</u>	<u>2,161</u>
Contributions made.....	<u>(53,491)</u>	<u>(252)</u>
Increase in net OPEB obligation.....	0	1,909
Net OPEB obligation (asset) – Beginning of year.....	<u>(0)</u>	<u>2,009</u>
Net OPEB obligation – End of year.....	<u>\$ 0</u>	<u>\$ 3,918</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for fiscal year 2009 and the preceding years for both the State Employees' and Elected Officials' OPEB plans were as follows (dollar amount in thousands):

	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
State Employees' OPEB Plan:	6/30/2007	\$ 50,433	101.37 %	\$ (691)
	6/30/2008	\$ 53,502	98.71 %	\$ 0
	6/30/2009	\$ 53,491	100.00 %	\$ 0
Elected Officials' OPEB Plan:	6/30/2008	\$ 2,188	8.19 %	\$ 2,009
	6/30/2009	\$ 2,161	11.66 %	\$ 3,918

The funded status of both the State Employees' and Elected Officials' OPEB plans as of December 31, 2008, was as follows (dollar amount in thousands):

	State Employees' OPEB Plan	Elected Officials' OPEB Plan
Actuarial accrued liability	\$ 446,601	\$ 24,515
Actuarial value of plan assets.....	<u>53,851</u>	<u>0</u>
Unfunded actuarial accrued liability (funding excess).....	<u>\$ 392,750</u>	<u>\$ 24,515</u>
Funded ratio.....	12.1 %	0.0 %
Covered payroll	\$ 901,245	\$ 866
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	43.6 %	2,830.8 %

(Notes continues on next page)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, is designed to present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial methods and assumptions of both the State Employees’ and Elected Officials’ OPEB plans as of December 31, 2008, were as follows:

	State Employees’ OPEB Plan	Elected Officials’ OPEB Plan
Actuarial valuation date.....	12/31/2008	12/31/2008
Actuarial cost method.....	Projected Unit Credit	
Amortization method.....	Level Dollar Amount; Open	
Remaining amortization period	25 years	30 years
Asset valuation method	Fair Value	Fair Value
Actuarial assumptions:		
Investment rate of return.....	6 % discounted	4 % discounted
Healthcare inflation rate	10 % initial 4.5 % ultimate	

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 a major participant in these programs. The Risk Management Fund manages the general property, auto/physical damage, and liability risk of the State. The Public Employees Health Program manages the health insurance and long-term disability programs of the State. The University of Utah, Utah State University, Southern Utah University, Salt Lake Community College, and Utah Valley University (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, disability, and some environmental claims. They also service the general risk claims for all local school districts and many charter schools within the State. All funds, agencies, public schools, and public authorities of the State may participate in the State’s Risk Management and Public Employees Health Programs. The risk funds allocate the cost of providing claims servicing, claims payment, and commercial insurance by charging a “premium” to each agency, public authority, or employee, based on each organization’s estimated current year liability and property values. The reserve for liability losses is determined using an independent actuarial study based on past, current, and estimated loss experiences.

Risk Management and Public Employees Health Program claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated and include an amount for claims that have been incurred but not reported. Because actual claims liabilities are affected by complex factors including inflation, changes in legal doctrines and insurance benefits, and unanticipated damage awards, the process used in computing claims liabilities does not necessarily result in exact amounts. Claims liabilities are recomputed periodically by actuaries to take into

consideration recently settled claims, the frequency of claims, and other economic and social factors. Inflation is included in this calculation because reliance is based on historical data that reflects past inflation and other appropriate modifiers. The Risk Management claim liabilities reserves are reported using a discount rate of 3 percent. The Public Employees Health Program long-term disability benefit reserves are reported using discount rates between 4.25 and 7.75 percent. The primary government and the discrete component units of the State paid premiums to the Public Employees Health Program of \$252.314 million and \$15.795 million, respectively, for health and life insurance coverage in fiscal year 2009. In addition, the State Department of Health paid \$44.912 million in premiums to the Public Employees Health Program for the Children's Health Insurance Program.

All employers who participate in the Utah Retirement Systems are eligible to participate in the Public Employees Long-term Disability Program per Section 49-21-201 of the *Utah Code*. Employees of those state agencies who participate in the program and meet long-term disability eligibility receive benefits for the duration of their disability up to the time they are eligible for retirement or until age 65. Benefits begin after a three-month waiting period and are paid 100 percent by the program. As of June 30, 2009, there are 302 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 fiscal year ended June 30, 2009, the primary government and the discrete component units of the State paid premiums of \$5.556 million and \$150 thousand, respectively, for the Long-Term Disability Program.

The State covers its workers' compensation risk by purchasing insurance from Workers' Compensation Fund (a related organization). The University of Utah, Utah State University, Southern Utah University, Salt Lake Community College, and Utah Valley University report claims liabilities if it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The University of Utah and the University of Utah Hospital and Clinics have a "claims made" umbrella malpractice insurance policy in an amount considered adequate by their 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, 2008 and June 30, 2009:

Changes in Claims Liabilities

(Expressed in Thousands)

	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
Risk Management:				
2008.....	\$ 44,755	\$ 8,123	\$ (11,593)	\$ 41,285
2009.....	\$ 41,285	\$ 11,980	\$ (9,615)	\$ 43,650
Public Employees Health Program:				
2008.....	\$ 121,129	\$ 556,909	\$(556,222)	\$ 121,816
2009.....	\$ 121,816	\$ 558,493	\$(560,990)	\$ 119,319
College and University Self-Insurance:				
2008.....	\$ 71,731	\$ 203,846	\$(200,378)	\$ 75,199
2009.....	\$ 75,199	\$ 205,565	\$(227,861)	\$ 52,903

NOTE 19. SUBSEQUENT EVENTS

On September 29, 2009, the State issued \$490.41 million and \$491.76 million of General Obligation Bonds Series 2009 C and 2009 D, respectively. Principal on the bonds is due annually commencing July 1, 2011, through July 1, 2021. Interest rates on the bonds range from 2.00 to 5.00 percent, with a "true interest rate" of 2.72 percent after considering premium received upon the sale of the bonds. Proceeds of the bonds will be used for capital facilities and highway projects.

On September 9, 2009, the Utah State Building Ownership Authority (blended component unit) issued \$8.445 million, \$16.715 million, \$12.125 million, and \$89.47 million of Lease Revenue Bonds Series 2009 B, 2009 C, 2009 D, and 2009 E, respectively. Principal on the bonds is due annually commencing May 15, 2012

through 2030. Interest rates on the bonds range from 3.00 to 5.77 percent with a "true interest rate" of 3.64 percent after considering premium received upon the sale of the bonds. Proceeds of the bonds will be used for capital facilities projects.

Subsequent to June 30, 2009, the Student Loan Purchase Program (major enterprise fund) entered into a \$200 million revolving line of credit. The line of credit will be used as a short term financing vehicle to originate or purchase eligible student loans. The initial term is for 364 days with an option to renew for an additional 364 days. The interest rate is 125 basis points (.0125 percent) over the 30 day London Interbank Offered Rate (LIBOR) with a minimum rate of not less than 1.75 percent.

Subsequent to June 30, 2009, the Student Loan Purchase Program (major enterprise fund) sold eligible student loans to the U.S. Department of Education (ED) under a Master Loan Sales

Agreement as authorized by the “Ensuring Continued Access to Student Loans Act of 2008” (Pub. L. No. 110-227). Under the agreement the Program may sell student loans to ED for a purchase price equal to the principle and accrued interest, reimbursement of the 1 percent lender origination fee, and payment of a \$75 administrative fee per loan. At the date of sale, the ownership and servicing of the loans transfers to ED. On September 23, 2009, the Program sold loans to ED with a principal and accrued interest balance of \$429.596 million.

Subsequent to June 30, 2009, certain bonds with the Student Loan Purchase Program’s (major enterprise fund) 1988 Revenue Bond Fund were remarketed to investors or tendered to the liquidity provider. As of October 26, 2009, total bonds from the 1988 Revenue Bond Fund held in the liquidity facility amounted to \$338.787 million.

The defined benefit pension plans and defined contribution plans (fiduciary funds) administered by Utah Retirement Systems are reported as of December 31, 2008. Subsequent to this date, the overall financial markets have continued to fluctuate in value. However, because the values continue to fluctuate with market conditions the amount of investment losses the plans will recognize in its future financial statements, if any, can not be determined as of the date of this report.

Subsequent to June 30, 2009, the Utah Housing Corporation (major component unit) issued \$83.995 million Single Family Mortgage Class I Refunding Bonds, 2009 Series A Variable Bonds, interest at a variable rate adjusted weekly maturing on July 1, 2038 and \$5.68 million Single Family Mortgage Class I Refunding Bonds, 2009 Series A Fixed Rate Bonds maturing in annual installments from July 1, 2010 through July 1, 2019 with interest rates of 1.4 percent to 4.45 percent. The Corporation also issued \$72.455 million Single Family Mortgage Class I Refunding Bonds, 2009 Series B Variable Bonds, interest at a variable rate adjusted weekly maturing on January 1, 2039 and \$2.005 million Single Family Mortgage Class I Refunding Bonds, 2009 Series B Fixed Rate Bonds maturing in annual installments from July 1, 2010 through July 1, 2019 with interest rates of 1.4 percent to 4.45 percent.

Subsequent to June 30, 2009, the Utah Housing Corporation (major component unit) has entered into an additional Standby Bond Purchase Agreement with Barclays Capital PLC at a commitment amount of \$156 million.

Subsequent to June 30, 2009 the Utah Housing Corporation (major component unit) commenced the Home Run 2 Grant, a mortgage assistance program that grants \$4 thousand to qualifying homebuyers. Federal funds under the American Recovery and Reinvestment Act were used to provide \$8 million for this program.

On October 6, 2009, Utah State University’s (major component unit) \$8.13 million Series 2009 Student Fee and Housing System Revenue Bonds were issued for the purpose of refunding in advance of their maturity the Series 1999A Student Fee and Housing System Revenue Refunding Bonds that were previously issued.

On August 26, 2009, the University of Utah (major component unit) issued \$19.08 million of Research Facilities Revenue Bonds, Series 2009A and \$27.73 million Taxable Research Facilities Revenue Bonds, Series 2009B (Issuer Subsidy – Build America Bonds). Principle on the Series 2009A bonds is due annually commencing April 1, 2010 through April 1, 2019 and principle on the Series 2009B bonds is due annually commencing April 1, 2020 through April 1, 2029. Bond interest is due semiannually commencing April 1, 2010 at rates ranging from 4 percent to 6.28 percent. Each interest payment on the Series 2009B bonds will receive a subsidy from the Federal Government with funds provided by the American Recovery and Reinvestment Act totaling \$9.05 million over the life of the bonds. Proceeds from these bonds will be used to finance certain infrastructure improvements including a central chilled water plant. The infrastructure improvements are necessary for planned construction for interdisciplinary research, clinical operations and improving inefficient cooling systems in some existing buildings.

On September 1, 2009, the University of Utah (major component unit) entered into a sublease agreement for Phase II-B of the Huntsman Cancer Hospital which requires semi-annual lease payments beginning May 2010 through May 2030. Fiscal year payments range from \$2.6 million in fiscal year 2010 to \$12.4 million in fiscal year 2030. Total lease payments over the life of the lease amount to \$158.9 million.

During the 2009 Legislative General Session, House Bill 15 transferred the Salt Lake portion of the Salt Lake/Tooele Applied Technology College (non-major component unit) to Salt Lake Community College’s (non-major component unit) School of Applied Technology. The legislation also created a new campus of the Utah College of Applied Technology specifically serving Tooele County. The bill took effect July 1, 2009.

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State of Utah

Required Supplementary Information



Escalante State Park

State of Utah

**Budgetary Comparison Schedule
General Fund**

For the Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Sales Tax	\$ 1,821,087	\$ 1,544,190	\$ 1,547,475	\$ 3,285
Licenses, Permits, and Fees:				
Insurance Fees	6,766	5,012	5,825	813
Court Fees	6,460	7,217	6,746	(471)
Other Licenses, Permits, and Fees	6,459	7,659	10,468	2,809
Investment Income	31,050	17,000	25,072	8,072
Miscellaneous Taxes and Other:				
Beer Tax	8,845	8,358	8,567	209
Cigarette and Tobacco Tax	60,874	52,114	52,042	(72)
Inheritance Tax	50	200	321	121
Insurance Premium Tax	79,808	81,257	82,980	1,723
Oil, Gas, and Mining Severance Tax	85,306	86,321	85,570	(751)
Taxpayer Rebates	(6,223)	(6,450)	(6,234)	216
Court Collections	5,220	4,067	4,738	671
Other Taxes	26,347	28,005	31,572	3,567
Miscellaneous Other	9,461	12,490	13,233	743
Total General Revenues	<u>2,141,510</u>	<u>1,847,440</u>	<u>1,868,375</u>	<u>20,935</u>
Department Specific Revenues				
Restricted Sales Tax	3,890	3,803	3,803	—
Federal Contracts and Grants	2,055,724	2,268,666	2,268,666	—
Departmental Collections	312,396	313,415	325,953	12,538
Higher Education Collections	384,804	416,933	416,933	—
Federal Mineral Lease	141,095	167,800	172,642	4,842
Investment Income	16,172	6,799	6,060	(739)
Miscellaneous	495,439	578,266	579,073	807
Total Department Specific Revenues	<u>3,409,520</u>	<u>3,755,682</u>	<u>3,773,130</u>	<u>17,448</u>
Total Revenues	<u>5,551,030</u>	<u>5,603,122</u>	<u>5,641,505</u>	<u>38,383</u>
Expenditures				
General Government	435,045	354,648	300,164	54,484
Human Services and Youth Corrections	737,732	719,875	708,098	11,777
Corrections, Adult	286,399	263,344	253,312	10,032
Public Safety	274,133	244,536	212,465	32,071
Courts	136,292	130,228	127,656	2,572
Health and Environmental Quality	2,051,118	2,173,082	2,157,204	15,878
Higher Education – State Administration	1,231,468	60,919	60,225	694
Higher Education – Colleges and Universities	35,116	1,174,062	1,173,374	688
Employment and Family Services	320,854	534,125	531,522	2,603
Natural Resources	197,058	199,734	177,780	21,954
Community and Culture	200,131	147,887	143,899	3,988
Business, Labor, and Agriculture	107,987	104,012	93,147	10,865
Total Expenditures	<u>6,013,333</u>	<u>6,106,452</u>	<u>5,938,846</u>	<u>167,606</u>
Excess Revenues Over (Under) Expenditures	<u>(462,303)</u>	<u>(503,330)</u>	<u>(297,341)</u>	<u>205,989</u>
Other Financing Sources (Uses)				
Capital Leases Acquisition	—	—	2,010	2,010
Sale of Capital Assets	—	—	11,001	11,001
Transfers In	610,175	591,278	591,278	—
Transfers Out	(354,338)	(490,981)	(490,981)	—
Total Other Financing Sources (Uses)	<u>255,837</u>	<u>100,297</u>	<u>113,308</u>	<u>13,011</u>
Net Change in Fund Balance	<u>(206,466)</u>	<u>(403,033)</u>	<u>(184,033)</u>	<u>219,000</u>
Budgetary Fund Balance – Beginning	686,109	686,109	686,109	—
Budgetary Fund Balance – Ending	<u>\$ 479,643</u>	<u>\$ 283,076</u>	<u>\$ 502,076</u>	<u>\$ 219,000</u>

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

State of Utah

**Budgetary Comparison Schedule
Education Fund**

For the Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
General Revenues				
Individual Income Tax	\$ 2,772,281	\$ 2,323,000	\$ 2,338,592	\$ 15,592
Corporate Tax	325,628	276,250	263,892	(12,358)
Total General Revenues	<u>3,097,909</u>	<u>2,599,250</u>	<u>2,602,484</u>	<u>3,234</u>
Department Specific Revenues				
Miscellaneous:				
Investment Income	9,272	4,628	5,849	1,221
Total Department Specific Revenues	<u>9,272</u>	<u>4,628</u>	<u>5,849</u>	<u>1,221</u>
Total Revenues	<u>3,107,181</u>	<u>2,603,878</u>	<u>2,608,333</u>	<u>4,455</u>
Expenditures				
Education Support	—	—	—	—
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess Revenues Over (Under) Expenditures	<u>3,107,181</u>	<u>2,603,878</u>	<u>2,608,333</u>	<u>4,455</u>
Other Financing Sources (Uses)				
Transfers Out	<u>(3,231,247)</u>	<u>(2,491,748)</u>	<u>(2,491,748)</u>	<u>—</u>
Total Other Financing Sources (Uses)	<u>(3,231,247)</u>	<u>(2,491,748)</u>	<u>(2,491,748)</u>	<u>0</u>
Net Change in Fund Balance	(124,066)	112,130	116,585	4,455
Budgetary Fund Balance – Beginning	234,676	234,676	234,676	—
Budgetary Fund Balance – Ending	<u>\$ 110,610</u>	<u>\$ 346,806</u>	<u>\$ 351,261</u>	<u>\$ 4,455</u>

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

State of Utah

**Budgetary Comparison Schedule
Uniform School Fund**

For the Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
General Revenues				
Miscellaneous Other	\$ 12,386	\$ 11,600	\$ 25,358	\$ 13,758
Total General Revenues	<u>12,386</u>	<u>11,600</u>	<u>25,358</u>	<u>13,758</u>
Department Specific Revenues				
Federal Contracts and Grants	375,266	597,254	597,254	—
Departmental Collections	4,483	7,823	7,823	—
Investment Income	26,500	26,858	27,326	468
Miscellaneous:				
School Lunch Tax	21,612	26,769	26,769	—
Driver Education Fee	3,955	5,002	5,002	—
Other	5,174	8,753	8,917	164
Total Department Specific Revenues	<u>436,990</u>	<u>672,459</u>	<u>673,091</u>	<u>632</u>
Total Revenues	<u>449,376</u>	<u>684,059</u>	<u>698,449</u>	<u>14,390</u>
Expenditures				
Public Education	<u>3,160,876</u>	<u>3,095,983</u>	<u>3,048,561</u>	<u>47,422</u>
Total Expenditures	<u>3,160,876</u>	<u>3,095,983</u>	<u>3,048,561</u>	<u>47,422</u>
Excess Revenues Over (Under) Expenditures	<u>(2,711,500)</u>	<u>(2,411,924)</u>	<u>(2,350,112)</u>	<u>61,812</u>
Other Financing Sources (Uses)				
Transfers In	2,662,591	2,227,988	2,227,988	—
Transfers Out	<u>(57,350)</u>	<u>(55,265)</u>	<u>(55,265)</u>	<u>—</u>
Total Other Financing Sources (Uses)	<u>2,605,241</u>	<u>2,172,723</u>	<u>2,172,723</u>	<u>0</u>
Net Change in Fund Balance	(106,259)	(239,201)	(177,389)	61,812
Budgetary Fund Balance – Beginning	<u>371,621</u>	<u>371,621</u>	<u>371,621</u>	<u>—</u>
Budgetary Fund Balance – Ending	<u>\$ 265,362</u>	<u>\$ 132,420</u>	<u>\$ 194,232</u>	<u>\$ 61,812</u>

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

State of Utah

**Budgetary Comparison Schedule
Transportation Fund**

For the Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
General Revenues				
Motor Fuel Tax	\$ 273,735	\$ 223,476	\$ 235,481	\$ 12,005
Special Fuel Tax	127,923	104,571	101,367	(3,204)
Licenses, Permits, and Fees:				
Motor Vehicle Registration Fees	32,319	35,731	34,917	(814)
Proportional Registration Fees	12,435	13,644	14,114	470
Temporary Permits	449	501	492	(9)
Special Transportation Permits	7,166	8,430	8,235	(195)
Highway Use Permits	6,389	6,880	12,520	5,640
Motor Vehicle Control Fees	4,871	4,676	4,552	(124)
Miscellaneous	1,734	1,979	2,094	115
Investment Income	3,569	3,643	3,370	(273)
Miscellaneous Other	1,309	4,616	5,833	1,217
Total General Revenues	<u>471,899</u>	<u>408,147</u>	<u>422,975</u>	<u>14,828</u>
Department Specific Revenues				
Restricted Sales and Aviation Fuel Taxes	150,471	115,819	122,281	6,462
Federal Contracts and Grants	177,281	322,175	322,175	—
Departmental Collections	50,297	65,631	64,688	(943)
Federal Aeronautics	45,000	45,000	34,141	(10,859)
Investment Income	1,030	1,030	5,761	4,731
Miscellaneous	20,050	117,781	118,028	247
Total Department Specific Revenues	<u>444,129</u>	<u>667,436</u>	<u>667,074</u>	<u>(362)</u>
Total Revenues	<u>916,028</u>	<u>1,075,583</u>	<u>1,090,049</u>	<u>14,466</u>
Expenditures				
Transportation	922,315	1,409,084	1,403,297	5,787
Total Expenditures	<u>922,315</u>	<u>1,409,084</u>	<u>1,403,297</u>	<u>5,787</u>
Excess Revenues Over (Under) Expenditures	<u>(6,287)</u>	<u>(333,501)</u>	<u>(313,248)</u>	<u>20,253</u>
Other Financing Sources (Uses)				
General Obligation Bonds Issued	—	—	427,917	427,917
Sale of Capital Assets	—	—	6,157	6,157
Transfers In	168,200	189,981	189,981	—
Transfers Out	<u>(136,836)</u>	<u>(150,054)</u>	<u>(150,054)</u>	<u>—</u>
Total Other Financing Sources (Uses)	<u>31,364</u>	<u>39,927</u>	<u>474,001</u>	<u>434,074</u>
Net Change in Fund Balance	25,077	(293,574)	160,753	454,327
Budgetary Fund Balance – Beginning	466,015	466,015	466,015	—
Budgetary Fund Balance – Ending	<u>\$ 491,092</u>	<u>\$ 172,441</u>	<u>\$ 626,768</u>	<u>\$ 454,327</u>

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

State of Utah

**Budgetary Comparison Schedule
Transportation Investment Fund**

For the Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Sales Tax	\$ 179,800	\$ 151,800	\$ 157,050	\$ 5,250
Motor Vehicle Registration Fees	23,700	23,600	22,955	(645)
Total General Revenues	<u>203,500</u>	<u>175,400</u>	<u>180,005</u>	<u>4,605</u>
Department Specific Revenues				
Federal Contracts and Grants	30,000	1,200	1,200	—
Investment Income	2,000	2,000	949	(1,051)
Total Department Specific Revenues	<u>32,000</u>	<u>3,200</u>	<u>2,149</u>	<u>(1,051)</u>
Total Revenues	<u>235,500</u>	<u>178,600</u>	<u>182,154</u>	<u>3,554</u>
Expenditures				
Transportation	172,130	293,498	293,498	—
Total Expenditures	<u>172,130</u>	<u>293,498</u>	<u>293,498</u>	<u>0</u>
Excess Revenues Over (Under) Expenditures	<u>63,370</u>	<u>(114,898)</u>	<u>(111,344)</u>	<u>3,554</u>
Other Financing Sources (Uses)				
Transfers In	131,977	131,977	131,977	—
Transfers Out	(194,193)	(222,796)	(222,796)	—
Total Other Financing Sources (Uses)	<u>(62,216)</u>	<u>(90,819)</u>	<u>(90,819)</u>	<u>0</u>
Net Change in Fund Balance	1,154	(205,717)	(202,163)	3,554
Budgetary Fund Balance – Beginning	182,855	182,855	182,855	—
Budgetary Fund Balance – Ending	<u>\$ 184,009</u>	<u>\$ (22,862)</u>	<u>\$ (19,308)</u>	<u>\$ 3,554</u>

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

State of Utah

**Budgetary Comparison Schedule
Budget To GAAP Reconciliation**

For the Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

	General Fund	Education Fund	Uniform School Fund	Transportation Fund	Transportation Investment Fund
Revenues					
Actual total revenues (budgetary basis)	\$ 5,641,505	\$ 2,608,333	\$ 698,449	\$ 1,090,049	\$ 182,154
Differences – Budget to GAAP:					
Intrafund revenues are budgetary revenues but are not revenues for financial reporting	(398,472)	—	(8,633)	(1,430)	—
Higher education and Utah Schools for the Deaf and the Blind collections are budgetary revenues but are not revenues for financial reporting	(426,529)	—	(5,105)	—	—
Change in revenue accrual for nonbudgetary Medicaid claims	10,433	—	—	—	—
Change in tax accruals designated by law for postemployment and other liabilities are revenues for financial reporting but not for budgetary reporting	(64,064)	(12,906)	1,616	2,784	(6,361)
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	<u>\$ 4,762,873</u>	<u>\$ 2,595,427</u>	<u>\$ 686,327</u>	<u>\$ 1,091,403</u>	<u>\$ 175,793</u>
Expenditures					
Actual total expenditures (budgetary basis)	\$ 5,938,846	\$ —	\$ 3,048,561	\$ 1,403,297	\$ 293,498
Differences – Budget to GAAP:					
Intrafund expenditures for reimbursements are budgetary expenditures but are not expenditures for financial reporting	(398,472)	—	(8,633)	(1,430)	—
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	(426,529)	—	(5,105)	—	—
Certain budgetary transfers and other charges are reported as a reduction of expenditures for financial reporting	(5,036)	—	—	—	—
Leave/postemployment charges budgeted as expenditures when earned rather than when taken or due	(7,894)	—	(145)	(1,009)	—
Change in accrual for Medicaid incurred but not reported claims excluded from the budget by statute	2,407	—	—	—	—
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	<u>\$ 5,103,322</u>	<u>\$ 0</u>	<u>\$ 3,034,678</u>	<u>\$ 1,400,858</u>	<u>\$ 293,498</u>

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, 2009, 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 \$804 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, 2009, the State was \$285.51 million below the appropriations limitation.

