Municipal Secondary Market Disclosure Information Cover Sheet

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

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

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IF THIS FILING RELATES TO A SINGLE BOND ISSUE:

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

_____

_____

_____

_____

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

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

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

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

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

(Exactly as it appears on the Official Statement Cover)

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

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

TYPE OF FILING:

☑ Electronic (number of pages attached) 279 ☐ Paper (number of pages attached) _____

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

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

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

Fiscal Period Covered: December 31, 2008

B. ☑ Audited Financial Statements or CAFR pursuant to Rule 15c2-12
Fiscal Period Covered: June 30, 2008

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

1. ☐ Principal and interest payments delinquencies
2. ☐ Non-payment related defaults
3. ☐ Unscheduled draws on debt service reserves reflecting financial difficulties
4. ☐ Unscheduled draws on credit enhancements reflecting financial difficulties
5. ☐ Substitution of credit or liquidity providers, or their failure to perform
6. ☐ Adverse tax opinions or events affecting the tax-exempt status of the security
7. ☐ Modifications to the rights of security holders
8. ☐ Bond calls
9. ☐ Defeasances
10. ☐ Release, substitution, or sale of property securing repayment of the securities
11. ☐ Rating changes

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

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

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

Issuer Contact:

Name Richard K.Ellis Title Utah State Chief Deputy Treasurer

Employer State of Utah

Address State Capitol Complex 350 North State Street Ste C-180 (PO Box 142315)

City Salt Lake City State UT Zip Code 84114-2315

Telephone 801.538.1042 Fax 801.538.1465

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

Dissemination Agent Contact, if any:

Name _____ Title _____

Employer _____ Address _____

City _____ State _____ Zip Code _____

Telephone _____ Fax _____

Email Address _____ Relationship to Issuer _____

Obligor Contact, if any:

Name _____ Title _____

Employer _____ Address _____

City _____ State _____ Zip Code _____

Telephone _____ Fax _____

Email Address _____ Obligor Web Site Address _____

Investor Relations Contact, if any:

Name _____ Title _____

Telephone _____ Email Address _____

Supplemental

Continuing Disclosure Memorandum

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

For

State of Utah

And The

State Building Ownership Authority of the State of Utah

Filed with the
Following Nationally Recognized Municipal
Securities Information Repositories

Bloomberg Municipal Repository
DPC Data Inc.

Interactive Data Pricing and Reference Data, Inc.
Standard & Poor's Securities Evaluations, Inc.

Dated as of December 31, 2008
Submission required by January 15, 2009

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CONTACT PERSON FOR THE STATE OF UTAH

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

Richard K. Ellis, rellis@utah.gov
Utah State Chief Deputy Treasurer and Secretary of the State Bonding Commission
Utah State Treasurer's Office
State Capitol Complex
350 N State Street Ste C-180
(PO Box 142315)
Salt Lake City UT 84114–2315
801.538.1042—Fax 801.538.1465

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

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

THE ISSUES

The State is providing continuing disclosure on the following 15 issues (7 general obligation bond issues and 8 lease revenue bond issues):

General Obligation Bonds (issued by the State)

1.

$75,000,000
State of Utah
General Obligation Bonds, Series 2007

Bonds dated: July 3, 2007—Bonds issued on July 3, 2007
CUSIP numbers on the bonds are provided below.

Background Information. The $75,000,000 General Obligation Bonds, Series 2007, dated July 3, 2007 (the "2007 GO Bonds") were awarded pursuant to competitive bidding held June 19, 2007 to Citigroup Global Markets Inc., New York, New York; at a "true interest rate" of 4.01%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2007 GO Bonds were issued by the State as fully–registered bonds in book–entry form only, registered in the name of Cede & Co., as nominee for the Depository Trust Company, New York, New York ("DTC"). DTC is currently acting as securities depository for the 2007 GO Bonds.

Principal of and interest on the 2007 GO Bonds (interest payable January 1 and July 1 of each year) are payable by the Utah State Treasurer, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof, currently DTC.

Redemption Provisions. The 2007 GO Bonds are not subject to redemption prior to maturity.

Current Maturity Schedule.

Current principal outstanding: $66,400,000 Original issue amount: $75,000,000

Dated: July 3, 2007 Due: July 1, as shown below

Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate	Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate
2009	NK 4	$ 8,950,000	4.00 %	2012	NN 8	$ 10,300,000	4.00 %
2010	NL 2	10,185,000	5.00	2013	NP 3	10,720,000	4.00
2011	NM 0	15,030,000	5.00	2014	NQ 1	11,215,000	5.00

Bank Qualified Obligations. The 2007 GO Bonds are not "bank qualified."

Security. The 2007 GO Bonds are general obligations of the State, for which the full faith, credit and resources of the State are pledged for the payment of principal and interest, and for which payment a tax may be levied, without limitation as to rate or amount, on all property in the State sufficient to pay the 2007 GO Bonds as to both principal and interest.

2.

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

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

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

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

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

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

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Current Maturity Schedule.

Current principal outstanding: $101,660,000 Original issue amount: $140,635,000

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

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

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

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

3.

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

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

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

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

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

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

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Current Maturity Schedule.

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

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

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

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

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

4.

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

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

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

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

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

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

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Current Maturity Schedule.

Current principal outstanding: $234,125,000 Original issue amount: $407,405,000

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

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

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

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

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

5.

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

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

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

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

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

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

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Current Maturity Schedule.

Current principal outstanding: $221,125,000 Original issue amount: $253,100,000

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

Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate	Due July 1	CUSIP 917542	Principal Amount	Original Interest Rate
2009	KV 3	$ 30,835,000	5.375 %	2011	KY 7	$ 56,705,000	5.375 %
2009	KW 1	20,000,000	5.000	2012	KZ 4	59,915,000	5.375
2010	KX 9	53,670,000	5.375				

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

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

6.

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

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

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

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

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

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

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Current Maturity Schedule.

Current principal outstanding: $18,075,000 Original issue amount: $281,200,000

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

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

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

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

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

7.

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

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

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

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

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

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

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Current Maturity Schedule.

Current principal outstanding: $37,650,000 Original issue amount: $348,000,000

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

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

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

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

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

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

1.

$15,380,000
State Building Ownership Authority of the State of Utah
Lease Revenue Bonds, Series 2007A

Bonds dated: July 10, 2007—Bonds issued on July 10, 2007
CUSIP numbers on the bonds are provided below.

Background Information. The $15,380,000 Lease Revenue Bonds, Series 2007A, dated July 10, 2007 (the "2007A LR Bonds") were awarded pursuant to negotiations held June 28, 2007 to Piper Jaffray & Co., Minneapolis, Minnesota; at a "true interest rate" of 4.60%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The 2007A LR Bonds were issued by the State Building Ownership Authority (the "Authority") as fully–registered bonds in book–entry form only, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2007A LR Bonds.

Principal of and interest on the 2007A LR Bonds (interest payable May 15 and November 15 of each year) are payable by Wells Fargo Bank Northwest, National Association, Corporate Trust Services, Salt Lake City, Utah, as Paying Agent and Trustee ("Wells Fargo"), to the registered owners thereof, currently DTC.

Optional Redemption. The 2007A LR Bonds maturing on or before May 15, 2017, are not subject to optional redemption prior to maturity, except that the 2007A LR Bonds are subject to mandatory sinking fund redemption, and extraordinary optional redemption in the event of damage to, destruction to, or condemnation of certain facilities.

The 2007A LR Bonds maturing on or after May 15, 2018, are subject to redemption (i) in whole on any business day on or after May 15, 2017, in the event that the State exercises its option pursuant to the Lease to purchase all the leased property (other than State–Owned sites) thereunder or (ii) in part on November 15, 2017, or on any date thereafter from such maturities or portions thereof designated by the State in the event that the State prepays additional base rentals pursuant to the Lease or purchases a portion of the leased property representing the facilities pursuant to the Lease, all as provided in the Indenture. If called for redemption as described in this paragraph, the 2007A LR Bonds to be redeemed, in whole or in part, shall be redeemed at a redemption price, expressed as a percentage of the principal amount of the 2007A LR Bonds to be redeemed, equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The 2007A LR Bonds maturing on May 15, 2021; May 15, 2023; May 15, 2025; and May 15, 2028; shall be subject to mandatory sinking fund redemption prior to their stated maturity, in part, by lot in such manner as the Trustee shall determine at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest thereon to the redemption date, but without premium, in the principal amounts as set forth below:

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Mandatory Sinking Fund Redemption Date	Sinking Fund Requirements
May 15, 2020	$ 795,000
May 15, 2021	835,000
Total	$ 1,630,000
May 15, 2022	$ 880,000
May 15, 2023	915,000
Total	$ 1,795,000
May 15, 2024	$ 965,000
May 15, 2025	1,015,000
Total	$ 1,980,000
May 15, 2026	$ 1,065,000
May 15, 2027	1,115,000
May 15, 2028	1,175,000
Total	$ 3,355,000

Current Maturity Schedule.

Current principal outstanding: $15,380,000 Original issue amount: $15,380,000

Dated: July 10, 2007 Due: May 15, as shown below

$6,620,000 Serial Bonds

Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate	Due May 15	CUSIP 917547	Principal Amount	Original Interest Rate
2009	SN 2	$ 295,000	4.250 %	2015	SU 6	$ 645,000	4.500 %
2010	SP 7	520,000	4.250	2016	SV 4	665,000	4.500
2011	SQ 5	545,000	4.250	2017	SW 2	695,000	4.500
2012	SR 3	565,000	4.250	2018	SX 0	735,000	4.250
2013	SS 1	585,000	4.250	2019	SY 8	760,000	4.375
2014	ST 9	610,000	4.250				

$1,630,000 5.00% Term Bond due May 15, 2021—(CUSIP 917547 TA 9)
$1,795,000 5.00% Term Bond due May 15, 2023—(CUSIP 917547 TC 5)
$1,980,000 5.00% Term Bond due May 15, 2025—(CUSIP 917547 TE 1)
$3,355,000 5.00% Term Bond due May 15, 2028—(CUSIP 917547 TH 4)

Bank Qualified Obligations. The 2007A LR Bonds are not "bank qualified."

Security. Under the State Facilities Master Lease Agreement (the "Lease"), the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 2007A LR Bonds and certain bonds issued on a parity with the 2007A LR Bonds coming due in each year, but only if and to the extent that the Utah State Legislature (the "Legislature") annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 2007A LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 2007A LR Bonds are***

limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by Wells Fargo Bank, N. A. (the "Trustee") under the Indenture of Trust, Assignment of State Facilities Master Lease Agreement and Security Agreement (the "Indenture") as security for the 2007A LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 2007A LR Bonds will constitute or give rise to a debt, a general obligation or liability of, or a charge against the general credit or taxing power of, the State or any of its political subdivisions. The issuance of the 2007A LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.

Credit Enhancement. Payment of the principal of and interest on the 2007A LR Bonds when due are guaranteed under an insurance policy issued by MBIA Insurance Corporation ("MBIA").

2.

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

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

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

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

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

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

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

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

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

Current Maturity Schedule.

Current principal outstanding: $8,075,000 — Original issue amount: $8,355,000

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

$6,075,000 Serial Bonds

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

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

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

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

3.

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

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

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

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

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

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

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

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

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

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Current Maturity Schedule.

Current principal outstanding: $43,215,000 Original issue amount: $45,805,000

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

$40,320,000 Serial Bonds

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

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

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

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

4.

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

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

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

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

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

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

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

Current Maturity Schedule.

Current principal outstanding: $19,095,000 Original issue amount: $22,725,000

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

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

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

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

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5.

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

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

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

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

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

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

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

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

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

Current Maturity Schedule.

Current principal outstanding: $21,695,000 Original issue amount: $25,780,000

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

$18,005,000 Serial Bonds

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

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

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

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

6.

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

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

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

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

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

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

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

Current Maturity Schedule.

Current principal outstanding: $5,350,000 Original issue amount: $69,850,000

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

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

(~~Strikethrough~~) Principal and interest have been cash defeased in Fiscal Year 2008.

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

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

7.

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

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

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

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

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

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

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

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

Current Maturity Schedule.

Current principal outstanding: $405,000 Original issue amount: $9,455,000

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

$785,000 Serial Bonds

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

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

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

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

Security. Under the Lease, the State has agreed to pay base rentals which are sufficient to pay principal of and interest on the 1999A LR Bonds and certain bonds issued on a parity with the 1999A LR Bonds coming due in each year, but only if and to the extent that the Legislature annually appropriates funds sufficient to pay the base rentals coming due during each renewal term under the Lease plus such additional rentals as are necessary to operate and maintain the projects financed with the 1999A LR Bonds during such period. The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay the rentals thereunder and that neither the State nor any political subdivision thereof shall be obligated to pay such rentals except to the extent appropriated. ***The 1999A LR Bonds are limited obligations of the Authority, payable solely from the revenues and receipts received pursuant to the Lease and other funds or amounts held by the Trustee under the Indenture as***

security for the 1999A LR Bonds. Neither the obligation of the State to pay rentals nor the obligation of the Authority to pay the 1999A LR Bonds will constitute or give rise to a debt, a general obligation or liability of, or a charge against the general credit or taxing power of, the State or any of its political subdivisions. The issuance of the 1999A LR Bonds does not directly or contingently obligate the State to pay any rentals. The Authority has no taxing power.

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

8.

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

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

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

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

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

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

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

Mandatory Sinking Fund Redemption Date	Sinking Fund Requirements
May 15, 2016	$ 9,230,000
May 15, 2017	9,130,000
May 15, 2018	8,295,000
May 15, 2019 (Stated Maturity)	2,110,000
Total	$ 28,765,000

Current Maturity Schedule.

Current principal outstanding: $87,950,000 Original issue amount: $105,100,000

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

$66,345,000 Serial Bonds

Due May 15	CUSIP 917547		Principal Amount	Original Interest Rate	Due May 15	CUSIP 917547		Principal Amount	Original Interest Rate
2009	LL 3	$	7,535,000	5.50 %	2013	LQ 2	$	8,805,000	5.50 %
2010	LM 1		7,950,000	5.50	2014	LR 0		9,290,000	5.50
2011	LN 9		8,410,000	5.50	2015	LT 6		8,850,000	5.50
2012	LP 4		8,345,000	5.50					

$28,765,000 5.50% Term Bond due May 15, 2019—(CUSIP 917547 LS 8)

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

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

Credit Enhancement. Payment of the principal of and interest on the 1998C LR Bonds when due are guaranteed under an insurance policy issued by Financial Security Assurance Inc ("FSA").

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DEBT STRUCTURE OF THE STATE OF UTAH

Legal Borrowing Authority of the State

Constitutional Debt Limit. Article XIV, Section 1 of the State Constitution limits the total general obligation indebtedness of the State to an amount equal to 1.5% of the value of the total taxable property of the State, as shown by the last assessment for State purposes previous to incurring such debt. The application of this constitutional debt limit and the additional debt incurring capacity of the State under the Constitution are estimated to be as follows on December 31, 2008:

Fair Market Value of Ad Valorem Taxable Property (1)	$ 269,489,922,952
Fees in lieu of Ad Valorem Taxable Property (2)	12,686,241,282
Total Fair Market Value of Taxable Property (1)	$ 282,176,164,234
Constitutional Debt Limit (1.5%)	$ 4,232,642,464
Less: Currently Outstanding General Obligation Debt (Net) (3)	(1,025,380,443)
Estimated Additional Constitutional Debt Incurring Capacity of the State (4)	$ 3,207,262,021

(1) Based on 2007 taxable values. See "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Property Tax Matters—Taxable Value Compared with Fair Market Value of All Taxable Property in the State" below.
(2) Based on 2007 "age based" values. For purposes of calculating debt incurring capacity only, the value of all motor vehicles and state-assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) is added to the fair market value of taxable property in the State.
(3) Reflects unamortized original issue bond premium and deferred amount on refunding that was treated as principal for purposes of calculating the applicable constitutional and statutory debt limits.
(4) The State is further limited on its issuance of general obligation indebtedness by statute. See in this section "Statutory General Obligation Debt Limit" below.

Statutory General Obligation Debt Limit. Title 63J, Chapter 3, of the Utah Code (the "State Appropriations and Tax Limitation Act"), among other things, limits the maximum general obligation borrowing ability of the State. Under the State Appropriations and Tax Limitation Act, the outstanding general obligation debt of the State at any time may not exceed 45% of the maximum allowable State budget appropriations limit as provided in that act. The State Appropriations and Tax Limitation Act also limits State government appropriations based upon a formula that reflects changes in population and inflation.

On occasion, the Legislature has amended the State Appropriations and Tax Limitation Act in order to provide an exemption for certain general obligation highway bonds and bond anticipation notes from the limitations imposed by the State Appropriations and Tax Limitation Act.

As of December 31, 2008, using the budget appropriations for the Fiscal Year 2009, the statutory general obligation debt limit under the State Appropriations and Tax Limitation Act and additional general obligation debt incurring capacity of the State under that act are as follows:

Statutory General Obligation Debt Limit (1)	$ 1,193,110,155
Less: Statutorily Applicable General Obligation Debt (Net) (2)	(371,997,770)
Remaining Statutory General Obligation Debt Incurring Capacity	$ 821,112,385

(1) 45% of the Fiscal Year 2009 appropriation limit of $2,651,355,900.
(2) Reflects unamortized original issue bond premium and deferred amount on refunding that was treated as principal for purposes of calculating the applicable constitutional and statutory debt limits.

Authorized General Obligation Bonds and Future General Obligation Bonds Issuance. The State has approximately $1.432 billion ($43.8 million for capital projects from a 2008 authorization; $42.5 million for other projects from a 2008 authorization; $200 million for highway projects from a 2008 authorization; $1.03 billion for highway projects from a 2007 authorization; $111.1 million for capital projects from a 2006 authorization; $4.3 million for capital projects from a 2004 authorization) aggregate principal amount of additional authorized and unissued general obligation bonds, the proceeds of which bonds, when issued, will be used by the Utah Department of Transportation and the Division of Facilities Construction and Management for various capital facilities and highway construction projects.

Based on the State's highway and transportation needs, the State anticipates that it will issue a portion of its authorized and unissued general obligation bonds annually over the next six to eight years.

Historical Constitutional and Statutory Debt Limit of the State

The calculation of the historical constitutional debt limit, the general obligation debt, the additional general obligation debt incurring capacity, and the statutory debt limit for the State for each of the Fiscal Years 2004 through 2008 is as follows:

	Fiscal Year Ended June 30 (in thousands)				
	2008	2007	2006	2005	2004
Fair Market Value of Ad Valorem Taxable Property	$ 269,489,923	$ 218,864,054	$ 186,836,224	$ 173,003,833	$ 164,567,250
Fees in lieu of Ad Valorem Tax (1)	12,686,241	14,148,805	12,146,609	12,616,364	11,973,726
Fair Market Value for Debt Incurring Capacity	$ 282,176,164	$ 233,012,859	$ 198,982,833	$ 185,620,197	$ 176,540,976
Constitutional:					
Constitutional Debt Limit (1.5% of Fair Market Value)	$ 4,232,642	$ 3,495,193	$ 2,984,742	$ 2,784,303	$ 2,648,115
Outstanding Constitutional General Obligation Debt (Net) (2)	(1,198,172)	(1,284,023)	(1,436,845)	(1,587,804)	(1,588,810)
Additional Debt Incurring Capacity (*constitutional*)	$ 3,034,470	$ 2,211,170	$ 1,547,897	$ 1,196,499	$ 1,059,305
Statutory:					
Statutory General Obligation Debt Limit	$ 1,114,933	$ 1,024,512	$ 944,824	$ 880,463	$ 835,292
Outstanding General Obligation Debt (Net) (2) (3)	(434,590)	(493,456)	(558,866)	(630,711)	(607,999)
Additional General Obligation Debt Incurring Capacity (*statutory*)	$ 680,343	$ 531,056	$ 385,958	$ 249,752	$ 227,293

(1) For purposes of calculating debt incurring capacity only, the value of all motor vehicles and state-assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) is added to the fair market value of the taxable property in the State.

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

(3) Certain general obligation highway indebtedness is exempt from the State Appropriations and Tax Limitation Act.

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

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

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Outstanding General Obligation Indebtedness

The State has issued general obligation bonds for general administrative buildings, higher education buildings, highways, water and wastewater facilities, flood control facilities, technology, and refunding purposes. As of December 31, 2008, the State has the following principal amounts of general obligation debt outstanding:

Series (1)	Purpose	Original Principal Amount	Final Maturity Date		Current Principal Outstanding
2007 (2)	Various purpose	$ 75,000,000	July 1, 2014		$ 66,400,000
2004B (3)	Various purpose	140,635,000	July 1, 2019		101,660,000
2004A (4)	Refunding	314,775,000	July 1, 2016		314,775,000
2003A (5)	Various purpose	407,405,000	July 1, 2013	(8)	234,125,000
2002B (6)	Refunding	253,100,000	July 1, 2012		221,125,000
2002A (7)	Various purpose	281,200,000	July 1, 2011	(8)	18,075,000
2001B (6) (7)	Various purpose	348,000,000	July 1, 2009	(8)	37,650,000
Total Principal Amount of outstanding General Obligation Debt (9)					$ 993,810,000

(1) Unless otherwise indicated, the outstanding general obligation bonds of the State are currently rated "AAA" by Fitch Inc. ("Fitch"); "Aaa" by Moody's Investors Service, Inc. ("Moody's"); and "AAA" by Standard & Poor's Ratings Group, a division of the McGraw-Hill Companies, Inc. ("S&P"), as of the date of the last OFFICIAL STATEMENT, dated June 28, 2007.
(2) As of December 31, 2008, $60.395 million of these bonds are exempt from statutory debt limit calculations.
(3) As of December 31, 2008, $43.850 million of these bonds are exempt from statutory debt limit calculations.
(4) As of December 31, 2008, $125.315 million of these bonds are exempt from statutory debt limit calculations.
(5) Portions of this bond issue were refunded by the 2004A General Obligation Bonds. As of December 31, 2008, $147.2 million of these bonds are exempt from statutory debt limit calculations.
(6) These bonds are exempt from statutory debt limit calculations.
(7) Portions of this bond issue were refunded by the 2004A General Obligation Bonds.
(8) Final maturity date after the refunding effected by the 2004A General Obligation Bonds.
(9) For accounting purposes, the outstanding debt as shown above must be increased by the premium associated with debt issued and reduced by deferred amounts on refundings that are reported in the long-term debt notes of the State's financial statements. Thus, for accounting purposes, the total unamortized bond premium as of December 31, 2008 is $42,632,380 and the total deferred amount is $11,061,937, together with current debt outstanding, results in total outstanding net direct debt of $1,025,380,443.

(Source: Division of Finance.)

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

Fiscal Year Ending June 30	Series 2007 $75,000,000 Principal	Series 2007 Interest	Series 2004B $140,635,000 Principal	Series 2004B Interest	Series 2004A $314,775,000 Principal	Series 2004A Interest	Series 2003A $407,405,000 Principal	Series 2003A Interest
2009	$ 8,600,000	$ 3,192,300	$ 9,970,000	$ 5,332,250	$ -	$ 14,937,350	$ 59,300,000	$ 12,586,625
2010	8,950,000	2,841,300	11,180,000	4,803,500	-	14,937,350	61,125,000	10,025,313
2011	10,185,000	2,407,675	25,755,000	3,880,125	39,310,000	14,151,150	50,025,000	7,399,375
2012	15,030,000	1,777,300	30,600,000	2,471,250	40,830,000	12,548,350	15,100,000	5,771,250
2013	10,300,000	1,195,550	3,575,000	1,616,875	11,245,000	11,450,625	52,575,000	4,079,375
2014	10,720,000	775,150	3,750,000	1,433,750	18,480,000	10,707,500	55,300,000	1,382,500
2015	11,215,000	280,375	3,950,000	1,241,250	73,595,000	8,405,625	0	0 (2)
2016	-	-	4,125,000	1,039,375	73,910,000	4,718,000	0	0 (2)
2017	-	-	4,350,000	827,501	57,405,000	1,435,125	0	0 (2)
2018	-	-	4,550,000	605,000	-	-	-	-
2019	-	-	4,800,000	371,250	-	-	-	-
2020	-	-	5,025,000	125,625	-	-	-	-
Totals	$ 75,000,000	$ 12,469,650	$ 111,630,000	$ 23,747,751	$ 314,775,000	$ 93,291,075	$ 293,425,000	$ 41,244,438

Fiscal Year Ending June 30	Series 2002B $253,100,000 Principal	Series 2002B Interest	Series 2002A $281,200,000 Principal	Series 2002A Interest	Series 2001B $348,000,000 Principal	Series 2001B Interest	Series 1998A $265,000,000 Principal	Series 1998A Interest
2009	$ 29,455,000	$ 12,583,663	$ 5,525,000	$ 1,057,688	$ 36,125,000	$ 2,507,063	$ 18,725,000	$ 468,125
2010	50,835,000	10,481,778	5,750,000	775,813	37,650,000	847,125	0	0 (4)
2011	53,670,000	7,710,706	6,000,000	482,063	0	0 (2)	0	0 (4)
2012	56,705,000	4,744,378	6,325,000	166,031	0	0 (2)	0	0 (4)
2013	59,915,000	1,610,216	0	0 (3)	0	0 (2)	0	0 (4)
2014	-	-	0	0 (2)	0	0 (2)	-	-
2015	-	-	0	0 (2)	0	0 (2)	-	-
2016	-	-	0	0 (2)	-	-	-	-
2017	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-
Totals	$ 250,580,000	$ 37,130,741	$ 23,600,000	$ 2,481,592	$ 73,775,000	$ 3,354,187	$ 18,725,000	$ 468,125

Fiscal Year Ending June 30	Totals (1) Total Principal	Total Interest	Total Debt Service
2009	$ 167,700,000	$ 52,665,064	$ 220,365,064
2010	175,490,000	44,712,179	220,202,179
2011	184,945,000	36,031,094	220,976,094
2012	164,590,000	27,478,559	192,068,559
2013	137,610,000	19,952,641	157,562,641
2014	88,250,000	14,298,900	102,548,900
2015	88,760,000	9,927,250	98,687,250
2016	78,035,000	5,757,375	83,792,375
2017	61,755,000	2,262,626	64,017,626
2018	4,550,000	605,000	5,155,000
2019	4,800,000	371,250	5,171,250
2020	5,025,000	125,625	5,150,625
Totals	$ 1,161,510,000	$ 214,187,563	$ 1,375,697,563

(1) This table reflects the State's debt service schedule for its outstanding General Obligation Bonds for the fiscal years shown. This information is based on payments (cash basis) falling due in that particular fiscal year.
(2) Principal and interest has been refunded by the 2004A General Obligation Bonds.
(3) There was no scheduled principal maturity in this fiscal year.
(4) Principal and interest has been refunded by the 2002B General Obligation Bonds.

(Source: The Financial Advisor.)

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Debt Ratios of the State

The following tables show the ratios of the principal par amounts of the State's general obligation debt (excludes any additional principal amounts attributable to unamortized original issue bond premium and deferred amount on refunding), to population, total personal income, taxable value and fair market/market value for the fiscal years shown and estimated as of December 31, 2008.

	Fiscal Year Ended June 30				
	2008	2007	2006	2005	2004
Outstanding General Obligation Debt (000's)	$ 1,161,510	$ 1,237,170	$ 1,377,390	$ 1,514,510	$ 1,510,160
Debt Ratios:					
Per Capita	$ 421	$ 458	$ 527	$ 595	$ 612
As % of Total Personal Income	1.40%	1.50%	1.81%	2.16%	2.38%
As % of Taxable Value	0.61%	0.80%	1.04%	1.14%	1.23%
As % of Fair Market/Market Value	0.43%	0.57%	0.74%	0.81%	0.87%

	Estimated December 31, 2008
Outstanding General Obligation Debt (1)	$993,810,000
Debt Ratios:	
Per Capita	$360
As % of Total Personal Income	1.19%
As % of Taxable Value	0.53%
As % of Fair Market/Market Value	0.37%

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

The ratios of debt service expenditures to General Fund expenditures and to all governmental fund type expenditures for the last five fiscal years are shown below:

	Fiscal Year Ended June 30 (in thousands)				
	2008	2007	2006	2005	2004
General Fund Expenditures	$ 4,827,229	$ 4,497,679	$ 4,333,467	$ 4,016,667	$ 3,775,296
Debt Service Expenditures	$ 333,175 (2)	$ 235,011	$ 235,436	$ 273,679 (1)	$ 211,960
Ratio of Debt Service to General Fund Expenditures	6.90%	5.23%	5.43%	6.81%	5.61%
Total All Governmental Funds Expenditures	$ 9,877,368	$ 8,772,404	$ 8,118,742	$ 7,489,813	$ 7,070,039
Ratio of Debt Service Expenditures to All Governmental Fund Expenditures	3.37%	2.68%	2.90%	3.65%	3.00%

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

(2) During Fiscal Year 2008, debt service increased from the prior year due to the cash defeasance on the following Authority lease revenue bonds: $8.525 million for the 2004B, $56.2 million for the 2001A, and $4.515 million for the 1998C. In addition, $30.3 million was retired on the 2001C lease revenue bond.

(Sources: Division of Finance and the Fiscal Year Ended June 30, 2008 Comprehensive Annual Financial Report (the "2008 CAFR")).

Lease Obligations

The State leases office buildings, other real property, and office and computer equipment. Although the lease terms vary, most leases are subject to annual appropriations from the Legislature to continue the lease obligations. If a legislative appropriation is reasonably assured, long-term leases are considered noncancellable for financial reporting purposes. Leases that in substance are purchases are reported as capital lease obligations in the government-wide financial statements and proprietary fund statements in the State's Comprehensive Annual Financial Report ("CAFR").

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

The total operating lease expenditures for the Fiscal Years 2008 and 2007 were $30.4 million and $27.9 million, respectively, for the primary government, and $33.5 million and $32.4 million, respectively, for component units.

Revenue Bonds and Notes

Various State agencies have outstanding bonds and notes payable solely from certain specified revenues. None of these bond or note issues are general obligations of the State and, therefore, such bonds or notes are not applied against the general obligation borrowing capacity of the State.

Excluding the Authority, the majority of the State's revenue bonds and notes are issued by the Utah Housing Corporation and the State Board of Regents.

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State Building Ownership Authority

The State Building Ownership Authority (the "Authority") is empowered, among other things, to issue its bonds (with the prior approval of the Legislature) to finance the acquisition and construction of facilities to be leased to State agencies and their affiliated entities from rentals paid out of budget appropriations or other available funds for the lessee agencies, which in the aggregate will be sufficient to pay the principal of and interest on the Authority's bonds and to maintain, operate and insure the facilities. The Authority is comprised of three members: the Governor or designee, the State Treasurer and the Chair of the State Building Board. The State Building Ownership Authority Act (Title 63B, Chapter 1, Part 3, Utah Code) directs DFCM to construct and maintain any facilities acquired or constructed for the Authority.

No Defaulted Authority Bonds or Failures by the State to Renew Lease. As of December 31, 2008, neither the Authority nor the State has ever failed to pay when due the principal of and interest on its bonded indebtedness and other payment obligation related thereto. As of December 31, 2008, the State has never failed to renew an annually renewable lease with the Authority.

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

As of December 31, 2008, the legal debt limit and additional debt incurring capacity of the Authority are calculated as follows:

Fair Market Value of Ad Valorem Taxable Property (1)	$ 269,489,922,952
Fees in lieu of Ad Valorem Taxable Property (2)	12,686,241,282
Total Fair Market Value of Taxable Property (1)	$ 282,176,164,234
1.5% Debt Limit Amount	$ 4,232,642,464
Less: Current Outstanding State General Obligation Debt (Net) (3)	(1,025,380,443)
Less: The Authority's Outstanding Lease Revenue Bonds (Net) (3)	(211,317,984)
Plus: Statutorily Exempt State General Obligation Highway Debt (Net) (3)	653,382,673
The Authority's Estimated Additional Debt Incurring Capacity	$ 3,649,326,711

(1) Based on 2007 taxable values. See "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Property Tax Matters—Taxable Value Compared with Fair Market Value of All Taxable Property in the State" below.
(2) Based on 2007 "aged based" values. For purposes of calculating debt incurring capacity only, the value of all motor vehicles and state-assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) is added to the fair market value of the taxable property in the State.
(3) Reflects unamortized original issue bond premium and deferred amount on refunding that was treated as principal for purposes of calculating the applicable constitutional and statutory debt limits.

The State's Limited Lease Obligation. The State Building Ownership Authority Act provides generally that bonds issued by the Authority are payable only from lease payments received by the Authority for the facilities constructed or acquired thereunder, and that, if rentals paid by a lessee State agency to the Authority are insufficient to pay the principal and interest on such bonds, the Governor may request the Legislature to appropriate additional funds to that agency for the payment of increased rentals. The Legislature may, but is not required to, make such an appropriation. Bonds issued pursuant to authorizing legislation of this type are sometimes referred to herein as "State Lease Revenue Bonds."

Debt Issuance. Current Lease Revenue Obligation Bonds Outstanding. Under the State Facilities Master Lease Program, no debt service reserve fund is created for any Bonds issued pursuant to the Indenture and the Lease. In connection with this program, all Bonds are issued on a parity basis and are cross-collateralized by the facilities subject to the lien of the Indenture and Mortgages.

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The Authority has the following bonds outstanding as of December 31, 2008:

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

Series	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2007A (1)	DABC/UCI Facilities	$ 15,380,000	May 15, 2028	$ 15,380,000
2006A (2)	DABC 2006A Facilities	8,355,000	May 15, 2027	8,075,000
2004A (2)	Refunding/various purpose	45,805,000	May 15, 2027	43,215,000
2003 (2)	Refunding/various purpose	22,725,000	May 15, 2025	19,095,000
2001B (2)	Various purpose	25,780,000	May 15, 2024	21,695,000
2001A (2) (3)	University of Utah	69,850,000	May 15, 2019 (7)	5,350,000
1999A (4) (5)	Various purpose	9,455,000	May 15, 2009 (8)	405,000
1998C (4) (6)	Refunding	105,100,000	May 15, 2019	87,950,000
Total Principal amount of outstanding State Facilities Master Lease Program Bonds				$ 201,165,000

(1) These bonds are rated "Aaa" (MBIA Insured; underlying "Aa1") by Moody's, and "AAA" (MBIA Insured; underlying "AA+") by S&P, as of the date of the last OFFICIAL STATEMENT, dated June 28, 2007. However, in a notice issued on August 6, 2008, Moody's Investors Services ("Moody's") revised its municipal rating on MBIA Insurance Corporation ("MBIA") from "Aaa" (MBIA Insured; underlying "Aa1") by Moody's, and "AAA" (MBIA Insured; underlying "AA+") by S&P to "A2" (MBIA Insured; underlying "Aa1") by Moody's and "AA" (MBIA Insured; underlying "AA+") by S&P. In addition, in a notice issued on November 25, 2008, Moody's Investors Services ("Moody's") again revised its current municipal rating on MBIA Insurance Corporation ("MBIA") from "A2" to "Baa1". This downgrade affects bonds issued by the State of Utah, State Building Ownership Authority and secured by bond insurance from MBIA.

(2) Rated "Aa1" by Moody's; and "AA+" by S&P, as of the last OFFICIAL STATEMENT, dated June 28, 2007.

(3) The majority of this bond issue (certain principal amounts maturing 2008 through 2018; 2020 and 2021) have been legally defeased from an irrevocable escrow account, which account was funded from available cash on hand.

(4) These bonds are rated "Aaa" (FSA Insured; underlying "Aa1") by Moody's, and "AAA" (FSA Insured; underlying "AA+") by S&P, as of the date of the last OFFICIAL STATEMENT, dated June 28, 2007.

(5) Portions of this bond have been refunded by the 2004A Lease Revenue Bonds.

(6) Portions of this bond issue (certain principal amounts maturing 2008 through 2019, in the amounts of $2,925,000 and $4,515,000, respectively) have been legally defeased by separate irrevocable escrow accounts, which accounts were funded from available cash on hand.

(7) Final maturity date after portions of this bond were legally defeased from available cash on hand.

(8) Final maturity date after portions of this bond were refunded by the 2004A Lease Revenue Bonds.

(Source: Division of Finance.)

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Other series of State Lease Revenue Bonds issued by the Authority, as listed below under the caption "Issued Under Separate Stand Alone Legal Documents," are not issued on a parity basis with the State Lease Revenue Bonds issued under the State Facilities Master Lease Program or each other. Separate debt service reserve funds have been established and funded for each of these other series of bonds. The amount outstanding is as of December 31, 2008.

Issued Under Separate Stand Alone Legal Documents

Series	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
1993A (1)	Human Services Building	$ 6,230,000	January 1, 2013	$ 2,235,000
1992B (1)	Youth Corrections	1,380,000	August 15, 2011	335,000
1992A (1)	Employment Security Ref.	26,200,000	August 15, 2011	6,190,000
Total Authority's Other Bonds				$ 8,760,000

Summary

Total State Facilities Master Lease Program Bonds	$ 201,165,000
Total Authority's Other Bonds Outstanding	8,760,000
Total Authority Lease Revenue Bonds (2)	$ 209,925,000

(1) Rated "Aa1" by Moody's, and "AA+" by S&P, as of the last OFFICIAL STATEMENT, dated June 28, 2007. No rating was requested from any other rating agency.

(2) For accounting purposes, the outstanding debt as shown above must be increased by the premium associated with debt issued and reduced by deferred amounts on refundings that are reported in the long-term debt notes of the State's financial statements. Thus, for accounting purposes, the total unamortized bond premium as of December 31, 2008 is $2,509,041 and the total deferred amount is $1,116,057 together with current debt outstanding, results in total outstanding net direct debt of $211,317,984.

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

Authorized Lease Revenue Bonds and Future Bonds Issuance. Notwithstanding the legal debt issuing capacity of the Authority discussed in this section under "Legal Borrowing Debt Capacity" above, the Authority may only issue State Lease Revenue Bonds for facilities authorized by the Legislature. Under existing legislative authorization, at December 31, 2008, the Authority has approximately $126.7 million of remaining bonding authority, comprised of $23.7 million for capital projects from a 2008 authorization, $90 million for capital projects from a 2008 authorization, $10.5 million for capital projects from a 2000 authorization and $2.5 million for capital projects from a 1999 authorization for future projects that may be undertaken solely by vote of the Authority.

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

Issued Under the State Facilities Master Lease Program

Fiscal Year Ending	Series 2007A $15,380,000		Series 2006A $8,355,000		Series 2004A $45,805,000		Series 2003 $22,725,000	
June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	$ 295,000	$ 725,312	$ 290,000	$ 341,678	$ 1,930,000	$ 2,141,800	$ 1,240,000	$ 789,868
2010	520,000	712,775	300,000	330,078	2,405,000	2,079,075	1,275,000	752,668
2011	545,000	690,675	315,000	318,078	2,550,000	1,958,825	1,325,000	711,230
2012	565,000	667,514	325,000	307,052	2,665,000	1,831,325	1,375,000	663,530
2013	585,000	643,500	335,000	295,677	2,795,000	1,698,075	1,440,000	594,780
2014	610,000	618,638	350,000	282,278	2,945,000	1,558,325	835,000	537,180
2015	645,000	592,712	365,000	268,278	3,085,000	1,411,075	875,000	503,780
2016	665,000	563,688	380,000	253,678	3,245,000	1,256,825	900,000	468,780
2017	695,000	533,762	395,000	238,478	3,405,000	1,094,575	940,000	432,780
2018	735,000	502,487	410,000	222,678	2,450,000	924,325	980,000	394,240
2019	760,000	471,250	425,000	205,662	2,230,000	801,825	1,020,000	353,080
2020	795,000 (2)	438,000	445,000	187,600	2,345,000	690,325	1,065,000	310,240
2021	835,000 (2)	398,250	465,000	168,686	2,110,000	567,213	1,110,000	264,978
2022	880,000 (3)	356,500	485,000	145,438	1,665,000	456,438	1,160,000	216,415
2023	915,000 (3)	312,500	510,000	122,400	1,755,000	369,025	1,210,000	165,375
2024	965,000 (4)	266,750	535,000 (6)	96,900	1,845,000	276,888	1,265,000	110,925
2025	1,015,000 (4)	218,500	560,000 (6)	74,162	1,830,000 (7)	180,025	1,080,000	54,000
2026	1,065,000 (5)	167,750	580,000 (6)	50,362	1,250,000 (7)	93,100	-	-
2027	1,115,000 (5)	114,500	605,000 (6)	25,712	710,000 (7)	33,725	-	-
2028	1,175,000 (5)	58,750	-	-	-	-	-	-
Totals	$ 15,380,000	$ 9,053,813	$ 8,075,000	$ 3,934,875	$ 43,215,000	$ 19,422,789	$ 19,095,000	$ 7,323,849

Fiscal Year Ending	Series 2001B $25,780,000		Series 2001A $69,850,000		Series 1999A $9,455,000		Series 1998C $105,100,000	
June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal (11)	Interest
2009	$ 1,005,000	$ 1,024,203	$ 0	$ 267,500 (9)	$ 405,000	$ 21,263	$ 7,535,000	$ 4,837,250
2010	1,055,000	984,003	0	267,500 (9)	0	0 (10)	7,950,000	4,422,825
2011	1,090,000	941,803	0	267,500 (9)	0	0 (10)	8,410,000	3,985,575
2012	1,135,000	898,203	0	267,500 (9)	0	0 (10)	8,345,000	3,523,025
2013	1,175,000	852,803	0	267,500 (9)	0	0 (10)	8,805,000	3,064,050
2014	1,225,000	804,628	0	267,500 (9)	0	0 (10)	9,290,000	2,579,775
2015	1,280,000	753,178	0	267,500 (9)	0	0 (10)	8,850,000	2,068,825
2016	1,335,000	698,138	0	267,500 (9)	0	0 (10)	9,230,000 (12)	1,582,075
2017	1,400,000	631,388	0	267,500 (9)	0	0 (10)	9,130,000 (12)	1,074,425
2018	1,465,000	561,388	0	267,500 (9)	0	0 (10)	8,295,000 (12)	572,275
2019	1,550,000	488,138	5,350,000	267,500 (9)	0	0 (10)	2,110,000 (12)	116,050
2020	1,620,000	410,638	0	- (9)	0	0 (10)	-	-
2021	1,705,000	329,638	0	- (9)	0	0 (10)	-	-
2022	1,760,000 (8)	244,388	-	-	-	-	-	-
2023	1,850,000 (8)	151,988	-	-	-	-	-	-
2024	1,045,000 (8)	54,863	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-
Totals	$ 21,695,000	$ 9,829,388	$ 5,350,000	$ 2,942,500	$ 405,000	$ 21,263	$ 87,950,000	$ 27,826,150

Continues

(1) This table reflects the Authority's debt service schedule for its outstanding lease revenue bonds for the fiscal year shown. This information is based on payments (cash basis) falling due in that particular fiscal year.
(2) Mandatory sinking fund payments from a $1,630,000, 5.00%, term bond due May 15, 2021.
(3) Mandatory sinking fund payments from a $1,795,000, 5.00%, term bond due May 15, 2023.
(4) Mandatory sinking fund payments from a $1,980,000, 5.00%, term bond due May 15, 2025.
(5) Mandatory sinking fund payments from a $3,355,000, 5.00%, term bond due May 15, 2028.
(6) Mandatory sinking fund payments from a $2,280,000, 4.25%, term bond due May 15, 2027.
(7) Mandatory sinking fund payments from a $3,790,000, 4.75%, term bond due May 15, 2027.
(8) Mandatory sinking fund payments from a $4,655,000, 5.25%, term bond due May 15, 2024.
(9) The majority of this bond issue (certain principal amounts maturing 2008 through 2018; 2020 and 2021) have been legally defeased from an irrevocable escrow account, which account was funded from available cash on hand.
(10) Principal and interest have been refunded by the 2004A Lease Revenue Bonds.
(11) Remaining principal after portions of certain principal amounts maturing May 15, 2008 through May 15, 2019 (in the amounts of $2,925,000 and $4,515,000) have been legally defeased separate irrevocable escrow accounts.
(12) Mandatory sinking fund payments from a $28,765,000, 5.50%, term bond due May 15, 2019.

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

Issued Under Stand Alone Legal Documents

Fiscal Year Ending	Series 1993A $6,230,000			Series 1992B $1,380,000		
June 30	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service
2009	$ 400,000	$ 116,725	$ 516,725	$ 100,000	$ 22,713	$ 122,713
2010	425,000	96,125	521,125	105,000	16,819	121,819
2011	445,000 (2)	74,025	519,025	110,000	10,500	120,500
2012	470,000 (2)	50,663	520,663	120,000	3,600	123,600
2013	495,000 (2)	25,988	520,988	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
Totals	$ 2,235,000	$ 363,526	$ 2,598,526	$ 435,000	$ 53,632	$ 488,632

Fiscal Year Ending	Series 1992A $26,200,000		
June 30	Principal	Interest	Total Debt Service
2009	$ 1,835,000	$ 408,681	$ 2,243,681
2010	1,945,000	300,006	2,245,006
2011	2,060,000	184,863	2,244,863
2012	2,185,000	62,819	2,247,819
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
Totals	$ 8,025,000	$ 956,369	$ 8,981,369

(1) This table reflects the Authority's debt service schedule for its outstanding lease revenue bonds for the fiscal year shown. This information is based on payments (cash basis) falling due in that particular fiscal year.
(2) Mandatory sinking fund payments from a $1,410,000, 5.25%, term bond due January 1, 2013.

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

Summary of State Building Ownership Authority Lease Revenue Bonds Outstanding

Fiscal Year Ending June 30	Total Bonds Issued Under State Facilities Master Lease Program: Total Principal	Total Interest	Total Debt Service	Total Bonds Issued Under Stand Alone Legal Documents: Total Principal	Total Interest	Total Debt Service
2009	$ 12,700,000	$ 10,288,312	$ 22,988,312	$ 2,335,000	$ 548,119	$ 2,883,119
2010	13,505,000	9,661,868	23,166,868	2,475,000	412,950	2,887,950
2011	14,235,000	8,958,211	23,193,211	2,615,000	269,388	2,884,388
2012	14,410,000	8,212,412	22,622,412	2,775,000	117,082	2,892,082
2013	15,135,000	7,442,373	22,577,373	495,000	25,988	520,988
2014	15,255,000	6,648,324	21,903,324	-	-	-
2015	15,100,000	5,865,348	20,965,348	-	-	-
2016	15,755,000	5,090,684	20,845,684	-	-	-
2017	15,965,000	4,272,908	20,237,908	-	-	-
2018	14,335,000	3,444,893	17,779,893	-	-	-
2019	13,445,000	2,703,505	16,148,505	-	-	-
2020	6,270,000	2,036,803	8,306,803	-	-	-
2021	6,225,000	1,728,765	7,953,765	-	-	-
2022	5,950,000	1,419,179	7,369,179	-	-	-
2023	6,240,000	1,121,288	7,361,288	-	-	-
2024	5,655,000	806,326	6,461,326	-	-	-
2025	4,485,000	526,687	5,011,687	-	-	-
2026	2,895,000	311,212	3,206,212	-	-	-
2027	2,430,000	173,937	2,603,937	-	-	-
2028	1,175,000	58,750	1,233,750	-	-	-
Totals	$ 201,165,000	$ 80,771,785	$ 281,936,785	$ 10,695,000	$ 1,373,527	$ 12,068,527

Fiscal Year Ending June 30	Total All Lease Revenue Bond Obligations: Total Principal	Total Interest	Total Debt Service
2009	$ 15,035,000	$ 10,836,431	$ 25,871,431
2010	15,980,000	10,074,818	26,054,818
2011	16,850,000	9,227,599	26,077,599
2012	17,185,000	8,329,494	25,514,494
2013	15,630,000	7,468,361	23,098,361
2014	15,255,000	6,648,324	21,903,324
2015	15,100,000	5,865,348	20,965,348
2016	15,755,000	5,090,684	20,845,684
2017	15,965,000	4,272,908	20,237,908
2018	14,335,000	3,444,893	17,779,893
2019	13,445,000	2,703,505	16,148,505
2020	6,270,000	2,036,803	8,306,803
2021	6,225,000	1,728,765	7,953,765
2022	5,950,000	1,419,179	7,369,179
2023	6,240,000	1,121,288	7,361,288
2024	5,655,000	806,326	6,461,326
2025	4,485,000	526,687	5,011,687
2026	2,895,000	311,212	3,206,212
2027	2,430,000	173,937	2,603,937
2028	1,175,000	58,750	1,233,750
Totals	$ 211,860,000	$ 82,145,312	$ 294,005,312

(Source: The Authority.)

State Guaranty of General Obligation School Bonds

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

In the event an Eligible 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 of its available moneys, seek a short-term loan from the Permanent School Fund or issue its short-term general obligation notes. The Eligible School Board remains liable to the State for any such payments on Guarantied Bonds. The State may seek reimbursement for such payments (plus interest and penalties) by intercepting State financial aid intended for the Eligible School Board. The Guaranty Act also contains provisions to compel the Eligible School Board to levy a tax sufficient to reimburse the State for such payments.