INFORMATION ABOUT THE STATE'S OTHER POSTEMPLOYMENT BENEFIT PLANS

The State Employees' Other Postemployment Benefit Plan (State Employees' OPEB Plan) is administered through the State Post-Retirement Benefits Trust Fund as an irrevocable trust. Assets of the trust fund are dedicated to providing post-retirement health and life insurance coverage to current and eligible future state retirees. Only state employees entitled to receive retirement benefits, and hired prior to January 1, 2006, are eligible to receive post-retirement health and life insurance benefits.

The following factors contributed to the decrease in the State Employees' OPEB Plan Actuarial Accrued Liability (AAL) and the Unfunded Actuarial Accrued Liability (UAAL) from December 31, 2006 to December 31, 2008: **1)** fully funding the Annual Required Contribution (ARC) over the last two fiscal years; **2)** changes in benefit provisions that shifted increases in health care costs to employees and retirees; and **3)** the State Employees' Plan is a closed plan (i.e., only state employees entitled to receive retirement benefits and hired prior to January 1, 2006 are eligible to receive benefits).

The following schedules present the State of Utah's actuarially determined funding progress and required contributions for the State Post-Retirement Benefits Trust Fund (using the projected unit credit method):

**State Employees' OPEB Plan
Schedule of Funding Progress
By Valuation Date
(Expressed in Thousands)**

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
December 31, 2006	\$ 0	\$ 669,617	\$ 669,617	0.00 %	\$ 748,096	89.51 %
December 31, 2008	\$ 53,851	\$ 446,601	\$ 392,750	12.06 %	\$ 901,245	43.58 %

**State Employees' OPEB Plan
Schedule of Employer Contributions
(Expressed in Thousands)**

<u>Year Ended</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
June 30, 2007	\$ 50,433	101.37 %
June 30, 2008	\$ 53,491	98.71 %
June 30, 2009	\$ 53,491	100.00 %

The Elected Officials' Other Postemployment Benefit Plan (Elected Officials' OPEB Plan) is administered by the State and funded on a pay-as-you-go basis. Only elected officials that retire after January 1, 1998 and have 4 or more years of service are eligible for this benefit. The following schedule presents the State of Utah's actuarially determined funding progress for the Elected Officials' OPEB Plan (using the projected unit credit method):

**Elected Officials' OPEB Plan
Schedule of Funding Progress
By Valuation Date
(Expressed in Thousands)**

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
December 31, 2008	\$ 0	\$ 24,515	\$ 24,515	0.00 %	\$ 866	2,830.8 %

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 5,699 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 – Roads

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:

<u>Rating</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Fair or Better	61.0 %	62.6 %	64.5 %
Very Poor	13.9 %	12.4 %	11.3 %

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
2009	\$ 296,443	\$ 313,817
2008	\$ 418,386	\$ 292,585
2007	\$ 212,911	\$ 252,526
2006	\$ 240,854	\$ 366,600
2005	\$ 226,345	\$ 307,858

Bridges

UDOT uses the Structures Inventory System to monitor the condition of the 1,833 state-owned bridges. A number, ranging from 1 to 100, is calculated based on condition, geometry, functional use, safety, and other factors. Three categories of condition are established in relation to the number range as follows:

Category	Range	Description
Good	80 – 100	Preventive maintenance requirements include repair leaking deck joints, apply deck overlays and seals, place concrete sealers to splash zones, paint steel surfaces, and minor beam repairs.
Fair	50 – 79	Corrective repairs include deck, beam, and substructure repairs, fixing settled approaches, and repairing collision damage.
Poor	1 – 49	Major rehabilitation and replacement includes deck, beam, or substructure replacements or replacement of the entire bridge.

Condition Level – Bridges

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

<u>Rating</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Good	69.0 %	72.0 %	71.0 %
Poor	1.0 %	2.0 %	2.0 %

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
2009	\$ 52,314	\$ 55,379
2008	\$ 73,833	\$ 51,633
2007	\$ 37,573	\$ 44,563
2006	\$ 42,504	\$ 64,694
2005	\$ 39,943	\$ 54,328

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State of Utah

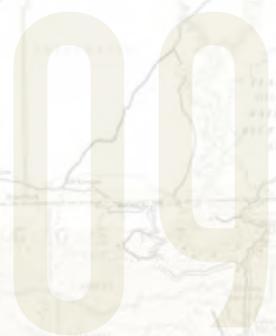
Supplementary Information



Skyline Arch, Arches National Park

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Nonmajor Governmental Funds



State Endowment Fund

This fund accounts for a portion of proceeds relating to the State's settlement agreement with major tobacco manufacturers, severance tax revenue in excess of statutory base amounts, and money or other assets given to this fund under any provision of law. The principal of the fund cannot be appropriated except by a three-fourths vote of both houses of the Legislature and with the concurrence of the Governor. One-half of all interest and dividends earned on tobacco settlement proceeds 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 legislative appropriations, fees, and private donations.

Miscellaneous Special Revenue

This fund is made up of individual small funds set up to account for various revenue sources that are legally restricted to expenditures for specific purposes.

Capital Projects – General Government

This fund accounts for 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.

State of Utah

**Combining Balance Sheet
Nonmajor Governmental Funds**

June 30, 2009

(Expressed in Thousands)

	Special Revenue			
	State Endowment	Environmental Reclamation	Crime Victim Reparation	Universal Telephone Services
ASSETS				
Cash and Cash Equivalents	\$ 23,105	\$ 704	\$ 1,241	\$ 8,763
Investments	56,375	27,404	3,425	—
Receivables:				
Accounts, net	9,144	3	—	—
Accrued Interest	—	—	—	—
Due From Other Funds	—	—	—	—
Due From Component Units	—	—	—	—
Total Assets	<u>\$ 88,624</u>	<u>\$ 28,111</u>	<u>\$ 4,666</u>	<u>\$ 8,763</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ —	\$ 452	\$ 171	\$ 629
Due To Other Funds	—	3	—	126
Due To Component Units	—	—	—	—
Deferred Revenue	9,144	—	—	—
Total Liabilities	<u>9,144</u>	<u>455</u>	<u>171</u>	<u>755</u>
Fund Balances:				
Reserved for:				
Nonlapsing Appropriations and Encumbrances	—	—	—	—
Specific Purposes by Statute	79,480	19,465	—	—
Debt Service	—	—	—	—
Unreserved Designated, reported in nonmajor:				
Debt Service Funds	—	—	—	—
Unreserved Undesignated, reported in nonmajor:				
Special Revenue Funds	—	8,191	4,495	8,008
Capital Projects Funds	—	—	—	—
Total Fund Balances	<u>79,480</u>	<u>27,656</u>	<u>4,495</u>	<u>8,008</u>
Total Liabilities and Fund Balances	<u>\$ 88,624</u>	<u>\$ 28,111</u>	<u>\$ 4,666</u>	<u>\$ 8,763</u>

Special Revenue			Miscellaneous Special Revenue	Capital Projects	
Consumer Education	Rural Development	State Capitol		General Government	State Building Ownership Authority
\$ 431	\$ 8,906	\$ 739	\$ 8,225	\$ 99,562	\$ 2,370
2,656	30,127	599	18,825	116,795	24,296
6	—	—	202	—	—
—	—	—	—	—	22
—	—	22	142	979	309
—	—	—	—	27,293	—
<u>\$ 3,093</u>	<u>\$ 39,033</u>	<u>\$ 1,360</u>	<u>\$ 27,394</u>	<u>\$ 244,629</u>	<u>\$ 26,997</u>
\$ 217	\$ 99	\$ 67	\$ 1,280	\$ 33,367	\$ 268
59	731	11	645	1,295	24,962
—	—	—	—	—	3,048
—	—	—	12,191	—	—
<u>276</u>	<u>830</u>	<u>78</u>	<u>14,116</u>	<u>34,662</u>	<u>28,278</u>
—	—	—	—	217,961	3,043
—	—	—	8,859	901	—
—	—	—	—	—	—
—	—	—	—	—	—
2,817	38,203	1,282	4,419	—	—
—	—	—	—	(8,895)	(4,324)
<u>2,817</u>	<u>38,203</u>	<u>1,282</u>	<u>13,278</u>	<u>209,967</u>	<u>(1,281)</u>
<u>\$ 3,093</u>	<u>\$ 39,033</u>	<u>\$ 1,360</u>	<u>\$ 27,394</u>	<u>\$ 244,629</u>	<u>\$ 26,997</u>

Continues

State of Utah

**Combining Balance Sheet
Nonmajor Governmental Funds**

Continued

June 30, 2009

(Expressed in Thousands)

	Debt Service		Total Nonmajor Governmental Funds
	General Government	State Building Ownership Authority	
ASSETS			
Cash and Cash Equivalents	\$ 33,099	\$ 3,799	\$ 190,944
Investments	1,820	4,830	287,152
Receivables:			
Accounts, net	37	—	9,392
Accrued Interest	—	2	24
Due From Other Funds	—	—	1,452
Due From Component Units	—	1,304	28,597
Total Assets	<u>\$ 34,956</u>	<u>\$ 9,935</u>	<u>\$ 517,561</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 29,673	\$ 184	\$ 66,407
Due To Other Funds	73	2,676	30,581
Due To Component Units	—	—	3,048
Deferred Revenue	—	1,305	22,640
Total Liabilities	<u>29,746</u>	<u>4,165</u>	<u>122,676</u>
Fund Balances:			
Reserved for:			
Nonlapsing Appropriations and Encumbrances	—	—	221,004
Specific Purposes by Statute	—	—	108,705
Debt Service	—	5,770	5,770
Unreserved Designated, reported in nonmajor:			
Debt Service Funds	5,210	—	5,210
Unreserved Undesignated, reported in nonmajor:			
Special Revenue Funds	—	—	67,415
Capital Projects Funds	—	—	(13,219)
Total Fund Balances	<u>5,210</u>	<u>5,770</u>	<u>394,885</u>
Total Liabilities and Fund Balances	<u>\$ 34,956</u>	<u>\$ 9,935</u>	<u>\$ 517,561</u>

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State of Utah

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

For the Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

	Special Revenue			
	State Endowment	Environmental Reclamation	Crime Victim Reparation	Universal Telephone Services
REVENUES				
Taxes:				
Sales and Use Tax	\$ —	\$ —	\$ —	\$ —
Other Taxes	23,017	—	—	—
Total Taxes	<u>23,017</u>	<u>0</u>	<u>0</u>	<u>0</u>
Other Revenues:				
Federal Contracts and Grants	—	—	1,754	—
Charges for Services	—	3,556	7,439	6,493
Intergovernmental	—	—	—	—
Investment Income	(8,094)	720	140	—
Miscellaneous and Other	18,100	305	—	—
Total Revenues	<u>33,023</u>	<u>4,581</u>	<u>9,333</u>	<u>6,493</u>
EXPENDITURES				
Current:				
General Government	—	2,336	7,257	—
Human Services and Youth Corrections	—	—	—	—
Corrections, Adult	—	—	—	—
Public Safety	—	—	—	—
Courts	—	—	—	—
Health and Environmental Quality	—	5,960	—	—
Higher Education – Colleges and Universities	—	—	—	—
Employment and Family Services	—	—	—	—
Natural Resources	—	—	—	—
Community and Culture	—	—	—	—
Business, Labor, and Agriculture	—	387	—	6,836
Public Education	—	—	—	—
Transportation	—	—	—	—
Capital Outlay	—	—	—	—
Debt Service:				
Principal Retirement	—	—	—	—
Interest and Other Charges	—	—	—	—
Total Expenditures	<u>0</u>	<u>8,683</u>	<u>7,257</u>	<u>6,836</u>
Excess Revenues Over (Under) Expenditures	<u>33,023</u>	<u>(4,102)</u>	<u>2,076</u>	<u>(343)</u>
OTHER FINANCING SOURCES (USES)				
General Obligation Bonds Issued	—	—	—	—
Premium on Bonds Issued	—	—	—	—
Transfers In	623	2,446	—	—
Transfers Out	—	(130)	(4,472)	—
Total Other Financing Sources (Uses)	<u>623</u>	<u>2,316</u>	<u>(4,472)</u>	<u>0</u>
Net Change in Fund Balances	33,646	(1,786)	(2,396)	(343)
Fund Balances – Beginning	45,834	29,442	6,891	8,351
Fund Balances – Ending	<u>\$ 79,480</u>	<u>\$ 27,656</u>	<u>\$ 4,495</u>	<u>\$ 8,008</u>

Special Revenue			Miscellaneous Special Revenue	Capital Projects	
Consumer Education	Rural Development	State Capitol		General Government	State Building Ownership Authority
\$ —	\$ —	\$ —	\$ 3,741	\$ —	\$ —
—	8,912	—	17	—	—
<u>0</u>	<u>8,912</u>	<u>0</u>	<u>3,758</u>	<u>0</u>	<u>0</u>
—	—	—	12,542	—	—
1,037	—	1,632	1,117	—	—
—	—	—	—	9,446	—
75	719	23	787	362	—
—	—	—	3,728	1,289	25
<u>1,112</u>	<u>9,631</u>	<u>1,655</u>	<u>21,932</u>	<u>11,097</u>	<u>25</u>
—	—	4,211	17,345	10,789	—
—	—	—	812	3,500	—
—	—	—	—	2,562	—
—	—	—	2,018	1,059	—
—	—	—	—	1,683	—
—	—	—	—	402	—
—	—	—	—	35,804	—
—	—	—	54	405	—
—	—	—	2,730	2,438	—
—	4,335	—	915	141	—
2,281	—	—	3	29	—
—	—	—	34	807	—
—	—	—	3	452	—
—	—	—	—	192,792	3,412
—	—	—	—	—	—
<u>2,281</u>	<u>4,335</u>	<u>4,211</u>	<u>23,914</u>	<u>252,863</u>	<u>3,412</u>
<u>(1,169)</u>	<u>5,296</u>	<u>(2,556)</u>	<u>(1,982)</u>	<u>(241,766)</u>	<u>(3,387)</u>
—	—	—	—	104,450	—
—	—	—	—	9,269	—
—	—	3,713	4,528	237,784	—
(153)	(2,524)	—	(1,714)	(137,026)	—
<u>(153)</u>	<u>(2,524)</u>	<u>3,713</u>	<u>2,814</u>	<u>214,477</u>	<u>0</u>
<u>(1,322)</u>	<u>2,772</u>	<u>1,157</u>	<u>832</u>	<u>(27,289)</u>	<u>(3,387)</u>
4,139	35,431	125	12,446	237,256	2,106
<u>\$ 2,817</u>	<u>\$ 38,203</u>	<u>\$ 1,282</u>	<u>\$ 13,278</u>	<u>\$ 209,967</u>	<u>\$ (1,281)</u>

Continues

State of Utah

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

Continued

For the Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

	<u>Debt Service</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>General Government</u>	<u>State Building Ownership Authority</u>	
REVENUES			
Taxes:			
Sales and Use Tax	\$ —	\$ —	\$ 3,741
Other Taxes	—	—	31,946
Total Taxes	<u>0</u>	<u>0</u>	<u>35,687</u>
Other Revenues:			
Federal Contracts and Grants	—	—	14,296
Charges for Services	—	—	21,274
Intergovernmental	—	—	9,446
Investment Income	17	82	(5,169)
Miscellaneous and Other	324	20,871	44,642
Total Revenues	<u>341</u>	<u>20,953</u>	<u>120,176</u>
EXPENDITURES			
Current:			
General Government	—	—	41,938
Human Services and Youth Corrections	—	—	4,312
Corrections, Adult	—	—	2,562
Public Safety	—	—	3,077
Courts	—	—	1,683
Health and Environmental Quality	—	—	6,362
Higher Education – Colleges and Universities	—	—	35,804
Employment and Family Services	—	—	459
Natural Resources	—	—	5,168
Community and Culture	—	—	5,391
Business, Labor, and Agriculture	—	—	9,536
Public Education	—	—	841
Transportation	—	—	455
Capital Outlay	—	—	196,204
Debt Service:			
Principal Retirement	167,700	12,913	180,613
Interest and Other Charges	56,413	8,262	64,675
Total Expenditures	<u>224,113</u>	<u>21,175</u>	<u>559,080</u>
Excess Revenues Over (Under) Expenditures	<u>(223,772)</u>	<u>(222)</u>	<u>(438,904)</u>
OTHER FINANCING SOURCES (USES)			
General Obligation Bonds Issued	—	—	104,450
Premium on Bonds Issued	2,619	—	11,888
Transfers In	205,562	223	454,879
Transfers Out	—	—	(146,019)
Total Other Financing Sources (Uses)	<u>208,181</u>	<u>223</u>	<u>425,198</u>
Net Change in Fund Balances	(15,591)	1	(13,706)
Fund Balances – Beginning	20,801	5,769	408,591
Fund Balances – Ending	<u>\$ 5,210</u>	<u>\$ 5,770</u>	<u>\$ 394,885</u>

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State of Utah

**Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund**

For the Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding			Final Budget
		State Funds	Federal Funds	Restricted and Other Funds	
GENERAL GOVERNMENT					
Legislature					
242	Senate	\$ 3,138	\$ —	\$ —	\$ 3,138
243	House	4,741	—	—	4,741
246	Printing	659	—	191	850
247	Research and General Counsel	8,141	—	—	8,141
248	Tax Review Commission	49	—	—	49
249	Constitutional Revision Commission	54	—	—	54
245	Fiscal Analyst	3,864	—	17	3,881
244	Auditor General	3,486	—	—	3,486
	Total Legislature	<u>24,132</u>	<u>0</u>	<u>208</u>	<u>24,340</u>
Elected Officials					
12	State Treasurer	\$ 2,938	\$ —	\$ 365	\$ 3,303
6	GOV – Administrative Office	6,744	33	485	7,262
9	GOV – Planning and Budget	5,304	—	200	5,504
7	GOV – Lt. Governor Character Education	45	—	—	45
10	GOV – Criminal and Juvenile Justice	9,601	8,159	82	17,842
8	GOV – Emergency and Contingency Fund	100	—	—	100
93	GOV – Incentive Funds	143	—	—	143
90	GOV – Economic Development Administration	4,500	—	—	4,500
91	GOV – Office of Tourism	24,788	—	96	24,884
92	GOV – Business Development	12,820	300	—	13,120
—	GOV – Industrial Assistance Fund	3,434	—	—	3,434
95	U STAR	25,720	—	6	25,726
13	Attorney General	28,102	1,304	18,478	47,884
14	AG – Contract Attorneys	77	—	773	850
16	AG – Prosecution Council	667	—	191	858
17	AG – Domestic Violence	78	—	—	78
15	AG – Children's Justice Centers	3,258	209	48	3,515
11	State Auditor	3,854	—	1,339	5,193
	Total Elected Officials	<u>132,173</u>	<u>10,005</u>	<u>22,063</u>	<u>164,241</u>
Government Operations					
38	Department of Administrative Services	\$ 984	\$ —	\$ —	\$ 984
39	DAS – Administrative Rules	402	—	—	402
40	DAS – Facilities Construction and Management	5,389	—	—	5,389
41	DAS – Archives	2,477	56	39	2,572
42	DAS – Finance	9,770	—	1,837	11,607
44	DAS – Post Conviction Indigent Defense Fund	287	—	—	287
43	DAS – Finance Mandated	29,880	—	—	29,880
45	DAS – Judicial Conduct Commission	335	—	—	335
46	DAS – Purchasing	1,606	—	104	1,710
77	Tax Commission – Administration	73,372	797	12,031	86,200
78	TAX – License Plates Production	3,031	—	2,010	5,041
79	TAX – Liquor Profit Distribution	5,426	—	—	5,426
51	Human Resource Management	4,116	—	263	4,379
53	Career Service Review Board	235	—	—	235
57	DTS Chief Information Officer	628	—	110	738

<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>	<u>Line Item #</u>
\$ 2,184	\$ —	\$ —	\$ 954	242
3,658	—	—	1,083	243
746	—	—	104	246
7,261	—	—	880	247
45	—	—	4	248
50	—	—	4	249
2,418	—	—	1,463	245
3,136	—	—	350	244
<u>19,498</u>	<u>0</u>	<u>0</u>	<u>4,842</u>	
\$ 2,526	\$ 101	\$ 201	\$ 475	12
5,422	—	—	1,840	6
4,078	—	—	1,426	9
2	—	—	43	7
14,750	—	731	2,361	10
—	—	—	100	8
143	—	—	—	93
4,017	263	—	220	90
20,681	13	—	4,190	91
9,567	682	—	2,871	92
3,434	—	—	—	—
13,561	—	—	12,165	95
46,867	—	—	1,017	13
773	—	—	77	14
820	—	—	38	16
78	—	—	—	17
3,272	—	—	243	15
5,097	—	—	96	11
<u>135,088</u>	<u>1,059</u>	<u>932</u>	<u>27,162</u>	
\$ 919	\$ —	\$ —	\$ 65	38
357	—	—	45	39
5,256	133	—	—	40
2,550	—	—	22	41
10,321	—	—	1,286	42
96	—	—	191	44
21,579	—	8,301	—	43
229	—	—	106	45
1,650	15	—	45	46
80,029	—	592	5,579	77
2,250	—	—	2,791	78
5,426	—	—	—	79
3,629	244	—	506	51
207	13	—	15	53
732	—	—	6	57

Continues

State of Utah

**Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund**

Continued

For the Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding			Final Budget
		State Funds	Federal Funds	Restricted and Other Funds	
GENERAL GOVERNMENT (Continued)					
58	DTS Automated Geographic Reference Center	2,378	730	862	3,970
—	DTS Technology Acquisition	—	—	6,912	6,912
	Total Government Operations	140,316	1,583	24,168	166,067
	Total General Government	<u>\$ 296,621</u>	<u>\$ 11,588</u>	<u>\$ 46,439</u>	<u>\$ 354,648</u>
HUMAN SERVICES					
110	Department of Human Services	\$ 9,802	\$ 6,125	\$ 1,440	\$ 17,367
112	Substance Abuse and Mental Health	94,890	24,474	16,022	135,386
111	Mental Health Therapist Grant	8	—	—	8
113	Services for People with Disabilities	49,557	2,597	157,905	210,059
114	Recovery Services	15,722	28,864	5,735	50,321
115	Child and Family Services	101,858	50,766	21,904	174,528
24	Juvenile Justice Services	85,510	2,007	19,945	107,462
116	Aging and Adult Services	12,851	11,033	860	24,744
	Total Human Services	<u>\$ 370,198</u>	<u>\$ 125,866</u>	<u>\$ 223,811</u>	<u>\$ 719,875</u>
CORRECTIONS					
Department of Corrections					
18	Corrections – Programs and Operations	\$ 197,453	\$ 718	\$ 4,372	\$ 202,543
19	DOC Medical Services	23,228	—	293	23,521
21	Jail Contracting	22,626	8	—	22,634
22	Jail Reimbursement	10,753	—	—	10,753
	Total Department of Corrections	<u>254,060</u>	<u>726</u>	<u>4,665</u>	<u>259,451</u>
Board of Pardons and Parole					
23	Board of Pardons and Parole	\$ 3,892	\$ —	\$ 1	\$ 3,893
	Total Board of Pardons and Parole	<u>3,892</u>	<u>0</u>	<u>1</u>	<u>3,893</u>
	Total Corrections	<u>\$ 257,952</u>	<u>\$ 726</u>	<u>\$ 4,666</u>	<u>\$ 263,344</u>
PUBLIC SAFETY					
Department of Public Safety					
30	Programs and Operations	\$ 98,083	\$ 1,194	\$ 17,456	\$ 116,733
31	Emergency Services and Homeland Security	2,431	23,516	5	25,952
32	Peace Officer's Standards and Training	4,173	—	44	4,217
33	Liquor Law Enforcement	2,366	—	—	2,366
34	Driver License	35,112	301	74	35,487
35	Highway Safety	1,235	4,460	390	6,085
—	Retiree Cost of Living	3,519	—	—	3,519
	Total Department of Public Safety	<u>146,919</u>	<u>29,471</u>	<u>17,969</u>	<u>194,359</u>
Utah National Guard					
223	Utah National Guard Administration	\$ 6,151	\$ 42,602	\$ 64	\$ 48,817
	Total Utah National Guard	<u>6,151</u>	<u>42,602</u>	<u>64</u>	<u>48,817</u>
Department of Veteran's Affairs					
224	Veteran's Affairs	\$ 1,195	\$ —	\$ 165	\$ 1,360
	Total Department of Veteran's Affairs	<u>1,195</u>	<u>0</u>	<u>165</u>	<u>1,360</u>
	Total Public Safety	<u>\$ 154,265</u>	<u>\$ 72,073</u>	<u>\$ 18,198</u>	<u>\$ 244,536</u>

<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>	<u>Line Item #</u>
3,436	—	—	534	58
6,912	—	—	—	—
<u>145,578</u>	<u>405</u>	<u>8,893</u>	<u>11,191</u>	
<u>\$ 300,164</u>	<u>\$ 1,464</u>	<u>\$ 9,825</u>	<u>\$ 43,195</u>	
\$ 17,271	\$ 96	\$ —	\$ —	110
135,052	225	20	89	112
8	—	—	—	111
206,169	1,340	100	2,450	113
50,321	—	—	—	114
168,199	978	80	5,271	115
106,343	359	—	760	24
24,735	9	—	—	116
<u>\$ 708,098</u>	<u>\$ 3,007</u>	<u>\$ 200</u>	<u>\$ 8,570</u>	
\$ 194,300	\$ —	\$ 245	\$ 7,998	18
23,491	—	—	30	19
21,219	—	—	1,415	21
10,519	—	—	234	22
<u>249,529</u>	<u>0</u>	<u>245</u>	<u>9,677</u>	
\$ 3,783	\$ —	\$ —	\$ 110	23
3,783	0	0	110	
<u>\$ 253,312</u>	<u>\$ 0</u>	<u>\$ 245</u>	<u>\$ 9,787</u>	
\$ 97,969	\$ —	\$ 2,287	\$ 16,477	30
24,535	—	1,417	—	31
4,002	—	215	—	32
1,632	—	—	734	33
25,225	—	—	10,262	34
5,599	—	—	486	35
3,519	—	—	—	—
<u>162,481</u>	<u>0</u>	<u>3,919</u>	<u>27,959</u>	
\$ 48,805	\$ —	\$ —	\$ 12	223
48,805	0	0	12	
\$ 1,179	\$ 71	\$ —	\$ 110	224
1,179	71	0	110	
<u>\$ 212,465</u>	<u>\$ 71</u>	<u>\$ 3,919</u>	<u>\$ 28,081</u>	