The State Superintendent of Schools (the "State Superintendent") is responsible for monitoring the financial condition of each local school board in the State and reporting, at least annually, his or her conclusions to the Governor, the Legislature, and the State Treasurer. The State Superintendent must report immediately to the Governor and the State Treasurer any circumstances suggesting that a local school board will be unable to pay when due its debt service obligations (a "Report") and recommend a course of remedial action. As of December 31, 2008, the State has not been requested to make payments on any Guarantied Bonds and has not received a Report from the State Superintendent.

As of June 30, 2008, the State has approximately $2.458 billion principal amount outstanding of Guarantied Bonds. Currently, the Guarantied Bond program's annual principal and interest payments are scheduled through Fiscal Year 2029.The State cannot predict the amount of bonds that may be guarantied in future years; no limitation is currently imposed by the Guaranty Act.

No Defaulted Bonds

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

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FINANCIAL INFORMATION REGARDING THE STATE OF UTAH

The following table summarizes the State's revenues and expenditures for Fiscal Years 2008, 2007, and 2006:

Revenues and Expenditures for Fiscal Years 2008, 2007, and 2006

Analysis of Operations – General Fund and Major Special Revenue Funds (1)

	Fiscal Year Ending June 30, 2008		Fiscal Year Ending June 30, 2007		Fiscal Year Ending June 30, 2006	
	Amounts (in thousands)	% Change From Prior Year	Amounts (in thousands)	% Change From Prior Year	Amounts (in thousands)	% Change From Prior Year
Revenues: (1)						
Federal Revenues	$ 2,570,047	4 %	$ 2,469,442	(1) %	$ 2,501,030	6 %
Individual and Corporate Income Taxes (2)	2,970,980	(1)	3,001,181	11	2,703,989	25
Sales and Use Tax	2,031,239	(4)	2,109,732	10	1,915,600	13
Motor/Special Fuels Tax	357,664	(2)	366,446	6	344,902	3
Other Taxes	325,513	4	313,149	0	311,974	15
Other	1,049,465	6	990,665	11	896,246	29
Total	$ 9,304,908	1 %	$ 9,250,615	7 %	$ 8,673,741	15 %
Expenditures	$ 9,259,205	12 %	$ 8,265,238	8 %	$ 7,631,700	9 %

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

(2) In the 2007 and 2006 General Sessions of the Legislature, the Legislature has decreased the sales and use tax rate on unprepared foods; has decreased the general sales and use tax rate and has reformed the individual income tax. See "Recent Developments " section below.

(Sources: Division of Finance and the 2008 CAFR.)

Recent Developments

Major Funds. Most government services of the State are paid through one of its major governmental funds. In Fiscal Year 2008, the State's major governmental funds were the General Fund, Education Fund, Uniform School Fund, Transportation Fund, and Transportation Investment Fund.

During the 2007 Legislative Session, the Legislature created the Critical Highway Needs Fund and authorized the issuance of up to $1 billion in general obligation bonds for highway projects. This fund will account for the costs of right-of-way acquisition, maintenance, construction, reconstruction, or renovation to state and federal highways. The Legislature authorized an additional $220 million in bonding authority during the 2008 Legislative Session. This fund is reported as part of total governmental activities and may become a major fund in the near future.

Spending and Debt Limitations. The State has statutory appropriation and debt limits. Increases in appropriations are limited to combined changes in population and inflation. The definition of appropriations includes only appropriations from unrestricted General Fund sources and from non–Education Fund income tax revenues (spending for public education and transportation are exempted from the limitation). For Fiscal Year 2008, the State is approximately $33.5 million below the statutory appropriation limit, and for Fiscal Year 2009 it is $132.3 million below the limit. The statutory debt limit is 45% of the maximum allowable appropriation limit.

Budget Management. The General Fund, Education Fund, and Uniform School fund ended fiscal year 2008 with a zero dollar surplus by using $28.8 million of General Fund and $45.6 million of Education Fund and Uniform School Fund, originally designated and budgeted to be used for fiscal year 2009, to cover revenue shortfalls that occurred in fiscal year 2008.

Budget Reserve Accounts. The State maintains a General Fund Budget Reserve Account in the General Fund (the "Rainy Day Fund") and an Education Budget Reserve Account in the Education Fund (the "Education Reserve"). State law limits the combined

totals of the Rainy Day Fund and Education Reserve based on the amount of appropriations from certain funds for the Fiscal Year in which the surplus occurred. State law requires 25 percent of any surplus in the General Fund to be deposited in the Rainy Day Fund and 25 percent of any surplus in the Education Fund to be deposited in the Education Reserve, in each case up to the statutory limit. Beginning Fiscal Year 2006 the transfers of surplus revenues caused the amounts on deposit in the reserve funds to equal the statutory limit. Unless such reserve funds are drawn upon for their respective purposes, annual mandatory surplus transfers will be limited to the lesser of 25 percent of the applicable surplus or the amount necessary to reach the applicable statutory limit. Although there were not mandatory surplus transfers, the Legislature appropriated $16.2 million to the Rainy Day Fund and $84.2 million to the Education Reserve for fiscal year 2008. As of December 31, 2008, the balance in the Rainy Day Fund was $188.9 million and the Education Reserve balance was $229.6 million.

2008 Special Session. In early fiscal year 2009, revenue estimates for fiscal year 2009 were revised downward as the economy contracted and sales and other taxes were estimated to be $272.4 million less than anticipated. In September, 2008, the 2008 Second Special Session of the Legislature was called by the Governor to address fiscal year 2009 revenue shortfall. During the special session, the Legislature reduced most agencies' fiscal year 2009 budgets by 3 percent, and made other budget adjustments as necessary to balance the budget. Public education was held harmless from these early budget cuts. The Governor and Legislature will review the fiscal year 2009 budget during the upcoming 2009 General Session and take action as necessary to maintain a balanced budget

Tax Reform. In the 2006 General Session, the Legislature reduced the sales tax rate levied by the State on unprepared foods from 4.75 percent to 2.75 percent effective January 1, 2007. During the 2007 General Session, the Legislature further reduced the sales tax rate levied by the State on unprepared foods from 2.75 percent to 1.75 percent and the general sales tax rate imposed on transactions was reduced from 4.75 percent to 4.65 percent, effective January 1, 2008. In the 2008 General Session, the Legislature added 0.05% back to the general sales tax rate (4.65% to 4.70%), effective January 1, 2009, and committed the resulting revenue, approximately $21.9 million when fully implemented, to the Critical Highway Needs Fund and the Transportation Investment Fund. The cumulative revenue impact of sales tax reform enacted over the last three legislative sessions is estimated to be a decrease in revenues of $140 million annually when fully implemented.

Significant individual income tax reform was adopted during the 2006 and 2007 General and Special Sessions. The Legislature enacted a dual tax system in the 2006 Fourth Special Session, and then in the 2007 General Session enacted a single rate income tax system to replace the dual tax system. For the 2007 tax year, a taxpayer may choose between a single rate income tax system or the existing bracketed tax rate system. For the 2008 tax year, all taxpayers will file a return using a single rate of 5 percent of federal adjusted gross income. A tax credit based on a percentage of the federal deductions and personal exemptions that phases out depending on income and filing status retains income tax progressivity. The cumulative revenue impact of 2006 and 2007 income tax reform is estimated to be a decrease in revenues of $190 million annually. During the 2008 General Sessions, several additional tax credits were approved, the most significant of which was a healthcare tax credit for taxpayers who purchase health insurance plans and are not eligible for preferential tax treatment otherwise. The ongoing revenue loss from these credits does not take effect until Fiscal Year 2010, when the estimated decrease in revenue is $22 million.

Other Postemployment Benefits. The 2005 Legislature adopted legislation, effective January 1, 2006, that modified the postemployment benefits received by state employees, including the phasing out of certain benefits and capping others. The legislation substantially reduced the State's liability on a going forward basis. As of December 31, 2006, the actuarial accrued liability for benefits was $669.6 million. The Legislature appropriated $53.5 million in both fiscal years 2008 and 2009, toward funding this liability at a level that is actuarially projected to fund the postemployment benefits over a period of twenty-five years.

Rating Change. On November 25, 2008 a Material Event Notice was issued regarding the State of Utah, State Building Ownership, $15,380,000 Lease Revenue Bonds (State Facilities Master Lease Program), Series 2007A Bonds dated July 10, 2007. The Material Events Notice states that Moody's Investors Service ("Moody's") has revised its current municipal rating on MBIA Insurance Corporation ("MBIA") from "A2" to "Baa1". This downgrade affects bonds issued by the State of Utah, State Building Ownership Authority and secured by bond insurance from MBIA.

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Five-Year Financial Summaries

The following summaries were extracted from the State's audited financial statements for the Fiscal Years 2004 through 2008. The summaries have not been audited. The financial information in the summaries is presented on a fund statement basis and not on a government-wide statement basis.

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

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

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

(This summary is unaudited)

	As of June 30 (in thousands)				
	2008	2007	2006	2005	2004
Assets:					
Cash and Cash Equivalents	$ 1,540,923	$ 1,811,006	$ 1,259,084	$ 932,620	$ 386,148
Investments	950,549	746,104	769,088	521,982	711,950
Receivables:					
Accounts, net	571,498	533,245	473,961	464,291	626,266
Accrued Interest	80	77	135	123	55
Accrued Taxes, net	833,731	1,191,060	929,421	693,516	586,076
Notes/Mortgages, net	10,078	12,920	30,471	13,265	9,458
Due From Other Funds	50,038	90,336	30,214	23,700	24,277
Due From Component Units	35,802	42,177	26,784	26,179	26,395
Inventories	11,899	12,776	11,557	11,473	9,496
Interfund Loans Receivable	39,005	33,905	28,111	32,533	43,963
Total Assets	$ 4,043,603	$ 4,473,606	$ 3,558,826	$ 2,719,682	$ 2,424,084
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable and Accrued Liabilities	$ 768,618	$ 721,060	$ 598,382	$ 589,716	$ 536,089
Due To Other Funds	71,019	99,670	35,704	28,151	26,569
Due To Component Units	19	448	440	1,503	8,013
Deferred Revenue	433,196	614,529	502,036	319,938	390,140
Interfund Loans Payable	-	-	-	-	2,478
Total Liabilities	1,272,852	1,435,707	1,136,562	939,308	963,289
Fund Balances:					
Reserved	1,323,820	986,326	836,056	716,255	555,158
Unreserved Designated	1,134,438	1,628,919	1,199,334	681,751	534,040
Unreserved Undesignated	312,493	422,654	386,874	382,368	371,597
Total Fund Balances	2,770,751	3,037,899	2,422,264	1,780,374	1,460,795
Total Liabilities and Fund Balances	$ 4,043,603	$ 4,473,606	$ 3,558,826	$ 2,719,682	$ 2,424,084

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

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

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

(This summary is unaudited)

	Fiscal Year Ended June 30 (in thousands)				
	2008	2007	2006	2005	2004
Revenues:					
Taxes:					
Sales and Use Tax	$ 1,710,564	$ 1,860,703	$ 1,820,992	$ 1,664,352	$ 1,521,076
Other Taxes	283,852	274,563	271,178	234,710	200,167
Total Taxes	1,994,416	2,135,266	2,092,170	1,899,062	1,721,243
Other Revenues:					
Federal Contracts and Grants	1,892,116	1,818,571	1,859,583	1,776,555	1,741,580
Charges for Services	299,819	267,479	256,025	238,181	204,874
Licenses, Permits, and Fees	20,633	20,479	18,725	17,866	18,029
Federal Mineral Lease	134,404	145,985	156,851	82,704	67,216
Investment Income	75,647	94,448	47,027	16,483	6,897
Miscellaneous and Other	158,883	166,471	164,890	148,015	143,033
Total Revenues	4,575,918	4,648,699	4,595,271	4,178,866	3,902,872
Expenditures:					
Current:					
General Government	286,274	242,845	200,631	161,728	157,791
Human Services and Youth Corrections	674,389	623,689	590,727	575,046	550,691
Corrections, Adult	247,376	225,548	203,419	193,442	187,278
Public Safety	191,483	170,306	177,201	161,350	146,974
Courts	128,148	118,326	111,541	106,128	100,975
Health and Environmental Quality	1,643,269	1,615,690	1,629,909	1,456,282	1,340,304
Higher Education–State Administration	64,587	49,064	43,505	39,121	32,827
Higher Education–Colleges and Universities	773,107	693,082	665,855	626,026	595,630
Employment and Family Services	432,032	405,902	412,855	415,892	394,304
Natural Resources	171,738	166,533	136,059	120,398	119,909
Community and Culture	127,225	105,051	82,627	86,335	86,085
Business, Labor, and Agriculture	87,601	81,643	79,138	74,919	62,528
Total Expenditures	4,827,229	4,497,679	4,333,467	4,016,667	3,775,296
Excess Revenues Over (Under) Expenditures	(251,311)	151,020	261,804	162,199	127,576
Other Financing Sources (Uses):					
Capital Leases and Acquisition	2,131	-	-	-	-
Sale of Capital Assets	80	-	-	-	-
Transfers In	908,222	649,271	323,689	294,313	178,900
Transfers Out	(873,826)	(589,855)	(370,336)	(288,486)	(207,519)
Total Other Financing Sources (Uses)	36,607	59,416	(46,647)	5,827	(28,619)
Net Change in Fund Balance	(214,704)	210,436	215,157	168,026	98,957
Beginning Fund Balance	1,079,572	869,136	653,979	485,953	386,996
Ending Fund Balance	$ 864,868	$ 1,079,572	$ 869,136	$ 653,979	$ 485,953

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

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

(This summary is unaudited)

	Fiscal Year Ended June 30 (in thousands)				
	2008	2007	2006	2005	2004
Revenues:					
Taxes:					
Sales and Use Tax (2)	$ 320,675	$ 249,029	$ 94,608	$ 35,284	$ 32,833
Individual Income Tax	2,560,394	2,589,252	2,324,365	1,946,593	1,706,774
Corporate Tax	410,586	411,929	379,624	209,304	165,893
Motor and Special Fuels Tax	357,664	366,446	344,902	336,417	327,838
Other Taxes	41,661	38,586	40,796	36,554	30,391
Total Taxes	3,690,980	3,655,242	3,184,295	2,564,152	2,263,729
Other Revenues:					
Federal Contracts and Grants	677,931	650,871	641,447	586,248	550,466
Charges for Services	70,715	56,592	50,857	26,975	27,399
Licenses, Permits, and Fees	101,249	99,870	94,959	90,040	85,606
Federal Aeronautics	68,193	44,074	37,521	34,416	25,821
Investment Income	49,281	41,156	31,222	22,235	15,720
Miscellaneous and Other	70,641	54,111	38,169	17,318	25,693
Total Other Revenues	1,038,010	946,674	894,175	777,232	730,705
Total Revenues	4,728,990	4,601,916	4,078,470	3,341,384	2,994,434
Expenditures:					
Current:					
Public Education	2,960,523	2,547,075	2,322,801	2,168,798	2,037,873
Transportation	1,471,453	1,220,484	975,432	831,737	810,708
Total Expenditures	4,431,976	3,767,559	3,298,233	3,000,535	2,848,581
Excess Revenues Over (Under) Expenditures	297,014	834,357	780,237	340,849	145,853
Other Financing Sources (Uses):					
Sale of Capital Assets	8,058	6,747	-	-	-
General Obligation Bonds Issued	68,995	-	-	47,050	-
Premium on Bonds Issued	1,088	-	-	2,950	-
Transfers In	3,072,875	2,612,415	286,496	185,731	163,880
Transfers Out	(3,625,959)	(3,074,734)	(567,290)	(535,939)	(331,345)
Total Other Financing Sources (Uses)	(474,943)	(455,572)	(280,794)	(300,208)	(167,465)
Net Change in Fund Balances	(177,929)	378,785	499,443	40,641	(21,612)
Beginning Fund Balance	1,675,221	1,296,436	796,993	757,418	779,030
Adjustments to Beginning Fund Balance (3)	-	-	-	(1,066)	-
Beginning Fund Balance as Adjusted	1,675,221	1,296,436	796,993	756,352	779,030
Ending Fund Balances	$ 1,497,292	$ 1,675,221	$ 1,296,436	$ 796,993	$ 757,418

(1) The major special revenue funds include the Education Fund, Uniform School Fund, Transportation Fund, and Transportation Investment Fund.
(2) The large increase in Fiscal Year 2007 was from the 8.3% of general sales and use tax collections (approximately $150 million) being transferred from the General Fund into the Transportation Investment Fund (a Major Special Revenue Fund) as directed by the 2006 Legislature. Additionally, a portion (0.0625%) of the sales and use tax is earmarked for water and road projects.
(3) Due primarily to changes in accounting standards.

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

Property Tax Matters

Ad Valorem Levy. Though authorized to do so under Part 9 of the Property Tax Act (defined below), the State does not presently levy ad valorem property taxes. However, if the State does not have sufficient moneys available to pay principal and interest on its general obligation bonds from sources other than ad valorem taxes, the State Tax Commission would be required to levy ad valorem property taxes on all taxable property in the State to cover the deficit.

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

The following tables reflect the effect of the current 45% reduction from Fair Market Value for assessment of ad valorem property tax. The second table shows the Centrally-Assessed Property compared with the Locally-Assessed property.

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

Tax Year	Taxable Value (1)	% Change Over Prior Year	Fair Market Value	% Change Over Prior Year
2007	189,087,689,610	22.3 %	269,489,922,952	23.1 %
2006	154,663,248,988	16.8	218,864,053,927	17.1
2005	132,372,801,410	7.4	186,836,223,701	8.0
2004	123,210,372,102	5.0	173,003,833,163	5.1
2003	117,371,436,772	2.7	164,567,249,587	3.1

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

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

Historical Summaries of Taxable Values of Property

	2007		2006	2005	2004	2003
	Taxable Value	% of T.V.	Taxable Value	Taxable Value	Taxable Value	Taxable Value
Set by State Tax Commission (Centrally Assessed)						
Natural Resources	$ 6,858,057,725	3.6 %	$ 6,219,779,718	$ 4,898,371,950	$ 4,211,778,705	$ 3,002,785,404
Utilities	9,943,565,300	5.3	9,552,461,539	9,293,092,255	9,509,472,931	9,742,802,798
Total Centrally Assessed	16,801,623,025	8.9	15,772,241,257	14,191,464,205	13,721,251,636	12,745,588,202
Set by County Assessor (Locally Assessed)						
Real Property:						
Primary Residential	98,069,970,843	51.9	78,264,051,562	66,358,371,700	60,635,462,669	57,428,791,528
Commercial	38,267,427,307	20.2	32,588,392,214	28,604,861,843	25,204,539,225	25,995,762,668
Other Real	25,974,054,552	13.7	19,383,478,151	14,895,471,950	15,622,104,219	12,900,782,786
Total Real Property	162,311,452,702	85.8	130,235,921,927	109,858,705,493	101,462,106,113	96,325,336,982
Personal Property:						
Total Personal Property	9,974,613,883	5.3	8,655,085,804	8,322,631,712	8,027,014,353	8,300,521,588
Total Locally Assessed	172,286,066,585	91.1	138,891,007,731	118,181,337,205	109,489,120,466	104,625,858,570
Total Taxable Value	$ 189,087,689,610	100.0 %	$ 154,663,248,988	$ 132,372,801,410	$ 123,210,372,102	$ 117,371,446,772

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

State Revenues

The State receives revenues from three principal sources: taxes, including sales and use, individual income, corporate franchise, motor and special fuel, and other miscellaneous taxes; federal grants-in-aid; and miscellaneous charges and receipts, including licenses, permits and fees; the State's share of mineral royalties; bonuses on federal land; and other miscellaneous revenues. Revenues received in the governmental fund types (excluding the Trust Lands permanent fund) are as follows:

	Fiscal Year Ended June 30 (in thousands)									
	2008	% (1)	2007	% (1)	2006	% (1)	2005	% (1)	2004	% (1)
Taxes	$ 5,693,425	60%	$ 5,797,563	62%	$ 5,281,485	60%	$ 4,467,665	59%	$ 3,989,188	57%
Federal Contracts and Grants	2,574,585	27	2,480,016	26	2,524,022	29	2,366,786	31	2,295,428	33
All Other Misc. Revenue	1,227,345	13	1,084,752	12	972,222	11	792,830	10	694,951	10
Total All Funds	$ 9,495,355	100%	$ 9,362,331	100%	$ 8,777,729	100%	$ 7,627,281	100%	$ 6,979,567	100%

(1) Percentage of total Governmental Fund Revenue.

(Source: Division of Finance.)

Revenue Summary. For the Fiscal Year 2008, General Fund revenues from all sources totaled approximately $4.6 billion. Of this amount, 41% came from federal contracts and grants, 37% came from sales tax, 7% came from charges for services and licenses, permits, and fees, 9% came from federal mineral lease, investment income and miscellaneous and other revenues, and 6% came from other tax sources.

In the Education Fund for Fiscal Year 2008, revenues from all sources totaled approximately $3 billion. Of this amount, 86% came from individual income taxes, and 14% came from corporate franchise taxes.

In the Uniform School Fund for Fiscal Year 2008, revenues from all sources totaled approximately $466.2 million. Of this amount, 81% came from federal contracts and grants, 11% came from other miscellaneous revenue sources, and 8% came from investment income, charges for services and licenses, permits and fees.

In the Transportation Fund for Fiscal Year 2008, revenues from all sources totaled approximately $1.07 billion. Of this amount, 33% came from motor and special fuel taxes, 27% came from federal contracts and grants, 27% came from other miscellaneous unrestricted taxes and fees, and 13% came from charges for services and licenses, permits, and fees.

In the Transportation Investment Fund for Fiscal Year 2008, revenues from all sources totaled $213.5 million. Of this amount, 82% came from sales tax revenue, 11% came from motor vehicle registration fees, and 7% came from federal contracts and grants.

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Additional Historical Financial Information of the State

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

Revenues by Source

All Governmental Fund Types (1)

	Fiscal Year Ended June 30 (in thousands)				
	2008	2007	2006	2005	2004
Taxes:					
Sales and Use Tax	$ 2,031,239	$ 2,109,732	$ 1,915,600	$ 1,699,636	$ 1,553,909
Individual Income Tax	2,560,394	2,589,252	2,324,365	1,946,593	1,706,774
Corporate Tax	410,586	411,929	379,624	209,304	165,893
Motor and Special Fuels Tax	357,664	366,446	344,902	336,417	327,838
Other Taxes	333,542	320,204	316,994	275,715	234,774
Total Taxes	5,693,425	5,797,563	5,281,485	4,467,665	3,989,188
Other Revenues:					
Federal Contracts and Grants	2,574,585	2,480,016	2,524,022	2,366,786	2,295,428
Charges for Services	392,345	347,038	329,576	273,499	242,780
Licenses, Permits, and Fees	121,882	120,349	113,684	121,382	113,625
Federal Mineral Lease	134,404	145,985	156,851	82,704	67,216
Federal Aeronautics	68,193	44,074	37,521	34,416	25,821
Intergovernmental	12,884	23,332	9,109	4,104	11,395
Investment Income	124,590	142,357	85,580	45,017	25,943
Miscellaneous and Other	373,047	261,617	239,901	231,708	208,171
Total Other Revenues	3,801,930	3,564,768	3,496,244	3,159,616	2,990,379
Total Revenues	$ 9,495,355	$ 9,362,331	$ 8,777,729	$ 7,627,281	$ 6,979,567

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

(Sources: Division of Finance and the 2008 CAFR.)

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Expenditures by Function

All Governmental Fund Types (1)

Function	Fiscal Year Ended June 30 (in thousands) 2008	2007	2006	2005	2004
General Government	$ 319,389	$ 268,775	$ 239,838	$ 178,891	$ 176,907
Human Services and Youth Corrections	677,234	627,598	593,392	576,871	553,136
Corrections, Adult	251,216	229,198	205,310	198,030	188,951
Public Safety	196,008	172,427	179,622	163,072	150,353
Courts	131,261	119,650	114,111	107,807	102,302
Health and Environmental Quality	1,648,841	1,620,400	1,634,619	1,461,618	1,342,903
Higher Education - State Administration	64,587	49,064	43,505	39,121	32,827
Higher Education - Colleges and Universities	793,283	708,063	675,267	637,087	614,922
Employment and Family Services	432,955	406,532	413,380	417,037	394,926
Natural Resources	174,120	171,014	140,592	123,195	121,461
Community and Culture	132,413	108,592	85,231	87,621	89,051
Business, Labor, and Agriculture	96,072	91,162	89,255	85,115	72,124
Public Education	2,960,873	2,547,421	2,322,871	2,168,896	2,033,259
Transportation	1,472,208	1,221,371	975,565	832,285	811,088
Capital Outlay	193,733	196,126	170,748	139,488	173,869
Debt Service	333,175	235,011	235,436	273,679	211,960
Total Expenditures All Governmental Fund Types	$ 9,877,368	$ 8,772,404	$ 8,118,742	$ 7,489,813	$ 7,070,039

Changes in All Governmental Fund Types (1)

	Fiscal Year Ended June 30 (dollars in millions) 2008	2007	2006	2005	2004
Revenues	$ 9,496	$ 9,362	$ 8,778	$ 7,627	$ 6,980
% change over previous year	1.4%	6.7%	15.1%	9.3%	8.5%
Net other financing sources (2)	$ 77	$ 7	$ 0	$ 170	$ 29
Expenditures (3)	$ 9,877	$ 8,772	$ 8,119	$ 7,490	$ 7,070
% change over previous year	12.6%	8.0%	8.4%	5.9%	5.5%

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

(Sources: Division of Finance and the 2008 CAFR.)

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Fund Balances

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

Fund	Fiscal Year Ended June 30 (in thousands) 2008	2007	2006	2005	2004
General	$ 864,868	$ 1,079,572	$ 869,136	$ 653,979	$ 485,953
Special Revenue:					
Education Fund (3)	413,998	566,672	-	-	-
Uniform School	372,796	651,724	942,389	406,494	313,886
Transportation	510,626	327,017	209,885	206,049	226,081
Transportation Investment Fund (4)	199,872	129,808	144,162	184,450	217,451
Rural Development	35,431	31,109	25,012	19,922	15,094
Tobacco Endowment	45,834	33,221	24,671	18,109	17,759
Environmental Reclamation	29,442	30,168	24,135	25,921	23,762
Crime Victim Reparation	6,891	8,942	9,690	9,623	10,653
Miscellaneous Special Rev.	12,446	10,401	8,343	8,074	7,603
Universal Telephone Service	8,351	6,999	7,119	5,076	3,804
Consumer Education	4,139	2,774	3,245	3,324	3,564
State Capitol	125	196	125	51	-
Capital Projects	239,362	135,762	133,630	226,666	122,343
Debt Service	26,570	23,534	20,722	12,636	12,842
Total	$ 2,770,751	$ 3,037,899	$ 2,422,264	$ 1,780,374	$ 1,460,795

(1) Includes all governmental fund types, except Trust Lands.
(2) Includes restricted and unrestricted fund balances.
(3) Effective fiscal year 2007, the Legislature created the Education Fund. Individual income and corporate taxes are deposited into the Education Fund, then transferred as authorized to the Uniform School Fund and expended for public education. The remainder is used for higher education.
(4) Effective fiscal year 2006, the Legislature created the Transportation Investment Fund and designated that projects, previously reported as part of the Centennial Highway Fund, be reported within this new fund.

(Sources: Division of Finance and the 2008 CAFR.)

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General Fund

Revenues, Expenditures, and Fund Balances

	Fiscal Year Ended June 30 (in thousands)				
	2008	2007	2006	2005	2004
Revenues:					
Sales and Use Tax	$ 1,710,564	$ 1,860,703	$ 1,820,992	$ 1,664,352	$ 1,521,076
Other Taxes	283,852	274,563	271,178	234,710	200,167
Federal Contracts and Grants	1,892,116	1,818,571	1,859,583	1,776,555	1,741,580
Charges for Services	299,819	267,479	256,025	238,181	204,874
Licenses, Permits, and Fees	20,633	20,479	18,725	17,866	18,029
Federal Mineral Lease	134,404	145,985	156,851	82,704	67,216
Investment Income	75,647	94,448	47,027	16,483	6,897
Miscellaneous and Other	158,883	166,471	164,890	148,015	143,033
Total Revenues	$ 4,575,918	$ 4,648,699	$ 4,595,271	$ 4,178,866	$ 3,902,872
% change over previous year	(1.6)%	1.2%	10.0%	7.1%	10.3%
Expenditures	$ 4,827,229	$ 4,497,679	$ 4,333,467	$ 4,016,667	$ 3,775,296
% change over previous year	7.3%	3.8%	7.9%	6.4%	7.3%
Fund Balance: (1)					
Unreserved, Designated	$ 394,068	$ 603,165	$ 483,510	$ 366,992	$ 255,531
Unreserved, Undesignated	-	64,807	85,129	24,627	16,359
Reserved	470,800	411,600	300,497	262,360	214,063
Total Fund Balance	$ 864,868	$ 1,079,572	$ 869,136	$ 653,979	$ 485,953

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

(Sources: Division of Finance and the 2008 CAFR.)

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STATE OF UTAH FISCAL YEAR ENDED JUNE 30, 2008
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Included with this supplement is the State's Comprehensive Annual Financial Report ("CAFR") for the year ended June 30, 2008.

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

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

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2008

State of Utah

Comprehensive Annual Financial Report

For the Fiscal Year Ended **June 30, 2008**

State Of Utah
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended June 30, 2008

CONSTITUTIONAL OFFICERS OF THE STATE OF UTAH

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

OTHER STATE OFFICIALS

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

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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, 2008

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State of Utah

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

Department of Administrative Services

Kimberly K. Hood
Executive Director

Division of Finance

John C. Reidhead, CPA
Director

December 4, 2008

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

It is our pleasure to present the 2008 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.).

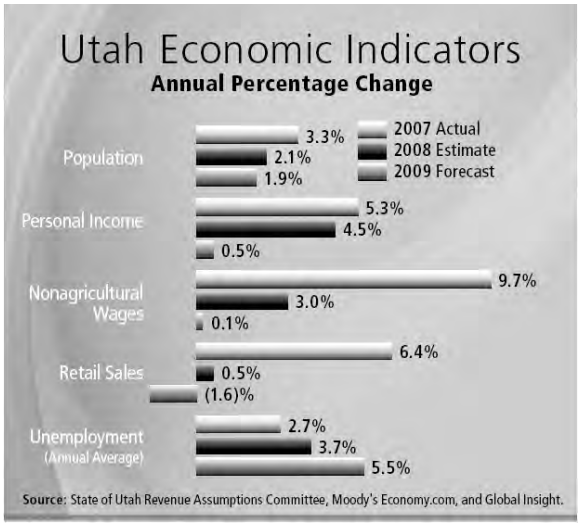
Budgetary Control. The *Constitution of Utah* requires that budgeted expenditures not exceed estimated revenues and other sources of funding, including beginning fund balances. Annually, the Governor is required to submit a balanced budget by fund, function (e.g., health), and activity (e.g., medical 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 120**.**

Budget Stabilization. In accordance with Sections 63J–1–202 and 203 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–1–204 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, 2008, the State was $33.5 million below the appropriations limitation.

ECONOMIC CONDITIONS AND OUTLOOK

Economy. Nationally, corporate before-tax profits increased slightly by 0.7 percent in 2007 and are expected to decrease 13.9 percent through the end of 2008 as the economy continues to decline. The national unemployment rate was 4.6 percent in 2007, and is expected to increase to 5.7 percent in 2008, and 7.7 percent in 2009. Utah's economic indicators were strong throughout 2007, strong initially in 2008, but are expected to weaken substantially through the end of 2008 as national trends weigh upon the local economy.



Utah's unemployment rate is expected to increase from 2.7 percent in 2007, the ten year low, to 3.7 percent in 2008, primarily due to contraction of the construction industry. In 2007, personal income and nonagricultural wages rose by 5.3 percent and 9.7 percent, respectively. In 2008, personal income is expected to increase 4.5 percent and nonagricultural wages by 3.0 percent. Retail sales grew by 6.4 percent in 2007, are expected to grow by 0.5 percent in 2008, but decline (1.6) percent in 2009. In 2007, total construction value was $7 billion, a decrease from the 2006 record high of $7.4 billion. Construction valuation is expected to decline further to $4.9 billion

in 2008. The decline is due to a sharp drop in residential construction, ending a boom that began in 2003. Residential construction is expected to decline from $4 billion in 2007 to $2.1 billion in 2008, as negative factors surrounding the national credit and mortgage markets translate to the slowest new-home building market in Utah in almost 30 years. Nonresidential construction is expected to remain strong in 2008, with several large projects planned, but may weaken if the credit markets and corporate profits do not improve. Despite the slowdown, Utah continues to grow through positive net migration of approximately 44,000 people in 2007 and 17,000 people in 2008. Utah has had positive net migration for the past 18 years and this trend is expected to continue in the coming years.

Industries. Utah's nonagricultural employment growth is expected to decrease to 0.1 percent in 2008, which is the lowest level in five years. From October 2007 to October 2008, some industries experienced job declines, while others experienced slight growth. These results 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
	2008 (est.)	2007	2007 to 2008	2007 to 2008	2008 (est.)
Trade, Transportation, and Utilities	251.4	247.9	3.5	1.4 %	19.9 %
Professional and Business	164.9	164.2	0.7	0.4 %	13.1 %
Education and Health Services	149.6	143.8	5.8	4.0 %	11.8 %
Government (Local/Federal)	149.0	146.0	3.0	2.1 %	11.8 %
Manufacturing	126.6	128.4	(1.8)	(1.4)%	10.0 %
Leisure and Hospitality	111.8	110.0	1.8	1.6 %	8.9 %
Construction	91.7	105.1	(13.4)	(12.7)%	7.3 %
Financial Activities	73.5	74.7	(1.2)	(1.6)%	5.8 %
Government (State)	65.1	65.0	0.1	0.2 %	5.1 %
Other Services	35.3	35.6	(0.3)	(0.8)%	2.8 %
Information	31.8	32.4	(0.6)	(1.9)%	2.5 %
Natural Resources and Mining	12.2	11.3	0.9	8.0 %	1.0 %
Total	**1,262.9**	**1,264.4**			**100.0 %**

Source: Utah Department of Workforce Services, October 2008 Jobs by Industry and Components of Labor Force

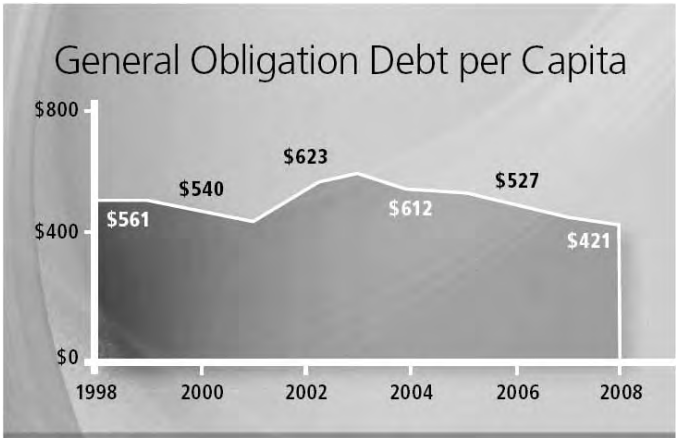
Several industries that performed well in the past year are vulnerable to future decline as consumer demand in a slowing economy diminishes the need for goods and services. These vulnerable industries include the trade, professional and business services, and leisure and hospitality industries. The construction and finance industries are expected to continue to decline until there is improvement in the overall national economy. Given these factors, Utah is entering a contracting employment environment, in which net job losses are anticipated over the course of next year.

Outlook. As the national economy struggles, Utah will experience much slower or very minimal economic growth. Employment is expected to contract in the state, with the construction and financial industries bearing much of the loss. Weakening global demand for U.S. exports is likely to curb manufacturing employment. Health care, education, and governmental services will face additional pressure to provide services. The growth of the energy sector may slow due to recent declines in the price of oil, natural gas, and most commodities. Taxable retail sales are likely to slow significantly due to the current uncertainty in the credit markets. However, the state appears to be in a better position to handle the current economic downturn than most states.

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 $316.9 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 provided general obligation bonding authority of $43.75 million 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. More information about the State's long-term debt is found in Note 10 to the Basic Financial Statements.



MAJOR INITIATIVES

During the 2008 General Session, estimated new state revenues available for fiscal year 2009 appropriation exceeded $778 million, which included $354 million of ongoing revenue and $424 million of one-time revenue. For budget stabilization, the Legislature appropriated $16.2 million of General Fund monies to the General Fund Budget Reserve Account and $44.2 million of Education Fund monies to the Education Fund Budget Reserve Account. As the economy slowed, revenue estimates were revised downward as sales and other taxes available for fiscal year 2009 were estimated to be $272.4 million less than anticipated. In September 2008, the 2008 Second Special Session of the Legislature was called by the Governor to address the fiscal year 2009 revenue shortfalls. During the Second Special Session, the Legislature reduced most fiscal year 2009 agency budgets by three percent, and made other budget adjustments as necessary to balance the budget. Even in this challenging environment, the following major initiatives were undertaken by the State:

Education. State funding for education was again a major priority for the Governor and Legislature during the 2008 General Session. Public education funding was increased by $234 million for fiscal year 2009, representing a 9.8 percent increase over the base budget. The State provided a $59 million increase in ongoing money for fiscal year 2009 through a 2.5 percent increase in the value of the Weighted Pupil Unit. The increase will fund teacher salaries and benefits, and pay for increased operating costs. The Legislature also appropriated $77.1 million in ongoing money for fiscal year 2009 to provide a $1,700 increase to each teacher's base pay, in addition to a $2,500 increase provided in the 2007 General session. To attract and retain teachers, legislators appropriated $6.9 million in ongoing funds to supplement teacher salaries through the Utah Science Technology and Research (USTAR) Program. They also authorized the use of $25 million in nonlapsing funds for one-time bonuses to new educators and one-time performance-based compensation for qualifying educators. New student enrollment of 12,880 students will be funded with $55.6 million in ongoing money in fiscal year 2009.

Although the 2008 Second Special Session of the Legislature cut public education's fiscal year 2009 budget by three percent, the money was restored with one-time money. As a result, public education was essentially held harmless from the early budget cuts in fiscal year 2009.

Infrastructure. Continuing its conservative approach to fiscal management, legislators protected against revenue fluctuations and avoided additional general obligation debt for buildings by using one-time money for several building projects. During the 2008 General Session, legislators appropriated $129.2 million in one-time money and $30 million in ongoing money for fiscal year 2009 for new capital development projects, including the Gunnison prison expansion, a Salt Lake area government office building, and a veterans' nursing home. During the 2008 Second Special Session, the increase in ongoing money for capital development was reduced by $30 million and ongoing money for capital improvements was reduced $15 million to conform to updated revenue estimates.

The Legislature again addressed the State's transportation needs during the 2008 General Session. Senate Bill 283, *Transportation Funding Amendments*, increased the bonding authority in the Critical Highway Needs Fund by $200 million. This is in addition to the $1.1 billion of general obligation bonds authorized for transportation projects during the 2007 General Session. The increase will be used to fund additional projects aimed at reducing congestion on Utah roads. For fiscal year 2009, the Legislature also passed House Bill 359, *Tax Changes*, which imposes a 0.05 percent increase in the sales tax. The additional revenue from the increase will be dedicated to transportation needs, and is estimated to provide an additional $10.7 million for fiscal year 2009.

During the Second Special Session of the 2008 Legislature, the Legislature passed House Bill 2005, *Transportation Finance Amendments*, in response to declining sales and use tax revenue. This bill reduced the sales and use tax revenue directed to the Critical Highway Needs Fund during the 2007 General Session (House Bill 314, *Transportation Funding Revisions*) from $90 million to $55 million, for fiscal year 2009 only.

Health System Reform. Several key bills passed in the 2008 General Session to reform the State's health care system. House Bill 133, *Health System Reform*, provided the following: 1) allows an individual health insurance policy holder to be eligible for Utah's Premium Partnership Program; 2) directs the Insurance Department to develop standards for health insurance applications and to facilitate a private sector method of collecting premium payments made by multiple payers, including the policyholder, one or more employers of the covered individuals, and government programs; 3) designates the Governor's Office of Economic Development as the coordinating entity for the reform efforts; and 4) establishes the Health System Reform Legislative Task force to develop and implement the State's plan. House Bill 364, *Promotion of Health Care Coverage*, appropriated monies for fiscal year 2009 to promote health insurance awareness. House Bill 16, *Medicaid Coverage for Certain Telehealth Services*, expands Medicaid coverage to include particular telemedicine services. House Bill 326, *Children's Health Insurance – Open Enrollment*, removes the enrollment cap from the Children's Health Insurance Program (CHIP). Enrollment in the CHIP program has been limited by Legislative appropriation. With passage of this bill, a child that meets all CHIP eligibility criteria may not be denied coverage due to funding shortfalls.

Other Postemployment Benefit Plans and Employee Compensation. The Legislature appropriated $53.5 million in both fiscal years 2008 and 2009, 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 Legislature also appropriated funds for a 3 percent cost-of-living adjustment (COLA) for state employees, and an additional 2 percent COLA was provided by changes to certain employee health insurance plans that allowed the savings to be passed along to 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, 2007. This was the twenty-third consecutive year the State has achieved this prestigious award.

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

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

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Division of Finance, Department of Administrative Services. We also express our 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 Reidhead

John C. Reidhead, CPA
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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

President

Executive Director

State of Utah Organization Chart

Auston G. Johnson, CPA
UTAH STATE AUDITOR

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Deborah A. Empey, CPA
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Jon T. Johnson, CPA

INDEPENDENT STATE AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Utah as of and for the year ended June 30, 2008, 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 39 percent of the assets and 40 percent of the revenues of the aggregate discretely presented component units and 72 percent of the assets and 20 percent of the revenues/additions of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us; and our opinions, insofar as they relate to the amounts included for those agencies, funds, and component units, are based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the State's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, 2008, 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 December 4, 2008, 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 114 through 123 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 128 through 187 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 191 through 229 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Auston G. Johnson, CPA
Utah State Auditor
December 4, 2008

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, 2008. Please read it in conjunction with the transmittal letter in the Introductory Section of this report and with the State's financial statements that follow this section.

HIGHLIGHTS

Government-wide

- The State's total net assets increased $729.8 million or 4.6 percent over the prior year. Net assets of governmental activities increased $562.4 million or 4.1 percent due primarily to investments in capital assets made possible by resources carried forward from fiscal year 2007 and resources budgeted for projects in fiscal year 2008. Net assets of business-type activities also grew by $167.4 million or 7.2 percent as a result of additional capital for loan programs provided from dedicated sales tax revenues, federal grants, and mineral lease revenues; and in part to revenues from employers' unemployment premiums exceeding benefit payments.

Fund Level

- Overall, sales tax revenues in the governmental funds declined by 3.7 percent. Combined tax revenues were 6.6 percent lower in the General Fund and 1 percent lower in the Education Fund than the prior year. Sales tax revenue in the General Fund declined by 8.1 percent due to a weakening economy, diversion of sales tax revenues by the Legislature to fund highway projects, and general sales tax reductions of 0.1 percent as well as 1 percent on unprepared food, effective January 1, 2008. In fiscal year 2007, and early in fiscal year 2008, Utah's economic expansion was above that of the national economy. During the later part of fiscal year 2008, the slowdown in the national economy began to impact Utah causing the local economy to weaken

- The General Fund, Education Fund, and Uniform School Fund ended the fiscal year with a zero dollar surplus by using $28.8 million of General Fund and $45.6 million of Education Fund and Uniform School Fund originally designated and budgeted to be used for fiscal year 2009, to cover revenue shortfalls that occurred in fiscal year 2008.

- Balances in the General Fund Budget Reserve Account ("Rainy Day Fund") and the Education Budget Reserve Account are at an all time high of $194.3 million and $234.7 million, respectively, as a result of appropriations to these funds authorized by the Legislature.

Long-term Debt

- The State's long-term bonded debt decreased a net $157.7 million or 4.2 percent in part through the payment of principal balances on outstanding debt and also due to cash defeasances on several revenue bonds, despite the issuance of general obligation and revenue bonds during the fiscal year to fund capital facility, highway construction, and 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 increased $729.8 million or 4.6 percent in fiscal year 2008. In comparison, net assets in the prior year increased $1.972 billion or 14.1 percent. This increase in total net assets resulted from the active management of state resources. The change in net assets is comprised of the following:

- *Invested in Capital Assets* – Total net capital assets increased $982.5 million or 10.4 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 $325 million or 7.4 percent over the prior year. The $425 million decrease in restricted net assets of governmental activities was caused by a $556.3 million decrease in nonexpendable net assets for public education due to expenses and transfers out exceeding revenues and net assets budgeted and carried forward from the prior year and used to cover operating shortfalls. However, this decrease was partially offset by a $99.9 million increase in transportation net assets due to net transfers (appropriations) for highway projects and an increase of $30.6 million in nonexpendable net assets generated primarily from the sale of trust lands in the Permanent Trust Lands Fund. Restricted net assets in business-type activities increased $100.1 million primarily due to unemployment compensation revenues exceeding related claims by $50.7 million, and an increase of $49.9 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 increased only slightly by $5.8 million or 0.5 percent. The increase of $66.5 million in unrestricted net assets in business-type activities is 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	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**
Current and Other Assets	$ 5,092,823	$ 5,450,206	$ 4,770,529	$ 4,564,541	$ 9,863,352	$ 10,014,747
Capital Assets	11,627,282	10,878,861	61,021	52,462	11,688,303	10,931,323
Total Assets	**16,720,105**	**16,329,067**	**4,831,550**	**4,617,003**	**21,551,655**	**20,946,070**
Current and Other Liabilities	869,300	841,033	57,036	45,937	926,336	886,970
Long-term Liabilities	1,615,550	1,815,220	2,287,956	2,251,886	3,903,506	4,067,106
Total Liabilities	**2,484,850**	**2,656,253**	**2,344,992**	**2,297,823**	**4,829,842**	**4,954,076**
Net Assets:						
Invested in Capital Assets, Net of Related Debt	10,447,357	9,465,667	13,837	13,008	10,461,194	9,478,675
Restricted	2,618,556	3,043,599	1,434,828	1,334,737	4,053,384	4,378,336
Unrestricted	1,169,342	1,163,548	1,037,893	971,435	2,207,235	2,134,983
Total Net Assets	**$ 14,235,255**	**$ 13,672,814**	**$ 2,486,558**	**$ 2,319,180**	**$ 16,721,813**	**$ 15,991,994**
Percent change in total net assets from prior year	4.1 %		7.2 %		4.6 %	

The largest component of the State's net assets, 62.6 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 24.2 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.

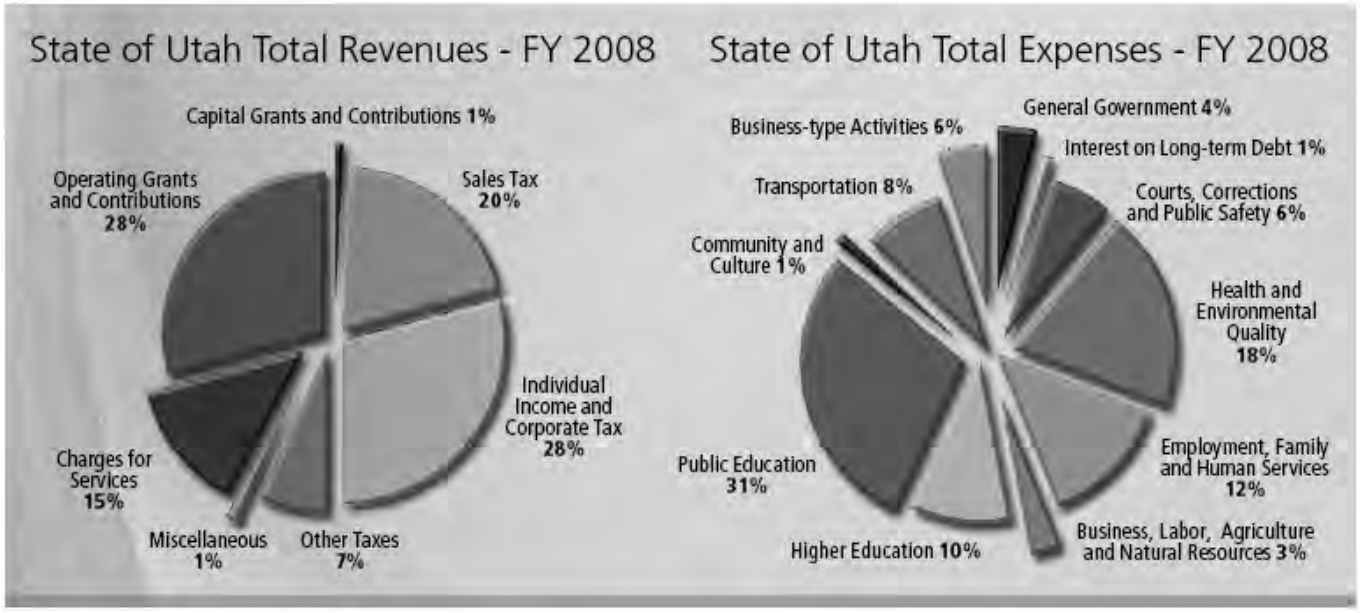
The remaining balance of unrestricted net assets may be used to meet the State's ongoing obligations, though certain laws and internally imposed designations of resources further limit the purposes for which many of those net assets may be used.