Continues

State of Utah

**Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund**

Continued

For the Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding			Final Budget
		State Funds	Federal Funds	Restricted and Other Funds	
STATE COURTS					
25	Judicial Council	\$ 98,170	\$ 625	\$ 2,596	\$ 101,391
26	Grand Jury	1	—	—	1
27	Contracts and Leases	21,311	—	405	21,716
28	Jury and Witness Fees	1,167	—	11	1,178
29	Guardian Ad Litem	5,842	—	100	5,942
	Total State Courts	<u>\$ 126,491</u>	<u>\$ 625</u>	<u>\$ 3,112</u>	<u>\$ 130,228</u>
HEALTH and ENVIRONMENTAL QUALITY					
101	Department of Health	\$ 6,530	\$ 17,416	\$ 3,367	\$ 27,313
102	Health System Improvements	7,314	3,955	5,530	16,799
104	Epidemiology and Laboratory Services	6,087	8,874	8,181	23,142
105	Community and Family Health Services	24,265	63,138	24,177	111,580
106	Health Care Financing	6,000	63,270	45,943	115,213
107	Medical Assistance	197,860	687,701	20,497	906,058
—	Medicaid Optional Services	91,858	560,541	173,146	825,545
109	Local Health Department	2,497	—	—	2,497
108	Children's Health Insurance Program	15,526	54,645	2,063	72,234
103	Workforce Assistance	1,076	107	—	1,183
—	Commodities	—	19,467	—	19,467
225	Environmental Quality	25,634	16,851	9,566	52,051
	Total Health and Environmental Quality	<u>\$ 384,647</u>	<u>\$ 1,495,965</u>	<u>\$ 292,470</u>	<u>\$ 2,173,082</u>
HIGHER EDUCATION					
168	Board of Regents	\$ 3,957	\$ —	\$ 4,180	\$ 8,137
171	REG - Campus Compact	100	—	—	100
170	REG - Federal Programs	—	648	—	648
169	REG - Engineering Initiative	250	—	—	250
172	REG - Student Aid	12,096	511	—	12,607
173	REG - WICHE	1,022	—	—	1,022
174	REG - T. H. Bell Scholarship Program	1,823	—	—	1,823
176	REG - Jobs Now Initiative	1,000	—	—	1,000
175	REG - Technology Initiative	6,425	—	—	6,425
177	REG - Electronic College	556	—	—	556
178	REG - Academic Library Consortium	3,184	—	—	3,184
119	U of U - Education and General	206,770	9,591	130,761	347,122
120	U of U - Educationally Disadvantaged	781	—	—	781
121	U of U - School of Medicine	23,748	—	12,503	36,251
122	U of U - University Hospital	5,225	—	—	5,225
123	U of U - Regional Dental Education	606	—	215	821
127	U of U - Tele Health Network	523	—	—	523
124	U of U - Public Service	1,908	—	—	1,908
125	U of U - Statewide TV Administration	2,749	—	—	2,749

<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>	<u>Line Item #</u>
\$ 98,579	\$ —	\$ 1,483	\$ 1,329	25
1	—	—	—	26
21,400	—	—	316	27
1,982	—	—	(804)	28
5,694	—	—	248	29
<u>\$ 127,656</u>	<u>\$ 0</u>	<u>\$ 1,483</u>	<u>\$ 1,089</u>	
\$ 27,171	\$ 104	\$ 38	\$ —	101
15,727	—	277	795	102
23,056	—	70	16	104
111,099	1	480	—	105
114,720	—	—	493	106
898,735	—	577	6,746	107
824,560	—	—	985	—
2,497	—	—	—	109
70,299	—	—	1,935	108
560	—	—	623	103
19,467	—	—	—	—
49,313	—	1,416	1,322	225
<u>\$ 2,157,204</u>	<u>\$ 105</u>	<u>\$ 2,858</u>	<u>\$ 12,915</u>	
\$ 8,073	\$ —	\$ 64	\$ —	168
100	—	—	—	171
648	—	—	—	170
250	—	—	—	169
12,607	—	—	—	172
1,022	—	—	—	173
1,823	—	—	—	174
1,000	—	—	—	176
6,425	—	—	—	175
556	—	—	—	177
3,184	—	—	—	178
346,459	—	663	—	119
781	—	—	—	120
36,251	—	—	—	121
5,225	—	—	—	122
821	—	—	—	123
523	—	—	—	127
1,908	—	—	—	124
2,749	—	—	—	125

Continues

State of Utah

**Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund**

Continued

For the Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding			Final Budget
		State Funds	Federal Funds	Restricted and Other Funds	
HIGHER EDUCATION (Continued)					
128	U of U – Center on Aging	181	—	—	181
126	U of U – Poison Control Center	—	—	2,431	2,431
129	USU – Education and General	103,839	5,889	54,307	164,035
130	USU – Educationally Disadvantaged	258	—	—	258
135	USU – Water Research Laboratory	5,930	—	—	5,930
136	USU – Agricultural Experiment Station	13,653	4,183	—	17,836
137	USU – Cooperative Extension Service	13,650	1,842	—	15,492
131	USU – Uintah Basin CEC	4,506	—	1,845	6,351
132	USU – Southeastern Utah CEC	742	—	625	1,367
133	USU – Brigham City CEC	2,980	—	8,651	11,631
134	USU – Tooele CEC	2,723	—	6,624	9,347
138	Weber – Education and General	63,778	2,621	45,314	111,713
139	Weber – Educationally Disadvantaged	388	—	—	388
140	SUU – Education and General	30,252	1,244	22,094	53,590
141	SUU – Educationally Disadvantaged	104	—	—	104
142	SUU – Shakespeare Festival	25	—	—	25
143	SUU – Rural Development	111	—	—	111
144	Snow College – Education and General	18,456	823	6,046	25,325
145	Snow College – Educationally Disadvantaged	32	—	—	32
146	Snow College Applied Technology	1,264	—	—	1,264
147	Dixie – Education and General	21,005	865	12,177	34,047
148	Dixie – Educationally Disadvantaged	31	—	—	31
149	Dixie – Zion Park Amphitheatre	61	—	23	84
150	CEU – Education and General	13,469	668	2,098	16,235
151	CEU – Educationally Disadvantaged	120	—	—	120
152	CEU – Prehistoric Museum	296	—	—	296
153	CEU – San Juan Center	2,501	—	693	3,194
—	CEU – Western Energy Training Center	600	—	37	637
154	UVU – Education and General	60,681	2,483	63,802	126,966
155	UVU – Educationally Disadvantaged	158	—	—	158
156	SLCC – Education and General	57,737	2,554	43,062	103,353
157	SLCC – Educationally Disadvantaged	178	—	—	178
158	SLCC – Skill Center	4,707	—	1,258	5,965
159	Utah College of Applied Technology	6,036	199	—	6,235
160	UCAT Bridgerland	9,146	368	1,088	10,602
161	UCAT Davis	9,291	386	1,576	11,253
164	UCAT Ogden/Weber	10,328	416	1,671	12,415
167	UCAT Uintah Basin	4,699	203	356	5,258
165	UCAT Salt Lake/Tooele	3,167	124	362	3,653
163	UCAT Mountainlands	4,756	189	570	5,515
166	UCAT Southwest	2,399	93	152	2,644
162	UCAT Dixie	2,187	84	161	2,432
179	Utah Education Network	20,674	—	—	20,674
180	Medical Education Council	1,335	—	3,158	4,493
	Total Higher Education	<u>\$ 771,157</u>	<u>\$ 35,984</u>	<u>\$ 427,840</u>	<u>\$ 1,234,981</u>

<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>	<u>Line Item #</u>
181	—	—	—	128
2,431	—	—	—	126
164,035	—	—	—	129
258	—	—	—	130
5,905	—	25	—	135
17,836	—	—	—	136
15,492	—	—	—	137
6,351	—	—	—	131
1,367	—	—	—	132
11,631	—	—	—	133
9,347	—	—	—	134
111,713	—	—	—	138
388	—	—	—	139
53,590	—	—	—	140
104	—	—	—	141
25	—	—	—	142
111	—	—	—	143
25,325	—	—	—	144
32	—	—	—	145
1,264	—	—	—	146
34,047	—	—	—	147
31	—	—	—	148
84	—	—	—	149
16,235	—	—	—	150
120	—	—	—	151
296	—	—	—	152
3,194	—	—	—	153
637	—	—	—	—
126,966	—	—	—	154
158	—	—	—	155
103,353	—	—	—	156
178	—	—	—	157
5,965	—	—	—	158
6,235	—	—	—	159
10,602	—	—	—	160
11,253	—	—	—	161
12,415	—	—	—	164
5,258	—	—	—	167
3,653	—	—	—	165
5,515	—	—	—	163
2,644	—	—	—	166
2,432	—	—	—	162
20,674	—	—	—	179
3,863	—	—	630	180
<u>\$ 1,233,599</u>	<u>\$ 0</u>	<u>\$ 752</u>	<u>\$ 630</u>	

Continues

State of Utah

**Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund**

Continued

For the Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding			Final Budget
		State Funds	Federal Funds	Restricted and Other Funds	
WORKFORCE SERVICES					
—	Food Stamps – EBT Issuances	\$ —	\$ 215,107	\$ —	\$ 215,107
61	Department of Workforce Services	73,656	211,256	34,106	319,018
	Total Workforce Services	<u>\$ 73,656</u>	<u>\$ 426,363</u>	<u>\$ 34,106</u>	<u>\$ 534,125</u>
NATURAL RESOURCES					
181	Department of Natural Resources	\$ 3,223	\$ —	\$ —	\$ 3,223
183	Rent, Utilities, and Fixtures	1,631	—	—	1,631
186	Forestry, Fire, and State Lands	12,873	6,731	5,115	24,719
187	Oil, Gas, and Mining	5,651	4,252	169	10,072
188	Wildlife Resources	39,153	12,265	390	51,808
182	Species Protection	3,199	—	2,450	5,649
184	Range Creek	118	—	—	118
185	Watershed Development	2,279	—	500	2,779
191	Contributed Research	—	—	1,150	1,150
192	Cooperative Environmental Studies	—	6,296	10,736	17,032
194	Parks and Recreation	31,206	1,304	635	33,145
195	Parks and Recreation – Capital Development	11,183	2,959	739	14,881
196	Utah Geological Survey	9,157	1,275	1,066	11,498
197	Water Resources	6,076	—	150	6,226
193	Wildlife Resources – Capital Development	2,122	1,168	—	3,290
200	Water Rights	7,998	34	1,056	9,088
201	Public Lands Policy Office	3,425	—	—	3,425
	Total Natural Resources	<u>\$ 139,294</u>	<u>\$ 36,284</u>	<u>\$ 24,156</u>	<u>\$ 199,734</u>
COMMUNITY AND CULTURE					
Department of Community and Culture					
80	Community and Culture	\$ 6,381	\$ —	\$ —	\$ 6,381
86	Indian Affairs	616	—	85	701
82	State History	2,778	784	90	3,652
81	Historical Society	182	—	78	260
83	Fine Arts	4,656	998	905	6,559
84	Museum Services	1,637	—	—	1,637
85	State Library	5,054	1,755	2,099	8,908
87	Community Development	24,341	49,738	1,233	75,312
88	Community Development Capital	42,622	—	—	42,622
89	Zoos	1,247	—	—	1,247
—	Housing Loans	398	—	—	398
	Total Department of Community and Culture	<u>89,912</u>	<u>53,275</u>	<u>4,490</u>	<u>147,677</u>
Utah Sports Authority					
94	Utah Sports Authority	\$ 164	\$ —	\$ 46	\$ 210
	Total Utah Sports Authority	164	0	46	210
	Total Community and Culture	<u>\$ 90,076</u>	<u>\$ 53,275</u>	<u>\$ 4,536</u>	<u>\$ 147,887</u>

<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>	<u>Line Item #</u>
\$ 215,107	\$ —	\$ —	\$ —	—
316,415	—	6	2,597	61
<u>\$ 531,522</u>	<u>\$ 0</u>	<u>\$ 6</u>	<u>\$ 2,597</u>	
\$ 3,000	\$ —	\$ —	\$ 223	181
1,631	—	—	—	183
21,398	—	100	3,221	186
8,878	—	—	1,194	187
49,450	—	2,058	300	188
4,611	—	238	800	182
118	—	—	—	184
2,220	—	—	559	185
1,150	—	—	—	191
17,032	—	—	—	192
32,034	—	628	483	194
8,011	—	—	6,870	195
9,826	—	137	1,535	196
5,995	—	231	—	197
1,614	—	976	700	193
8,799	—	—	289	200
2,013	—	416	996	201
<u>\$ 177,780</u>	<u>\$ 0</u>	<u>\$ 4,784</u>	<u>\$ 17,170</u>	
\$ 4,227	\$ 105	\$ —	\$ 2,049	80
520	—	—	181	86
3,652	—	—	—	82
49	—	—	211	81
5,223	5	—	1,331	83
1,637	—	—	—	84
8,908	—	—	—	85
75,215	36	61	—	87
42,622	—	—	—	88
1,247	—	—	—	89
398	—	—	—	—
<u>143,698</u>	<u>146</u>	<u>61</u>	<u>3,772</u>	
\$ 201	\$ —	\$ —	\$ 9	94
201	0	0	9	
<u>\$ 143,899</u>	<u>\$ 146</u>	<u>\$ 61</u>	<u>\$ 3,781</u>	

Continues

State of Utah

**Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund**

Continued

For the Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding			Final Budget
		State Funds	Federal Funds	Restricted and Other Funds	
BUSINESS, LABOR, and AGRICULTURE					
203	Department of Agriculture and Food	\$ 14,336	\$ 7,332	\$ 4,202	\$ 25,870
204	AGR – Building Operations	305	—	—	305
205	AGR – Utah State Fair	766	—	—	766
206	AGR – Predatory Animal Control	1,528	—	500	2,028
207	AGR – Resource Conservation	1,614	—	—	1,614
64	Labor Commission	9,872	2,325	45	12,242
65	Department of Commerce	24,951	263	703	25,917
66	COM/Public Utilities – Professional Services	1,042	—	—	1,042
67	COM/Consumer Services – Professional Services ...	1,702	—	—	1,702
68	Financial Institutions	6,592	—	—	6,592
69	Insurance Department	7,792	—	2,719	10,511
70	Comprehensive Health Insurance Pool	9,300	—	—	9,300
71	Bail Bond Program	23	—	—	23
72	Title Insurance Program	18	—	60	78
73	Public Service Commission	1,901	—	333	2,234
74	PSC – Research and Analysis	—	—	65	65
75	PSC – Speech and Hearing Impaired	2,462	—	1,261	3,723
	Total Business, Labor, and Agriculture	<u>\$ 84,204</u>	<u>\$ 9,920</u>	<u>\$ 9,888</u>	<u>\$ 104,012</u>
TOTAL GENERAL FUND					
	Total Expenditures	<u>\$ 2,748,561</u>	<u>\$ 2,268,669</u>	<u>\$ 1,089,222</u>	<u>\$ 6,106,452</u>

<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>	<u>Line Item #</u>
\$ 23,967	\$ —	\$ 224	\$ 1,679	203
305	—	—	—	204
766	—	—	—	205
1,472	—	406	150	206
1,564	—	2	48	207
12,155	6	81	—	64
23,181	—	405	2,331	65
394	—	—	648	66
346	—	—	1,356	67
6,148	—	444	—	68
9,077	35	—	1,399	69
9,300	—	—	—	70
21	—	2	—	71
65	—	—	13	72
2,233	—	—	1	73
65	—	—	—	74
2,088	—	—	1,635	75
<u>\$ 93,147</u>	<u>\$ 41</u>	<u>\$ 1,564</u>	<u>\$ 9,260</u>	
<u>\$ 5,938,846</u>	<u>\$ 4,834</u>	<u>\$ 25,697</u>	<u>\$ 137,075</u>	

State of Utah

**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, 2009

(Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding			Final Budget
		State Funds	Federal Funds	Restricted and Other Funds	
UNIFORM SCHOOL FUND					
Office of Education					
212	State Office of Education	\$ 53,710	\$ 236,619	\$ 9,314	\$ 299,643
62	State Office of Rehabilitation	21,458	44,876	1,135	67,469
—	Minimum School Program	2,336,622	185,582	358	2,522,562
216	Child Nutrition	162	110,266	26,769	137,197
217	Fine Arts Outreach	3,066	—	—	3,066
218	Educational Contracts	3,701	—	—	3,701
213	Charter School Board	718	4,804	—	5,522
219	Science Outreach	2,008	—	—	2,008
214	Educator Licensing	1,466	—	—	1,466
—	Commodities	—	15,078	—	15,078
222	Indirect Cost Pool	—	—	4,632	4,632
—	Teacher Salary Supplement	4,300	—	—	4,300
	Total Office of Education	<u>2,427,211</u>	<u>597,225</u>	<u>42,208</u>	<u>3,066,644</u>
Schools for the Deaf and the Blind					
220	Schools for the Deaf and the Blind	\$ 24,235	\$ 30	\$ 4,468	\$ 28,733
221	Institutional Council	—	—	606	606
	Total Schools for the Deaf and the Blind	<u>24,235</u>	<u>30</u>	<u>5,074</u>	<u>29,339</u>
	Total Uniform School Fund	<u>\$ 2,451,446</u>	<u>\$ 597,255</u>	<u>\$ 47,282</u>	<u>\$ 3,095,983</u>
TRANSPORTATION FUND					
228	Support Services	\$ 30,278	\$ 2,010	\$ —	\$ 32,288
229	Engineering Services	20,035	18,121	1,383	39,539
230	Maintenance Management	127,339	8,589	2,130	138,058
231	Construction Management	250,901	289,643	130,626	671,170
232	Region Management	21,656	3,470	1,387	26,513
233	Equipment Management	6,267	—	29,331	35,598
234	Aeronautics	8,072	342	34,594	43,008
235	B and C Roads	118,372	—	—	118,372
236	Safe Sidewalk Construction	824	—	—	824
237	Mineral Lease	68,406	—	—	68,406
—	Corridor Preservation	29,896	—	—	29,896
239	Critical Highway Needs	179,187	—	—	179,187
—	Tollway	337	—	—	337
—	Counties of the 1st Class	27,000	—	—	27,000
—	Nonappropriated	—	—	(1,112)	(1,112)
	Total Transportation Fund	<u>\$ 888,570</u>	<u>\$ 322,175</u>	<u>\$ 198,339</u>	<u>\$ 1,409,084</u>
TRANSPORTATION INVESTMENT FUND					
238	Centennial Highway Program	<u>\$ 291,597</u>	<u>\$ 1,200</u>	<u>\$ 701</u>	<u>\$ 293,498</u>
DEBT SERVICE FUNDS					
—	General Government	\$ 223,913	\$ —	\$ 5,410	\$ 229,323
—	State Building Ownership Authority	5,992	—	20,953	26,945
	Total Debt Service Funds	<u>\$ 229,905</u>	<u>\$ 0</u>	<u>\$ 26,363</u>	<u>\$ 256,268</u>

<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>	<u>Line Item #</u>
\$ 285,336	\$ —	\$ 29	\$ 14,278	212
67,470	(1)	—	—	62
2,490,299	—	358	31,905	—
137,197	—	—	—	216
3,066	—	—	—	217
3,701	—	—	—	218
5,522	—	—	—	213
1,998	—	—	10	219
1,116	—	350	—	214
15,078	—	—	—	—
4,896	—	(264)	—	222
3,543	—	757	—	—
<u>3,019,222</u>	<u>(1)</u>	<u>1,230</u>	<u>46,193</u>	
\$ 28,733	\$ —	\$ —	\$ —	220
606	—	—	—	221
<u>29,339</u>	<u>0</u>	<u>0</u>	<u>0</u>	
<u>\$ 3,048,561</u>	<u>\$ (1)</u>	<u>\$ 1,230</u>	<u>\$ 46,193</u>	
\$ 30,581	\$ 1,107	\$ —	\$ 600	228
38,766	573	—	200	229
135,949	109	—	2,000	230
671,170	—	—	—	231
25,911	402	—	200	232
34,882	516	—	200	233
42,097	—	911	—	234
118,372	—	—	—	235
745	—	—	79	236
68,406	—	—	—	237
29,896	—	—	—	—
179,187	—	—	—	239
337	—	—	—	—
27,000	—	—	—	—
(2)	—	(1,110)	—	—
<u>\$ 1,403,297</u>	<u>\$ 2,707</u>	<u>\$ (199)</u>	<u>\$ 3,279</u>	
<u>\$ 293,498</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	238
\$ 224,113	\$ —	\$ —	\$ 5,210	—
21,175	—	—	5,770	—
<u>\$ 245,288</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,980</u>	

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Nonmajor Enterprise Funds

Community Impact Loan Fund

This fund provides loans to local governments to alleviate the social, economic, and public financial impacts resulting from the development of the State's natural resources. Working capital for this fund is provided from federal mineral lease funds transferred from the General Fund.

Housing Loan Programs

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

Energy Efficiency Fund

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

Petroleum Storage Tank Loan Fund

This fund was created to provide revolving loan capital to support small businesses, increase the availability of gasoline in rural areas, and reduce the threat of a petroleum release. Funds are provided from appropriations and interest earnings on loans and invested funds.

Transportation Infrastructure Loan Fund

This fund was created as a revolving loan fund to provide infrastructure assistance to local governments to expedite construction projects. The fund was capitalized with federal grants and state matching appropriations.

Alcoholic Beverage Control

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

Utah Correctional Industries (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 fees from milk producers.

State of Utah

**Combining Statement Of Net Assets
Nonmajor Enterprise Funds**

June 30, 2009

(Expressed in Thousands)

	Community Impact Loan Fund	Housing Loan Programs	Agriculture Loan Fund	Energy Efficiency Fund
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 196,291	\$ 8,350	\$ 15,428	\$ 5,868
Receivables:				
Accounts, net	—	831	—	—
Accrued Interest	3,031	926	584	1
Notes/Loans/Mortgages, net	15,946	6,290	10,733	88
Due From Other Funds	—	—	—	—
Prepaid Items	—	—	—	—
Inventories	—	—	—	—
Total Current Assets	<u>215,268</u>	<u>16,397</u>	<u>26,745</u>	<u>5,957</u>
Noncurrent Assets:				
Investments	—	766	—	—
Notes/Loans/Mortgages Receivables, net	288,174	72,150	22,992	9
Accrued Interest Receivable	281	635	—	—
Capital Assets:				
Land	—	—	—	—
Infrastructure	—	—	—	—
Buildings and Improvements	—	—	—	—
Machinery and Equipment	—	—	20	—
Construction in Progress	—	—	—	—
Less Accumulated Depreciation	—	—	(20)	—
Total Capital Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Noncurrent Assets	<u>288,455</u>	<u>73,551</u>	<u>22,992</u>	<u>9</u>
Total Assets	<u>503,723</u>	<u>89,948</u>	<u>49,737</u>	<u>5,966</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	—	1,164	702	—
Deposits	—	97	—	—
Due To Other Funds	—	113	10	—
Due To Component Units	—	—	—	—
Unearned Revenue	—	—	—	—
Revenue Bonds Payable	—	—	—	—
Total Current Liabilities	<u>0</u>	<u>1,374</u>	<u>712</u>	<u>0</u>
Noncurrent Liabilities:				
Revenue Bonds Payable	—	—	—	—
Total Noncurrent Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>0</u>	<u>1,374</u>	<u>712</u>	<u>0</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	—	—	—	—
Restricted for:				
Loan Programs	—	52,121	3,957	—
Unrestricted	503,723	36,453	45,068	5,966
Total Net Assets	<u>\$ 503,723</u>	<u>\$ 88,574</u>	<u>\$ 49,025</u>	<u>\$ 5,966</u>

Petroleum Storage Tank Loan Fund	Transportation Infrastructure Loan Fund	Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Total Nonmajor Enterprise Funds
\$ 6,001	\$ —	\$ 124	\$ —	\$ 8,475	\$ 768	\$ 241,305
—	—	2,966	1,481	6,467	227	11,972
—	—	—	—	—	—	4,542
27	706	—	—	—	—	33,790
—	—	27,490	329	31	—	27,850
—	—	—	—	—	3	3
—	—	28,420	1,874	—	13	30,307
<u>6,028</u>	<u>706</u>	<u>59,000</u>	<u>3,684</u>	<u>14,973</u>	<u>1,011</u>	<u>349,769</u>
—	—	—	—	—	154	920
43	3,021	—	—	—	—	386,389
—	—	—	—	—	—	916
—	—	17,635	—	263	32	17,930
—	—	—	304	—	—	304
—	—	45,931	3,542	233	126	49,832
—	—	9,224	3,309	1,105	105	13,763
—	—	1,458	662	—	—	2,120
—	—	(18,439)	(3,318)	(1,048)	(198)	(23,023)
<u>0</u>	<u>0</u>	<u>55,809</u>	<u>4,499</u>	<u>553</u>	<u>65</u>	<u>60,926</u>
<u>43</u>	<u>3,021</u>	<u>55,809</u>	<u>4,499</u>	<u>553</u>	<u>219</u>	<u>449,151</u>
<u>6,071</u>	<u>3,727</u>	<u>114,809</u>	<u>8,183</u>	<u>15,526</u>	<u>1,230</u>	<u>798,920</u>
—	—	8,991	816	5,137	31	16,841
—	—	—	—	—	—	97
—	—	20,239	881	2,962	—	24,205
—	—	—	—	3	—	3
—	—	—	—	3,596	—	3,596
—	—	2,239	121	—	—	2,360
<u>0</u>	<u>0</u>	<u>31,469</u>	<u>1,818</u>	<u>11,698</u>	<u>31</u>	<u>47,102</u>
—	—	70,265	2,238	—	—	72,503
<u>0</u>	<u>0</u>	<u>70,265</u>	<u>2,238</u>	<u>0</u>	<u>0</u>	<u>72,503</u>
<u>0</u>	<u>0</u>	<u>101,734</u>	<u>4,056</u>	<u>11,698</u>	<u>31</u>	<u>119,605</u>
—	—	8,904	2,204	553	65	11,726
—	3,727	—	—	—	—	59,805
<u>6,071</u>	<u>—</u>	<u>4,171</u>	<u>1,923</u>	<u>3,275</u>	<u>1,134</u>	<u>607,784</u>
<u>\$ 6,071</u>	<u>\$ 3,727</u>	<u>\$ 13,075</u>	<u>\$ 4,127</u>	<u>\$ 3,828</u>	<u>\$ 1,199</u>	<u>\$ 679,315</u>

State of Utah

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

For the Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

	Community Impact Loan Fund	Housing Loan Programs	Agriculture Loan Fund	Energy Efficiency Fund
OPERATING REVENUES				
Sales and Charges for Services/Premiums	\$ —	\$ —	\$ —	\$ —
Fees and Assessments	—	—	—	—
Interest on Notes/Mortgages	4,761	1,572	1,008	—
Miscellaneous	359	115	3	—
Total Operating Revenues	<u>5,120</u>	<u>1,687</u>	<u>1,011</u>	<u>0</u>
OPERATING EXPENSES				
Administration	—	340	294	—
Purchases, Materials, and Services for Resale	—	—	—	—
Grants	—	1,494	—	10
Rentals and Leases	—	—	5	—
Maintenance	—	—	—	—
Depreciation	—	—	—	—
Miscellaneous Other:				
Data Processing	—	—	7	—
Supplies	—	—	4	—
Utilities	—	—	3	—
Advertising and Other	60	130	—	—
Total Operating Expenses	<u>60</u>	<u>1,964</u>	<u>313</u>	<u>10</u>
Operating Income (Loss)	<u>5,060</u>	<u>(277)</u>	<u>698</u>	<u>(10)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Income	4,258	214	225	185
Federal Grants	—	3,967	—	—
Tax Revenues	—	—	525	—
Interest Expense	—	—	—	—
Total Nonoperating Revenues (Expenses)	<u>4,258</u>	<u>4,181</u>	<u>750</u>	<u>185</u>
Income (Loss) before Transfers	9,318	3,904	1,448	175
Transfers In	50,416	3,136	8,500	—
Transfers Out	(1,194)	—	(659)	(1,988)
Change in Net Assets	58,540	7,040	9,289	(1,813)
Net Assets – Beginning	445,183	81,534	39,736	11,429
Adjustment to Beginning Net Assets	—	—	—	(3,650)
Net Assets – Beginning as Adjusted	<u>445,183</u>	<u>81,534</u>	<u>39,736</u>	<u>7,779</u>
Net Assets – Ending	<u>\$ 503,723</u>	<u>\$ 88,574</u>	<u>\$ 49,025</u>	<u>\$ 5,966</u>

Petroleum Storage Tank Loan Fund	Transportation Infrastructure Loan Fund	Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Total Nonmajor Enterprise Funds
\$ —	\$ —	\$ 226,337	\$ 21,293	\$ 25,742	\$ 51	\$ 273,423
2	—	1,880	—	24	2,253	4,159
3	15	—	—	—	—	7,359
—	—	257	—	—	74	808
<u>5</u>	<u>15</u>	<u>228,474</u>	<u>21,293</u>	<u>25,766</u>	<u>2,378</u>	<u>285,749</u>
2	—	18,355	7,550	7,007	484	34,032
—	—	138,754	13,785	—	104	152,643
—	—	—	—	—	—	1,504
—	—	923	390	789	—	2,107
—	—	2,173	318	100	—	2,591
—	—	1,540	163	30	7	1,740
—	—	1,673	356	242	—	2,278
—	—	353	581	164	—	1,102
—	—	372	122	99	—	596
—	—	2,390	376	1,312	1,531	5,799
<u>2</u>	<u>0</u>	<u>166,533</u>	<u>23,641</u>	<u>9,743</u>	<u>2,126</u>	<u>204,392</u>
<u>3</u>	<u>15</u>	<u>61,941</u>	<u>(2,348)</u>	<u>16,023</u>	<u>252</u>	<u>81,357</u>
148	42	45	25	21	(9)	5,154
—	—	—	—	—	—	3,967
—	—	—	—	—	—	525
—	—	(2,311)	(125)	—	—	(2,436)
<u>148</u>	<u>42</u>	<u>(2,266)</u>	<u>(100)</u>	<u>21</u>	<u>(9)</u>	<u>7,210</u>
151	57	59,675	(2,448)	16,044	243	88,567
—	1,000	2,087	—	—	—	65,139
(147)	—	(61,215)	—	(14,560)	—	(79,763)
4	1,057	547	(2,448)	1,484	243	73,943
6,067	—	12,528	6,575	2,344	956	606,352
—	2,670	—	—	—	—	(980)
<u>6,067</u>	<u>2,670</u>	<u>12,528</u>	<u>6,575</u>	<u>2,344</u>	<u>956</u>	<u>605,372</u>
<u>\$ 6,071</u>	<u>\$ 3,727</u>	<u>\$ 13,075</u>	<u>\$ 4,127</u>	<u>\$ 3,828</u>	<u>\$ 1,199</u>	<u>\$ 679,315</u>

State of Utah

**Combining Statement Of Cash Flows
Nonmajor Enterprise Funds**

For the Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

	Community Impact Loan Fund	Housing Loan Programs	Agriculture Loan Fund	Energy Efficiency Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers/Loan Interest/Fees/Premiums ...	\$ 4,644	\$ 1,489	\$ 1,008	\$ —
Receipts from Loan Maturities	18,906	3,056	4,328	—
Receipts from State Customers	—	—	3	—
Payments to Suppliers/Claims/Grants	—	(2,954)	589	(10)
Disbursements for Loans Receivable	(49,893)	(7,509)	(9,389)	(81)
Payments for Employee Services and Benefits	—	—	(295)	—
Payments to State Suppliers	(95)	(511)	(140)	—
Payments of Sales, School Lunch, and Premium Taxes	—	—	—	—
Net Cash Provided (Used) by				
Operating Activities	<u>(26,438)</u>	<u>(6,429)</u>	<u>(3,896)</u>	<u>(91)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	—	—	—	—
Repayments Under Interfund Loans	—	—	—	—
Federal Grants and Other Revenues	—	4,398	—	—
Restricted Sales Tax	—	—	525	—
Transfers In from Other Funds	50,416	3,136	8,500	—
Transfers Out to Other Funds	(1,194)	—	(659)	(1,988)
Net Cash Provided (Used) by				
Noncapital Financing Activities	<u>49,222</u>	<u>7,534</u>	<u>8,366</u>	<u>(1,988)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Bond and Note Debt Issuance/Grants	—	—	—	—
Proceeds from Disposition of Capital Assets	—	—	—	—
Principal Paid on Debt and Contract Maturities	—	—	—	—
Acquisition and Construction of Capital Assets	—	—	—	—
Interest Paid on Bonds, Notes, and Capital Leases	—	—	—	—
Transfers In from Other Funds	—	—	—	—
Transfers Out to Other Funds	—	—	—	—
Net Cash Provided (Used) by				
Capital and Related Financing Activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the Sale and Maturity of Investments	—	—	—	—
Receipts of Interest and Dividends from Investments	4,258	214	225	184
Net Cash Provided (Used) by				
Investing Activities	<u>4,258</u>	<u>214</u>	<u>225</u>	<u>184</u>
Net Cash Provided (Used) – All Activities	27,042	1,319	4,695	(1,895)
Cash and Cash Equivalents – Beginning	169,249	7,031	10,733	11,413
Adjustment to Beginning Cash and Cash Equivalents	—	—	—	(3,650)
Cash and Cash Equivalents – Ending	<u>\$ 196,291</u>	<u>\$ 8,350</u>	<u>\$ 15,428</u>	<u>\$ 5,868</u>

Petroleum Storage Tank Loan Fund	Transportation Infrastructure Loan Fund	Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Total Nonmajor Enterprise Funds
\$ 5	\$ 15	\$ 270,374	\$ 11,477	\$ 39,327	\$ 2,280	\$ 330,619
97	694	—	—	—	—	27,081
—	—	—	10,545	—	—	10,548
—	—	(147,558)	(12,156)	(2,911)	(1,648)	(166,648)
(8)	(3,727)	—	—	—	—	(70,607)
—	—	(16,290)	(7,334)	(4,963)	(484)	(29,366)
(2)	—	(4,220)	(2,252)	(13,878)	—	(21,098)
—	—	(40,764)	—	—	—	(40,764)
<u>92</u>	<u>(3,018)</u>	<u>61,542</u>	<u>280</u>	<u>17,575</u>	<u>148</u>	<u>39,765</u>
—	—	19,597	—	—	—	19,597
—	—	(16,651)	—	—	—	(16,651)
—	—	—	—	—	—	4,398
—	—	—	—	—	—	525
—	1,000	—	—	—	—	63,052
(147)	—	(59,675)	—	(14,560)	—	(78,223)
<u>(147)</u>	<u>1,000</u>	<u>(56,729)</u>	<u>0</u>	<u>(14,560)</u>	<u>0</u>	<u>(7,302)</u>
—	—	25,805	1,465	—	—	27,270
—	—	—	73	—	—	73
—	—	(2,358)	(159)	—	—	(2,517)
—	—	(26,602)	(1,644)	(19)	(6)	(28,271)
—	—	(2,247)	(40)	—	—	(2,287)
—	—	2,087	—	—	—	2,087
—	—	(1,540)	—	—	—	(1,540)
<u>0</u>	<u>0</u>	<u>(4,855)</u>	<u>(305)</u>	<u>(19)</u>	<u>(6)</u>	<u>(5,185)</u>
149	—	—	—	—	24	173
—	42	45	25	21	32	5,046
<u>149</u>	<u>42</u>	<u>45</u>	<u>25</u>	<u>21</u>	<u>56</u>	<u>5,219</u>
94	(1,976)	3	0	3,017	198	32,497
5,907	—	121	—	5,458	570	210,482
—	1,976	—	—	—	—	(1,674)
<u>\$ 6,001</u>	<u>\$ 0</u>	<u>\$ 124</u>	<u>\$ 0</u>	<u>\$ 8,475</u>	<u>\$ 768</u>	<u>\$ 241,305</u>

Continues

State of Utah

**Combining Statement Of Cash Flows
Nonmajor Enterprise Funds**

Continued

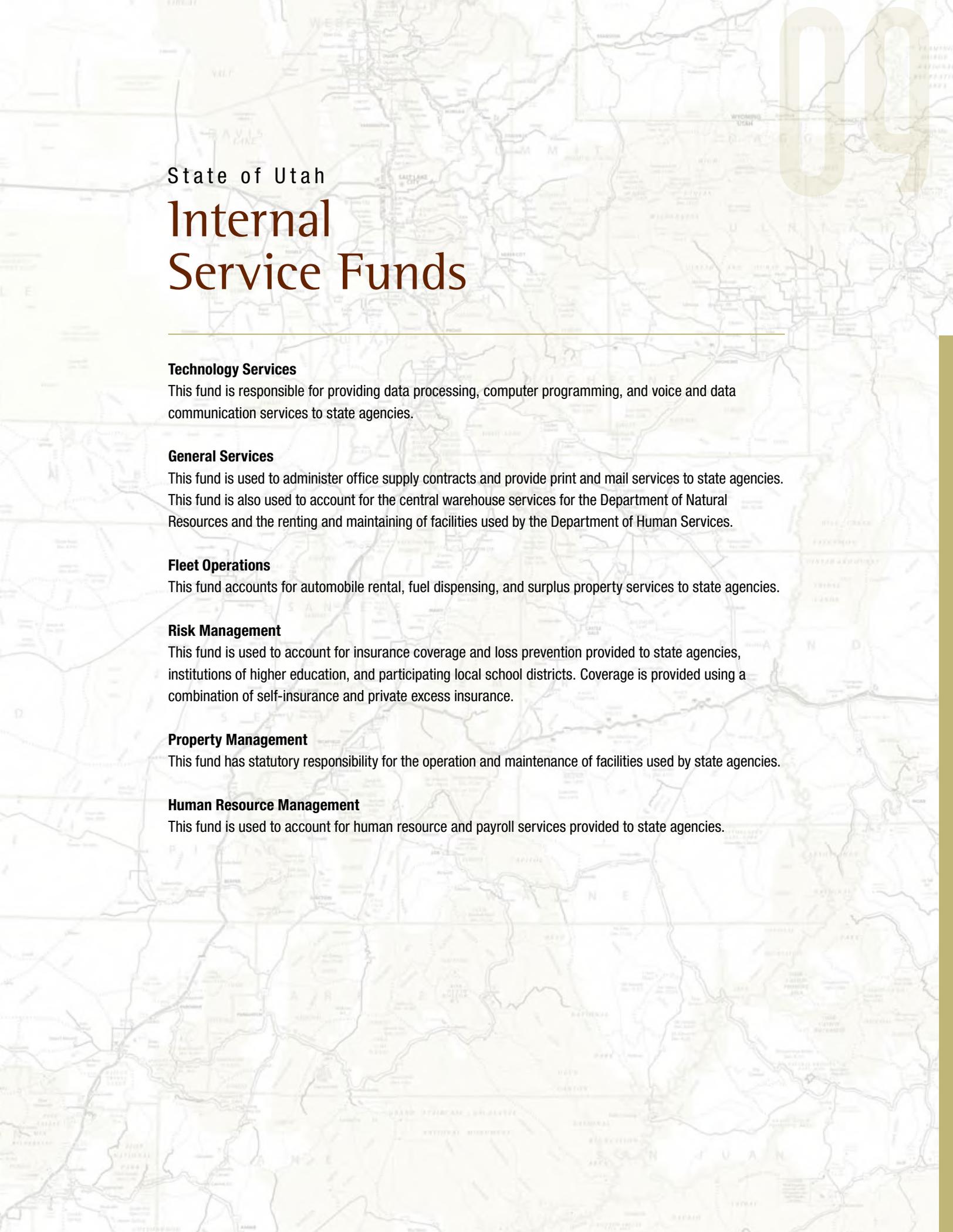
For the Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

	<u>Community Impact Loan Fund</u>	<u>Housing Loan Programs</u>	<u>Agriculture Loan Fund</u>	<u>Energy Efficiency Fund</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 5,060	\$ (277)	\$ 698	\$ (10)
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	—	10	(90)	—
Notes/Accrued Interest Receivables	(31,463)	(5,673)	(5,064)	(81)
Inventories	—	—	—	—
Prepaid Items	—	—	—	—
Accrued Liabilities/Due to Other Funds	(35)	(489)	560	—
Unearned Revenue/Deposits	—	—	—	—
Net Cash Provided (Used) by Operating Activities	<u>\$ (26,438)</u>	<u>\$ (6,429)</u>	<u>\$ (3,896)</u>	<u>\$ (91)</u>
 SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	<u>\$ 798</u>	<u>\$ 25</u>	<u>\$ 44</u>	<u>\$ 11</u>
Total Noncash Investing, Capital, and Financing Activities	<u>\$ 798</u>	<u>\$ 25</u>	<u>\$ 44</u>	<u>\$ 11</u>

<u>Petroleum Storage Tank Loan Fund</u>	<u>Transportation Infrastructure Loan Fund</u>	<u>Alcoholic Beverage Control</u>	<u>Utah Correctional Industries</u>	<u>State Trust Lands Administration</u>	<u>Utah Dairy Commission</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ 3	\$ 15	\$ 61,941	\$ (2,348)	\$ 16,023	\$ 252	\$ 81,357
—	—	1,540	163	30	7	1,740
—	—	1,219	—	—	(41)	1,178
89	—	1,136	729	13,961	(57)	15,778
—	(3,033)	—	—	—	—	(45,314)
—	—	(3,738)	2,030	—	12	(1,696)
—	—	24	—	—	—	24
—	—	(580)	(294)	(12,039)	(25)	(12,902)
—	—	—	—	(400)	—	(400)
<u>\$ 92</u>	<u>\$ (3,018)</u>	<u>\$ 61,542</u>	<u>\$ 280</u>	<u>\$ 17,575</u>	<u>\$ 148</u>	<u>\$ 39,765</u>
<u>\$ 26</u>	<u>\$ 6</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 7</u>	<u>\$ (41)</u>	<u>\$ 876</u>
<u>\$ 26</u>	<u>\$ 6</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7</u>	<u>\$ (41)</u>	<u>\$ 876</u>

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State of Utah

Internal Service Funds

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 print 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.

Human Resource Management

This fund is used to account for human resource and payroll services provided to state agencies.

State of Utah**Combining Statement Of Net Assets
Internal Service Funds**

June 30, 2009

(Expressed in Thousands)

	Technology Services	General Services	Fleet Operations	Risk Management
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ —	\$ 945	\$ 1,817	\$ 53,851
Receivables:				
Accounts, net	386	686	1,593	1,866
Due From Other Funds	18,580	2,239	4,490	439
Due From Component Units	1	24	19	6
Prepaid Items	1,702	8	—	—
Inventories	699	879	3,088	—
Deferred Charges	—	—	—	—
Total Current Assets	<u>21,368</u>	<u>4,781</u>	<u>11,007</u>	<u>56,162</u>
Noncurrent Assets:				
Prepaid Items	—	32	—	250
Deferred Charges	33	—	—	—
Capital Assets:				
Land	17	—	—	—
Infrastructure	303	—	—	—
Buildings and Improvements	4,308	15	1,758	—
Machinery and Equipment	53,716	11,139	109,610	—
Construction in Progress	78	—	—	—
Less Accumulated Depreciation	(45,259)	(7,226)	(54,696)	—
Total Capital Assets	<u>13,163</u>	<u>3,928</u>	<u>56,672</u>	<u>0</u>
Total Noncurrent Assets	<u>13,196</u>	<u>3,960</u>	<u>56,672</u>	<u>250</u>
Total Assets	<u>34,564</u>	<u>8,741</u>	<u>67,679</u>	<u>56,412</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	10,643	1,723	3,831	1,439
Due To Other Funds	548	41	225	1,391
Interfund Loans Payable	8,260	2,121	16,822	—
Unearned Revenue	—	—	90	—
Policy Claims Liabilities	—	—	—	16,711
Contracts/Notes Payable	—	12	—	—
Revenue Bonds Payable	—	—	69	—
Total Current Liabilities	<u>19,451</u>	<u>3,897</u>	<u>21,037</u>	<u>19,541</u>
Noncurrent Liabilities:				
Unearned Revenue	—	—	—	165
Interfund Loans Payable	3,497	1,830	2,403	—
Policy Claims Liabilities	—	—	—	26,939
Contracts/Notes Payable	—	—	—	—
Revenue Bonds Payable	—	—	736	—
Total Noncurrent Liabilities	<u>3,497</u>	<u>1,830</u>	<u>3,139</u>	<u>27,104</u>
Total Liabilities	<u>22,948</u>	<u>5,727</u>	<u>24,176</u>	<u>46,645</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	13,163	3,916	55,976	—
Restricted for:				
Insurance Programs	—	—	—	4,844
Unrestricted (Deficit)	(1,547)	(902)	(12,473)	4,923
Total Net Assets	<u>\$ 11,616</u>	<u>\$ 3,014</u>	<u>\$ 43,503</u>	<u>\$ 9,767</u>

<u>Property Management</u>	<u>Human Resource Management</u>	<u>Total</u>
\$ 4,263	\$ 2,550	\$ 63,426
14	—	4,545
185	305	26,238
—	—	50
—	—	1,710
—	—	4,666
16	—	16
<u>4,478</u>	<u>2,855</u>	<u>100,651</u>
—	—	282
484	—	517
—	—	17
—	—	303
—	—	6,081
638	42	175,145
—	—	78
(562)	(15)	(107,758)
<u>76</u>	<u>27</u>	<u>73,866</u>
<u>560</u>	<u>27</u>	<u>74,665</u>
<u>5,038</u>	<u>2,882</u>	<u>175,316</u>
1,704	490	19,830
38	18	2,261
—	—	27,203
6	—	96
—	—	16,711
16	—	28
—	—	69
<u>1,764</u>	<u>508</u>	<u>66,198</u>
—	—	165
—	—	7,730
—	—	26,939
484	—	484
—	—	736
<u>484</u>	<u>0</u>	<u>36,054</u>
<u>2,248</u>	<u>508</u>	<u>102,252</u>
76	27	73,158
—	—	4,844
2,714	2,347	(4,938)
<u>\$ 2,790</u>	<u>\$ 2,374</u>	<u>\$ 73,064</u>

State of Utah

**Combining Statement of Revenues, Expenses, And
Changes In Fund Net Assets
Internal Service Funds**

For the Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

	Technology Services	General Services	Fleet Operations	Risk Management
OPERATING REVENUES				
Charges for Services/Premiums	\$ 142,036	\$ 18,647	\$ 61,286	\$ 32,605
Miscellaneous	—	44	—	—
Total Operating Revenues	<u>142,036</u>	<u>18,691</u>	<u>61,286</u>	<u>32,605</u>
OPERATING EXPENSES				
Administration	81,259	2,970	2,625	2,581
Materials and Services for Resale	14,262	11,699	30,844	19,803
Rentals and Leases	400	890	535	32
Maintenance	653	1,074	14,454	2
Depreciation	4,523	1,705	10,114	—
Benefit Claims	—	—	—	11,980
Miscellaneous Other:				
Data Processing	35,678	90	656	143
Supplies	762	124	148	148
Utilities	490	27	211	17
Advertising and Other	1,691	189	1,244	734
Total Operating Expenses	<u>139,718</u>	<u>18,768</u>	<u>60,831</u>	<u>35,440</u>
Operating Income (Loss)	<u>2,318</u>	<u>(77)</u>	<u>455</u>	<u>(2,835)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	—	—	—	1,492
Gain (Loss) on Sale of Capital Assets	14	(12)	(180)	—
Interest Expense	—	—	(38)	—
Refunds Paid to Federal Government	(203)	(19)	(91)	(730)
Other Revenues (Expenses)	—	(244)	—	—
Total Nonoperating Revenues (Expenses)	<u>(189)</u>	<u>(275)</u>	<u>(309)</u>	<u>762</u>
Income (Loss) before Transfers	2,129	(352)	146	(2,073)
Transfers In	—	—	324	—
Transfers Out	(129)	—	(2,250)	(6,250)
Change in Net Assets	<u>2,000</u>	<u>(352)</u>	<u>(1,780)</u>	<u>(8,323)</u>
Net Assets – Beginning	9,616	3,366	45,283	18,090
Adjustment to Beginning Net Assets	—	—	—	—
Net Assets – Beginning as Adjusted	<u>9,616</u>	<u>3,366</u>	<u>45,283</u>	<u>18,090</u>
Net Assets – Ending	<u>\$ 11,616</u>	<u>\$ 3,014</u>	<u>\$ 43,503</u>	<u>\$ 9,767</u>

Property Management	Reclassified to Enterprise Transportation Infrastructure Loan Fund	Human Resource Management	Total
\$ 26,556	\$ —	\$ 12,790	\$ 293,920
—	—	—	44
<u>26,556</u>	<u>0</u>	<u>12,790</u>	<u>293,964</u>
8,262	—	10,734	108,431
—	—	—	76,608
475	—	11	2,343
7,675	—	1	23,859
39	—	14	16,395
—	—	—	11,980
389	—	249	37,205
164	—	80	1,426
8,322	—	85	9,152
489	—	122	4,469
<u>25,815</u>	<u>0</u>	<u>11,296</u>	<u>291,868</u>
<u>741</u>	<u>0</u>	<u>1,494</u>	<u>2,096</u>
72	—	—	1,564
—	—	—	(178)
(30)	—	—	(68)
(3)	—	—	(1,046)
13	—	—	(231)
<u>52</u>	<u>0</u>	<u>0</u>	<u>41</u>
793	0	1,494	2,137
—	—	—	324
<u>(1,517)</u>	<u>—</u>	<u>—</u>	<u>(10,146)</u>
<u>(724)</u>	<u>0</u>	<u>1,494</u>	<u>(7,685)</u>
(136)	2,670	880	79,769
<u>3,650</u>	<u>(2,670)</u>	<u>—</u>	<u>980</u>
<u>3,514</u>	<u>0</u>	<u>880</u>	<u>80,749</u>
<u>\$ 2,790</u>	<u>\$ 0</u>	<u>\$ 2,374</u>	<u>\$ 73,064</u>

State of Utah

**Combining Statement Of Cash Flows
Internal Service Funds**

For the Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

	Technology Services	General Services	Fleet Operations	Risk Management
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers/Loan Interest/Fees/Premiums ...	\$ 1,885	\$ 1,133	\$ 25,456	\$ 14,964
Receipts from State Customers	148,217	17,626	40,970	17,602
Payments to Suppliers/Claims/Grants	(64,757)	(9,430)	(16,730)	(32,387)
Payments for Employee Services and Benefits	(79,278)	(2,897)	(2,574)	(2,508)
Payments to State Suppliers and Grants	(323)	(5,395)	(30,838)	—
Net Cash Provided (Used) by Operating Activities	<u>5,744</u>	<u>1,037</u>	<u>16,284</u>	<u>(2,329)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Repayments Under Interfund Loans	(4,460)	—	—	—
Payments of Bonds, Notes, Deposits, and Refunds	(203)	(263)	(91)	(730)
Interest Paid on Bonds, Notes, and Financing Costs	—	—	—	—
Federal Grants and Other Revenues	—	—	—	—
Transfers Out to Other Funds	(129)	—	(2,250)	(6,250)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(4,792)</u>	<u>(263)</u>	<u>(2,341)</u>	<u>(6,980)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	4,265	460	—	—
Repayments Under Interfund Loans	—	—	(4,337)	—
Proceeds from Disposition of Capital Assets	214	50	3,156	—
Principal Paid on Debt and Contract Maturities	—	—	(48)	—
Acquisition and Construction of Capital Assets	(5,567)	(1,666)	(11,736)	—
Interest Paid on Bonds, Notes, and Capital Leases	—	—	(43)	—
Transfers In from Other Funds	—	—	324	—
Transfers Out to Other Funds	—	—	—	—
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,088)</u>	<u>(1,156)</u>	<u>(12,684)</u>	<u>0</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts of Interest and Dividends from Investments	—	—	—	1,492
Net Cash Provided (Used) by Investing Activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,492</u>
Net Cash Provided (Used) – All Activities	(136)	(382)	1,259	(7,817)
Cash and Cash Equivalents – Beginning	136	1,327	558	61,668
Adjustment to Beginning Cash and Cash Equivalents	—	—	—	—
Cash and Cash Equivalents – Ending	<u>\$ 0</u>	<u>\$ 945</u>	<u>\$ 1,817</u>	<u>\$ 53,851</u>