The following schedule and charts summarize the State's total revenues, expenses, and changes in net assets for fiscal year 2008.

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

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change
	2008	**2007**	**2008**	**2007**	**2008**	**2007**	**2007 to 2008**
Revenues							
General Revenues:							
Taxes	$ 5,535,750	$ 5,885,196	$ 23,462	$ 25,440	$ 5,559,212	$ 5,910,636	(5.9)%
Other General Revenues	132,586	179,503	—	877	132,586	180,380	(26.5)%
Program Revenues:							
Charges for Services	933,371	732,481	557,470	597,727	1,490,841	1,330,208	12.1 %
Operating Grants and Contributions	2,658,284	2,769,644	143,853	138,252	2,802,137	2,907,896	(3.6)%
Capital Grants and Contributions	144,867	122,939	—	—	144,867	122,939	17.8 %
Total Revenues	**9,404,858**	**9,689,763**	**724,785**	**762,296**	**10,129,643**	**10,452,059**	(3.1)%
Expenses							
General Government	385,331	328,779	—	—	385,331	328,779	17.2 %
Human Services and Youth Corrections	679,920	634,265	—	—	679,920	634,265	7.2 %
Corrections, Adult	255,319	237,305	—	—	255,319	237,305	7.6 %
Public Safety	191,910	172,912	—	—	191,910	172,912	11.0 %
Courts	125,587	115,811	—	—	125,587	115,811	8.4 %
Health and Environmental Quality	1,649,209	1,620,936	—	—	1,649,209	1,620,936	1.7 %
Higher Education	912,998	824,503	—	—	912,998	824,503	10.7 %
Employment and Family Services	423,122	393,938	—	—	423,122	393,938	7.4 %
Natural Resources	159,955	174,711	—	—	159,955	174,711	(8.4)%
Community and Culture	132,687	108,110	—	—	132,687	108,110	22.7 %
Business, Labor, and Agriculture	95,563	92,441	—	—	95,563	92,441	3.4 %
Public Education	2,959,311	2,548,391	—	—	2,959,311	2,548,391	16.1 %
Transportation	850,387	702,833	—	—	850,387	702,833	21.0 %
Interest on Long-term Debt	58,851	64,019	—	—	58,851	64,019	(8.1)%
Student Assistance Programs	—	—	164,411	174,220	164,411	174,220	(5.6)%
Unemployment Compensation	—	—	148,424	97,692	148,424	97,692	51.9 %
Water Loan Programs	—	—	10,477	13,042	10,477	13,042	(19.7)%
Other Business-type Activities	—	—	196,362	176,261	196,362	176,261	11.4 %
Total Expenses	**8,880,150**	**8,018,954**	**519,674**	**461,215**	**9,399,824**	**8,480,169**	10.8 %
Excess Before Transfers	524,708	1,670,809	205,111	301,081	729,819	1,971,890	
Transfers	37,733	46,778	(37,733)	(46,778)	—	—	
Change in Net Assets	**562,441**	**1,717,587**	**167,378**	**254,303**	**729,819**	**1,971,890**	
Net Assets – Beginning	13,672,814	11,955,227	2,319,180	2,064,877	15,991,994	14,020,104	
Net Assets – Ending	**$ 14,235,255**	**$ 13,672,814**	**$ 2,486,558**	**$ 2,319,180**	**$ 16,721,813**	**$ 15,991,994**	4.6 %

(*Charts on next page*.)



Changes in Net Assets

This year the State received 54.9 percent of its revenues from state taxes and 29.1 percent of its revenues from grants and contributions, mostly from federal sources. In the prior year, state taxes accounted for 56.5 percent and grants and contributions were 29 percent of total revenues. Charges for goods and services such as licenses, permits, liquor sales, park fees, and court fees, combined with other miscellaneous collections, comprised 16 percent of total revenues in fiscal year 2008, compared to 14.5 percent in fiscal year 2007.

Governmental Activities

The State's total governmental revenues from all sources decreased $284.9 million or 2.9 percent. Tax revenues decreased $349.4 million or 5.9 percent. This decrease in taxes reflects weakening 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 natural resources, other significant changes in governmental activities' revenues and expenses mirror the changes in the General Fund. For further discussion of these changes, see the section entitled "General Fund" on page 20. For fiscal year 2008, natural resources expenses decreased $14.8 million compared to the prior year due to an increase in capital outlay for new buildings and the purchase of land. This increase in capital outlay is reflected as capital assets on the government-wide statements, but shown as expenditures on the governmental fund 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 2008, state taxes and other general revenues covered 57.9 percent of expenses. The remaining $3.736 billion or 42.1 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	Less Program Revenues	Net Program (Expenses) / Revenues		Program Revenues as a Percentage of Program Expenses	
	2008	2008	2008	2007	2008	2007
General Government	$ 385,331	$ 429,116	43,785	$ 20,072	111.4 %	106.1 %
Human Services and Youth Corrections	679,920	305,524	(374,396)	(347,268)	44.9 %	45.2 %
Corrections, Adult	255,319	6,799	(248,520)	(232,671)	2.7 %	2.0 %
Public Safety	191,910	116,336	(75,574)	(71,792)	60.6 %	58.5 %
Courts	125,587	47,135	(78,452)	(68,996)	37.5 %	40.4 %
Health and Environmental Quality	1,649,209	1,256,246	(392,963)	(395,089)	76.2 %	75.6 %
Higher Education	912,998	1,353	(911,645)	(822,143)	0.1 %	0.3 %
Employment and Family Services	423,122	358,395	(64,727)	(63,523)	84.7 %	83.9 %
Natural Resources	159,955	105,305	(54,650)	(64,099)	65.8 %	63.3 %
Community and Culture	132,687	43,468	(89,219)	(64,015)	32.8 %	40.8 %
Business, Labor, and Agriculture	95,563	78,350	(17,213)	(17,919)	82.0 %	80.6 %
Public Education	2,959,311	420,618	(2,538,693)	(1,982,632)	14.2 %	22.2 %
Transportation	850,387	567,877	(282,510)	(219,796)	66.8 %	68.7 %
Interest and Charges on Long-term Debt	58,851	—	(58,851)	(64,019)		
Total Governmental Activities	**$ 8,880,150**	**$ 3,736,522**	**$ (5,143,628)**	**$ (4,393,890)**	42.1 %	45.2 %

Business-type Activities

Revenues from the State's business-type activities decreased $37.5 million or 4.9 percent from the prior year. The decrease is primarily due to a $62.1 million decrease in revenue from employer taxes in the unemployment compensation fund as lower claims in prior years resulted in lower employment taxes. This decrease was offset by a $24.5 million increase in liquor sales, due to higher sales volume. Total expenses for the State's business-type activities increased $58.5 million or 12.7 percent. The increase is largely due to a $50.7 million increase in payments for unemployment benefits caused in large part by weakness in residential construction.

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, 2008, the State's governmental funds reported combined ending fund balances of $3.785 billion. Of this amount, $2.338 billion or 61.8 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 $1.134 billion or 30 percent of total fund balances has been designated through internally imposed limitations on uses of certain funds. Note 11 on page 99 provides more details about reserved and designated fund balances at June 30, 2008. The remaining $312.5 million or 8.3 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, 2008
(Expressed in Thousands)

	General Fund	Education Fund	Uniform School Fund	Transportation Fund	Transportation Investment Fund	Trust Lands Fund	Nonmajor Funds	Total
Reserved	$ 470,800	$ —	$ 189,578	$ 216,369	$ 182,856	$ 1,014,449	$ 264,217	$ 2,338,269
Unreserved Designated	394,068	413,998	183,218	44,602	17,016	—	81,536	1,134,438
Unreserved Undesignated	—	—	—	249,655	—	—	62,838	312,493
Total	**$ 864,868**	**$ 413,998**	**$ 372,796**	**$ 510,626**	**$ 199,872**	**$ 1,014,449**	**$ 408,591**	**$ 3,785,200**
Percent change from prior year	(19.9)%	(26.9)%	(42.8)%	56.1 %	54.0 %	3.1 %	44.3 %	(5.9)%

General Fund

During fiscal year 2008, the General Fund's total fund balance decreased $214.7 million or 19.9 percent. This decrease was due in large part to sales tax revenues coming in $55.9 million less than budgeted and also because the amount of fund balance designated as carry over for the next year's appropriations was reduced as explained in the following paragraph.

The General Fund ended fiscal year 2008 with a zero dollar surplus, or unreserved undesignated fund balance, by using $28.8 million of the $48.8 million of General Fund budgeted revenues set aside for fiscal year 2009. This left $20 million set aside in the budget and designated by the Legislature for fiscal year 2009 appropriations, compared to $223.6 million set aside for the next year's appropriations as reported in the prior year. In the event of a surplus, State law requires 25 percent of any revenue surplus in the General Fund to be transferred to the General Fund Budget Reserve Account ("Rainy Day Fund"), an account within the General Fund. Although there was not a revenue surplus in the General Fund, the Legislature appropriated $16.2 million to the General Fund Budget Reserve Account for fiscal year 2008. The balance in the General Fund Budget Reserve Account, reported as part of unreserved designated fund balance, ended fiscal year 2008 at an all-time high of $194.3 million. Miscellaneous changes resulting from other designated and reserved sources account for the remaining change in fund balance.

Total General Fund revenues decreased $72.8 million or 1.6 percent from the prior year. Total tax collections decreased $140.9 million or 6.6 percent. The major decrease in tax revenues was sales tax, which decreased $150.1 million or 8.1 percent, due in part to a weakening economy and to sales tax revenue that was diverted to fund transportation projects as discussed in the section entitled "Transportation Fund" on page 21. The Legislature also reduced the general state sales tax rate by 0.1 percent and reduced the tax on unprepared food by 1 percent, effective January 1, 2008. Federal contracts and grants increased by $73.5 million or 4 percent and was the largest single factor in increasing non-tax revenues for the fiscal year. Charges for services increased $32.3 million or 12.1 percent. Both increases were driven by demand for services. The increase in revenues was offset by a decrease in investment income of $18.8 million or 19.9 percent due to lower interest rates and a decrease in miscellaneous and other revenues of $7.6 million or 4.6 percent.

Total General Fund expenditures increased by $329.6 million or 7.3 percent. The increase was due in part to a 3.5 percent cost-of-living adjustment (COLA) provided for state employees, an additional 1.5 percent for discretionary pay increases for employees, and a 9.8 percent increase in health benefit costs. Significant changes in expenditures also occurred in the following areas:

- *General Government* – Total expenditures in this category increased $43.4 million. In addition to salary and benefit increases, additional funding was provided for the science and technology initiative (USTAR), various economic activities, and new criminal and juvenile justice programs.
- *Higher Education* – Total expenditures in this category were up $95.5 million, primarily due to additional appropriations for increases in employee salary and health benefits, student financial aid, and fuel and power costs. Additional funding was also provided for the operation and maintenance of new facilities.
- *Human Services and Youth Corrections* – Total expenditures in this category increased $50.7 million due to increased funding and demand for child and family services, people with disabilities, and substance abuse and mental health services.
- *Health and Environmental Quality* – Total expenditures in this category were up $27.6 million, primarily due to increased Medicaid program costs resulting from caseload growth and inflationary increases for Medicaid provider rates. Higher expenditures in community and family health services also contributed to the increase.
- *Employment and Family Services* – Total expenditures in this category increased $26.1 million primarily due to the transfer of $14.8 million from the Department of Health to the Department of Workforce Services to consolidate Medicaid eligibility services. Higher expenditures in general assistance and child care also contributed to the increase.
- *Community and Culture* – Total expenditures in this category were up $22.2 million due to increases for housing and

community development and new funding for arts and museums. In addition, the Pete Suzao Utah Athletic Commission was moved from the Department of Commerce to the newly created Utah Sports Authority. This change resulted in a shift of expenditures to the Community and Culture function.

Budgetary Highlights — General Fund

The Legislature adopted the initial fiscal year 2008 budget during the 2007 General Session. The original revenue estimates in the General Fund budget at the start of fiscal year 2008, excluding department-specific revenue sources such as federal grants and departmental collections, and including miscellaneous transfers, were 3.1 percent higher than the final fiscal year 2007 budget. Budgeted expenditures were 15.2 percent higher than the final fiscal year 2007 budget. The expected revenue increase along with funds designated and set aside from fiscal year 2007 were used to fund this increase. The Legislature increased funding for employee salaries and benefits and addressed other program needs, particularly in higher education and health and human services. They also avoided additional general obligation debt by transferring general fund monies to other funds for roads, bridges, and buildings.

The budget was again addressed during the 2008 General Session of the Legislature (January to March 2008). General revenue estimates, primarily sales and use tax, increased $47.8 million over the original adopted in the 2007 General Session, allowing the Legislature to designate $48.8 million of expected excess revenue for fiscal year 2009 appropriations. However, as a result of actual revenue shortfalls identified late in fiscal 2008, the set-aside funds for fiscal year 2009 were reduced to $20 million.

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, $2.1 million of unspent budgeted dollars were lapsed back to the General Fund by agencies.

Education Fund

Fund balance in the Education School Fund decreased $152.7 million or 26.9 percent from the prior year because transfers out exceeded revenues, which reduced the beginning fund balance. Corporate taxes decreased slightly by $1.3 million or 0.3 percent and individual income taxes decreased $28.9 million or 1.1 percent. There are no expenditures reported in the Education Fund. However, $3.176 billion was transferred out to fund public and higher education. Of this amount, the Uniform School Fund received $2.319 billion, the General Fund received $728.1 million for public and higher education, and the Nonmajor Governmental Funds received $128.1 million for debt service and capital projects.

The Education Fund ended fiscal year 2008 with a zero dollar surplus, or unreserved undesignated fund balance, by using $45.6 million of combined Education and Uniform School Fund budgeted revenues designated and set aside for fiscal year 2009 to cover revenue shortfalls from fiscal year 2008. 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. Although there was not a revenue surplus in the Education Fund, the Legislature appropriated $84.2 million to the fund for fiscal year 2008 to be used for any future budget shortfalls in education. The Education Budget Reserve Account ended the fiscal year with a balance of $234.7 million.

Uniform School Fund

Fund balance in the Uniform School Fund decreased $278.9 million or 42.8 percent from the prior year because expenditures exceeded revenues and transfers in, which reduced the beginning fund balance. Revenues increased by $14.7 million or 3.3 percent, primarily due to an increase in federal contracts and grants. Public education expenditures increased $413.4 million or 16.2 percent as the Legislature increased funding for educator salaries and benefits, enrollment growth, and increased operating costs. The Uniform School Fund ended the year with a zero dollar surplus, or unreserved undesignated fund balance, by using budgeted revenues designated and set aside for fiscal year 2009, as noted in the preceding paragraph.

Transportation Fund

Fund balance in the Transportation Fund increased $183.6 million or 56.1 percent from the prior year. The increase was due in part to an increase in sales and use tax as a result of House Bill 314, *Transportation Fund Revisions*. The bill directed $90 million of ongoing sales and use tax revenue into the fund for highway projects. In addition, fund balance was increased by net transfers (appropriations) into the fund for highway projects and general obligation bond proceeds, most of which were unspent at June 30, 2008. Revenues increased by $196.3 million due in part to the additional sales tax diverted to the fund, as explained above. Other restricted sales tax revenue increased $26.4 million or 91.3 percent due in large part to the reallocation and removal of the cap on certain sales and use tax revenue deposited in the fund. In addition, federal contracts and grants increased by $28.7 million or 11.3

percent and aeronautics revenue increased $24.1 million or 54.7 percent due to an increase in federal funding for airport construction. Expenditures increased by $241.7 million or 28.2 percent as a result of increased spending on federal participating highway projects.

Authorized federal funding for highway construction remains relatively stable from year to year. However, the spending of state and federal revenue reflects the timing of highway construction projects, which is impacted by a variety of circumstances such as environmental studies or 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 increased by $70.1 million or 54 percent from the prior year as a result of net transfers (appropriations) into the fund for highway construction projects. Revenues in the fund decreased $55.4 million or 20.6 percent primarily due to declining sales and use tax collections of $44.7 million. Federal contracts and grants revenue also decreased $9.7 million or 40.2 percent as federal funding for Centennial Highway Projects slowed for projects nearing completion. Expenditures increased by $9.2 million or 2.5 percent primarily in construction expenditures for the projects specific to this fund.

Trust Lands Fund
The fund balance of the permanent Trust Lands Fund increased by $30.6 million or 3.1 percent due to revenues generated from land use and sales of trust lands. The permanent fund also generated $27.6 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 Student Assistance Programs finished the year with an increase in net assets of $14.2 million or 4.9 percent. The increase was largely due to a reduction of interest expense on variable rate bonds and favorable net interest margins on student loans and investments. Federal reinsurance reimbursements increased $2.4 million or 7.1 percent due to an increase in defaulted loan claims submitted by lenders. Of total net assets of $301.9 million, $209.8 million is restricted for use within the Student Assistance Programs by bond covenants or by federal law.

Unemployment Compensation Fund
The State's unemployment rate has increased compared to the rate one year ago as the slowdown in the national economy weighed upon Utah's economy. The upward trend in the unemployment rate resulted in a $50.7 million or 51.9 percent increase in benefit payments from the prior year. However, for the fourth consecutive year, employer taxes and other revenues exceeded benefit payments. Assets were sufficient to handle the demand for benefits, and net assets increased $50.2 million or 6 percent, to $888.2 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 $47.4 million or 7.4 percent from the prior year. Additional capital for loans was provided from $22.9 million in dedicated sales tax revenues, $19.4 million in federal grants, and $1.7 million of net operating revenues in the fund. Loans receivable for the programs increased $33.8 million or 6.1 percent over the prior year as additional funds were available for loans. Of total net assets of $690.1 million, $288.2 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 $757 million during the year. The change consisted of net increases in infrastructure (e.g., highways) of $129.8 million; land and related assets of $62.2 million; and buildings, improvements, and construction in progress of $555.5 million. Machinery and equipment increased a net $9.5 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, 2008, the State had $124.5 million of outstanding debt related to capital assets of component units.

At June 30, 2008, the State had $181.4 million in commitments for building projects in its capital projects funds and $811.6 million ($169.8 million in the Transportation Investment Fund and $641.8 million in the Transportation Fund) in commitments for highway construction and improvement projects. Funding for the commitments will come from existing resources in these funds and from future bond proceeds and appropriations.

The State has adopted an allowable alternative to reporting depreciation for roads and bridges (infrastructure assets) maintained by the Utah Department of Transportation (UDOT). Under this alternative method, referred to as the "modified approach," UDOT must maintain an asset management system and demonstrate that the infrastructure is being preserved at or above established condition levels. Infrastructure assets accounted for under the modified approach are not depreciated, and maintenance and preservation costs are expensed.

The State's established condition level for roads is to maintain 50 percent with a rating of "fair" or better and no more than 15 percent with a "very poor" rating. The most recent condition assessment, completed for calendar year 2007, indicated that 62.6 percent of the roads were in "fair" or better condition. Only 12.4 percent of the roads assessed were in "very poor" condition. These results reflect a slight decline from conditions in calendar year 2006, when 64.5 percent of the roads were assessed as "fair" or better, and 11.3 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 2008, indicated that 72 percent and 2 percent of bridges were in "good" and "poor" condition, respectively. These results are similar to the prior year.

During fiscal year 2008, the State spent $586.4 million to maintain and preserve roads and bridges. This amount is 18.7 percent above the estimated amount of $494 million needed to maintain these assets at established condition levels.

More information about capital assets is included in Note 8 on page 85, and more detailed information on the State's modified approach for reporting infrastructure is presented in the Required Supplementary Information on page 113.

Long-term Debt

The *Constitution of Utah* authorizes general obligation borrowing only as approved by the Legislature. The *Constitution* also limits outstanding state general obligation debt to 1.5 percent of the fair market value of all taxable property in the State, while state law further restricts outstanding state general obligation debt to no more than 45 percent of the appropriations limit. As of June 30, 2008, the State was $680.3 million below the statutory debt limit and $3.035 billion below the debt limit established in the *Constitution*.

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
	2008	2007	2008	2007	2008	2007	2007 to 2008
General Obligation Bonds	$ 1,198.0	$ 1,284.0	$ —	$ —	$ 1,198.0	$ 1,284.0	(6.7)%
Revenue Bonds:							
State Building Ownership Auth.	162.3	275.5	51.0	37.0	213.3	312.5	(31.7)%
Student Assistance Programs	—	—	2,165.2	2,137.7	2,165.2	2,137.7	1.3 %
Total Bonds Payable	**$ 1,360.3**	**$ 1,559.5**	**$ 2,216.2**	**$ 2,174.7**	**$ 3,576.5**	**$ 3,734.2**	(4.2)%

Total bonds payable decreased $157.7 million in part through the payment of principal balances on outstanding debt and also due to cash defeasances of $69.2 million on several revenue bonds of the State Building Ownership Authority that did not result in the issuance of new debt. However, the State issued $75 million of general obligation bonds during the fiscal year. Of the general obligation bonds issued, $69 million was for highway construction and $6 million was for capital facility construction. In addition, the State issued a

total of $115.1 million of revenue bonds. Of the revenue bonds issue, $15.4 million was to provide for capital facility construction and $99.7 million was to provide capital for purchasing student loans in the Student Assistance Programs.

The State's active management of its resources has helped the State maintain its triple-A rating on general obligation bonds 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 89 contains more information about the State's outstanding debt.

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

Original general revenue estimates for the General Fund and Education Fund for fiscal year 2009 were higher than original general revenue estimates for fiscal year 2008. In early fiscal year 2009, revenue estimates for fiscal year 2009 were revised downward as the economy contracted and sales and other taxes were estimated to be $272.4 million less than anticipated. In September 2008, the 2008 Second Special Session of the Legislature was called by the Governor to address the fiscal year 2009 revenue shortfalls. During the special session, the Legislature reduced most agencies' fiscal year 2009 budgets by 3 percent, and made other budget adjustments as necessary to balance the budget. Public education was held harmless from these early budget cuts. The previous increase in ongoing money appropriated for capital projects was also reduced.

Preliminary data for fiscal year 2009 show revenues are expected to be lower than 2009 budget estimates revised during the recent special session. Total tax revenues are expected to decrease in fiscal year 2009. The average unemployment rate is expected to increase in 2008 to 3.7 percent, up from the average 2007 rate of 2.7 percent. Taxable retail sales are expected to grow only 0.5 percent in 2008 and decline (1.6) percent in 2009. Personal income is expected to grow 4.5 percent in 2008 and only 0.5 percent in 2009. 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 2009. The Governor and Legislature are expected to review the fiscal year 2009 budget again during the upcoming 2009 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 Utah State Auditor's Office, Utah State Capitol Complex, East Office Building, Suite E310, Salt Lake City, UT 84114.