Property Management	Reclassified to Enterprise Transportation Infrastructure Loan Fund	Human Resource Management	Total
\$ 3,349	\$ —	\$ 240	\$ 47,027
24,821	—	12,503	261,739
(17,602)	—	(384)	(141,290)
(8,052)	—	(10,410)	(105,719)
(499)	—	(433)	(37,488)
<u>2,017</u>	<u>0</u>	<u>1,516</u>	<u>24,269</u>
—	—	—	(4,460)
(14)	—	—	(1,301)
(30)	—	—	(30)
13	—	—	13
<u>(1,500)</u>	<u>—</u>	<u>—</u>	<u>(10,129)</u>
<u>(1,531)</u>	<u>0</u>	<u>0</u>	<u>(15,907)</u>
—	—	—	4,725
—	—	—	(4,337)
—	—	1	3,421
—	—	—	(48)
(14)	—	—	(18,983)
—	—	—	(43)
—	—	—	324
<u>(17)</u>	<u>—</u>	<u>—</u>	<u>(17)</u>
<u>(31)</u>	<u>0</u>	<u>1</u>	<u>(14,958)</u>
<u>72</u>	<u>—</u>	<u>—</u>	<u>1,564</u>
<u>72</u>	<u>0</u>	<u>0</u>	<u>1,564</u>
527	0	1,517	(5,032)
86	1,976	1,033	66,784
3,650	(1,976)	—	1,674
<u>\$ 4,263</u>	<u>\$ 0</u>	<u>\$ 2,550</u>	<u>\$ 63,426</u>

Continues

State of Utah

**Combining Statement Of Cash Flows
Internal Service Funds**

Continued

For the Fiscal Year Ended June 30, 2009

(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)	\$ 2,318	\$ (77)	\$ 455	\$ (2,835)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	4,523	1,705	10,114	—
Net Changes in Assets and Liabilities:				
Accounts Receivable/Due From Other Funds	8,099	75	5,204	(39)
Inventories	(376)	87	2,442	—
Prepaid Items/Deferred Charges	(945)	(40)	—	15
Accrued Liabilities/Due to Other Funds	(7,875)	(670)	(1,867)	(1,835)
Unearned Revenue/Deposits	—	(7)	(64)	—
Notes Payable	—	(36)	—	—
Policy Claims Liabilities	—	—	—	2,365
Net Cash Provided (Used) by Operating Activities	<u>\$ 5,744</u>	<u>\$ 1,037</u>	<u>\$ 16,284</u>	<u>\$ (2,329)</u>
 SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	\$ —	\$ —	\$ —	\$ 250
Total Noncash Investing, Capital, and Financing Activities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 250</u>

<u>Property Management</u>	<u>Reclassified to Enterprise Transportation Infrastructure Loan Fund</u>	<u>Human Resource Management</u>	<u>Total</u>
\$ 741	\$ —	\$ 1,494	\$ 2,096
39	—	14	16,395
1,608	—	(47)	14,900
—	—	—	2,153
11	—	—	(959)
(388)	—	55	(12,580)
6	—	—	(65)
—	—	—	(36)
—	—	—	2,365
<u>\$ 2,017</u>	<u>\$ 0</u>	<u>\$ 1,516</u>	<u>\$ 24,269</u>
<u>\$ 3</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 253</u>
<u>\$ 3</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 253</u>

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Fiduciary Funds

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

Defined Benefit Pension Plans and Defined Contribution Plans

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

State Post-Retirement Benefits Trust Fund

The State administers this defined benefit Other Postemployment Benefit Plan (State Employees' OPEB Plan) as an irrevocable trust. This trust accounts for the assets accumulated and the payments made for other postemployment benefits provided to current and future state retirees. Funding comes from employer contributions and investment earnings.

PRIVATE PURPOSE TRUST FUNDS

Utah Navajo Royalties Holding

This fund receives oil royalties, operating, and other trust revenues. Funds received are used for the health, education, and general welfare of Navajo residents of San Juan County, Utah.

Unclaimed Property Trust

This fund is used to account for unclaimed property escheated to the State. Proceeds of the fund pay the administrative costs to operate the fund and any claims. The remaining proceeds are deposited in the Uniform School Fund and are used to help fund public education.

Employers' Reinsurance Trust

This fund primarily provides compensation to individuals injured from industrial accidents or occupational diseases occurring on or before June 30, 1994, where the injury is of a permanent nature and workers' compensation benefits have expired. Revenues come from assessments on

insurance premiums and court-ordered penalties. The net 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.

State of Utah**Combining Statement Of Fiduciary Net Assets
Pension And
Other Employee Benefit Trust Funds**

June 30, 2009

(Expressed in Thousands)

	Pension Trust			
	Non- Contributory System	Contributory System	Public Safety System	Fire- fighters System
ASSETS				
Cash and Cash Equivalents	\$ 817,753	\$ 53,575	\$ 103,417	\$ 39,313
Receivables:				
Member Contributions	—	388	49	421
Employer Contributions	31,538	572	3,495	—
Court Fees and Fire Insurance Premiums	—	—	—	—
Investments	302,084	19,874	38,360	14,583
Total Receivables	<u>333,622</u>	<u>20,834</u>	<u>41,904</u>	<u>15,004</u>
Due From Other Funds	—	—	—	—
Investments:				
Debt Securities	3,663,014	240,990	465,138	176,835
Equity Investments	4,096,910	269,536	520,235	197,781
Absolute Return	1,678,417	110,423	213,129	81,027
Private Equity	1,154,125	75,930	146,553	55,717
Real Estate	2,624,738	172,682	333,297	126,711
Mortgage Loans	5,478	361	694	265
Invested Securities Lending Collateral	884,518	58,192	112,318	42,701
Investment Contracts	—	—	—	—
Total Investments	<u>14,107,200</u>	<u>928,114</u>	<u>1,791,364</u>	<u>681,037</u>
Capital Assets:				
Land	1,427	95	176	71
Buildings and Improvements	9,146	608	1,130	456
Machinery and Equipment	3,107	207	384	155
Less Accumulated Depreciation	(13,259)	(882)	(1,638)	(661)
Total Capital Assets	<u>421</u>	<u>28</u>	<u>52</u>	<u>21</u>
Total Assets	<u>15,258,996</u>	<u>1,002,551</u>	<u>1,936,737</u>	<u>735,375</u>
LIABILITIES				
Accounts Payable	664,564	43,492	83,946	31,914
Securities Lending Liability	884,518	58,192	112,318	42,701
Leave/Postemployment Benefits	5,934	390	754	287
Insurance Reserves	4,088	269	519	197
Real Estate Liabilities	985,521	64,838	125,143	47,577
Total Liabilities	<u>2,544,625</u>	<u>167,181</u>	<u>322,680</u>	<u>122,676</u>
NET ASSETS				
Held in trust for:				
Pension Benefits	12,714,371	835,370	1,614,057	612,699
Other Postemployment Benefits	—	—	—	—
Defined Contribution	—	—	—	—
Total Net Assets	<u>\$ 12,714,371</u>	<u>\$ 835,370</u>	<u>\$ 1,614,057</u>	<u>\$ 612,699</u>

Pension Trust		Defined Contribution Plans				State Post-Retirement Benefits Trust	Total
Judges System	Governors and Legislative Pension Plan	401(k) Plan	457 Plan	IRA Plans	Health Reimbursement Arrangement		
\$ 6,464	\$ 557	\$ 3,346	\$ 36	\$ 22	\$ 1,546	\$ —	\$ 1,026,029
—	—	—	—	—	—	—	858
—	—	—	—	—	—	2,468	38,073
230	—	—	—	—	—	—	230
2,398	207	53,905	4,140	—	—	—	435,551
2,628	207	53,905	4,140	0	0	2,468	474,712
—	—	—	—	—	—	3,850	3,850
29,074	2,505	1,111,824	114,803	16,186	—	24,863	5,845,232
32,518	2,802	941,100	98,722	10,148	—	38,586	6,208,338
13,322	1,148	—	—	—	—	—	2,097,466
9,160	789	—	—	—	—	—	1,442,274
20,833	1,795	—	—	—	—	—	3,280,056
43	4	—	—	—	—	—	6,845
7,020	605	78,336	8,191	952	—	—	1,192,833
—	—	27,154	12,066	—	—	—	39,220
111,970	9,648	2,158,414	233,782	27,286	0	63,449	20,112,264
10	—	—	—	—	—	—	1,779
65	—	—	—	—	—	—	11,405
22	—	—	—	—	—	—	3,875
(94)	—	—	—	—	—	—	(16,534)
3	0	0	0	0	0	0	525
121,065	10,412	2,215,665	237,958	27,308	1,546	69,767	21,617,380
5,247	452	5,384	298	74	—	—	835,371
7,020	605	78,336	8,191	952	—	—	1,192,833
47	4	—	—	—	—	—	7,416
33	3	—	—	—	—	—	5,109
7,823	673	—	—	—	—	—	1,231,575
20,170	1,737	83,720	8,489	1,026	0	0	3,272,304
100,895	8,675	—	—	—	—	—	15,886,067
—	—	—	—	—	—	69,767	69,767
—	—	2,131,945	229,469	26,282	1,546	—	2,389,242
<u>\$ 100,895</u>	<u>\$ 8,675</u>	<u>\$ 2,131,945</u>	<u>\$ 229,469</u>	<u>\$ 26,282</u>	<u>\$ 1,546</u>	<u>\$ 69,767</u>	<u>\$ 18,345,076</u>

State of Utah**Combining Statement Of Changes In Fiduciary Net Assets
Pension And
Other Employee Benefit Trust Funds**

For the Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

	Pension Trust			
	Non- Contributory System	Contributory System	Public Safety System	Fire- fighters System
ADDITIONS				
Contributions:				
Member	\$ 14,110	\$ 9,410	\$ 2,159	\$ 10,428
Employer	522,733	11,037	93,899	—
Court Fees and Fire Insurance Premiums	—	—	—	10,219
Total Contributions	<u>536,843</u>	<u>20,447</u>	<u>96,058</u>	<u>20,647</u>
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments	(4,245,074)	(285,172)	(536,033)	(205,336)
Interest, Dividends, and Other Investment Income	394,520	26,502	49,816	19,083
Less Investment Expenses	(38,070)	(2,557)	(4,807)	(1,842)
Net Investment Income	<u>(3,888,624)</u>	<u>(261,227)</u>	<u>(491,024)</u>	<u>(188,095)</u>
Transfers From Affiliated Systems	—	9,008	3,727	1,491
Total Additions	<u>(3,351,781)</u>	<u>(231,772)</u>	<u>(391,239)</u>	<u>(165,957)</u>
DEDUCTIONS				
Retirement Benefits	551,391	44,218	83,142	27,792
Cost of Living Benefits	108,401	17,309	15,317	7,093
Supplemental Retirement Benefits	—	569	485	470
Retiree Healthcare Benefits	—	—	—	—
Refunds/Plan Distributions	2,514	1,473	899	284
Administrative Expenses	8,809	605	1,163	379
Transfers To Affiliated Systems	14,537	—	—	—
Total Deductions	<u>685,652</u>	<u>64,174</u>	<u>101,006</u>	<u>36,018</u>
Change in Net Assets Held in Trust for:				
Pension Benefits	(4,037,433)	(295,946)	(492,245)	(201,975)
Other Postemployment Benefits	—	—	—	—
Defined Contribution	—	—	—	—
Net Assets – Beginning	<u>16,751,804</u>	<u>1,131,316</u>	<u>2,106,302</u>	<u>814,674</u>
Net Assets – Ending	<u>\$ 12,714,371</u>	<u>\$ 835,370</u>	<u>\$ 1,614,057</u>	<u>\$ 612,699</u>

Pension Trust		Defined Contribution Plans				State Post-Retirement Benefits Trust	Total
Judges System	Governors and Legislative Pension Plan	401(k) Plan	457 Plan	IRA Plans	Health Reimbursement Arrangement		
\$ 138	\$ —	\$ 229,981	\$ 29,021	\$ 10,790	\$ —	\$ —	\$ 306,037
1,730	—	—	—	—	1,129	53,491	684,019
2,072	—	—	—	—	—	—	12,291
<u>3,940</u>	<u>0</u>	<u>229,981</u>	<u>29,021</u>	<u>10,790</u>	<u>1,129</u>	<u>53,491</u>	<u>1,002,347</u>
(33,900)	(3,016)	(557,817)	(57,991)	(5,519)	23	(9,905)	(5,939,740)
3,151	280	6,477	1,014	—	—	1,885	502,728
(304)	(27)	(2,836)	(290)	(31)	—	—	(50,764)
<u>(31,053)</u>	<u>(2,763)</u>	<u>(554,176)</u>	<u>(57,267)</u>	<u>(5,550)</u>	<u>23</u>	<u>(8,020)</u>	<u>(5,487,776)</u>
294	17	—	—	—	—	—	14,537
<u>(26,819)</u>	<u>(2,746)</u>	<u>(324,195)</u>	<u>(28,246)</u>	<u>5,240</u>	<u>1,152</u>	<u>45,471</u>	<u>(4,470,892)</u>
5,201	606	—	—	—	—	—	712,350
1,379	157	—	—	—	—	—	149,656
—	—	—	—	—	—	—	1,524
—	—	—	—	—	—	27,585	27,585
—	7	141,904	18,683	3,069	288	—	169,121
70	5	6,104	665	65	3	—	17,868
—	—	—	—	—	—	—	14,537
<u>6,650</u>	<u>775</u>	<u>148,008</u>	<u>19,348</u>	<u>3,134</u>	<u>291</u>	<u>27,585</u>	<u>1,092,641</u>
(33,469)	(3,521)	—	—	—	—	—	(5,064,589)
—	—	—	—	—	—	17,886	17,886
—	—	(472,203)	(47,594)	2,106	861	—	(516,830)
134,364	12,196	2,604,148	277,063	24,176	685	51,881	23,908,609
<u>\$ 100,895</u>	<u>\$ 8,675</u>	<u>\$ 2,131,945</u>	<u>\$ 229,469</u>	<u>\$ 26,282</u>	<u>\$ 1,546</u>	<u>\$ 69,767</u>	<u>\$ 18,345,076</u>

State of Utah

**Combining Statement Of Fiduciary Net Assets
Private Purpose Trust Funds**

June 30, 2009

(Expressed in Thousands)

	Utah Navajo Royalties Holding	Unclaimed Property Trust	Employers' Reinsurance Trust	Petroleum Storage Tank Trust
ASSETS				
Cash and Cash Equivalents	\$ 331	\$ —	\$ 9,304	\$ 396
Receivables:				
Accounts	1,124	—	4,518	4
Accrued Assessments	—	—	10,840	—
Due From Other Funds	723	—	—	—
Investments:				
Debt Securities	15,878	35,282	190,455	16,293
Equity Investments	101	14,787	—	—
Total Investments	<u>15,979</u>	<u>50,069</u>	<u>190,455</u>	<u>16,293</u>
Capital Assets:				
Land	271	—	—	—
Buildings and Improvements	10,715	—	—	—
Machinery and Equipment	173	—	—	—
Less Accumulated Depreciation	(2,017)	—	—	—
Total Capital Assets	<u>9,142</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>27,299</u>	<u>50,069</u>	<u>215,117</u>	<u>16,693</u>
LIABILITIES				
Accounts Payable	313	92	420	267
Due To Other Funds	17	—	88	17
Unearned Revenue	—	—	—	260
Policy Claims Liabilities	—	—	254,233	38,630
Total Liabilities	<u>330</u>	<u>92</u>	<u>254,741</u>	<u>39,174</u>
NET ASSETS				
Held in trust for:				
Individuals, Organizations, and Other Governments	<u>26,969</u>	<u>49,977</u>	<u>(39,624)</u>	<u>(22,481)</u>
Total Net Assets	<u>\$ 26,969</u>	<u>\$ 49,977</u>	<u>\$ (39,624)</u>	<u>\$ (22,481)</u>

Utah Educational Savings Plan Trust	Miscellaneous Restricted Trust	Total
\$ 705	\$ 9,214	\$ 19,950
—	98	5,744
—	—	10,840
—	407	1,130
659,608	8,943	926,459
1,767,038	—	1,781,926
<u>2,426,646</u>	<u>8,943</u>	<u>2,708,385</u>
—	—	271
—	—	10,715
761	—	934
(636)	—	(2,653)
<u>125</u>	<u>0</u>	<u>9,267</u>
<u>2,427,476</u>	<u>18,662</u>	<u>2,755,316</u>
402	852	2,346
—	13	135
—	—	260
—	—	292,863
<u>402</u>	<u>865</u>	<u>295,604</u>
2,427,074	17,797	2,459,712
<u>\$ 2,427,074</u>	<u>\$ 17,797</u>	<u>\$ 2,459,712</u>

State of Utah

**Combining Statement Of Changes In Fiduciary Net Assets
Private Purpose Trust Funds**

For the Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

	Utah Navajo Royalties Holding	Unclaimed Property Trust	Employers' Reinsurance Trust	Petroleum Storage Tank Trust
ADDITIONS				
Contributions:				
Member	\$ —	\$ —	\$ —	\$ —
Total Contributions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments	22	(26,990)	777	72
Interest, Dividends, and Other Investment Income	<u>320</u>	<u>919</u>	<u>3,574</u>	<u>348</u>
Total Investment Income	<u>342</u>	<u>(26,071)</u>	<u>4,351</u>	<u>420</u>
Other Additions:				
Escheats	—	15,585	—	—
Royalties and Rents	3,259	—	—	—
Fees, Assessments, and Revenues	203	—	43,731	4,636
Miscellaneous	—	—	3,004	—
Total Other	<u>3,462</u>	<u>15,585</u>	<u>46,735</u>	<u>4,636</u>
Total Additions	<u>3,804</u>	<u>(10,486)</u>	<u>51,086</u>	<u>5,056</u>
DEDUCTIONS				
Trust Operating Expenses	1,911	—	—	694
Distributions and Benefit Payments	—	7,128	52,501	—
Administrative and General Expenses	<u>3,123</u>	<u>9,325</u>	<u>4,089</u>	<u>1,574</u>
Total Deductions	<u>5,034</u>	<u>16,453</u>	<u>56,590</u>	<u>2,268</u>
Change in Net Assets Held in Trust for:				
Individuals, Organizations, and Other Governments	(1,230)	(26,939)	(5,504)	2,788
Net Assets – Beginning	<u>28,199</u>	<u>76,916</u>	<u>(34,120)</u>	<u>(25,269)</u>
Net Assets – Ending	<u>\$ 26,969</u>	<u>\$ 49,977</u>	<u>\$ (39,624)</u>	<u>\$ (22,481)</u>

Utah Educational Savings Plan Trust	Miscellaneous Restricted Trust	Total
\$ 401,575	\$ 10,062	\$ 411,637
<u>401,575</u>	<u>10,062</u>	<u>411,637</u>
(541,953)	29	(568,043)
<u>73,252</u>	<u>169</u>	<u>78,582</u>
<u>(468,701)</u>	<u>198</u>	<u>(489,461)</u>
—	—	15,585
—	—	3,259
—	24,453	73,023
<u>15</u>	<u>9,394</u>	<u>12,413</u>
<u>15</u>	<u>33,847</u>	<u>104,280</u>
<u>(67,111)</u>	<u>44,107</u>	<u>26,456</u>
—	27,896	30,501
82,577	10,026	152,232
<u>4,800</u>	<u>1,986</u>	<u>24,897</u>
<u>87,377</u>	<u>39,908</u>	<u>207,630</u>
(154,488)	4,199	(181,174)
<u>2,581,562</u>	<u>13,598</u>	<u>2,640,886</u>
<u>\$ 2,427,074</u>	<u>\$ 17,797</u>	<u>\$ 2,459,712</u>

State of Utah

**Combining Statement Of Fiduciary Assets and Liabilities
Agency Funds**

June 30, 2009

(Expressed in Thousands)

	<u>Taxes and Social Security</u>	<u>County and Local Collections</u>	<u>State Courts</u>	<u>Deposits, Suspense, and Miscellaneous</u>	<u>Total</u>
ASSETS					
Cash and Cash Equivalents	\$ 19	\$109,990	\$ 33,620	\$ 22,957	\$166,586
Accounts Receivable	—	—	33	6,261	6,294
Due From Other Funds	—	—	—	105	105
Investments:					
Debt Securities	—	34	—	21,642	21,676
Total Investments	<u>0</u>	<u>34</u>	<u>0</u>	<u>21,642</u>	<u>21,676</u>
Total Assets	<u>\$ 19</u>	<u>\$110,024</u>	<u>\$ 33,653</u>	<u>\$ 50,965</u>	<u>\$194,661</u>
LIABILITIES					
Due To Individuals, Organizations, and Other Governments	\$ 19	\$110,024	\$ 33,653	\$ 50,965	\$194,661
Total Liabilities	<u>\$ 19</u>	<u>\$110,024</u>	<u>\$ 33,653</u>	<u>\$ 50,965</u>	<u>\$194,661</u>

State of Utah

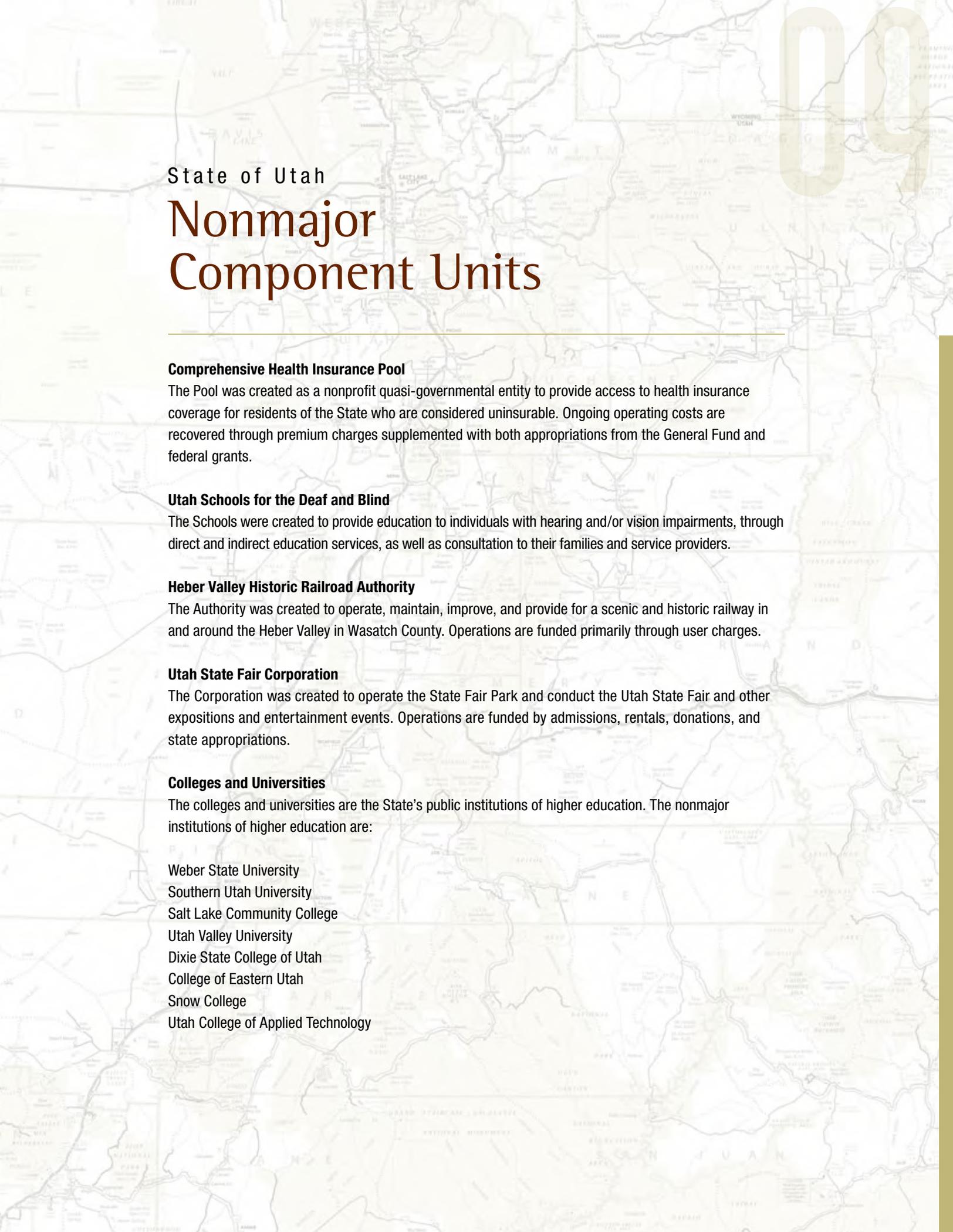
**Combining Statement Of Changes
In Assets And Liabilities
Agency Funds**

For the Fiscal Year Ended June 30, 2009

(Expressed in Thousands)

	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2009</u>
TAXES AND SOCIAL SECURITY				
Assets				
Cash and Cash Equivalents	\$ 36	\$ 245,019	\$ 245,036	\$ 19
Total Assets	<u>\$ 36</u>	<u>\$ 245,019</u>	<u>\$ 245,036</u>	<u>\$ 19</u>
Liabilities				
Due To Individuals, Organizations, and Other Governments	\$ 36	\$ 245,062	\$ 245,079	\$ 19
Total Liabilities	<u>\$ 36</u>	<u>\$ 245,062</u>	<u>\$ 245,079</u>	<u>\$ 19</u>
COUNTY AND LOCAL COLLECTIONS				
Assets				
Cash and Cash Equivalents	\$ 126,990	\$ 1,401,028	\$ 1,418,028	\$ 109,990
Investments	34	1,707	1,707	34
Receivables:				
Accounts Receivable	677	—	677	—
Total Assets	<u>\$ 127,701</u>	<u>\$ 1,402,735</u>	<u>\$ 1,420,412</u>	<u>\$ 110,024</u>
Liabilities				
Due To Individuals, Organizations, and Other Governments	\$ 127,701	\$ 1,410,301	\$ 1,427,978	\$ 110,024
Total Liabilities	<u>\$ 127,701</u>	<u>\$ 1,410,301</u>	<u>\$ 1,427,978</u>	<u>\$ 110,024</u>
STATE COURTS				
Assets				
Cash and Cash Equivalents	\$ 32,674	\$ 134,957	\$ 134,011	\$ 33,620
Receivables:				
Accounts	—	33	—	33
Total Assets	<u>\$ 32,674</u>	<u>\$ 134,990</u>	<u>\$ 134,011</u>	<u>\$ 33,653</u>
Liabilities				
Due To Individuals, Organizations, and Other Governments	\$ 32,674	\$ 100,581	\$ 99,602	33,653
Total Liabilities	<u>\$ 32,674</u>	<u>\$ 100,581</u>	<u>\$ 99,602</u>	<u>\$ 33,653</u>
DEPOSITS, SUSPENSE, AND MISCELLANEOUS				
Assets				
Cash and Cash Equivalents	\$ 21,976	\$ 769,972	\$ 768,991	\$ 22,957
Investments	24,096	195,758	198,212	21,642
Receivables:				
Accounts Receivable	2,610	3,820	169	6,261
Due From Other Funds	245	144	284	105
Total Assets	<u>\$ 48,927</u>	<u>\$ 969,694</u>	<u>\$ 967,656</u>	<u>\$ 50,965</u>
Liabilities				
Due To Individuals, Organizations, and Other Governments	\$ 48,927	\$ 612,946	\$ 610,908	\$ 50,965
Total Liabilities	<u>\$ 48,927</u>	<u>\$ 612,946</u>	<u>\$ 610,908</u>	<u>\$ 50,965</u>
TOTAL — ALL AGENCY FUNDS				
Assets				
Cash and Cash Equivalents	\$ 181,676	\$ 2,550,976	\$ 2,566,066	\$ 166,586
Investments	24,130	197,465	199,919	21,676
Receivables:				
Accounts Receivable	3,287	3,853	846	6,294
Due From Other Funds	245	144	284	105
Total Assets	<u>\$ 209,338</u>	<u>\$ 2,752,438</u>	<u>\$ 2,767,115</u>	<u>\$ 194,661</u>
Liabilities				
Due To Individuals, Organizations, and Other Governments	\$ 209,338	\$ 2,368,890	\$ 2,383,567	\$ 194,661
Total Liabilities	<u>\$ 209,338</u>	<u>\$ 2,368,890</u>	<u>\$ 2,383,567</u>	<u>\$ 194,661</u>

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State of Utah

Nonmajor Component Units

Comprehensive Health Insurance Pool

The Pool was created as a nonprofit quasi-governmental entity to provide access to health insurance coverage for residents of the State who are considered uninsurable. Ongoing operating costs are recovered through premium charges supplemented with both appropriations from the General Fund and federal grants.