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Statement of Net Assets

June 30, 2008 (Expressed in Thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and Cash Equivalents	$ 1,609,624	$ 1,282,899	$ 2,892,523	$ 853,962
Investments	950,549	270,222	1,220,771	1,396,296
Taxes Receivable, net	833,731	—	833,731	—
Accounts and Interest Receivable, net	600,660	140,387	741,047	455,828
Amounts Due From:				
Component Units	35,853	17	35,870	—
Primary Government	—	—	—	47
Prepaid Items	1,054	3,839	4,893	27,019
Inventories	18,718	28,610	47,328	54,042
Internal Balances	27,457	(27,457)	—	—
Restricted Investments	955,884	78,130	1,034,014	1,055,067
Deferred Charges	2,461	25,299	27,760	104,817
Notes/Loans/Mortgages/Pledges Receivable, net	13,172	2,968,583	2,981,755	1,414,461
Other Assets	43,660	—	43,660	14,003
Capital Assets:				
Land and Related Non-depreciable Assets	908,448	13,216	921,664	161,622
Infrastructure	7,976,676	—	7,976,676	—
Construction in Progress	1,557,346	1,299	1,558,645	241,839
Buildings, Equipment, and Other Depreciable Assets	2,016,431	70,767	2,087,198	4,351,293
Less Accumulated Depreciation	(831,619)	(24,261)	(855,880)	(1,993,806)
Total Capital Assets	11,627,282	61,021	11,688,303	2,760,948
Total Assets	16,720,105	4,831,550	21,551,655	8,136,490
LIABILITIES				
Accounts Payable and Accrued Liabilities	798,949	43,539	842,488	279,940
Amounts Due to:				
Component Units	47	—	47	—
Primary Government	—	—	—	35,870
Securities Lending	—	—	—	12,557
Unearned Revenue	70,304	13,334	83,638	73,154
Deposits	—	163	163	138,642
Long-term Liabilities (Note 10)				
Due Within One Year	273,735	12,166	285,901	259,251
Due in More Than One Year	1,341,815	2,275,790	3,617,605	2,323,142
Total Liabilities	2,484,850	2,344,992	4,829,842	3,122,556
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	10,447,357	13,837	10,461,194	2,189,930
Restricted for:				
Transportation	407,838	—	407,838	—
Public Education – Expendable	1,059,208	—	1,059,208	—
Public Education – Nonexpendable	1,014,449	—	1,014,449	—
Higher Education – Expendable	—	—	—	871,516
Higher Education – Nonexpendable	—	—	—	530,455
Debt Service	2,769	—	2,769	170,652
Unemployment Compensation and Insurance Programs	8,002	888,220	896,222	103,750
Loan Programs	2,670	546,608	549,278	—
Other Purposes – Expendable	123,620	—	123,620	45
Unrestricted	1,169,342	1,037,893	2,207,235	1,147,586
Total Net Assets	$ 14,235,255	$ 2,486,558	$ 16,721,813	$ 5,013,934

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

Statement of Activities

For the Fiscal Year Ended June 30, 2008 (Expressed in Thousands)

Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental:				
General Government	$ 385,331	$ 257,537	$ 171,579	$ —
Human Services and Youth Corrections	679,920	10,840	294,684	—
Corrections, Adult	255,319	5,332	1,467	—
Public Safety	191,910	49,247	67,089	—
Courts	125,587	46,517	618	—
Health and Environmental Quality	1,649,209	65,666	1,190,580	—
Higher Education	912,998	31	1,322	—
Employment and Family Services	423,122	7,413	350,982	—
Natural Resources	159,955	64,407	40,898	—
Community and Culture	132,687	5,278	38,190	—
Business, Labor, and Agriculture	95,563	68,622	9,728	—
Public Education	2,959,311	100,919	319,699	—
Transportation	850,387	251,562	171,448	144,867
Interest and Other Charges on Long-term Debt	58,851	—	—	—
Total Governmental Activities	8,880,150	933,371	2,658,284	144,867
Business-type:				
Student Assistance Programs	164,411	117,246	61,382	—
Unemployment Compensation	148,424	157,624	41,540	—
Water Loan Programs	10,477	12,135	24,859	—
Other Business-type Activities	196,362	270,465	16,072	—
Total Business-type Activities	519,674	557,470	143,853	0
Total Primary Government	$ 9,399,824	$ 1,490,841	$ 2,802,137	$ 144,867
Component Units:				
Utah Housing Corporation	$ 94,803	$ 107,920	$ —	$ —
Public Employees Health Program	577,121	591,424	16,214	—
University of Utah	2,310,805	1,716,293	396,157	55,512
Utah State University	464,360	134,226	222,891	28,986
Nonmajor Colleges and Universities	815,854	324,548	164,301	45,275
Nonmajor Component Units	62,582	27,375	2,550	—
Total Component Units	$ 4,325,525	$ 2,901,786	$ 802,113	$ 129,773

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

Adjustments 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			
Governmental Activities	Business-type Activities	Total	Component Units
$ 43,785	$ —	$ 43,785	$ —
(374,396)	—	(374,396)	—
(248,520)	—	(248,520)	—
(75,574)	—	(75,574)	—
(78,452)	—	(78,452)	—
(392,963)	—	(392,963)	—
(911,645)	—	(911,645)	—
(64,727)	—	(64,727)	—
(54,650)	—	(54,650)	—
(89,219)	—	(89,219)	—
(17,213)	—	(17,213)	—
(2,538,693)	—	(2,538,693)	—
(282,510)	—	(282,510)	—
(58,851)	—	(58,851)	—
(5,143,628)	0	(5,143,628)	0
—	14,217	14,217	—
—	50,740	50,740	—
—	26,517	26,517	—
—	90,175	90,175	—
0	181,649	181,649	0
(5,143,628)	181,649	(4,961,979)	0
—	—	—	13,117
—	—	—	30,517
—	—	—	(142,843)
—	—	—	(78,257)
—	—	—	(281,730)
—	—	—	(32,657)
0	0	0	(491,853)
2,006,926	23,462	2,030,388	—
2,435,059	—	2,435,059	—
409,794	—	409,794	—
350,426	—	350,426	—
333,545	—	333,545	—
5,535,750	23,462	5,559,212	0
63,947	—	63,947	1,459
—	—	—	810,892
—	—	—	34,735
26,980	—	26,980	—
41,659	—	41,659	—
—	—	—	32,997
37,733	(37,733)	—	—
5,706,069	(14,271)	5,691,798	880,083
562,441	167,378	729,819	388,230
13,672,814	2,319,180	15,991,994	4,644,378
—	—	—	(18,674)
13,672,814	2,319,180	15,991,994	4,625,704
$14,235,255	$ 2,486,558	$ 16,721,813	$ 5,013,934

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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 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 128.

State of Utah

Balance Sheet
Governmental Funds

June 30, 2008 (Expressed in Thousands)

		Special Revenue		
	General	Education	Uniform School	Transportation
ASSETS				
Cash and Cash Equivalents	$ 333,679	$ —	$ 350,285	$ 426,379
Investments	319,914	185,762	28,636	202,215
Receivables:				
Accounts, net	449,900	2,095	29,857	80,241
Accrued Interest	31	—	—	—
Accrued Taxes, net	232,473	534,428	—	48,249
Notes/Mortgages, net	1,509	—	8,216	353
Due From Other Funds	36,174	—	670	5,063
Due From Component Units	319	—	4	—
Inventories	—	—	—	11,899
Interfund Loans Receivable	38,884	—	121	—
Other Assets	—	—	—	—
Total Assets	$ 1,412,883	$ 722,285	$ 417,789	$ 774,399
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	$ 414,458	$ 27,760	$ 39,243	$ 222,031
Due To Other Funds	35,496	—	547	6,921
Due To Component Units	12	—	7	—
Deferred Revenue	98,049	280,527	5,196	34,821
Total Liabilities	548,015	308,287	44,993	263,773
Fund Balances:				
Reserved for:				
Nonlapsing Appropriations and Encumbrances	202,695	—	142,766	26,459
Specific Purposes by Statute	245,868	—	46,691	189,910
Interfund Loans Receivable	22,237	—	121	—
Debt Service	—	—	—	—
Unreserved Designated	394,068	413,998	183,218	44,602
Unreserved Designated, reported in nonmajor:				
Capital Projects Funds	—	—	—	—
Debt Service Funds	—	—	—	—
Unreserved Undesignated	—	—	—	249,655
Unreserved Undesignated, reported in nonmajor:				
Special Revenue Funds	—	—	—	—
Capital Projects Funds	—	—	—	—
Total Fund Balances	864,868	413,998	372,796	510,626
Total Liabilities and Fund Balances	$ 1,412,883	$ 722,285	$ 417,789	$ 774,399

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

Special Revenue	Permanent		
Transportation Investment	Trust Lands	Nonmajor Governmental Funds	Total Governmental Funds
$ 116,837	$ 1,917	$ 313,743	$ 1,542,840
68,625	955,884	145,397	1,906,433
409	18,755	8,996	590,253
—	2,342	49	2,422
18,581	—	—	833,731
—	2,400	—	12,478
—	16,214	8,131	66,252
—	—	35,479	35,802
—	—	—	11,899
—	—	—	39,005
—	43,660	—	43,660
$ 204,452	$ 1,041,172	$ 511,795	$ 5,084,775
$ —	$ —	$ 65,126	$ 768,618
3,279	172	24,776	71,191
—	18	—	37
1,301	26,533	13,302	459,729
4,580	26,723	103,204	1,299,575
—	—	181,434	553,354
182,856	1,014,449	77,014	1,756,788
—	—	—	22,358
—	—	5,769	5,769
17,016	—	—	1,052,902
—	—	60,735	60,735
—	—	20,801	20,801
—	—	—	249,655
—	—	66,546	66,546
—	—	(3,708)	(3,708)
199,872	1,014,449	408,591	3,785,200
$ 204,452	$ 1,041,172	$ 511,795	$ 5,084,775

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

June 30, 2008		(Expressed in Thousands)
Total Fund Balances for Governmental Funds ……		$ 3,785,200
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	$ 908,431	
Infrastructure, Non-depreciable	7,976,676	
Construction-In-Progress	1,557,159	
Buildings, Equipment, and Other Depreciable Assets	1,817,962	
Accumulated depreciation	(707,823)	11,552,405
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. …..……...		389,751
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. .....….....…		79,769
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. ……..…		1,950
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	(1,322,266)	
Unamortized Premiums	(50,966)	
Amount Deferred on Refunding	13,570	
Accrued Interest Payable	(966)	
Pollution Remediation Obligation	(7,842)	
Compensated Absences	(186,581)	
Capital Leases	(18,769)	(1,573,820)
Total Net Assets of Governmental Activities ……..		$ 14,235,255

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

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

For the Fiscal Year Ended June 30, 2008 (Expressed in Thousands)

		Special Revenue		
	General	Education	Uniform School	Transportation
REVENUES				
Taxes:				
Sales and Use Tax	$ 1,710,564	$ —	$ —	$ 145,255
Individual Income Tax	—	2,560,394	—	—
Corporate Tax	—	410,586	—	—
Motor and Special Fuels Tax	—	—	—	357,664
Other Taxes	283,852	—	29,683	11,978
Total Taxes	1,994,416	2,970,980	29,683	514,897
Other Revenues:				
Federal Contracts and Grants	1,892,116	—	379,583	283,992
Charges for Services/Royalties	299,819	—	2,890	67,825
Licenses, Permits, and Fees	20,633	—	5,029	73,163
Federal Mineral Lease	134,404	—	—	—
Federal Aeronautics	—	—	—	68,193
Intergovernmental	—	—	—	—
Investment Income	75,647	7,630	27,623	13,350
Miscellaneous and Other	158,883	—	21,351	49,290
Total Revenues	4,575,918	2,978,610	466,159	1,070,710
EXPENDITURES				
Current:				
General Government	286,274	—	—	—
Human Services and Youth Corrections	674,389	—	—	—
Corrections, Adult	247,376	—	—	—
Public Safety	191,483	—	—	—
Courts	128,148	—	—	—
Health and Environmental Quality	1,643,269	—	—	—
Higher Education – State Administration	64,587	—	—	—
Higher Education – Colleges and Universities	773,107	—	—	—
Employment and Family Services	432,032	—	—	—
Natural Resources	171,738	—	—	—
Community and Culture	127,225	—	—	—
Business, Labor, and Agriculture	87,601	—	—	—
Public Education	—	—	2,960,523	—
Transportation	—	—	—	1,098,231
Capital Outlay	—	—	—	—
Debt Service:				
Principal Retirement	—	—	—	—
Interest and Other Charges	—	—	—	—
Total Expenditures	4,827,229	0	2,960,523	1,098,231
Excess Revenues Over (Under) Expenditures	(251,311)	2,978,610	(2,494,364)	(27,521)
OTHER FINANCING SOURCES (USES)				
General Obligation Bonds Issued	—	—	—	68,995
Premium on Bonds Issued	—	—	—	1,088
Capital Leases Acquisition	2,131	—	—	—
Sale of Capital Assets	80	—	—	8,058
Transfers In	908,222	44,237	2,325,571	264,234
Transfers Out	(873,826)	(3,175,521)	(110,135)	(131,245)
Total Other Financing Sources (Uses)	36,607	(3,131,284)	2,215,436	211,130
Net Change in Fund Balances	(214,704)	(152,674)	(278,928)	183,609
Fund Balances – Beginning	1,079,572	566,672	651,724	327,017
Fund Balances – Ending	$ 864,868	$ 413,998	$ 372,796	$ 510,626

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

Special Revenue	Permanent		
Transportation Investment	Trust Lands	Nonmajor Governmental Funds	Total Governmental Funds
$ 175,420	$ —	$ —	$ 2,031,239
—	—	—	2,560,394
—	—	—	410,586
—	—	—	357,664
—	—	8,029	333,542
175,420	0	8,029	5,693,425
14,356	—	4,538	2,574,585
—	76,106	21,811	468,451
23,057	—	—	121,882
—	—	—	134,404
—	—	—	68,193
—	—	12,884	12,884
678	(77,874)	(338)	46,716
—	—	143,523	373,047
213,511	(1,768)	190,447	9,493,587
—	—	33,115	319,389
—	—	2,845	677,234
—	—	3,840	251,216
—	—	4,525	196,008
—	—	3,113	131,261
—	—	5,572	1,648,841
—	—	—	64,587
—	—	20,176	793,283
—	—	923	432,955
—	—	2,382	174,120
—	—	5,188	132,413
—	—	8,471	96,072
—	—	350	2,960,873
373,222	—	755	1,472,208
—	—	193,733	193,733
—	—	193,292	193,292
—	—	139,883	139,883
373,222	0	618,163	9,877,368
(159,711)	(1,768)	(427,716)	(383,781)
—	—	6,005	75,000
—	—	469	1,557
—	—	—	2,131
—	22,686	—	30,824
438,833	9,650	559,653	4,550,400
(209,058)	—	(12,926)	(4,512,711)
229,775	32,336	553,201	147,201
70,064	30,568	125,485	(236,580)
129,808	983,881	283,106	4,021,780
$ 199,872	$ 1,014,449	$ 408,591	$ 3,785,200

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, 2008		(Expressed in Thousands)
Net Change in Fund Balances – Total Governmental Funds ……		$ (236,580)
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 $921,837 exceeded depreciation $(51,592) and buildings "transferred" to component units $(55,081) in the current period. (See Note 8) ..……...		815,164
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. .....……		(68,496)
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. ……..		(146,497)
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.		2,969
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	$ (75,000)	
Premiums on Bonds Issued	(1,557)	
Capital Lease Additions	(2,131)	
Cash Defeasance on Bonds	69,241	
Payment of Bond Principal	193,292	
Capital Lease Payments	1,590	185,435
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	(1,503)	
Compensated Absences Expenses	(951)	
Arbitrage Interest Expense	109	
Accrued Interest on Bonds Payable	484	
Amortization of Bond Premiums	17,119	
Amortization of Amount Deferred on Refunding	(4,103)	
Deferred Bond Issue Costs	(709)	10,446
Change in Net Assets of Governmental Activities ……		$ 562,441

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

Student Assistance Programs

These programs are comprised of two programs administered by the State Board of Regents: the Utah Higher Education Assistance Authority Student Loan Guarantee Program and the Student Loan Purchase Program. The purpose of these programs is to guarantee the repayment of student loans made by participating lenders to eligible student borrowers and to make loans to, and purchase the loans of, qualified students attending eligible institutions of higher education. Funds are acquired from the sale of bonds, lines-of-credit, variable rate demand notes, and financing agreements with the Student Loan Marketing Association.

Unemployment Compensation Fund

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

Water Loan Programs

These programs provide loans to local governments, water districts, and other entities for the purpose of upgrading water storage facilities and other related structures. Capital for this fund has been provided from the General Fund or from general obligation bonds that have been repaid from general tax revenues. Additional funds have been generated by issuing revolving fund recapitalization revenue bonds that were secured by notes receivable and repaid from the collection of these notes.

Nonmajor Funds

Nonmajor enterprise funds are presented beginning on page 152.

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 162.

Statement Of Net Assets
Proprietary Funds

June 30, 2008 (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	$ 91,451	$ 854,060	$ 126,906	$ 210,482
Investments	269,260	—	—	—
Receivables:				
Accounts, net	11,428	55,209	447	27,660
Accrued Interest	31,176	—	5,880	3,952
Notes/Loans/Mortgages, net	66,160	—	31,358	20,065
Due From Other Funds	—	—	353	15,282
Due From Component Units	—	—	—	17
Prepaid Items	3,812	—	—	27
Inventories	—	—	—	28,610
Deferred Charges	—	—	—	—
Total Current Assets	473,287	909,269	164,944	306,095
Noncurrent Assets:				
Restricted Investments	78,130	—	—	—
Investments	—	—	—	962
Prepaid Items	—	—	—	—
Accrued Interest Receivable	—	—	3,894	741
Notes/Loans/Mortgages Receivables, net	1,974,453	—	521,693	354,854
Deferred Charges	25,299	—	—	—
Capital Assets:				
Land	—	—	—	13,216
Infrastructure	—	—	—	304
Buildings and Improvements	12,560	—	—	42,327
Machinery and Equipment	1,932	—	—	13,644
Construction in Progress	—	—	—	1,299
Less Accumulated Depreciation	(2,893)	—	—	(21,368)
Total Capital Assets	11,599	0	0	49,422
Total Noncurrent Assets	2,089,481	0	525,587	405,979
Total Assets	2,562,768	909,269	690,531	712,074
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	17,364	8,926	428	16,391
Deposits	—	66	—	97
Due To Other Funds	—	9,030	22	34,232
Due To Component Units	—	—	—	—
Interfund Loans Payable	—	—	—	—
Unearned Revenue	2,283	—	25	3,997
Policy Claims and Uninsured Liabilities	1,101	3,027	—	—
Contracts/Notes Payable	—	—	—	—
Revenue Bonds Payable	5,355	—	—	2,075
Arbitrage Liability	608	—	—	—
Total Current Liabilities	26,711	21,049	475	56,792
Noncurrent Liabilities:				
Accrued Liabilities	238	—	—	—
Unearned Revenue	7,029	—	—	—
Interfund Loans Payable	—	—	—	—
Policy Claims and Uninsured Liabilities	1,658	—	—	—
Contracts/Notes Payable	—	—	—	—
Revenue Bonds Payable	2,159,865	—	—	48,930
Arbitrage Liability	65,337	—	—	—
Total Noncurrent Liabilities	2,234,127	0	0	48,930
Total Liabilities	2,260,838	21,049	475	105,722
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	2,074	—	—	11,763
Restricted for:				
Unemployment Compensation and Insurance Programs	—	888,220	—	—
Loan Programs	209,751	—	288,172	48,685
Unrestricted (Deficit)	90,105	—	401,884	545,904
Total Net Assets	$ 301,930	$ 888,220	$ 690,056	$ 606,352

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

Total	Governmental Activities – Internal Service Funds
$ 1,282,899	$ 66,784
269,260	—
94,744	7,568
41,008	—
117,583	163
15,635	38,109
17	51
3,839	805
28,610	6,819
—	11
1,853,595	120,310
78,130	—
962	—
—	250
4,635	—
2,851,000	531
25,299	500
13,216	17
304	321
54,887	6,455
15,576	191,693
1,299	187
(24,261)	(123,796)
61,021	74,877
3,021,047	76,158
4,874,642	196,468
43,109	28,144
163	—
43,284	6,517
—	10
—	16,647
6,305	161
4,128	16,003
—	47
7,430	48
608	—
105,027	67,577
238	—
7,029	165
—	22,358
1,658	25,282
—	512
2,208,795	805
65,337	—
2,283,057	49,122
2,388,084	116,699
13,837	74,080
888,220	8,002
546,608	2,670
1,037,893	(4,983)
$ 2,486,558	$ 79,769

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

For the Fiscal Year Ended June 30, 2008 (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	$ 34,299	$ 157,624	$ 422	$ 259,820
Fees and Assessments	3,318	—	294	3,814
Interest on Notes/Mortgages	78,094	—	11,419	6,486
Federal Reinsurance and Allowances/Reimbursements	36,139	1,047	—	—
Investment Income	—	—	—	—
Miscellaneous	1,535	—	—	345
Total Operating Revenues	153,385	158,671	12,135	270,465
OPERATING EXPENSES				
Administration	4,411	—	—	31,829
Purchases, Materials, and Services for Resale	—	—	—	143,212
Grants	—	—	5,760	1,242
Rentals and Leases	—	—	—	1,992
Maintenance	—	—	—	2,654
Interest	91,820	—	—	—
Depreciation	595	—	—	1,737
Student Loan Servicing and Related Expenses	23,841	—	—	—
Payment to Lenders for Guaranteed Claims	38,122	—	—	—
Benefit Claims and Unemployment Compensation	—	148,424	—	—
Supplies and Other Miscellaneous	5,259	—	4,717	11,392
Total Operating Expenses	164,048	148,424	10,477	194,058
Operating Income (Loss)	(10,663)	10,247	1,658	76,407
NONOPERATING REVENUES (EXPENSES)				
Investment Income	25,243	40,493	5,468	7,613
Federal Grants	—	—	19,391	8,459
Gain (Loss) on Sale of Capital Assets	—	—	—	—
Tax Revenues	—	—	22,937	525
Interest Expense	—	—	—	(2,304)
Refunds Paid to Federal Government	—	—	—	—
Other Revenues (Expenses)	(363)	—	—	—
Total Nonoperating Revenues (Expenses)	24,880	40,493	47,796	14,293
Income (Loss) before Transfers	14,217	50,740	49,454	90,700
Capital Contributions	—	—	—	—
Transfers In	—	—	1,582	37,498
Transfers Out	—	(588)	(3,670)	(72,555)
Change in Net Assets	14,217	50,152	47,366	55,643
Net Assets – Beginning	287,713	838,068	642,690	550,709
Net Assets – Ending	$ 301,930	$ 888,220	$ 690,056	$ 606,352

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

Total	Governmental Activities – Internal Service Funds
$ 452,165	$ 302,263
7,426	—
95,999	—
37,186	—
—	33
1,880	31
594,656	302,327
36,240	108,694
143,212	83,494
7,002	—
1,992	2,413
2,654	24,295
91,820	—
2,332	17,412
23,841	—
38,122	—
148,424	8,123
21,368	56,360
517,007	300,791
77,649	1,536
78,817	2,704
27,850	—
—	190
23,462	—
(2,304)	(65)
—	(381)
(363)	(179)
127,462	2,269
205,111	3,805
—	(880)
39,080	444
(76,813)	(400)
167,378	2,969
2,319,180	76,800
$ 2,486,558	$ 79,769

State of Utah

Statement Of Cash Flows
Proprietary Funds

For the Fiscal Year Ended June 30, 2008 (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	$ 71,518	$ 181,896	$ 13,052	$ 280,188
Receipts from Loan Maturities	229,501	—	31,817	22,177
Receipts Federal Reinsurance & Allowances/Reimburse	78,057	1,080	—	—
Receipts from State Customers	11,457	—	—	11,948
Student Loan Disbursements Received from Lenders	378,199	—	—	—
Student Loan Disbursements Sent to Schools/Lenders	(380,968)	—	—	—
Payments to Suppliers/Claims/Grants	(32,357)	(146,823)	(5,711)	(156,879)
Disbursements for Loans Receivable	(487,602)	—	(65,578)	(76,641)
Payments on Loan Guarantees	(37,556)	—	—	—
Payments for Employee Services and Benefits	(10,430)	—	—	(29,081)
Payments to State Suppliers and Grants	—	—	(4,902)	5,767
Payments of Sales, School Lunch, and Premium Taxes	—	—	—	(41,312)
Net Cash Provided (Used) by Operating Activities	(180,181)	36,153	(31,322)	16,167
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	—	—	—	16,651
Repayments Under Interfund Loans	—	—	—	(7,603)
Receipts from Bonds, Notes, and Deposits	99,670	173	—	—
Payments of Bonds, Notes, Deposits, and Refunds	(72,145)	(297)	—	—
Interest Paid on Bonds, Notes, and Financing Costs	(104,264)	—	—	—
Federal Grants and Other Revenues	—	—	19,391	7,286
Restricted Sales Tax	—	—	22,937	525
Transfers In from Other Funds	—	—	1,582	35,589
Transfers Out to Other Funds	—	(588)	(3,670)	(70,928)
Net Cash Provided (Used) by Noncapital Financing Activities	(76,739)	(712)	40,240	(18,480)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	—	—	—	—
Proceeds from Bond and Note Debt Issuance	—	—	—	14,535
Proceeds from Disposition of Capital Assets	—	—	—	—
Principal Paid on Debt and Contract Maturities	—	—	—	(1,806)
Acquisition and Construction of Capital Assets	(547)	—	—	(14,338)
Interest Paid on Bonds, Notes, and Capital Leases	—	—	—	(2,331)
Transfers In from Other Funds	—	—	—	1,908
Transfers Out to Other Funds	—	—	—	(1,628)
Net Cash Provided (Used) by Capital and Related Financing Activities	(547)	0	0	(3,660)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the Sale and Maturity of Investments	743,796	—	—	(182)
Receipts of Interest and Dividends from Investments	25,246	40,493	5,468	7,614
Payments to Purchase Investments	(510,690)	—	—	—
Net Cash Provided (Used) by Investing Activities	258,352	40,493	5,468	7,432
Net Cash Provided (Used) – All Activities	885	75,934	14,386	1,459
Cash and Cash Equivalents – Beginning	90,566	778,126	112,520	209,023
Cash and Cash Equivalents – Ending	$ 91,451	$ 854,060	$ 126,906	$ 210,482

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

Total	Governmental Activities – Internal Service Funds
$ 546,654	$ 48,873
283,495	156
79,137	—
23,405	247,542
378,199	—
(380,968)	—
(341,770)	(124,065)
(629,821)	—
(37,556)	—
(39,511)	(109,252)
865	(46,500)
(41,312)	—
(159,183)	16,754
16,651	—
(7,603)	(1,463)
99,843	—
(72,442)	(597)
(104,264)	(25)
26,677	30
23,462	—
37,171	—
(75,186)	(367)
(55,691)	(2,422)
—	6,563
14,535	—
—	3,500
(1,806)	(51)
(14,885)	(23,355)
(2,331)	(40)
1,908	444
(1,628)	(33)
(4,207)	(12,972)
743,614	—
78,821	2,704
(510,690)	—
311,745	2,704
92,664	4,064
1,190,235	62,720
$ 1,282,899	$ 66,784

Continues

Statement Of Cash Flows
Proprietary Funds

Continued

For the Fiscal Year Ended June 30, 2008 (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)	$ (10,663)	$ 10,247	$ 1,658	$ 76,407
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	595	—	—	1,737
Interest Expense for Noncapital and Capital Financing	97,518	—	—	—
Miscellaneous Gains, Losses, and Other Items	5,059	—	—	674
Net Changes in Assets and Liabilities:				
Accounts Receivable/Due From Other Funds	8,308	15,363	369	(16,837)
Notes/Accrued Interest Receivables	(273,650)	—	(33,382)	(54,723)
Inventories	—	—	—	(4,148)
Prepaid Items/Deferred Charges	(68)	—	—	6
Accrued Liabilities/Due to Other Funds	(7,280)	9,663	33	12,873
Unearned Revenue/Deposits	—	—	—	178
Notes Payable	—	—	—	—
Policy Claims Liabilities	—	880	—	—
Net Cash Provided (Used) by Operating Activities	$ (180,181)	$ 36,153	$ (31,322)	$ 16,167
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	$ —	$ —	$ —	$ (83)
Contributed Capital Assets Transferred In (Out)	—	—	—	—
Total Noncash Investing, Capital, and Financing Activities	$ 0	$ 0	$ 0	$ (83)

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

Total	Governmental Activities – Internal Service Funds
$ 77,649	$ 1,536
2,332	17,412
97,518	—
5,733	—
7,203	(5,866)
(361,755)	156
(4,148)	(2,197)
(62)	1,767
15,289	7,498
178	(46)
0	(36)
880	(3,470)
$ (159,183)	$ 16,754

$ (83)	$ (186)
0	(880)
$ (83)	$ (1,066)

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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 172.