Utah Schools for the Deaf and Blind

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

Heber Valley Historic Railroad Authority

The Authority was created to operate, maintain, improve, and provide for a scenic and historic railway in and around the Heber Valley in Wasatch County. Operations are funded primarily through user charges.

Utah State Fair Corporation

The Corporation was created to operate the State Fair Park and conduct the Utah State Fair and other expositions and entertainment events. Operations are funded by admissions, rentals, donations, and state appropriations.

Colleges and Universities

The colleges and universities are the State's public institutions of higher education. The nonmajor institutions of higher education are:

- Weber State University
- Southern Utah University
- Salt Lake Community College
- Utah Valley University
- Dixie State College of Utah
- College of Eastern Utah
- Snow College
- Utah College of Applied Technology

State of Utah

**Combining Statement Of Net Assets
Nonmajor Component Units**

June 30, 2009

(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	\$ 34,832	\$ 2,845	\$ —	\$ 766	\$ 16,717
Investments	—	—	—	—	10,262
Receivables:					
Accounts, net	23	995	61	189	6,199
Notes/Loans/Mortgages/Pledges, net	—	—	—	—	1,133
Accrued Interest	—	—	—	—	268
Due From Primary Government	—	394	—	—	—
Prepaid Items	—	—	—	38	72
Inventories	—	—	46	—	3,002
Deferred Charges	—	—	—	—	307
Total Current Assets	<u>34,855</u>	<u>4,234</u>	<u>107</u>	<u>993</u>	<u>37,960</u>
Noncurrent Assets:					
Restricted Investments	—	—	—	—	3,013
Accounts Receivables, net	—	—	—	—	—
Investments	—	—	—	—	98,411
Notes/Loans/Mortgages/Pledges Receivables, net	—	—	—	—	8,943
Other Assets	—	—	—	—	—
Capital Assets (net of Accumulated Depreciation)	—	9,019	2,477	820	205,637
Total Noncurrent Assets	<u>0</u>	<u>9,019</u>	<u>2,477</u>	<u>820</u>	<u>316,004</u>
Total Assets	<u>34,855</u>	<u>13,253</u>	<u>2,584</u>	<u>1,813</u>	<u>353,964</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	397	1,612	367	193	2,784
Deposits	—	—	—	—	—
Due To Primary Government	—	282	—	—	1,029
Unearned Revenue	299	15	—	105	5,655
Current Portion of Long-term Liabilities	<u>2,638</u>	<u>—</u>	<u>395</u>	<u>38</u>	<u>4,110</u>
Total Current Liabilities	<u>3,334</u>	<u>1,909</u>	<u>762</u>	<u>336</u>	<u>13,578</u>
Noncurrent Liabilities:					
Accrued Liabilities	—	—	—	—	—
Deposits	—	—	—	—	—
Due To Primary Government	—	—	—	—	—
Long-term Liabilities	—	—	68	33	37,813
Total Noncurrent Liabilities	<u>0</u>	<u>0</u>	<u>68</u>	<u>33</u>	<u>37,813</u>
Total Liabilities	<u>3,334</u>	<u>1,909</u>	<u>830</u>	<u>369</u>	<u>51,391</u>
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	—	9,019	2,477	770	170,610
Restricted for:					
Nonexpendable:					
Higher Education	—	—	—	—	41,330
Expendable:					
Higher Education	—	—	—	—	55,459
Other	—	—	—	58	—
Unrestricted (Deficit)	<u>31,521</u>	<u>2,325</u>	<u>(723)</u>	<u>616</u>	<u>35,174</u>
Total Net Assets	<u>\$ 31,521</u>	<u>\$ 11,344</u>	<u>\$ 1,754</u>	<u>\$ 1,444</u>	<u>\$ 302,573</u>

Southern Utah University	Salt Lake Community College	Utah Valley University	Dixie State College of Utah	College of Eastern Utah	Snow College	Utah College of Applied Technology	Total Nonmajor Component Units
\$ —	\$ 41,934	\$ 65,809	\$ 20,364	\$ 2,010	\$ 13,654	\$ 12,494	\$ 211,425
21,766	42,532	1,253	1,752	146	2,654	678	81,043
3,111	7,703	6,580	1,367	2,501	555	3,705	32,989
383	618	2,254	258	58	682	52	5,438
—	—	—	—	17	65	—	350
—	—	—	—	—	—	—	394
—	—	346	7	205	47	482	1,197
1,153	4,099	2,684	1,073	469	775	2,939	16,240
3,135	29	—	—	—	—	—	3,471
<u>29,548</u>	<u>96,915</u>	<u>78,926</u>	<u>24,821</u>	<u>5,406</u>	<u>18,432</u>	<u>20,350</u>	<u>352,547</u>
13,292	9,948	15,978	—	16,675	4,426	—	63,332
—	—	—	—	—	—	431	431
7,650	3,806	—	12,316	19	1,965	1,068	125,235
2,089	4,420	5,546	2,964	234	1,805	—	26,001
2,369	483	4,358	—	20	—	—	7,230
125,188	174,446	222,496	92,101	46,913	70,611	97,950	1,047,658
<u>150,588</u>	<u>193,103</u>	<u>248,378</u>	<u>107,381</u>	<u>63,861</u>	<u>78,807</u>	<u>99,449</u>	<u>1,269,887</u>
<u>180,136</u>	<u>290,018</u>	<u>327,304</u>	<u>132,202</u>	<u>69,267</u>	<u>97,239</u>	<u>119,799</u>	<u>1,622,434</u>
2,339	11,145	6,648	1,735	259	1,591	4,000	33,070
441	—	920	6	—	305	155	1,827
2,160	34	1,512	4	120	283	4,189	9,613
3,981	6,583	4,457	508	257	504	982	23,346
3,778	4,927	5,746	1,457	216	443	1,402	25,150
<u>12,699</u>	<u>22,689</u>	<u>19,283</u>	<u>3,710</u>	<u>852</u>	<u>3,126</u>	<u>10,728</u>	<u>93,006</u>
—	—	—	—	—	—	10	10
—	765	—	149	72	75	—	1,061
—	—	—	—	936	233	—	1,169
25,691	11,718	24,064	10,854	856	764	8,855	120,716
<u>25,691</u>	<u>12,483</u>	<u>24,064</u>	<u>11,003</u>	<u>1,864</u>	<u>1,072</u>	<u>8,865</u>	<u>122,956</u>
<u>38,390</u>	<u>35,172</u>	<u>43,347</u>	<u>14,713</u>	<u>2,716</u>	<u>4,198</u>	<u>19,593</u>	<u>215,962</u>
101,772	165,748	198,920	86,335	46,912	70,288	86,790	939,641
9,824	3,597	10,757	16,192	2,526	4,806	815	89,847
7,663	18,264	26,132	6,609	14,405	4,535	2,925	135,992
—	—	—	—	—	—	305	363
22,487	67,237	48,148	8,353	2,708	13,412	9,371	240,629
<u>\$ 141,746</u>	<u>\$ 254,846</u>	<u>\$ 283,957</u>	<u>\$ 117,489</u>	<u>\$ 66,551</u>	<u>\$ 93,041</u>	<u>\$ 100,206</u>	<u>\$ 1,406,472</u>

State of Utah

**Combining Statement Of Activities
Nonmajor Component Units**

For the Fiscal Year Ended June 30, 2009

(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	<u>\$ 30,275</u>	<u>\$ 29,746</u>	<u>\$ 2,110</u>	<u>\$ 4,345</u>	<u>\$ 176,958</u>
Program Revenues:					
Charges for Services:					
Tuition and Fees	—	—	—	—	72,549
Scholarship Allowances	—	—	—	—	(14,690)
Sales, Services, and Other Revenues	19,112	4,469	2,221	3,455	18,434
Operating Grants and Contributions	1,440	734	—	—	22,542
Capital Grants and Contributions	—	—	—	—	26,733
Total Program Revenues	<u>20,552</u>	<u>5,203</u>	<u>2,221</u>	<u>3,455</u>	<u>125,568</u>
Net (Expenses) Revenues	<u>(9,723)</u>	<u>(24,543)</u>	<u>111</u>	<u>(890)</u>	<u>(51,390)</u>
General Revenues:					
State Appropriations	9,300	24,235	—	795	64,166
Unrestricted Investment Income	901	6	—	—	—
Permanent Endowments Contributions	—	—	—	—	2,613
Total General Revenues	<u>10,201</u>	<u>24,241</u>	<u>0</u>	<u>795</u>	<u>66,779</u>
Change in Net Assets	478	(302)	111	(95)	15,389
Net Assets – Beginning	<u>31,043</u>	<u>11,646</u>	<u>1,643</u>	<u>1,539</u>	<u>287,184</u>
Net Assets – Ending	<u>\$ 31,521</u>	<u>\$ 11,344</u>	<u>\$ 1,754</u>	<u>\$ 1,444</u>	<u>\$ 302,573</u>

Southern Utah University	Salt Lake Community College	Utah Valley University	Dixie State College of Utah	College of Eastern Utah	Snow College	Utah College of Applied Technology	Total Nonmajor Component Units
<u>\$ 98,587</u>	<u>\$ 172,205</u>	<u>\$ 219,620</u>	<u>\$ 45,007</u>	<u>\$ 34,360</u>	<u>\$ 37,839</u>	<u>\$ 82,037</u>	<u>\$ 933,089</u>
32,769	59,072	92,334	21,666	3,943	7,920	14,028	304,281
(7,835)	(7,385)	(11,273)	(4,451)	(1,385)	(2,164)	(1,206)	(50,389)
18,079	19,458	27,061	6,714	2,540	3,800	7,229	132,572
18,572	31,045	47,714	10,883	9,318	5,164	12,861	160,273
1,256	1,010	48,282	627	3,580	371	16,110	97,969
<u>62,841</u>	<u>103,200</u>	<u>204,118</u>	<u>35,439</u>	<u>17,996</u>	<u>15,091</u>	<u>49,022</u>	<u>644,706</u>
<u>(35,746)</u>	<u>(69,005)</u>	<u>(15,502)</u>	<u>(9,568)</u>	<u>(16,364)</u>	<u>(22,748)</u>	<u>(33,015)</u>	<u>(288,383)</u>
32,429	64,596	66,157	22,561	17,950	20,323	48,667	371,179
—	—	—	—	—	—	15	922
401	—	419	146	60	272	—	3,911
<u>32,830</u>	<u>64,596</u>	<u>66,576</u>	<u>22,707</u>	<u>18,010</u>	<u>20,595</u>	<u>48,682</u>	<u>376,012</u>
<u>(2,916)</u>	<u>(4,409)</u>	<u>51,074</u>	<u>13,139</u>	<u>1,646</u>	<u>(2,153)</u>	<u>15,667</u>	<u>87,629</u>
144,662	259,255	232,883	104,350	64,905	95,194	84,539	1,318,843
<u>\$ 141,746</u>	<u>\$ 254,846</u>	<u>\$ 283,957</u>	<u>\$ 117,489</u>	<u>\$ 66,551</u>	<u>\$ 93,041</u>	<u>\$ 100,206</u>	<u>\$ 1,406,472</u>

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State of Utah

Statistical Section



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STATISTICAL SECTION

This part of the State of Utah’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes to the financial statements, and required supplementary information says about the State’s overall financial health.

Financial Trends Information

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

Schedule A-1	Net Assets by Component	196
Schedule A-2	Changes in Net Assets	198
Schedule A-3	Fund Balances — Governmental Funds	202
Schedule A-4	Changes in Fund Balances — Governmental Funds	204

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	206
Schedule B-2	Revenue Payers by Industry — Taxable Sales, Services, and Use Tax Purchases	208
Schedule B-3	Revenue Payers — Personal Income Tax	209
Schedule B-4	Personal Income Tax Rates	210

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	212
Schedule C-2	Other Long-Term Liabilities	214
Schedule C-3	Legal Debt Margin	216
Schedule C-4	Statutory Debt Limit	216
Schedule C-5	Pledged Revenue Bond Coverage	218

Demographic and Economic Information

These schedules contain demographic and economic indicators to help the reader understand the environment within which the State’s financial activities take place.

Schedule D-1	Demographic and Economic Indicators	219
Schedule D-2	Principal Employers	220
Schedule D-3	Composition of Labor Force	222
Schedule D-4	Public Education Student Enrollment (K-12)	224
Schedule D-5	Public Higher Education Enrollment	224

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	226
Schedule E-2	Operating Indicators by Function	228
Schedule E-3	Capital Asset Statistics by Function	230

Other Information

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

Schedule F-1	Expenditures — Historical and Constant Dollars	232
Schedule F-2	Per Capita Expenditures — Historical and Constant Dollars	233

Sources: Unless otherwise noted, the information in the following schedules is derived from the State of Utah Comprehensive Annual Financial Report.

State of Utah

Net Assets by Component

Last Eight 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	<u>8,923,981</u>	<u>8,970,895</u>	<u>9,587,898</u>	<u>10,405,979</u>
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	<u>1,565,530</u>	<u>1,504,449</u>	<u>1,555,519</u>	<u>1,749,633</u>
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	<u>\$ 10,489,511</u>	<u>\$ 10,475,344</u>	<u>\$ 11,143,417</u>	<u>\$ 12,155,612</u>

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 2007, governmental activities' restricted and unrestricted net assets increased due to higher tax revenues from a strengthening economy. In fiscal years 2008 and 2009, governmental activities' restricted and unrestricted net assets decreased as the economy slowed and tax revenues declined.

² From fiscal years 2002 to 2004, business-type activities' restricted net assets decreased primarily due to unemployment claims exceeding related revenue. From fiscal years 2005 to 2008, business-type activities' restricted net assets increased due to unemployment revenues exceeding related claims. In fiscal year 2009, the weak economy caused an increase in unemployment claims, which in turn caused a decrease in the restricted assets of business-type activities.

³ In fiscal years 2006 to 2009, business-type activities' unrestricted net assets increased primarily due to the State providing additional capital to the loan funds from mineral lease revenues.

Schedule A-1

Fiscal Year			
2006	2007	2008	2009
\$ 8,719,751	\$ 9,465,667	\$ 10,447,357	\$ 11,277,630
2,379,269	3,043,599	2,618,556	2,349,499
856,207	1,163,548	1,169,342	689,052
11,955,227	13,672,814	14,235,255	14,316,181
32,068	13,008	13,837	13,751
1,139,691	1,334,737	1,434,828	1,269,006
893,118	971,435	1,037,893	1,080,231
2,064,877	2,319,180	2,486,558	2,362,988
8,751,819	9,478,675	10,461,194	11,291,381
3,518,960	4,378,336	4,053,384	3,618,505
1,749,325	2,134,983	2,207,235	1,769,283
\$ 14,020,104	\$ 15,991,994	\$ 16,721,813	\$ 16,679,169

State of Utah

Changes in Net Assets

Last Eight 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	<u>6,180,769</u>	<u>6,184,021</u>	<u>6,644,346</u>	<u>6,953,422</u>
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	<u>2,412,351</u>	<u>2,630,670</u>	<u>2,997,150</u>	<u>3,176,796</u>
Net Program (Expense) —				
Governmental Activities	<u>(3,768,418)</u>	<u>(3,553,351)</u>	<u>(3,647,196)</u>	<u>(3,776,626)</u>
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	<u>3,606,354</u>	<u>3,600,265</u>	<u>4,264,199</u>	<u>4,594,707</u>
Change in Net Assets — Governmental				
Activities — Increase (Decrease)	<u>(162,064)</u>	<u>46,914</u>	<u>617,003</u>	<u>818,081</u>

Schedule A-2

Fiscal Year			
2006	2007	2008	2009
\$ 289,749	\$ 328,779	\$ 385,331	\$ 390,373
595,337	634,265	679,920	700,307
208,922	237,305	255,319	254,980
182,042	172,912	191,910	189,069
109,180	115,811	125,587	123,209
1,635,544	1,620,936	1,649,209	1,812,067
810,228	824,503	912,998	997,218
405,845	393,938	423,122	514,915
133,441	174,711	159,955	174,730
84,843	108,110	132,687	139,840
90,573	92,441	95,563	101,995
2,321,139	2,548,391	2,959,311	3,033,574
640,251	702,833	850,387	819,833
70,345	64,019	58,851	52,070
<u>7,577,439</u>	<u>8,018,954</u>	<u>8,880,150</u>	<u>9,304,180</u>
121,067	156,111	257,537	154,794
11,073	10,889	10,840	13,359
4,483	4,624	5,332	5,211
32,777	43,806	49,247	51,475
47,330	46,158	46,517	48,957
98,296	84,938	65,666	64,328
115	235	31	32,981
8,492	3,532	7,413	8,067
50,308	45,367	64,407	71,266
5,368	4,833	5,278	3,632
64,098	63,240	68,622	65,376
85,867	69,471	100,919	79,462
175,821	199,277	251,562	288,205
2,744,231	2,769,644	2,658,284	3,177,737
100,519	122,939	144,867	145,353
<u>3,549,845</u>	<u>3,625,064</u>	<u>3,736,522</u>	<u>4,210,203</u>
<u>(4,027,594)</u>	<u>(4,393,890)</u>	<u>(5,143,628)</u>	<u>(5,093,977)</u>
1,921,048	2,131,958	2,006,926	1,762,745
2,496,911	2,667,207	2,435,059	2,336,528
379,801	412,720	409,794	252,095
356,176	353,107	350,426	337,395
316,980	320,204	333,545	354,982
46,856	89,795	63,947	29,267
46,084	52,139	26,980	15,583
—	—	—	—
31,999	37,569	41,659	46,375
—	—	—	—
(19,013)	46,778	37,733	38,953
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>5,576,842</u>	<u>6,111,477</u>	<u>5,706,069</u>	<u>5,173,923</u>
<u>1,549,248</u>	<u>1,717,587</u>	<u>562,441</u>	<u>79,946</u>

Continues

State of Utah

Changes in Net Assets

Last Eight 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
Community and Economic Loan Programs	1,382	1,482	1,199	1,160
Liquor Retail Sales	100,455	101,747	106,515	114,897
Other Business-type Activities	20,757	20,477	23,450	25,317
Total Expenses	<u>481,365</u>	<u>525,609</u>	<u>463,128</u>	<u>388,149</u>
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
Community and Economic Loan Programs	4,642	4,964	5,344	5,245
Liquor Retail Sales	132,994	134,810	143,634	153,004
Other Business-type Activities	22,067	22,574	27,401	30,865
Operating Grants and Contributions	163,584	130,235	92,141	65,173
Total Program Revenues	<u>492,866</u>	<u>483,373</u>	<u>508,969</u>	<u>572,756</u>
Net Program Revenue (Expense) —				
Business-type Activities	<u>11,501</u>	<u>(42,236)</u>	<u>45,841</u>	<u>184,607</u>
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
Miscellaneous	—	—	—	—
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	<u>(3,920)</u>	<u>(18,845)</u>	<u>5,229</u>	<u>9,507</u>
Change in Net Assets — Business-type				
Activities — Increase (Decrease)	<u>7,581</u>	<u>(61,081)</u>	<u>51,070</u>	<u>194,114</u>
Total Primary Government Change in Net Assets	<u>\$ (154,483)</u>	<u>\$ (14,167)</u>	<u>\$ 668,073</u>	<u>\$ 1,012,195</u>

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 eight fiscal years due to rising Medicaid program costs.

² From fiscal years 2005 to 2009 public education expenses increased for both enrollment growth and benefit-related costs for educators.

³ From fiscal years 2005 to 2007, general tax revenues, specifically sales and use taxes, individual income taxes, and corporate taxes, increased significantly compared to prior years due to Utah's continued economic improvement. In fiscal years 2008 and 2009, general tax revenues declined due to the recessionary economy.

Schedule A-2 (Continued)

Fiscal Year			
2006	2007	2008	2009
\$ 152,895	\$ 174,220	\$ 164,411	\$ 144,007
102,476	97,692	148,424	489,925
6,560	13,042	10,477	12,900
1,570	1,136	2,310	2,349
126,114	143,721	160,635	168,844
27,581	31,404	33,417	35,635
417,196	461,215	519,674	853,660
112,960	126,498	117,246	89,805
253,809	219,690	157,624	144,383
10,715	10,634	12,135	12,234
5,394	5,876	6,524	7,838
173,400	195,276	219,801	228,474
32,826	39,753	44,140	49,437
109,140	138,252	143,853	214,876
698,244	735,979	701,323	747,047
281,048	274,764	181,649	(106,613)
14,875	25,440	23,462	22,976
—	—	—	—
308	—	—	—
—	877	—	—
—	—	—	—
19,013	(46,778)	(37,733)	(38,953)
—	—	—	—
34,196	(20,461)	(14,271)	(15,977)
315,244	254,303	167,378	(122,590)
\$ 1,864,492	\$ 1,971,890	\$ 729,819	\$ (42,644)

⁴ From fiscal years 2003 to 2007 unemployment compensation expenses decreased, reflecting Utah's improved employment. However, beginning in fiscal year 2008 and continuing in fiscal year 2009, unemployment compensation expenses increased significantly as the economy continued to weaken at a faster pace than in prior years.

State of Utah

Fund Balances — Governmental Funds

Last Eight Fiscal Years

(Modified Accrual Basis of Accounting)

(Expressed in Thousands)

	Fiscal Year			
	2002	2003	2004	2005
General Fund				
Reserved ¹	\$ 221,474	\$ 230,980	\$ 214,063	\$ 262,360
Unreserved ²	146,551	156,016	271,890	391,619
Total General Fund	<u>368,025</u>	<u>386,996</u>	<u>485,953</u>	<u>653,979</u>
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 ³	52,959	75,489	(15,380)	(71,127)
Debt Service	8,173	7,107	5,787	5,881
Total All Other Governmental Funds	<u>1,420,063</u>	<u>1,523,804</u>	<u>1,465,559</u>	<u>1,720,646</u>
Total Fund Balances — Governmental Funds	<u>\$ 1,788,088</u>	<u>\$ 1,910,800</u>	<u>\$ 1,951,512</u>	<u>\$ 2,374,625</u>

Notes: Due to changes in the State's fund structure initiated when GASB Statement 34 was implemented, the changes in fund balance information are 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 In fiscal year 2009, general fund reserved fund balances decreased due to less reserves available as a result of the slowing economy.

² From fiscal years 2004 to 2007, general fund unreserved fund balances increased due to higher tax revenues from a strengthening economy. In fiscal years 2008 and 2009, general fund unreserved fund balances decreased as the State's economy slowed. Sales and use tax diversions along with reductions in the sales tax rate also contributed to the decrease in tax revenues in the general fund.