Statement Of Fiduciary Net Assets
Fiduciary Funds

June 30, 2008 (Expressed in Thousands)

	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS				
Cash and Cash Equivalents	$ 1,501,233	$ 96,588	$ 29,316	$ 181,676
Receivables:				
Accounts	3,151	—	7,616	3,287
Contributions	37,616	—	—	—
Investments	465,451	—	—	—
Accrued Interest	—	40,523	—	—
Accrued Assessments	—	—	11,944	—
Due From Other Funds	611	—	557	245
Investments:				
Debt Securities	6,449,566	6,346,738	910,914	24,130
Equity Investments	10,757,916	—	1,937,395	—
Absolute Return	2,192,308	—	—	—
Private Equity	1,149,645	—	—	—
Real Estate	3,771,930	—	—	—
Mortgage Loans	6,845	—	—	—
Invested Securities Lending Collateral	2,000,979	—	—	—
Investment Contracts	41,399	—	—	—
Total Investments	26,370,588	6,346,738	2,848,309	24,130
Capital Assets:				
Land	1,780	—	260	—
Buildings and Improvements	11,311	—	10,698	—
Machinery and Equipment	3,487	—	895	—
Less Accumulated Depreciation	(15,763)	—	(2,306)	—
Total Capital Assets	815	0	9,547	0
Total Assets	28,379,465	6,483,849	2,907,289	$ 209,338
LIABILITIES				
Accounts Payable	969,339	—	2,613	$ —
Securities Lending Liability	2,000,979	—	—	—
Due To Other Funds	—	—	417	—
Due To Individuals, Organizations, and Other Governments	—	—	—	209,338
Unearned Revenue	—	—	250	—
Leave/Postemployment Benefits	8,872	—	—	—
Policy Claims Liabilities/Insurance Reserves	6,667	—	263,123	—
Real Estate Liabilities	1,484,999	—	—	—
Total Liabilities	4,470,856	0	266,403	$ 209,338
NET ASSETS				
Held in trust for:				
Pension Benefits	20,950,656	—	—	
Other Postemployment Benefits	51,881	—	—	
Defined Contribution	2,906,072	—	—	
Pool Participants	—	6,483,849	—	
Individuals, Organizations, and Other Governments	—	—	2,640,886	
Total Net Assets	$ 23,908,609	$ 6,483,849	$ 2,640,886	

Participant Account Balance Net Asset Valuation Factor 0.996952

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

Statement Of Changes In Fiduciary Net Assets
Fiduciary Funds

For the Fiscal Year Ended June 30, 2008 (Expressed in Thousands)

	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund	Private Purpose Trust Funds
ADDITIONS			
Contributions:			
Member	$ 303,908	$ —	$ 588,091
Employer	635,012	—	—
Court Fees and Fire Insurance Premiums	15,647	—	—
Total Contributions	954,567	0	588,091
Pool Participant Deposits	—	8,912,773	—
Investment Income:			
Net Increase (Decrease) in Fair Value of Investments	893,088	(18,648)	(303,112)
Interest, Dividends, and Other Investment Income	628,520	299,746	85,542
Less Investment Expenses	(67,340)	(189)	—
Net Investment Income	1,454,268	280,909	(217,570)
Transfers From Affiliated Systems	12,064	—	—
Other Additions:			
Escheats	—	—	32,707
Royalties and Rents	—	—	4,880
Fees, Assessments, and Revenues	—	—	92,023
Miscellaneous	—	—	7,342
Total Other	0	0	136,952
Total Additions	2,420,899	9,193,682	507,473
DEDUCTIONS			
Pension Benefits	804,097	—	—
Retiree Healthcare Benefits	27,311	—	—
Refunds/Plan Distributions	173,313	—	—
Earnings Distribution	—	294,660	—
Pool Participant Withdrawals	—	7,878,195	—
Transfers To Affiliated Systems	12,064	—	—
Trust Operating Expenses	—	—	34,147
Distributions and Benefit Payments	—	—	97,248
Administrative and General Expenses	16,692	—	13,995
Total Deductions	1,033,477	8,172,855	145,390
Change in Net Assets Held in Trust for:			
Pension Benefits	1,121,027	—	—
Other Postemployment Benefits	23,839	—	—
Defined Contributions	242,556	—	—
Pool Participants	—	1,020,827	—
Individuals, Organizations, and Other Governments	—	—	362,083
Net Assets – Beginning	22,521,187	5,463,022	2,278,803
Net Assets – Ending	$ 23,908,609	$ 6,483,849	$ 2,640,886

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

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Utah Housing Corporation
The Corporation was created to provide an alternative source of funding for home mortgages, particularly for lower income families. It is funded entirely through the issuance of bonds 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 184.

Combining Statement Of Net Assets
Component Units

June 30, 2008 (Expressed in Thousands)

	Utah Housing Corporation	Public Employees Health Program	University of Utah	Utah State University
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 45,313	$ 22,162	$ 516,750	$ 14,533
Investments	160,735	44,282	419,479	25,941
Receivables:				
Accounts, net	—	32,778	272,152	63,442
Notes/Loans/Mortgages/Pledges, net	22,430	—	10,268	1,352
Accrued Interest	6,455	1,301	6,356	—
Due From Primary Government	—	—	—	—
Prepaid Items	3,216	15,972	—	1,198
Inventories	—	—	35,153	4,361
Deferred Charges	—	—	18,891	—
Total Current Assets	238,149	116,495	1,279,049	110,827
Noncurrent Assets:				
Restricted Investments	513,601	—	403,614	70,109
Accounts Receivables, net	—	—	—	39,701
Investments	—	144,608	270,619	159,382
Notes/Loans/Mortgages/Pledges Receivables, net	1,256,435	—	82,689	12,339
Deferred Charges	12,338	—	73,266	—
Other Assets	7,278	—	—	—
Capital Assets (net of Accumulated Depreciation)	6,632	592	1,348,040	473,252
Total Noncurrent Assets	1,796,284	145,200	2,178,228	754,783
Total Assets	2,034,433	261,695	3,457,277	865,610
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	51,965	18,022	138,087	40,622
Securities Lending Liability	—	12,557	—	—
Deposits	—	—	123,175	437
Due To Primary Government	—	—	23,582	1,516
Unearned Revenue	—	4,958	31,947	15,258
Current Portion of Long-term Liabilities (Note 10)	123,806	70,384	30,463	12,762
Total Current Liabilities	175,771	105,921	347,254	70,595
Noncurrent Liabilities:				
Accrued Liabilities	841	—	—	—
Unearned Revenue	—	—	—	540
Deposits	—	—	12,617	—
Due To Primary Government	—	—	—	—
Long-term Liabilities (Note 10)	1,627,612	51,432	410,365	120,976
Total Noncurrent Liabilities	1,628,453	51,432	422,982	121,516
Total Liabilities	1,804,224	157,353	770,236	192,111
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	3,459	592	993,443	365,976
Restricted for:				
Nonexpendable:				
Higher Education	—	—	351,619	75,646
Expendable:				
Higher Education	—	—	528,493	190,859
Debt Service	170,652	—	—	—
Insurance Plans	—	103,750	—	—
Other	—	—	—	—
Unrestricted	56,098	—	813,486	41,018
Total Net Assets	$ 230,209	$ 104,342	$ 2,687,041	$ 673,499

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

Nonmajor Component Units	Total
$ 255,204	$ 853,962
42,595	693,032
33,185	401,557
5,831	39,881
458	14,570
47	47
6,633	27,019
14,528	54,042
322	19,213
358,803	2,103,323
67,743	1,055,067
—	39,701
128,655	703,264
23,117	1,374,580
—	85,604
6,725	14,003
932,432	2,760,948
1,158,672	6,033,167
1,517,475	8,136,490
30,403	279,099
—	12,557
1,516	125,128
9,467	34,565
20,451	72,614
21,836	259,251
83,673	783,214
—	841
—	540
897	13,514
1,305	1,305
112,757	2,323,142
114,959	2,339,342
198,632	3,122,556
826,460	2,189,930
103,190	530,455
152,164	871,516
—	170,652
—	103,750
45	45
236,984	1,147,586
$ 1,318,843	$ 5,013,934

Combining Statement Of Activities
Component Units

For the Fiscal Year Ended June 30, 2008 (Expressed in Thousands)

	Utah Housing Corporation	Public Employees Health Program	University of Utah	Utah State University
Expenses	$ 94,803	$ 577,121	$ 2,310,805	$ 464,360
Program Revenues:				
Charges for Services:				
Tuition and Fees	—	—	182,834	98,447
Scholarship Allowances	—	—	(21,919)	(31,375)
Sales, Services, and Other Revenues (net of University of Utah patient services allowance of $49,365)	107,920	591,424	1,555,378	67,154
Operating Grants and Contributions	—	16,214	396,157	222,891
Capital Grants and Contributions	—	—	55,512	28,986
Total Program Revenues	107,920	607,638	2,167,962	386,103
Net (Expenses) Revenues	13,117	30,517	(142,843)	(78,257)
General Revenues:				
State Appropriations	—	—	294,907	160,246
Unrestricted Investment Income	—	—	—	—
Permanent Endowments Contributions	—	—	17,492	5,861
Total General Revenues	0	0	312,399	166,107
Change in Net Assets	13,117	30,517	169,556	87,850
Net Assets – Beginning	217,092	73,825	2,536,159	585,649
Adjustment to Beginning Net Assets	—	—	(18,674)	—
Net Assets – Beginning as Adjusted	217,092	73,825	2,517,485	585,649
Net Assets – Ending	$ 230,209	$ 104,342	$ 2,687,041	$ 673,499

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

Nonmajor Component Units	Total
$ 878,436	$ 4,325,525
272,820	554,101
(45,418)	(98,712)
124,521	2,446,397
166,851	802,113
45,275	129,773
564,049	3,833,672
(314,387)	(491,853)
390,474	845,627
1,459	1,459
9,644	32,997
401,577	880,083
87,190	388,230
1,231,653	4,644,378
—	(18,674)
1,231,653	4,625,704
$ 1,318,843	$ 5,013,934

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

For financial reporting purposes, the State of Utah reporting entity includes the "primary government" and its "component units." The primary government includes all funds, agencies, boards, commissions, and authorities that are considered an integral part of the State's activities. The State's component units are legally separate organizations for which the State's elected officials are financially accountable.

The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and either: (***1***) the ability of the State to impose its will on that organization or; (***2***) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State. Where the State does not appoint a voting majority of an organization's governing body, GASB standards require inclusion in the reporting entity if an organization is fiscally dependent on the State, its resources are held for the direct benefit of the State or can be accessed by the State, or the relationship is such that it would be misleading to exclude it.

Except where noted below, the State's component units issue their own separate audited financial statements as special-purpose governments engaged only in business-type activities. These financial statements can be obtained from their respective administrative offices or from the Utah State Auditor's Office, 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. The reporting period for the State Fair Park was changed from a fiscal year to a calendar year ending December 31, 2007. The accompanying financial statements include a six month time period

for the State Fair Park from July 1, 2007 to December 31, 2007, in order to transition to the new reporting period.

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 Boards (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 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, transportation infrastructure, 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 (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 Trust, Unclaimed Property Trust, Employers' Reinsurance Trust, Petroleum Storage Tank Trust, and the Utah Educational Savings Plan Trust.

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

Component Unit Financial Statements

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

Asset Class	Years
Equipment	3–15
Aircraft and Heavy Equipment	5–30
Buildings and Improvements	30–40
Land Improvements	5–20
Infrastructure	15–80

As provided by GASB standards, the State has elected to use the "modified approach" to account for infrastructure assets (roads and bridges) maintained by the State's Department of Transportation. This includes infrastructure acquired prior to fiscal year 1981. Under this approach, depreciation expense is not recorded and only improvements that expand the capacity or efficiency of an infrastructure asset are capitalized. Using this approach requires the State to: (***1***) maintain an inventory of the assets and perform periodic condition assessments; (***2***) estimate each year the annual amount to maintain and preserve the assets at the condition level set by the State; and (***3***) document that the assets are being preserved approximately at or above the condition level set by the State. Other infrastructure, which is primarily maintained by the Department of Natural Resources, is capitalized and depreciated.

Most works of art and historical treasures are not capitalized or depreciated. These assets are held for public exhibition, education, or research rather than financial gain. These assets are also protected, unencumbered, and preserved and subject to policies requiring the proceeds from sales of collection items to be used to acquire other collection items. The State's assets of this nature include the State Fine Art Collection, photographs, prints, paintings, historical documents and artifacts, monuments, statues, and paleontological and archaeological collections.

Accrued Liabilities

Accrued liabilities include the liability for employee payrolls and liabilities accruing over time where demand for payment is due shortly after fiscal yearend. See Note 6 for additional information about accrued liabilities.

Deferred Revenue — Unearned and Unavailable

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

Policy Claims Liabilities

Policy claims liabilities are for insurance claims incurred prior to the reporting date and are based on actuarial estimates. Policy claims liabilities for Unemployment Insurance are for claims filed as of the reporting date. A substantial portion of policy claims liabilities is long-term in nature. Therefore, claims liabilities are reported as long-term liabilities on the Statement of Net Assets.

Long-term Debt

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, deferred 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, 2008, the total estimated arbitrage rebate liability in the Student Assistance Programs (enterprise fund) was $65.944 million, of which $63.729 million represents yield reduction payments and $2.215 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 (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 OPEB Plan is provided by charges to agency budgets. Payments of postemployment health and life insurance benefits to retirees are made from the 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.

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 expensed when earned for budgetary purposes.

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

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, 2008, the State reported revenue and expenditures of $15.591 million for commodities in the General Fund, and $12.212 million for commodities in the Uniform School Fund (special revenue fund).

Investment Income

Investment income includes interest, dividends and other earnings, and the change in fair value of investments. Negative investment income is reported where the decrease in the fair value of investments due to market conditions exceeded the other components of investment income.

In accordance with state law, interest and dividend income from investments in the Trust Lands permanent fund and the Tobacco Endowment Fund (nonmajor governmental fund) is assigned to and reported directly in the Uniform School Fund and the General Fund, respectively. One half of the applicable income reported in the General Fund is then transferred back into the Tobacco Endowment Fund to increase the principal in the fund as required by state law.

Retirement and Employee Benefit Costs

Most state employees participate in a 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

An adjustment was made to decrease beginning net assets of the University of Utah (major component unit) by $18.674 million for operating lease expenses that were recorded on a cash basis instead of amortizing the payments over the life of the lease.

GASB Statement Changes

GASB Statement 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, was implemented for the fiscal year ended June 30, 2008. As a result, a disclosure related to pledged revenues was added. Implementing this Statement did not result in any other reporting changes. The change is reflected in Note 10.

GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, was early implemented for the fiscal year ended June 30, 2008. This statement requires governments to estimate the components of expected pollution remediation outlays and determine whether those outlays should be accrued as a liability. As a result of implementing this Statement, additional pollution obligations of $2.887 million were reported in the entity-wide Statement of Net Assets, for the fiscal year ended June 30, 2008, in addition to $4.955 million in long-term and $1.384 million in short-term pollution liabilities previously reported. Because the pollution liabilities were previously reported, it was not necessary to restate beginning net assets. The disclosures related to pollution liabilities were added to the government-wide financial statements and reflected in Note 10.

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits and investments for the primary government and its discrete component units are governed by the Utah Money Management Act (*Utah Code*, Title 51, Chapter 7) and rules of the State of Utah Money Management Council. However, the Act also permits certain funds that have a long-term perspective to make investments of a long-term nature, such as equities and bond mutual funds. In the primary government these are the Tobacco Endowment

(special revenue fund), 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 (pension and other employee benefit trust funds) and State Post-Retirement Benefits Trust Fund (OPEB Plan). 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, 2008, were $361.393 million. Of these, $355.929 million were exposed to custodial credit risk as uninsured and uncollateralized.

Investments

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

The Act authorizes investments in both negotiable and nonnegotiable deposits of qualified depositories and permitted depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Service or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), Federal National Mortgage Association (Fannie Mae), and Student Loan Marketing Association (Sallie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; and shares or certificates in a money market mutual fund as defined in the Act.

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, 2008, 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 Maturities (in years)			
Investment Type	**Fair Value**	**Less Than 1**	**1–5**	**6–10**	**More Than 10**
Debt Securities					
U.S. Treasuries	$ 6,965	$ 2,451	$ 3,263	$ 1,251	$ —
U.S. Agencies	258,625	71,312	186,458	—	855
Corporate Debt	9,209,851	9,208,355	1,496	—	—
Negotiable Certificates of Deposit	360,332	360,332	—	—	—
Money Market Mutual Fund	421,239	421,239	—	—	—
Commercial Paper	386,091	386,091	—	—	—
Bond Mutual Fund *	790,975	—	—	790,975	—
Repurchase Agreements	1,699	1,699	—	—	—
	11,435,777	$10,451,479	$ 191,217	$ 792,226	$ 855
Other Investments					
Equity Securities	48,900				
Equity Mutual Funds Securities:					
Domestic	2,210,979				
International	367,650				
U.S. Unemployment Trust Pool	847,560				
Real Estate Held for Investment Purposes	53,106				
Real Estate Joint Ventures	1,894				
Component Units Investment in Primary Government's Investment Pool	(527,788)				
Total	$14,438,078				

* At June 30, 2008, the bond mutual fund had an average effective maturity of 7.5 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) – $1.71 billion, 66.2 percent, in domestic equity mutual fund securities; $492.118 million, 19.1 percent, in bond mutual fund; $178.441 million, 6.9 percent, in international equity mutual fund securities; and $200.08 million, 7.8 percent, in the Utah Public Treasurer's Investment Fund. Trust Lands (permanent fund) – $437.308 million, 46.4 percent, in domestic equity mutual fund securities; $264.286 million, 28 percent, in bond mutual fund; $189.209 million, 20 percent, in international equity mutual fund securities; and $52.322 million, 5.6 percent in real estate. State Post-Retirement Benefits Trust (OPEB plan) – $30.304 million, 57.9 percent, in domestic equity mutual fund securities; $20.684 million, 39.5 percent, in bond mutual fund; and $1.332 million, 2.6 percent, in the Utah Public Treasurer's Investment Fund. Tobacco Endowment Fund (special revenue fund) – $26.727 million, 58.4 percent, in domestic equity mutual fund securities; $13.886 million, 30.4 percent, in bond mutual fund; and $5.136 million, 11.2 percent, in the Utah Public Treasurer's Investment Fund.

(Table on next page.)