³ From fiscal years 2004 to 2007, and again in fiscal year 2009, unreserved fund balance for capital projects reported a deficit balance as a result of outstanding encumbrances on various capital projects. Appropriations and bond proceeds available in subsequent fiscal years will fund these deficits.

Schedule A-3

Fiscal Year			
<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 300,497	\$ 411,600	\$ 470,800	\$ 305,224
568,639	667,972	394,068	327,467
<u>869,136</u>	<u>1,079,572</u>	<u>864,868</u>	<u>632,691</u>
1,286,583	1,558,607	1,867,469	1,892,734
1,096,485	1,473,424	975,035	807,356
(93,248)	(107,624)	57,027	(13,219)
14,332	17,801	20,801	5,210
<u>2,304,152</u>	<u>2,942,208</u>	<u>2,920,332</u>	<u>2,692,081</u>
<u>\$ 3,173,288</u>	<u>\$ 4,021,780</u>	<u>\$ 3,785,200</u>	<u>\$ 3,324,772</u>

State of Utah

Changes in Fund Balances — Governmental Funds

Last Eight 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 ²	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 ³	(10,347)	34,626	69,314	71,538
Miscellaneous and Other	176,895	193,448	204,331	231,708
Total Revenues	<u>6,152,885</u>	<u>6,464,073</u>	<u>7,053,207</u>	<u>7,711,301</u>
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 ⁴	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 ⁵	1,998,450	1,979,880	2,033,259	2,168,896
Transportation ⁶	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	<u>6,597,787</u>	<u>6,702,566</u>	<u>7,070,039</u>	<u>7,489,813</u>
Revenues Over (Under) Expenditures	<u>(444,902)</u>	<u>(238,493)</u>	<u>(16,832)</u>	<u>221,488</u>
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 Capital Assets	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)	<u>638,460</u>	<u>361,205</u>	<u>57,544</u>	<u>201,625</u>
Net Change in Fund Balances	<u>\$ 193,558</u>	<u>\$ 122,712</u>	<u>\$ 40,712</u>	<u>\$ 423,113</u>
Debt Service as a Percentage of Noncapital Expenditures	2.81 %	3.02 %	3.22 %	3.87 %

Notes: Due to changes in the State's fund structure initiated when GASB Statement 34 was implemented, the changes in fund balance information are 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 2007, tax revenues, specifically sales and use taxes, individual income taxes, and corporate taxes, increased significantly compared to prior years due to Utah's continued economic improvement. In fiscal year 2009, tax revenues decreased

Schedule A-4

Fiscal Year			
2006	2007	2008	2009
\$ 1,915,600	\$ 2,109,732	\$ 2,031,239	\$ 1,761,224
2,324,365	2,589,252	2,560,394	2,340,400
379,624	411,929	410,586	249,177
344,902	366,446	357,664	337,529
316,994	320,204	333,542	354,713
2,524,022	2,480,016	2,574,585	3,207,110
405,013	412,411	468,451	463,248
113,684	120,349	121,882	128,212
156,851	145,985	134,404	172,642
37,521	44,074	68,193	34,141
9,109	23,332	12,884	9,446
116,215	240,988	46,716	(132,523)
239,901	261,617	373,047	382,614
8,883,801	9,526,335	9,493,587	9,307,933
239,838	268,775	319,389	325,076
593,392	627,598	677,234	701,099
205,310	229,198	251,216	255,448
179,622	172,427	196,008	213,038
114,111	119,650	131,261	129,125
1,634,619	1,620,400	1,648,841	1,812,488
43,505	49,064	64,587	60,224
675,267	708,063	793,283	782,650
413,380	406,532	432,955	519,741
140,592	171,014	174,120	178,306
85,231	108,592	132,413	140,453
89,255	91,162	96,072	101,966
2,322,871	2,547,421	2,960,873	3,035,519
975,565	1,221,371	1,472,208	1,694,811
170,748	196,126	193,733	196,204
152,746	159,862	193,292	180,613
82,690	75,149	139,883	64,675
8,118,742	8,772,404	9,877,368	10,391,436
765,059	753,931	(383,781)	(1,083,503)
—	—	75,000	498,810
—	—	—	—
—	—	—	—
—	—	1,557	45,445
—	—	—	—
—	—	—	—
—	—	2,131	2,010
50,679	47,193	30,824	28,035
935,723	3,721,041	4,550,400	3,606,534
(952,798)	(3,674,615)	(4,512,711)	(3,557,759)
—	—	—	—
—	—	—	—
—	—	—	—
33,604	93,619	147,201	623,075
\$ 798,663	\$ 847,550	\$ (236,580)	\$ (460,428)
3.11 %	2.95 %	3.72 %	2.66 %

significantly as the economy slowed. Sales and use tax diversions along with a reduction in the sales tax rate also contributed to this decrease.

² In fiscal year 2009, federal contracts and grants increased in part due to funding provided by the American Recovery and Reinvestment Act.

³ In fiscal years 2002 and 2009, the decrease in fair value in investments for the permanent fund created a negative revenue.

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

⁵ From fiscal years 2005 to 2009, public education expenditures increased for both enrollment growth and benefit-related costs for educators.

⁶ Expenditures for Transportation have increased over the last three fiscal years as additional funding through bond proceeds were used to address the State's transportation infrastructure needs.

State of Utah

Revenue Base

Last Ten Calendar Years

(Expressed in Thousands)

	Calendar Year			
	1999	2000	2001	2002
Taxable Sales, Services, and Use Tax Purchases				
Agriculture, Forestry, and Fishing	\$ 26,499	\$ 32,173	\$ 35,596	\$ 37,667
Mining	180,267	202,157	207,660	157,344
Construction	421,476	407,857	368,364	315,095
Manufacturing	1,539,452	1,543,234	1,587,075	1,369,021
Transportation	140,231	149,218	144,106	96,434
Communications and Utilities	2,252,281	2,592,628	2,966,872	2,963,647
Wholesale Trade	3,278,676	3,444,614	3,278,275	3,099,989
Retail	17,064,458	17,954,684	18,472,120	19,049,964
Finance, Insurance, and Real Estate	449,726	469,097	442,357	457,361
Services	3,900,743	4,276,454	4,267,008	4,157,216
Public Administration	67,973	66,505	67,043	77,846
Prior Period Payments and Refunds	676,759	506,392	589,713	730,567
Total Taxable Sales, Services and Use Tax Purchases	<u>\$ 29,998,541</u>	<u>\$ 31,645,013</u>	<u>\$ 32,426,189</u>	<u>\$ 32,512,151</u>
State Sales Tax Rate	4.75 %	4.75 %	4.75 %	4.75 %
Personal Income by Industry				
Federal Civilian	\$ 1,860,682	\$ 2,092,156	\$ 2,193,593	\$ 2,423,704
Federal Military	415,852	447,703	495,066	631,174
State and Local Government	5,041,634	5,361,261	5,701,905	5,973,292
Forestry, Fishing, and Related Activities	69,819	64,061	54,705	46,069
Mining	456,432	495,981	550,927	532,637
Utilities	319,073	335,693	408,094	459,954
Construction	2,996,429	3,271,568	3,491,766	3,580,465
Manufacturing	5,327,895	5,648,259	5,927,719	5,718,329
Wholesale Trade	1,925,470	2,075,701	2,131,879	2,120,316
Retail Trade	3,270,230	3,418,911	3,579,776	3,639,657
Transportation and Warehousing	1,833,166	1,957,340	2,105,772	2,099,374
Information	1,557,010	1,771,212	1,671,477	1,547,549
Financial, Insurance, Real Estate, Rental, and Leasing	2,926,702	3,096,721	3,553,045	3,774,022
Services	10,613,627	11,695,394	12,253,544	12,749,249
Farm Earnings	256,110	201,081	277,134	180,687
Other ¹	10,472,441	11,628,169	12,197,106	12,695,237
Total Personal Income	<u>\$ 49,342,572</u>	<u>\$ 53,561,211</u>	<u>\$ 56,593,508</u>	<u>\$ 58,171,715</u>
Highest Income Tax Rate	7.00 %	7.00 %	7.00 %	7.00 %

Sources: Taxable Sales, Services, and Use Tax Purchases — Utah State Tax Commission;
Personal Income by Industry — U.S. Department of Commerce, Bureau of Economic Analysis and the Utah Department of Workforce Services

¹ Other personal income includes dividends, interest, rents, residence adjustment, government transfers to individuals, and deduction for social insurance contributions.

Schedule B-1

Calendar Year					
2003	2004	2005	2006	2007	2008
\$ 41,251	\$ 44,957	\$ 69,102	\$ 75,432	\$ 73,621	\$ 69,067
141,246	195,448	284,634	407,292	477,342	913,227
305,795	368,876	512,075	711,035	792,084	651,069
1,392,412	1,691,533	2,027,777	2,507,326	2,678,207	2,452,251
89,823	128,218	171,898	201,036	205,763	165,864
2,833,309	3,080,330	3,248,719	3,557,949	3,591,019	3,606,457
3,105,001	3,611,473	4,265,754	5,087,766	5,318,425	4,770,063
19,559,540	21,013,848	22,897,441	25,784,902	27,428,307	27,373,277
390,057	355,012	384,754	412,926	429,446	408,388
4,005,676	4,179,256	4,747,385	5,261,263	5,689,281	6,413,609
93,453	83,973	106,941	114,007	116,614	242,975
602,479	557,951	524,772	674,846	889,925	294,293
<u>\$ 32,560,042</u>	<u>\$ 35,310,875</u>	<u>\$ 39,241,252</u>	<u>\$ 44,795,780</u>	<u>\$ 47,690,034</u>	<u>\$ 47,360,540</u>
4.75 %	4.75 %	4.75 %	4.75 %	4.75 %	4.65 %
\$ 2,492,234	\$ 2,653,388	\$ 2,827,949	\$ 3,001,035	\$ 3,138,372	\$ 3,238,995
785,698	832,917	927,445	905,950	912,409	951,870
6,296,192	6,582,221	6,940,881	7,314,145	7,795,916	8,394,680
50,461	50,788	54,446	61,100	70,750	68,407
540,759	656,558	782,327	1,020,766	1,168,058	1,354,744
366,172	407,838	419,901	473,612	481,972	486,537
3,510,360	3,843,588	4,452,093	5,334,442	5,724,470	5,132,484
6,017,090	6,484,455	6,744,183	7,433,295	7,979,603	8,332,275
2,164,106	2,336,127	2,592,648	2,854,575	3,143,922	3,314,664
3,745,249	4,000,677	4,256,761	4,678,838	5,138,055	5,104,347
2,100,420	2,339,759	2,491,349	2,569,311	2,896,873	2,748,637
1,545,802	1,603,195	1,827,679	1,806,953	1,782,130	1,879,193
3,928,379	4,198,455	4,578,330	4,977,776	5,226,007	5,295,606
14,924,398	16,165,823	17,506,414	19,283,184	20,727,833	22,276,183
208,888	278,957	246,234	110,011	186,047	81,855
10,735,870	11,130,398	13,098,844	13,773,349	13,245,450	14,229,591
<u>\$ 59,412,078</u>	<u>\$ 63,565,144</u>	<u>\$ 69,747,484</u>	<u>\$ 75,598,342</u>	<u>\$ 79,617,867</u>	<u>\$ 82,890,068</u>
7.00 %	7.00 %	7.00 %	6.98 %	6.98 %	5.00 %

**Revenue Payers by Industry —
Taxable Sales, Services, and Use Tax Purchases
Most Current Calendar Year and Historical Comparison**

(Dollars Expressed in Thousands)

	Calendar Year 1999				Calendar Year 2008			
	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 ..	437	0.6 %	\$ 26,499	0.1 %	490	0.5 %	\$ 69,067	0.1 %
Mining	259	0.4 %	180,267	0.6 %	768	0.8 %	913,227	1.9 %
Construction	1,518	2.1 %	421,476	1.4 %	1,267	1.3 %	651,069	1.4 %
Manufacturing	4,948	6.8 %	1,539,452	5.1 %	5,550	5.9 %	2,452,251	5.2 %
Transportation	451	0.6 %	140,231	0.5 %	427	0.5 %	165,864	0.4 %
Communications and Utilities	476	0.7 %	2,252,281	7.5 %	9,454	10.0 %	3,606,457	7.6 %
Wholesale Trade	9,305	12.8 %	3,278,676	10.9 %	8,767	9.2 %	4,770,063	10.1 %
Retail	24,989	34.4 %	17,064,458	56.9 %	32,420	34.2 %	27,373,277	57.8 %
Finance, Insurance, and								
Real Estate	1,528	2.1 %	449,726	1.5 %	2,835	3.0 %	408,388	0.9 %
Services	18,654	25.7 %	3,900,743	13.0 %	18,702	19.7 %	6,413,609	13.5 %
Public Administration	105	0.1 %	67,973	0.2 %	143	0.2 %	242,975	0.5 %
Prior Period Payments, Refunds	9,960	13.7 %	676,759	2.3 %	14,033	14.7 %	294,293	0.6 %
Total Number of Filers and Total Taxable Sales, Services, and Use Tax Purchases	<u>72,630</u>	<u>100.0 %</u>	<u>\$ 29,998,541</u>	<u>100.0 %</u>	<u>94,856</u>	<u>100.0 %</u>	<u>\$ 47,360,540</u>	<u>100.0 %</u>
State Sales Tax Rate			4.75 % except 2.00 % for Communications and Utilities				4.65 % except 2.00 % for Communications and Utilities	

Source: Utah State Tax Commission

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue. The most current period available for taxable sales, services, and use tax purchases is calendar year 2008.

Revenue Payers — Personal Income Tax
Most Current Calendar Year and Historical Comparison

(Dollars Expressed in Thousands)

	Calendar Year 1998				Calendar Year 2007			
	<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Tax Liability</u>	<u>Percent of Total</u>	<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Tax Liability</u>	<u>Percent of Total</u>
Adjusted Gross Income Class								
\$10,000 and under	194,218	23.2 %	\$ 5,432	0.4 %	178,848	17.0 %	\$ 2,508	0.1 %
\$10,001–20,000	151,704	18.2 %	40,857	3.1 %	156,467	14.9 %	29,863	1.2 %
\$20,001–30,000	116,065	13.9 %	77,533	5.8 %	140,155	13.3 %	74,578	3.1 %
\$30,001–40,000	90,906	10.9 %	103,654	7.8 %	109,854	10.4 %	105,190	4.3 %
\$40,001–50,000	74,243	8.9 %	122,574	9.2 %	89,357	8.5 %	128,271	5.3 %
\$50,001–75,000	118,305	14.2 %	297,717	22.5 %	164,730	15.6 %	377,123	15.5 %
\$75,001–100,000	46,511	5.6 %	177,368	13.4 %	95,903	9.1 %	347,784	14.3 %
\$100,001–250,000	36,326	4.3 %	243,241	18.4 %	99,345	9.4 %	637,086	26.2 %
Over \$250,000	7,120	0.8 %	257,516	19.4 %	18,683	1.8 %	732,382	30.0 %
Total	<u>835,398</u>	<u>100.0 %</u>	<u>\$ 1,325,892</u>	<u>100.0 %</u>	<u>1,053,342</u>	<u>100.0 %</u>	<u>\$ 2,434,785</u>	<u>100.0 %</u>

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 2007.

Personal Income Tax Rates
Last Ten Calendar Years

	Calendar Year			
	1999 to 2000 ¹	2001 to 2005 ¹	2006 to 2007 ^{2 3}	2008 ⁴
	Single and Married Filing Separately			
Tax Rate	2.30 %	2.30 %	2.30 %	—
Taxable Income Levels ..	\$0–750	\$0–863	\$0–1,000	—
Tax Rate	3.30 %	3.30 %	3.30 %	—
Taxable Income Levels ..	\$751–1,500	\$864–1,726	\$1,001–2,000	—
Tax Rate	4.20 %	4.20 %	4.20 %	—
Taxable Income Levels ..	\$1,501–2,250	\$1,727–2,588	\$2,001–3,000	—
Tax Rate	5.20 %	5.20 %	5.20 %	—
Taxable Income Levels ..	\$2,251–3,000	\$2,589–3,450	\$3,001–4,000	—
Tax Rate	6.00 %	6.00 %	6.00 %	—
Taxable Income Levels ..	\$3,001–3,750	\$3,451–4,313	\$4,001–5,500	—
Tax Rate	7.00 %	7.00 %	6.98 %	—
Taxable Income Levels ..	Over \$3,750	Over \$4,313	Over \$5,500	—
FlatTax Rate	—	—	5.35 %	5.00 %
	Married Filing Joint, Head of Household, and Qualifying Widow(er)			
Tax Rate	2.30 %	2.30 %	2.30 %	—
Taxable Income Levels ..	\$0–1,500	\$0–1,726	\$0–2,000	—
Tax Rate	3.30 %	3.30 %	3.30 %	—
Taxable Income Levels ..	\$1,501–3,000	\$1,727–3,450	\$2,001–4,000	—
Tax Rate	4.20 %	4.20 %	4.20 %	—
Taxable Income Levels ..	\$3,001–4,500	\$3,451–5,176	\$4,001–6,000	—
Tax Rate	5.20 %	5.20 %	5.20 %	—
Taxable Income Levels ..	\$4,501–6,000	\$5,177–6,900	\$6,001–8,000	—
Tax Rate	6.00 %	6.00 %	6.00 %	—
Taxable Income Levels ..	\$6,001–7,500	\$6,901–8,626	\$8,001–11,000	—
Tax Rate	7.00 %	7.00 %	6.98 %	—
Taxable Income Levels ..	Over \$7,500	Over \$8,626	Over \$11,000	—
FlatTax Rate	—	—	5.35 %	5.00 %

Source: Utah State Tax Commission

Note: The Utah State Legislature can raise the income tax rates by legislation, no vote of the populace is required; *Utah Constitution*, Article XIII, Section 5.

¹ The Legislature passed structural reductions in the state income tax rate effective for calendar year 1997 and increased the income levels effective for calendar years 2001 through 2005.

² The Legislature increased income levels and lowered the maximum tax rate effective for calendar year 2006.

³ The Legislature passed an option for the taxpayer to use the single rate of 5.35% or the tax tables for calendar year 2007.

⁴ The Legislature passed a single tax rate for all taxpayers for calendar year 2008.

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State of Utah

Ratios of Outstanding Debt by Type

Last Eight 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	<u>1,828</u>	<u>1,969</u>	<u>1,869</u>	<u>1,845</u>
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	<u>1,254</u>	<u>1,336</u>	<u>1,422</u>	<u>1,576</u>
Total Primary Government	<u>\$ 3,082</u>	<u>\$ 3,305</u>	<u>\$ 3,291</u>	<u>\$ 3,421</u>
Debt as a Percentage of Personal Income ¹	5.30 %	5.56 %	5.18 %	4.91 %
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	<u>\$ 1,468</u>	<u>\$ 1,624</u>	<u>\$ 1,510</u>	<u>\$ 1,515</u>
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	2007	2008	2009
\$ 1,377	\$ 1,237	\$ 1,162	\$ 1,493
293	274	162	149
20	18	19	19
1,690	1,529	1,343	1,661
2,138	2,138	2,165	2,235
—	—	—	—
38	37	50	74
2,176	2,175	2,215	2,309
\$ 3,866	\$ 3,704	\$ 3,558	\$ 3,970
5.11 %	4.65 %	4.29 %	4.85 %
\$ 1,478	\$ 1,372	\$ 1,290	\$ 1,415
\$ 1,377	\$ 1,237	\$ 1,162	\$ 1,493
—	—	—	—
\$ 1,377	\$ 1,237	\$ 1,162	\$ 1,493
0.95 %	0.73 %	0.58 %	0.66 %
\$ 527	\$ 458	\$ 421	\$ 532

State of Utah

Other Long-Term Liabilities

Last Eight 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 ¹	—	—	—	8,527
Compensated Absences ²	135,541	134,746	139,594	140,029
Postemployment Benefits ³	213,633	216,442	240,538	—
Claims	126,709	43,659	40,423	44,673
Pollution Remediation Obligation ¹	—	—	—	—
Arbitrage Liability	99	103	—	—
Net Other Post Employment Benefit Obligation	—	—	—	—
Total Governmental Activities	<u>2,335,428</u>	<u>2,456,410</u>	<u>2,371,186</u>	<u>2,113,602</u>
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	—	—	—
Contracts/Notes Payable	—	—	—	—
Claims and Uninsured Liabilities	—	—	5,201	6,025
Arbitrage Liability	36,830	52,884	61,766	66,411
Total Business-type Activities	<u>1,291,513</u>	<u>1,389,095</u>	<u>1,489,054</u>	<u>1,648,535</u>
Total Primary Government				
Other Long-term Liabilities	<u>\$ 3,626,941</u>	<u>\$ 3,845,505</u>	<u>\$ 3,860,240</u>	<u>\$ 3,762,137</u>

Note: Details regarding the liabilities listed above can be found in Note 10. Long-term Liabilities in the financial statements.

¹ Beginning in 2008 the Pollution Remediation Obligation is no longer reported in the financial statements as part of Contracts Payable under Governmental Activities. This obligation is now being reported as Pollution Remediation Obligation per the implementation of Governmental Accounting Standards Board (GASB) Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*.

² During 2009, a new evaluation was performed in accordance with Governmental Accounting Standards Board (GASB) Statement 16, *Accounting for Compensated Absences* and as a result the total liability decreased.

³ 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			
<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 1,377,390	\$ 1,237,170	\$ 1,161,510	\$ 1,492,620
293,226	273,538	161,614	148,654
83,347	66,581	51,011	80,962
(21,546)	(17,732)	(13,621)	(10,151)
19,644	18,228	18,769	19,210
7,936	6,941	559	512
148,762	185,630	186,581	162,689
—	—	—	—
46,725	44,755	41,285	43,650
—	—	7,842	7,687
—	109	—	—
—	—	—	3,918
<u>1,955,484</u>	<u>1,815,220</u>	<u>1,615,550</u>	<u>1,949,751</u>
2,138,085	2,137,655	2,165,180	2,235,322
37,814	36,552	50,246	73,676
988	879	1,117	1,491
(415)	(365)	(318)	(267)
—	—	—	—
—	—	—	297,381
4,960	4,678	5,786	14,941
67,845	72,487	65,945	57,782
<u>2,249,277</u>	<u>2,251,886</u>	<u>2,287,956</u>	<u>2,680,326</u>
<u>\$ 4,204,761</u>	<u>\$ 4,067,106</u>	<u>\$ 3,903,506</u>	<u>\$ 4,630,077</u>

State of Utah

Legal Debt Margin

Last Ten Fiscal Years

(Expressed in Millions)

	Fiscal Year			
	2000	2001	2002	2003
Taxable Property, Taxable Value ¹	\$ 105,149	\$ 112,218	\$ 120,332	\$ 125,437
Taxable Property, Fair Market Value ¹	\$ 142,192	\$ 152,329	\$ 163,186	\$ 170,776
Debt Limit (Fair Market Value times 1.5%)	1.50%	1.50%	1.50%	1.50%
Debt Limit Amount	2,133	2,285	2,448	2,562
Net General Obligation Bonded Debt ²	1,212	1,146	1,498	1,714
Legal Debt Margin	\$ 921	\$ 1,139	\$ 950	\$ 848
Net General Obligation Bonded Debt As a Percentage of the Debt Limit Amount	56.82 %	50.15 %	61.19 %	66.90 %

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, 2008, are used for fiscal year 2009.

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			
	2000	2001	2002	2003
Appropriations Limitation Amount ¹	\$ 3,673,543	\$ 3,798,512	\$ 4,176,703	\$ 4,150,684
Limit (Appropriations Limitation Amount times applicable percentage) ¹	20.00%	20.00%	20.00%	20.00%
Statutory Debt Limit Amount	734,709	759,702	835,341	830,137
Net General Obligation Bonded Debt	1,212,325	1,146,000	1,498,371	1,713,755
Less: Exempt Highway Construction Bonds	(908,000)	(908,000)	(1,000,450)	(1,020,049)
Net General Obligation Bonded Debt Subject to Statutory Debt Limit	304,325	238,000	497,921	693,706
Additional General Obligation Debt Incurring Capacity	\$ 430,384	\$ 521,702	\$ 337,420	\$ 136,431

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					
2004	2005	2006	2007	2008	2009
\$ 129,345	\$ 135,827	\$ 144,519	\$ 168,812	\$ 201,774	\$ 224,689
\$ 176,541	\$ 185,620	\$ 198,983	\$ 233,013	\$ 282,176	\$ 311,525
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
2,648	2,784	2,985	3,495	4,233	4,673
1,589	1,588	1,437	1,284	1,198	1,563
\$ 1,059	\$ 1,196	\$ 1,548	\$ 2,211	\$ 3,035	\$ 3,110
60.01 %	57.04 %	48.14 %	36.74 %	28.30 %	33.45 %

Schedule C-4

Fiscal Year					
2004	2005	2006	2007	2008	2009
\$ 1,856,205	\$ 1,956,584	\$ 2,099,609	\$ 2,276,693	\$ 2,477,629	\$ 2,544,948
45.00%	45.00%	45.00%	45.00%	45.00%	45.00%
835,292	880,463	944,824	1,024,512	1,114,933	1,145,227
1,588,810	1,587,804	1,436,845	1,284,023	1,198,172	1,562,815
(980,811)	(957,093)	(877,979)	(790,567)	(763,583)	(1,079,270)
607,999	630,711	558,866	493,456	434,589	483,545
\$ 227,293	\$ 249,752	\$ 385,958	\$ 531,056	\$ 680,344	\$ 661,682

Pledged Revenue Bond Coverage

Last Eight Fiscal Years

(Expressed in Thousands)

Fiscal Year	Gross Revenues ¹	Less Operating Expenses ²	Net Available Revenue	Debt Service		Coverage ³
				Principal	Interest	
Water Loans ⁴						
2009	\$ —	\$ —	\$ —	\$ —	\$ —	—
2008	\$ —	\$ —	\$ —	\$ —	\$ —	—
2007	\$ —	\$ —	\$ —	\$ —	\$ —	—
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 ⁵						
2009	\$ 84,465	\$ 25,658	\$ 58,807	\$ 121,358	\$ 62,839	0.32
2008	\$ 129,255	\$ 19,682	\$ 109,573	\$ 72,145	\$ 98,154	0.64
2007	\$ 146,108	\$ 33,211	\$ 112,897	\$ 430	\$ 97,729	1.15
2006	\$ 118,044	\$ 37,810	\$ 80,234	\$ 40,420	\$ 64,807	0.76
2005	\$ 83,093	\$ 31,944	\$ 51,149	\$ 3,710	\$ 33,404	1.38
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 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.

⁴ As of fiscal year 2005, the State does not have any outstanding revolving loan recapitalization bonds issued for the State's Water Loan Programs.

⁵ Only the Student Loan Purchase Program bonds are presented.

Calendar Year	Population (in Thousands)				Unemployment Rate		Utah Net Migration
	Utah		U.S.		Utah	U.S.	
	Number	Change	Number	Change			
2000	2,247	2.5 %	282,217	1.1 %	3.4 %	4.0 %	18,612
2001	2,306	2.6 %	285,226	1.1 %	4.4 %	4.8 %	23,848
2002	2,358	2.3 %	288,126	1.0 %	5.8 %	5.8 %	17,299
2003	2,414	2.4 %	290,796	0.9 %	5.7 %	6.0 %	18,568
2004	2,469	2.3 %	293,638	1.0 %	5.0 %	5.5 %	18,367
2005	2,547	3.2 %	296,507	1.0 %	4.2 %	5.1 %	40,647
2006	2,615	2.7 %	299,200	0.9 %	3.0 %	4.6 %	28,730
2007	2,700	3.3 %	302,040	0.9 %	2.7 %	4.6 %	44,252
2008	2,758	2.1 %	304,992	1.0 %	3.4 %	5.8 %	16,648
2009 (est.)	2,805	1.7 %	307,979	1.0 %	6.5 %	9.2 %	6,000

Calendar Year	Personal Income (in Millions)				Per Capita Income (in Dollars)			
	Utah		U.S.		Utah		U.S.	
	Amount	Change	Amount	Change	Amount	Change	Amount	Change
2000	\$ 53,561	8.5 %	\$ 8,429,675	8.1 %	\$ 23,837	5.9 %	\$ 27,869	(0.3)%
2001	\$ 56,594	5.7 %	\$ 8,724,125	3.5 %	\$ 24,542	3.0 %	\$ 30,587	9.8 %
2002	\$ 58,172	2.8 %	\$ 8,881,900	1.8 %	\$ 24,670	0.5 %	\$ 30,826	0.8 %
2003	\$ 59,412	2.1 %	\$ 9,163,600	3.2 %	\$ 24,611	(0.2)%	\$ 31,512	2.2 %
2004	\$ 63,565	7.0 %	\$ 9,727,200	6.2 %	\$ 25,745	4.6 %	\$ 33,127	5.1 %
2005	\$ 69,744	9.7 %	\$ 10,269,750	5.6 %	\$ 27,383	6.4 %	\$ 34,636	4.6 %
2006	\$ 75,598	8.4 %	\$ 10,993,900	7.1 %	\$ 28,909	5.6 %	\$ 36,744	6.1 %
2007	\$ 79,619	5.3 %	\$ 11,894,000	8.2 %	\$ 29,489	2.0 %	\$ 39,379	7.2 %
2008	\$ 82,890	4.1 %	\$ 12,239,000	2.9 %	\$ 30,054	1.9 %	\$ 40,129	1.9 %
2009 (est.)	\$ 81,812	(1.3)%	\$ 11,973,000	(2.2)%	\$ 29,166	(3.0)%	\$ 38,876	(3.1)%

Source: Population—Utah Population Estimates Committee at July 1 each year. The 2009 estimate is from the Utah Revenue Assumption Committee.

Source: Unemployment Rate—Utah Department of Workforce Service. The 2009 estimate is from the Utah Revenue Assumption Committee.

Source: Utah Net Migration—Utah Population Estimates Committee at July 1 each year. The 2009 estimate is from the Utah Revenue Assumption Committee.

Source: Personal Income—U.S. Department of Commerce, Bureau of Economic Analysis, and Utah Department of Workforce Services. The 2009 estimate is from the Utah Revenue Assumption Committee.

Note: Per Capita Income is calculated by dividing total personal income by population. Amounts may not be exact due to rounding.

Principal Employers

Most Current Calendar Year and Historical Comparison

Entity Name	Calendar Year 1999			Calendar Year 2008		
	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	20,000 +	1	2.1 %	20,000 +	2	1.9 %
University of Utah (includes Hospital)	15,000 – 19,999	2	1.7 %	15,000 – 19,999	3	1.5 %
Brigham Young University	15,000 – 19,999	3	1.6 %	15,000 – 19,999	4	1.4 %
Wal-Mart Stores				15,000 – 19,999	5	1.3 %
Hill Air Force Base	7,000 – 9,999	4	0.9 %	10,000 – 14,999	6	1.0 %
Granite School District	7,000 – 9,999	5	0.8 %	7,000 – 9,999	7	0.8 %
Jordan School District	7,000 – 9,999	6	0.7 %	7,000 – 9,999	8	0.7 %
Davis County School District	7,000 – 9,999	9	0.6 %	7,000 – 9,999	9	0.7 %
Utah State University	5,000 – 6,999	8	0.6 %	7,000 – 9,999	10	0.6 %
Convergys	5,000 – 6,999	7	0.7 %			
Smith's Food King	5,000 – 6,999	10	0.6 %			
Total Employees of Principal Employers	106,200		10.3 %	146,600		12.1 %

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 Nine 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	<u>1,074,879</u>	<u>1,081,685</u>	<u>1,073,746</u>	<u>1,074,131</u>
Civilian Labor Force	1,104,208	1,159,433	1,181,691	1,207,436
Total Employed	1,068,371	1,108,547	1,113,645	1,139,129
Unemployed	35,837	50,886	68,046	68,307
Unemployment Rate	3.4 %	4.4 %	5.8 %	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	2006	2007	2008
198,877	202,307	204,483	206,868	211,710
7,083	8,473	10,024	11,034	12,506
72,631	81,685	95,164	103,450	90,469
114,765	117,246	123,064	127,695	125,852
219,212	225,938	234,797	245,672	247,978
30,272	32,105	32,541	32,448	30,747
65,040	67,583	71,469	74,739	74,050
138,220	146,704	154,834	161,022	162,194
123,282	128,605	134,410	139,991	146,617
102,031	104,223	108,477	112,821	114,813
32,915	33,451	34,651	35,542	35,534
<u>1,104,328</u>	<u>1,148,320</u>	<u>1,203,914</u>	<u>1,251,282</u>	<u>1,252,470</u>
1,237,055	1,276,378	1,318,473	1,361,768	1,383,743
1,174,797	1,223,248	1,279,453	1,325,480	1,336,156
62,258	53,130	39,020	36,288	47,587
5.0 %	4.2 %	3.0 %	2.7 %	3.4 %

State of Utah

Public Education Student Enrollment (K–12)

Last Ten Academic Years

	Academic Year			
	<u>1999–2000</u>	<u>2000–01</u>	<u>2001–02</u>	<u>2002–03</u>
Elementary	254,922	256,429	259,328	262,168
Secondary	221,052	218,840	218,473	218,975
Total All Grades	<u>475,974</u>	<u>475,269</u>	<u>477,801</u>	<u>481,143</u>

Source: State of Utah Office of Education

Note: Public Education Student Enrollment count is based on October 1st counts.

Public Higher Education Enrollment

Last Ten Academic Years

	Academic Year			
	<u>2000–01</u>	<u>2001–02</u>	<u>2002–03</u>	<u>2003–04</u>
University of Utah	26,180	27,664	29,992	29,936
Utah State University	21,490	23,001	22,848	23,474
Weber State University	16,378	17,258	18,654	19,167
Southern Utah University	5,963	6,095	5,881	6,048
Salt Lake Community College	22,118	24,220	23,873	24,154
Utah Valley State College	20,946	22,609	23,609	23,803
Dixie State College of Utah ¹	6,515	7,255	7,473	7,682
College of Eastern Utah	2,704	2,746	2,646	2,692
Snow College	4,092	4,096	3,768	4,036
Utah College of Applied Technology	37,443	37,210	37,660	35,549
Total All Institutions	<u>163,829</u>	<u>172,154</u>	<u>176,404</u>	<u>176,541</u>

Source: Utah State Board of Regents

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

¹ Dixie State College of Utah included summer term headcounts for academic years prior to 2006–07.

Schedule D-4

Academic Year					
<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
266,666	273,163	283,972	295,252	314,676	322,704
<u>220,272</u>	<u>222,519</u>	<u>226,040</u>	<u>230,835</u>	<u>236,694</u>	<u>240,569</u>
<u>486,938</u>	<u>495,682</u>	<u>510,012</u>	<u>526,087</u>	<u>551,370</u>	<u>563,273</u>

Schedule D-5

Academic Year					
<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
30,479	30,558	30,511	29,797	30,228	31,407
23,908	23,107	23,623	24,421	23,925	25,065
18,875	18,334	18,642	18,306	21,674	23,331
6,672	6,859	7,029	7,057	7,516	8,066
25,711	25,551	25,129	25,144	29,866	33,774
24,149	24,487	23,305	23,840	26,696	28,765
8,564	9,114	5,967	5,944	6,443	7,911
2,471	2,179	2,220	2,444	2,082	2,173
4,108	4,113	4,179	3,745	3,798	4,368
<u>25,817</u>	<u>25,199</u>	<u>19,389</u>	<u>19,595</u>	<u>20,321</u>	<u>18,831</u>
<u>170,754</u>	<u>169,501</u>	<u>159,994</u>	<u>160,293</u>	<u>172,549</u>	<u>183,691</u>

State of Utah

Full-Time Equivalent State Employees by Function

Last Ten Fiscal Years

	Fiscal Year			
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General Government				
Government Operations ¹	1,302	1,321	1,344	1,297
Tax Commission	859	884	872	835
All Other	144	144	145	144
Human Services and Youth Corrections	4,530	4,605	4,706	4,543
Adult Corrections	2,169	2,243	2,253	2,159
Public Safety				
Department of Public Safety	1,105	1,106	1,171	1,166
Utah National Guard	180	202	223	227
State Courts	1,111	1,127	1,125	1,053
Health and Environmental Quality				
Department of Health	1,101	1,144	1,189	1,207
Department of Environmental Quality	396	404	416	408
Employment and Family Services	1,702	1,772	1,850	1,889
Natural Resources	1,192	1,191	1,219	1,215
Community and Culture ¹	287	302	297	267
Business, Labor, and Agriculture	663	688	701	701
Education				
Public Education Support	1,042	1,061	1,066	1,055
Higher Education Support	160	158	160	147
Transportation	<u>1,888</u>	<u>1,895</u>	<u>1,951</u>	<u>1,871</u>
Total Full-time Equivalent State Employees	<u>19,831</u>	<u>20,247</u>	<u>20,688</u>	<u>20,184</u>

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.

Schedule E-1

Fiscal Year					
<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
1,295	1,292	1,345	2,074	2,114	2,084
846	844	852	764	777	763
127	132	147	152	157	154
4,630	4,697	4,644	4,521	4,546	4,464
2,228	2,234	2,319	2,316	2,377	2,439
1,211	1,182	1,159	1,151	1,153	1,202
252	245	247	246	237	239
1,056	1,073	1,077	1,077	1,112	1,096
1,271	1,289	1,295	1,231	991	988
397	403	406	382	385	383
1,993	1,999	1,931	1,729	2,030	2,062
1,266	1,273	1,319	1,304	1,330	1,361
262	251	188	187	188	191
703	712	716	706	722	715
1,088	1,129	1,176	1,159	1,168	1,178
154	177	200	230	223	205
<u>1,829</u>	<u>1,762</u>	<u>1,768</u>	<u>1,691</u>	<u>1,716</u>	<u>1,685</u>
<u>20,608</u>	<u>20,694</u>	<u>20,789</u>	<u>20,920</u>	<u>21,226</u>	<u>21,209</u>

State of Utah

Operating Indicators by Function

Last Ten Fiscal Years

	Fiscal Year			
	2000	2001	2002	2003
General Government				
Government Operations				
Construction Projects Managed	654	638	757	886
Tax Commission				
Percent of Data Managed Electronically	15.7 %	20.1 %	27.3 %	33.5 %
Number of Returns Filed Electronically	146,914	191,565	263,337	325,077
Motor Vehicle Registrations (in thousands)	2,382	2,383	2,464	2,524
Human Services and Youth Corrections				
Food Stamp Recipients ¹	171,872	181,501	209,209	233,836
Percent of Population	7.6 %	7.9 %	8.9 %	9.7 %
Juveniles, Daily Average in Justice System Placement	1,355	1,288	1,231	1,208
Rate of Recombitment to Juvenile Custody	10.2 %	10.2 %	9.8 %	10.3 %
Adult Corrections				
Incarcerated Offenders ¹	5,573	5,590	5,434	5,687
Supervised Offenders ¹	10,690	11,025	11,392	11,514
Utah Incarceration Rate (per 100,000 population)	254	230	233	240
US Incarceration Rate (per 100,000 population)	478	470	476	482
State Courts ²				
State Court Filings	374,700	350,633	342,794	313,340
State Court Dispositions	418,277	354,961	338,551	323,235
Health				
Children's Health Insurance Program Enrollment	14,612	21,366	24,674	24,854
Medicaid Eligible (unduplicated)	222,360	235,813	249,447	249,745
Percent of Population	9.9 %	10.2 %	10.6 %	10.3 %
Employment and Family Services				
Individuals Registered for Employment	264,113	252,520	263,218	259,914
Percent Who Entered Employment	N/A	N/A	62 %	62 %
Natural Resources				
Hatchery Fish, Pounds Raised	N/A	862,442	810,513	887,546
Hunting and Fishing Licenses Sold (in thousands) ^{1 3}	N/A	408,587	373,381	360,285
State Park Visitations (in thousands)	6,555	6,075	5,640	4,573
Business, Labor, and Agriculture				
Department of Commerce				
Licenses and Registrations Issued ⁴	243,661	249,927	251,982	250,295
Department of Agriculture and Food				
Dairy Farm Inspections	1,601	1,369	1,453	1,145
Pounds of Turkey Inspected and Graded (in thousands) ...	118,837	81,279	88,989	88,780
Gas Pumps and Scales Inspected	14,046	20,434	21,602	23,913
Higher Education				
Number of Certificates and Degrees Awarded	21,114	22,327	25,026	25,999
Transportation				
Percent of Roads Which are Deficient (see page 126) ¹	10.7 %	8.3 %	6.6 %	6.4 %
Vehicles Weighed or Inspected (in thousands)	4,473	5,467	5,647	5,462

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, fishing and all other big game. Year 2009 is an estimate.

⁴ Includes professional, occupational, real estate, and securities licenses. Does not include corporation and other business registrations or filings.

Schedule E-2

Fiscal Year					
2004	2005	2006	2007	2008	2009
844	782	828	909	946	841
42.1 %	48.3 %	54.4 %	58.9 %	62.9 %	65.3 %
409,249	482,443	565,851	640,365	725,293	748,879
2,657	2,732	2,818	2,955	2,779	2,759
255,284	263,502	253,586	251,143	266,352	348,189
10.3 %	10.3 %	9.7 %	9.3 %	9.7 %	12.4 %
1,203	1,239	1,128	1,150	1,132	1,105
9.4 %	7.3 %	9.5 %	6.8 %	7.3 %	7.2 %
5,875	6,148	6,325	6,502	6,489	N/A
11,519	11,798	12,158	11,521	12,519	N/A
246	240	240	246	232	N/A
486	488	497	445	509	N/A
294,376	300,049	283,724	275,020	270,684	369,821
317,015	339,664	263,703	240,180	225,362	369,772
28,443	28,924	35,259	31,998	32,101	38,036
276,813	286,983	287,559	274,710	267,378	298,372
11.2 %	11.3 %	11.0 %	10.2 %	9.7 %	10.6 %
256,934	266,105	250,855	202,642	211,906	283,692
61 %	66 %	70 %	72 %	74 %	71 %
930,071	893,497	1,062,512	993,323	964,630	1,106,719
366,256	366,341	415,066	438,286	599,691	607,875
4,414	4,458	4,390	4,465	4,554	4,645
257,140	262,216	291,162	309,106	314,894	321,943
1,087	1,089	1,054	769	718	N/A
69,371	92,650	88,544	85,954	81,945	N/A
22,510	37,892	26,394	21,333	16,624	22,216
30,801	30,093	30,463	30,182	33,608	26,990
6.2 %	6.3 %	11.3 %	12.4 %	13.9 %	N/A
5,456	5,528	5,796	6,358	6,278	4,790

State of Utah

Capital Asset Statistics by Function

Last Eight 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

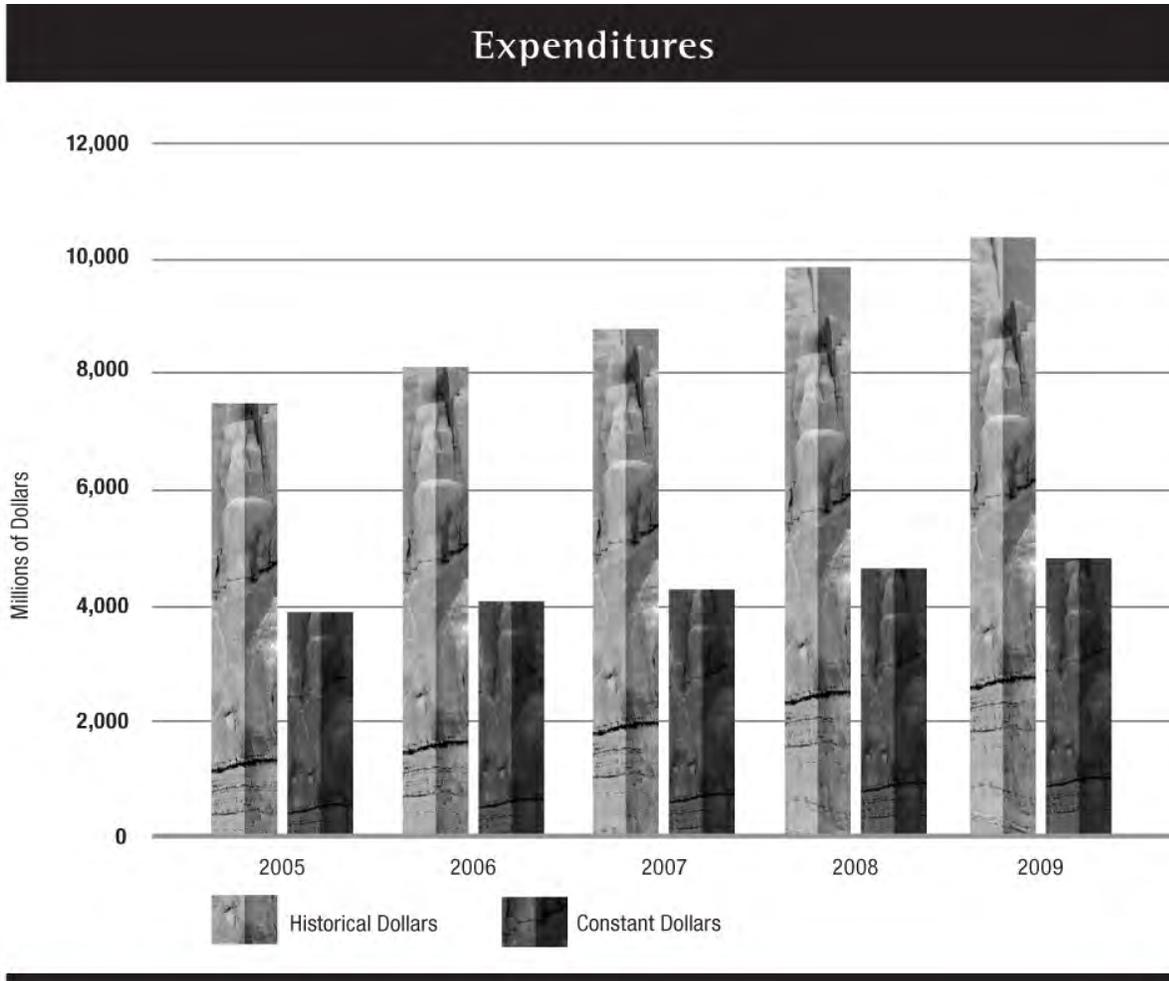
Source: Utah State Administrative Services, Division of Finance and various agencies of the State.

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	2007	2008	2009
319	288	289	290
7,376	7,376	7,437	7,256
2,179	2,156	2,302	2,448
1,011	948	1,020	994
75	72	61	45
192	189	230	219
40	43	52	55
35	28	28	28
135	121	127	182
133	140	146	147
204	192	192	193
85	86	95	95
190	190	191	190
215	216	211	216
204	203	228	218
295	304	313	327
370	424	458	464
42	42	42	42
622	642	667	681
269	296	292	315
87	87	87	92
11	11	11	11
167	164	165	163
136	142	189	193
94	94	99	91
108	107	106	106
5,680	5,777	5,754	5,699
336	343	345	358
770	812	832	832
2,346	2,462	2,543	2,544

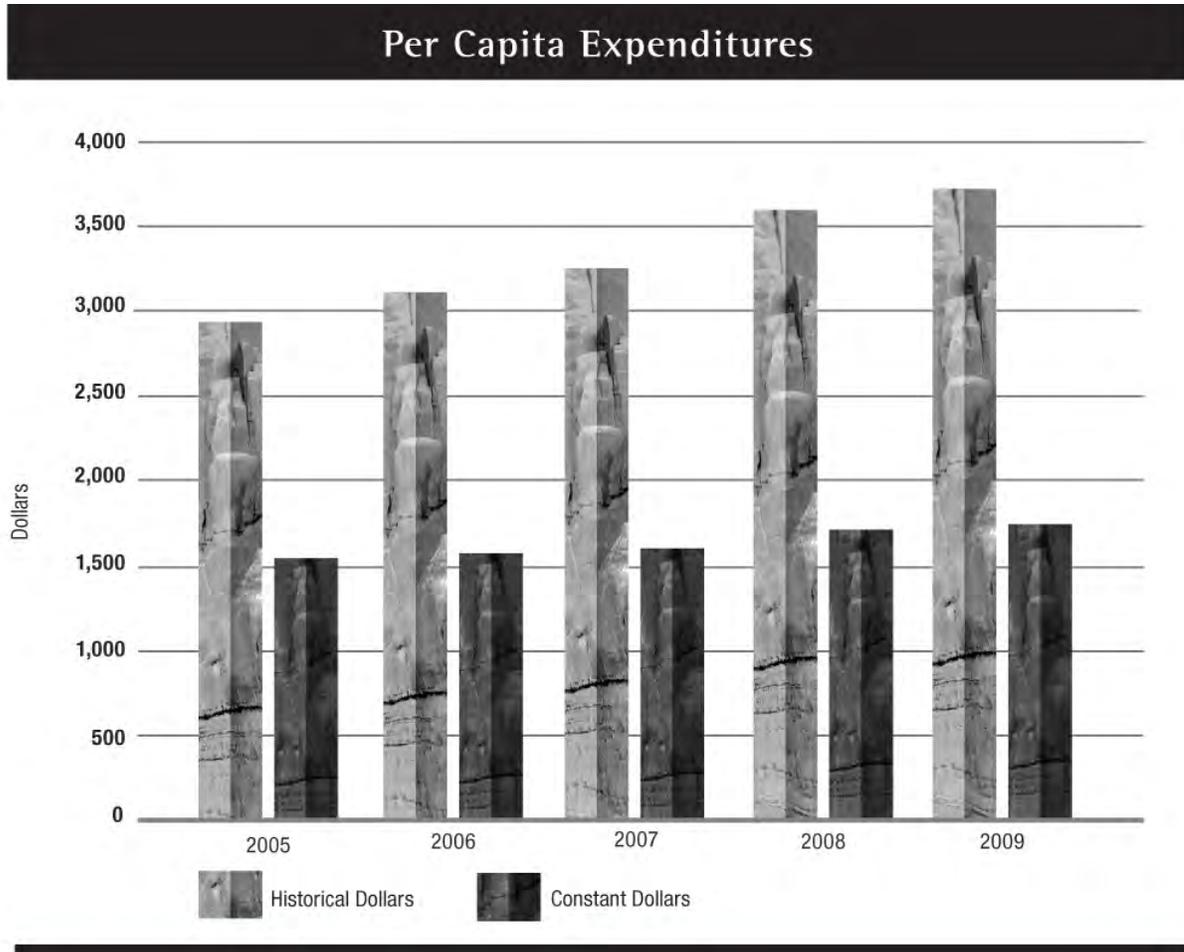
Expenditures — Historical and Constant Dollars
All Governmental Fund Types
 Last Five Fiscal Years



Fiscal Year	Historical Dollars		Constant Dollars	
	(in Millions)	Change	(in Millions)	Change
2005	\$ 7,490	5.9 %	\$ 3,909	2.9 %
2006	\$ 8,119	8.4 %	\$ 4,080	4.4 %
2007	\$ 8,772	8.0 %	\$ 4,297	5.3 %
2008	\$ 9,877	12.6 %	\$ 4,666	8.6 %
2009	\$ 10,391	5.2 %	\$ 4,842	3.8 %

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
All Governmental Fund Types
 Last Five Fiscal Years



Fiscal Year	Per Capita Expenditures			
	Historical Dollars		Constant Dollars	
		Change		Change
2005	\$ 2,941	2.7 %	\$ 1,535	(0.3)%
2006	\$ 3,105	5.6 %	\$ 1,560	1.6 %
2007	\$ 3,249	4.6 %	\$ 1,592	2.1 %
2008	\$ 3,581	10.2 %	\$ 1,692	6.3 %
2009	\$ 3,704	3.4 %	\$ 1,726	2.0 %

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

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