Utah Retirement Systems Investments
(pension and other employee benefit trust funds)
At December 31, 2007
(Expressed in Thousands)

Investment Type	Fair Value
Debt Securities – Domestic	$ 5,028,312
Debt Securities – International	517,994
Equity Securities – Domestic	5,949,113
Equity Securities – International	3,072,942
Short-term Securities Pools	1,513,490
Mortgage Loans:	
Real Estate Notes	6,845
Real Estate	3,771,930
Private Equity (Venture Capital)	1,149,645
Absolute Return	2,192,308
Guaranteed Investment Contracts	41,399
Equity Securities – Domestic (Pooled)	506,515
Mutual Fund – International	133,380
Investments Held by Broker-dealers	
Under Securities Lending Program:	
U.S. Government and Agency Securities	601,405
Corporate Debt Securities – Domestic	225,938
Debt Securities – International	55,233
Equity Securities – Domestic	869,764
Equity Securities – International	194,566
Total Investments	25,830,779
Securities Lending Collateral Pool	2,000,979
Total Investments	$ 27,831,758

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 Lehman Brothers Aggregate Index for domestic debt securities and the Lehman Brothers Global Aggregate Index for international debt securities. The index range at December 31, 2007, was 3.31 – 5.51 for domestic debt securities and 2.66 – 7.98 for international debt securities. At December 31, 2007, no individual debt security investment manager's portfolio was outside of the policy guidelines. At December 31, 2007, 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, 2007
(Expressed in Thousands)

	Defined Benefit Plans		Defined Contribution Plans		Total
Investment	**Fair Value**	**Effective Weighted Duration**	**Fair Value**	**Effective Weighted Duration**	**All Systems and Plans**
Asset-backed Securities	$ 208,774	1.23	$ 27,734	1.86	$ 236,508
Cash and Cash Equivalent Futures	30,512	NA	—	—	30,512
Commercial Mortgage-backed	246,915	4.04	167,453	3.18	414,368
Convertible Equity	2,289	11.49	—	—	2,289
Corporate Bonds	968,002	5.21	203,109	5.24	1,171,111
Corporate Convertible Bonds	172	NA	—	—	172
Fixed Income Derivatives — Futures	3,673	109.39	—	—	3,673
Fixed Income Derivatives — Options	(2,511)	NA	—	—	(2,511)
Fixed Income Futures	(3,673)	NA	—	—	(3,673)
Government Agencies	206,572	3.15	167,705	2.29	374,277
Government Bonds	429,386	7.68	94,723	2.53	524,109
Government Mortgage-backed Securities	2,040,286	3.85	250,809	2.45	2,291,095
Index Linked Government Bonds	95,790	8.25	—	—	95,790
Municipal/Provincial Bonds	1,317	12.51	—	—	1,317
Non-government Backed C.M.O.s	540,529	2.16	—	—	540,529
Other Fixed Income	1,190	1.19	32,742	NA	33,932
Other Options	5,581	NA	—	—	5,581
Swap Liabilities	(7,753)	NA	—	—	(7,753)
Swaps	19,976	NA	—	—	19,976
Treasury Inflation Protected Securities	—	NA	12,962	4.68	12,962
Treasury Notes	—	NA	111,391	1.89	111,391
Total Debt Securities Investments, Domestic	$ 4,787,027	5.28	$ 1,068,628	2.91	$ 5,855,655

Utah Retirement Systems
(pension and other employee benefit trust funds)
Debt Securities Investments, International
At December 31, 2007
(Expressed in Thousands)

	Defined Benefit Plans	
Investment	Fair Value	Effective Weighted Duration
Convertible Equity	$ (2,289)	11.49
Corporate Bonds	211,001	5.60
Corporate Convertible Bonds	(172)	NA
Fixed Income Derivative — Futures	37,882	6.33
Fixed Income Futures	(37,882)	NA
Government Agencies	1,413	3.99
Government Bonds	337,268	5.89
Index Linked Government Bonds	6,139	7.14
Municipal/Provincial Bonds	18,294	5.29
Non-government Backed C.M.O.s	1,419	0.21
Swaps	154	NA
Total Debt Securities Investments, International	$ 573,227	5.77

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, 2008, 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)

Debt Investments	Fair Value	Quality Ratings AAA	AA	A	BBB
U.S. Agencies	$ 258,625	$ 257,770	$ —	$ —	$ —
Corporate Debt	$ 9,209,851	$ 437,545	$ 2,342,247	$ 5,774,416	$ 655,643
Negotiable Certificates of Deposit	$ 360,332	$ —	$ 64,844	$ 246,580	$ 48,908
Money Market Mutual Fund	$ 421,239	$ 85,000	$ —	$ —	$ —
Commercial Paper	$ 386,091	$ —	$ —	$ —	$ —
Bond Mutual Fund	$ 790,975	$ —	$ —	$ —	$ —
Repurchase Agreements – Underlying:					
U.S. Treasuries	$ 1,699	$ —	$ —	$ —	$ —

Continues Below

Debt Investments	Quality Ratings A1 *	Unrated
U.S. Agencies	$ —	$ 855
Corporate Debt	$ —	$ —
Negotiable Certificates of Deposit	$ —	$ —
Money Market Mutual Fund	$ —	$ 336,239
Commercial Paper	$ 386,091	$ —
Bond Mutual Fund	$ —	$ 790,975
Repurchase Agreements – Underlying:		
U.S. Treasuries	$ —	$ 1,699

***** 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, 2007, is AAA and the fair value of below grade investments is $222.892 million or 3.81 percent of the domestic portfolio. The weighted quality rating average of the international debt securities investments, at December 31, 2007, is AA and the fair value of below grade investments is $13.238 million or 2.31 percent of the international portfolio.

The following table presents the URS credit risk ratings as of December 31, 2007:

(Table on next page.)

Utah Retirement Systems
(pension and other employee benefit trust funds)
Debt Securities Investments at Fair Value
At December 31, 2007
(Expressed in Thousands)

	Defined Benefit Plans			Defined Contribution Plans	Total Systems
Quality Rating	**Domestic**	**International**	**Total**	**Domestic**	**and Plans**
AAA	$ 1,685,952	$ 205,724	$ 1,891,676	$ 301,188	$ 2,192,864
AA+	21,928	—	21,928	4,823	26,751
AA	47,754	76,358	124,112	—	124,112
AA–	139,491	31,300	170,791	32,801	203,592
A+	78,027	36,828	114,855	10,311	125,166
A	62,724	67,045	129,769	10,126	139,895
A–	41,071	27,742	68,813	89,223	158,036
BBB+	116,526	72,272	188,798	20,798	209,596
BBB	90,127	35,397	125,524	1,956	127,480
BBB–	80,849	7,322	88,171	17,351	105,522
BB+	7,672	9,923	17,595	4,764	22,359
BB	2,803	2,490	5,293	—	5,293
BB–	2,354	—	2,354	—	2,354
B+	4,036	113	4,149	11,401	15,550
B	19,114	—	19,114	11,763	30,877
B–	10,570	(2,289)	8,281	8,098	16,379
CCC	2,265	—	2,265	—	2,265
NR	129,193	3,002	132,195	8,859	141,054
Total credit risk debt securities	2,542,456	573,227	3,115,683	533,462	3,649,145
U.S. Government and Agencies	2,044,032	—	2,044,032	535,166	2,579,198
Pooled investments	200,539	—	200,539	—	200,539
Total debt securities investments	$ 4,787,027	$ 573,227	$ 5,360,254	$ 1,068,628	$ 6,428,882

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, 2008, 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 $1.699 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, 2007, the URS investments were registered in the name of URS and held by their custodians; however, there is 6.048 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 $10.669 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, 2008, 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 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.
- 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.

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 $178.441 million and the Trust Lands (permanent fund) has $189.209 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, 2007
(Expressed in Thousands)

	Defined Benefit Plans				Defined Contribution Plans	Total All Systems and Plans
Currency	Equity	Debt	Short Term	Total	Equity	
American Depository Receipts (ADR) US dollars	$ 990,606	$ 2,048	$ —	$ 992,654	$ —	$ 992,654
Argentine peso	—	113	12	125	—	125
Australian dollar	67,532	21,302	(3,961)	84,873	8,169	93,042
Bermuda – US dollar	299	—	—	299	—	299
Brazilian real	954	17,996	—	18,950	—	18,950
British pound sterling	386,516	85,309	(2,518)	469,307	53,428	522,735
Canadian dollar	108,738	17,191	(27)	125,902	1,142	127,044
Cayman Islands dollar	2,569	257	—	2,826	—	2,826
Chilean peso	—	1,389	—	1,389	—	1,389
Chinese yuan renminbi	7,140	—	—	7,140	—	7,140
Danish krone	12,862	2,932	41	15,835	3,458	19,293
Estonian kroon	2,054	—	—	2,054	—	2,054
Euro	651,327	149,861	21,203	822,391	82,467	904,858
Hong Kong dollar	63,588	—	(2,832)	60,756	7,367	68,123
Hungarian forint	—	18,615	—	18,615	—	18,615
Icelandic krona	—	10,291	—	10,291	—	10,291
Indian rupee	7,575	—	—	7,575	—	7,575
Indonesian rupiah	201	—	—	201	—	201
Japanese yen	429,128	76,941	(6,973)	499,096	55,461	554,557
Kazakhstani tenge	—	2,464	—	2,464	—	2,464
Korean won	—	588	—	588	—	588
Malaysian ringgit	4,541	10,524	35	15,100	—	15,100
Mexican peso	—	32,017	621	32,638	—	32,638
New Zealand dollar	698	—	82	780	205	985
Norwegian krone	18,101	—	106	18,207	3,139	21,346
Panamanian balboa	2,376	2,435	—	4,811	—	4,811
Polish zloty	—	16,818	—	16,818	—	16,818
Puerto Rico – US dollar	8,826	—	—	8,826	—	8,826
Qatari riyal	—	699	—	699	—	699
Russian Federation ruble	157	19,084	—	19,241	—	19,241
Singapore dollar	18,708	29,370	134	48,212	1,465	49,677
South African rand	1,109	707	—	1,816	—	1,816
South Korean won	4,635	21,023	—	25,658	—	25,658
Swedish krona	40,307	23,888	104	64,299	8,473	72,772
Swiss franc	162,880	6,093	59	169,032	18,391	187,423
Taiwanese new dollar	13,882	—	30	13,912	—	13,912
Thai baht	3,875	—	—	3,875	—	3,875
Tunisian dinar	—	720	—	720	—	720
United Arab Emirates dirham	—	2,552	—	2,552	—	2,552
Pooled International Investments	—	—	—	0	146,539	146,539
Total Securities Subject to Foreign Currency Risk	$ 3,011,184	$ 573,227	$ 6,116	$ 3,590,527	$ 389,704	$ 3,980,231

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, 2008, were $191.983 million. Of these, $181.247 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, 2008, are presented below.

Component Units Investments
(Expressed in Thousands)

		Investment Maturities (in years)				
Investment Type	**Fair Value**	**Less Than 1**	**1–5**	**6–10**	**11–20**	**More Than 20**
Debt Securities						
U.S. Treasuries	$ 519,545	$ 373,704	$ 144,191	$ 539	$ 1,111	$ —
Government National Mortgage Association	10	—	—	—	10	—
U.S. Agencies	735,996	398,659	88,618	11,071	196,414	41,234
Corporate Debt	159,241	81,641	50,822	21,341	3,959	1,478
Commercial Paper	9,436	9,436	—	—	—	—
Money Market Mutual Funds	260,630	260,630	—	—	—	—
Negotiable Certificates of Deposit	2,009	1,557	452	—	—	—
Municipal/Public Bonds	6,519	—	1,443	3,166	1,819	91
Repurchase Agreements	45,818	45,818	—	—	—	—
Asset-backed Securities	79	—	79	—	—	—
Guaranteed Investment Contracts	246,255	89,391	15,854	5,724	135,286	—
Bond Mutual Funds	157,767	—	8,782	147,058	1,927	—
Securities Lending Cash Collateral Pool	12,559	12,559	—	—	—	—
Utah Public Treasurer's Investment Fund	527,788	527,788	—	—	—	—
	2,683,652	$ 1,801,183	$ 310,241	$ 188,899	$ 340,526	$ 42,803
Other Investments						
Equity Securities:						
Domestic	44,736					
International	2,592					
Equity Mutual Funds Securities:						
Domestic	404,236					
Mutual Fund – U.S. Agencies	1					
Real Estate Held for Investment Purposes	1,268					
Total	$ 3,136,485					

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, 2008, 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	$ 735,996	$ 735,036	$ 52	$ —	$ —
Corporate Debt	$ 159,241	$ 9,812	$ 19,449	$ 79,475	$ 40,021
Commercial Paper	$ 9,436	$ —	$ —	$ —	$ —
Money Market Mutual Funds	$ 260,630	$ 211,428	$ —	$ —	$ —
Negotiable Certificates of Deposit	$ 2,009	$ —	$ —	$ 204	$ —
Municipal/Public Bonds	$ 6,519	$ 6,519	$ —	$ —	$ —
Asset-backed Securities	$ 79	$ —	$ —	$ 79	$ —
Guaranteed Investment Contracts	$ 246,255	$ —	$ —	$ —	$ —
Bond Mutual Funds	$ 157,767	$ 32	$ 3,770	$ —	$ —
Securities Lending Cash Collateral Pool	$ 12,559	$ —	$ —	$ —	$ —
Utah Public Treasurer's Investment Fund	$ 527,788	$ —	$ —	$ —	$ —
Repurchase Agreements – Underlying:					
U.S. Agencies	$ 7,038	$ 1,513	$ —	$ —	$ —
Money Market Mutual Funds	$ 38,780	$ —	$ —	$ —	$ —

Continues Below

Debt Investments	Quality Ratings BB	B	A1 *	Unrated
U.S. Agencies	$ —	$ —	$ —	$ 908
Corporate Debt	$ 1,538	$ 872	$ —	$ 8,074
Commercial Paper	$ —	$ —	$ 9,436	$ —
Money Market Mutual Funds	$ —	$ —	$ —	$ 49,202
Negotiable Certificates of Deposit	$ —	$ —	$ —	$ 1,805
Municipal/Public Bonds	$ —	$ —	$ —	$ —
Asset-backed Securities	$ —	$ —	$ —	$ —
Guaranteed Investment Contracts	$ —	$ —	$ —	$ 246,225
Bond Mutual Funds	$ 31	$ 321	$ —	$ 153,613
Securities Lending Cash Collateral Pool	$ —	$ —	$ —	$ 12,559
Utah Public Treasurer's Investment Fund	$ —	$ —	$ —	$ 527,788
Repurchase Agreements – Underlying:				
U.S. Agencies	$ —	$ —	$ —	$ 5,525
Money Market Mutual Funds	$ —	$ —	$ —	$ 38,780

***** 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, 2008, 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	$	474,906
U.S. Agencies	$	397,059
Corporate Debt	$	16
Repurchase Agreements	$	7,420
Equity Mutual Funds Securities – Domestic	$	5,439

Counterparty's Trust Department or Agent		
U.S. Treasuries	$	33,731
U.S. Agencies	$	73,018
Corporate Debt	$	73,159
Repurchase Agreements	$	37,601
Equity Securities – Domestic	$	4,295

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, Trinity Guaranteed Investment Contracts, DEPFA Guaranteed Investment Contracts, and CDC Guaranteed Investment Contracts. These investments are 15.37 percent, 10.26 percent, 9.41 percent, and 7.02 percent, respectively, of the Corporation's total investments.

Utah State University held more than five percent of total investments in securities of the Federal Home Loan Bank and the Federal National Mortgage Association. These investments represent 16.7 percent and 6.5 percent, respectively, of the University's total investments.

Public Employees Health Program had more than five percent of its investments in U.S. Government and U.S. Government Agency securities.

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 (pension and other employee benefit trust funds) and the Public Employees Health Program (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 and 105 percent of the market value of the international securities on loan, with a simultaneous agreement to return the collateral for the same securities in the future. 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 $1.947 billion and $12.216 million, respectively, and the collateral received for those securities on loan was $2.001 billion and $12.216 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, 2007, 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 Net Assets. At December 31, 2007, URS investments had the following futures balances (expressed in millions):

	Value Covered By Contract
Long—cash and cash equivalent futures	$ 400.176
Long—equity futures	$ 2,015.513
Long—debt securities futures	$ 310.150
Short—debt securities futures	$ (268.596)

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, 2007, URS investments included the following currency forwards balances (expressed in billions):

Currency forwards (*pending foreign exchange purchases)*	$ 1.074
Currency forwards (*pending foreign exchange sales)*	$ (1.078)

Options represent or give buyers the right, but not the obligation, to buy or sell an asset at a preset price over a specific period. The option's price is usually a small percentage of the underlying asset's value. As a writer of financial options, URS receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. As a purchaser of financial options, URS pays a premium at the outset of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option. At December 31, 2007, URS investments had the following options balances (expressed in thousands):

	Value Covered By Contract
Cash and cash equivalent purchased call options	$ (503)
Cash and cash equivalent purchased put options	$ (27)

Swaps represent an agreement between two or more parties to exchange sequences of cash flows over a period in the future. At the end of the year, URS had two different types of swap arrangements: interest rate swaps and credit default swaps. In the most common type of interest rate swap arrangement, one party agrees to pay fixed interest payments on designated dates to a counter party who, in turn, agrees to make return interest payments that float with some reference rate. The interest rate swaps allowed URS to effectively convert their long-term variable interest rate credit facility loans into fixed interest rate loans, thereby mitigating some of their interest rate risk. The credit default swaps protect the rental cash flows on one of URS real estate investments in case the major tenant defaults on its lease contract. Gains and losses on swaps are determined based on market values and are recorded in the Statement of Changes in Net Assets. At December 31, 2007, URS investments had the following swap market value balances:

Utah Retirement Systems (pension and other employee benefit trust funds)
Interest Rate Swaps
December 31, 2007
(Expressed in Millions)

	Outstanding Notational Amount*	Interest Rate**	Maturity Date	Fair Value
Interest Rate Swaps				
Interest Rate Swaps	$ 1,292.889	4.057 – 5.464 % LIBOR	2008–2021	$ (47.322)
Credit Default Swaps				
Morgan Stanley Credit Default Swaps	$ 111.000		9/29/2008	$ (0.594)

* 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, the Corporation has entered into 76 separate pay-fixed, receive-variable interest rate swaps and one Interest Rate Cap Agreement as of June 30, 2008. 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, 2008, 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, 2008
(Expressed in Thousands)

Outstanding Notational Amount	Issue Dates	Fixed Rate Paid by the Corporation	Variable Rate Received from Counterparty	Fair Values	Termination Dates
Interest Rate Swap Agreements					
$ 565,385	2000–2006	3.939 % to 5.610 %	SIFMA* plus .27 %	$ (40,476)	2012–2030
124,000	2007	3.730 % to 4.253 %	SIFMA* plus .11 %	(6,042)	2026–2030
37,450	2008	3.713 % to 4.000 %	SIFMA* plus .08 %	(349)	2028–2032
40,455	2000–2006	4.640 % to 7.760 %	LIBOR** plus .15 %	(5,174)	2008–2029
25,610	2008	5.301 % to 5.545 %	LIBOR** plus .01 %	(1,528)	2038
$ 792,900				$ (53,569)	
Interest Rate Cap Agreements					
$ 1,660	2005	1.02 %	Excess of SIFMA * over 5.73 %	$ (106)	2027

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

Swap Contract Terminations — On July 1, 2007, the Corporation exercised early call options on six swap contracts. As a result, swap contracts with a total notional amount of $18.35 million were terminated, resulting in a gain of $36 thousand, which is offset against interest expense on the Statement of Revenues, Expense, and Changes in Net Assets.

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

Credit Risk — The Corporation executes swap transactions with two counterparties, Lehman Brothers Financial Products, Inc. and Lehman Brothers Derivative Products, Inc. Both counterparties are rated AAA/Aaa.

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

Tax / Cross-over Risk — Twenty-seven of the Corporation's SIFMA based swaps are exposed to basis risk should Congress or other federal branches of government propose or pass legislation (a "Tax Event"), that causes the relationship between LIBOR and SIFMA to exceed 75 percent for a continuous period of 180 days. If both of these events occur the result would be that the swap provider would pay the Corporation 68 percent of the LIBOR rate regardless of what the SIFMA rate is. In addition, various of the Corporation's SIFMA based Cross-over Swaps are also exposed to basis risk if the LIBOR rate is 3.5 percent or greater and in some cases 4 percent or greater. When the LIBOR rate is greater than 3.5 or 4 percent, the provider will pay the Corporation 68 percent of the LIBOR rate regardless of what the SIFMA rate is. As of June 30, 2008, no "Tax Event" or "Cross-over Event" has occurred.

Termination Risk — The Corporation or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the contract.

Rollover Risk — The Corporation is exposed to rollover risk on swaps that mature or may be terminated prior to the maturity of the associated debt. When these swaps terminate, or in the case of the termination option, the Corporation will not realize the synthetic rate offered by the swaps on the underlying debt issues. As of June 30, 2008, the Corporation's swap termination dates ranged from 0 to 24.5 years prior to the maturity dates of the associated debt.

NOTE 4. INVESTMENT POOL

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF) investment pool. The PTIF is available for investment of funds administered by any Utah public treasurer. Participation is not required and no minimum balance or minimum/maximum transaction is required. State agencies and funds that are authorized to earn interest also invest in the PTIF as an internal investment pool. No separate report as an external investment pool has been issued for the PTIF.

The PTIF is not registered with the SEC as an investment company and is not rated. The PTIF is authorized and regulated by the Utah Money Management Act, (*Utah Code* Title 51, Chapter 7*)*. The Act establishes the Money Management Council, which oversees the activities of the State Treasurer and the PTIF. The Act lists the investments that are authorized which are high-grade securities and, therefore, minimizes credit risk except in the most unusual and unforeseen circumstances.

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

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated to participants on the ratio of the participant's share to the total funds in the PTIF based on the participant's average daily balance. The PTIF allocates income and issues statements on a monthly basis. Twice a year, at June 30 and December 31, which are the accounting periods for public entities, the investments are valued at fair value and participants are informed of the fair value valuation factor that enables them to adjust their statement balances to fair value.

The PTIF condensed financial statements, inclusive of external and internal participants along with the portfolio statistics for the fiscal year ended June 30, 2008, are as follows:

Public Treasurer's Investment Fund
Statement of Net Assets
June 30, 2008
(*Expressed in Thousands*)

Assets	
Cash and Cash Equivalents	$ 640,652
Investments	10,001,842
Interest Receivable	40,522
Total Assets	$ 10,683,016
Net Assets Consist of:	
External Participant Account Balances	$ 6,484,232
Internal Participant Account Balances:	
Primary Government	3,684,179
Component Units	527,846
Undistributed Reserves and Unrealized Gains/Losses	(13,241)
Net Assets	$ 10,683,016
Participant Account Balance Net Asset Valuation Factor	.996952

Public Treasurer's Investment Fund
Statement of Changes in Net Assets
For the Fiscal Year Ended June 30, 2008
(*Expressed in Thousands*)

Additions	
Pool Participant Deposits	$ 11,260,650
Investment Income:	
Investment Earnings	470,822
Fair Value Increases (Decreases)	(30,583)
Total Investment Income	440,239
Less Administrative Expenses	(255)
Net Investment Income	439,984
Total Additions	11,700,634
Deductions	
Pool Participant Withdrawals	10,606,104
Earnings Distributions	465,671
Total Deductions	11,071,775
Net Increase From Operations	628,859
Net Assets	
Beginning of Year	10,054,157
Net Assets – End of Year	$ 10,683,016

Public Treasurer's Investment Fund
Portfolio Statistics

June 30, 2008	Range of Yields	Weighted Average Maturity
Money Market Mutual Fund	2.10 % – 2.58 %	1.00 days
Certificates of Deposit – Negotiable	2.15 % – 3.45 %	64.10 days
Certificates of Deposit – Nonnegotiable	2.50 % – 2.93 %	82.40 days
U.S. Agencies	2.26 % – 5.20 %	512.72 days
Corporate Bonds and Notes	2.35 % – 5.40 %	53.29 days
Commercial Paper	2.47 % – 4.98 %	17.47 days

June 30, 2008	Weighted Average Yield	Average Adjusted Maturity
Total Investment Fund	3.03 %	61.27 days

Deposits and Investments

The following disclosure of deposits and investments is for the PTIF, which includes external and internal participants. These assets are also included in the Note 3 disclosures of deposits and investments for the primary government. To avoid duplication, some of the detailed information in Note 3 has not been repeated in this note.

Custodial Credit Risk — Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the PTIF's deposits may not be recovered. The PTIF follows the Money Management Act by making deposits only in qualified financial institutions in accordance with the Act.

The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Deposits are not collateralized nor are they required to be by state statute. The deposits for the PTIF at June 30, 2008, were $58.021 million. Of those, $57.221 million were exposed to custodial credit risk as uninsured and uncollateralized.

Investments

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

The PTIF investments at June 30, 2008, are presented below.

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

		Investment Maturities (in years)	
Investment Type	Fair Value	Less Than 1	1–5
Debt Securities			
U.S. Agencies	$ 255,115	$ 70,427	$ 184,688
Corporate Bonds and Notes	9,196,073	9,196,073	—
Negotiable Certificates of Deposit	360,331	360,331	—
Money Market Mutual Fund	420,000	420,000	—
Commercial Paper	374,631	374,631	—
	$ 10,606,150	$ 10,421,462	$ 184,688

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.

Interest Rate Risk — Investments

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

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The PTIF follows the Money Management Act as its policy for reducing exposure to investment credit risk. The PTIF's rated debt investments as of June 30, 2008, were rated by Standard and Poor's and/or an equivalent nationally recognized statistical rating organization and the ratings are presented below using the Standard and Poor's rating scale.

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

	Fair	Quality Ratings			
Rated Debt Investments	**Value**	**AAA**	**AA**	**A**	**BBB**
U.S. Agencies	$ 255,115	$ 255,115	$ —	$ —	$ —
Corporate Bonds and Notes	$ 9,196,073	$ 437,546	$ 2,339,753	$ 5,765,999	$ 652,775
Negotiable Certificates of Deposit	$ 360,331	$ —	$ 64,844	$ 246,580	$ 48,907
Money Market Mutual Fund	$ 420,000	$ 85,000	$ —	$ —	$ —
Commercial Paper	$ 374,631	$ —	$ —	$ —	$ —

Continues Below

	Quality Ratings	
Rated Debt Investments	**A1 ***	**Not Rated**
U.S. Agencies	$ —	$ —
Corporate Bonds and Notes	$ —	$ —
Negotiable Certificates of Deposit	$ —	$ —
Money Market Mutual Fund	$ —	$ 335,000
Commercial Paper	$ 374,631	$ —

***** 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, 2008, 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, 2008, consisted of the following (in thousands):

	Accounts Receivable					
	Federal	Customer	Other	Interest	Taxes	Notes/ Mortgages
Governmental Activities:						
General Fund	$ 298,554	$ 199,065	$ 2,979	$ 31	$ 249,087	$ 2,716
Education Fund	—	2,095	—	—	617,648	—
Uniform School Fund	29,842	15	—	—	—	8,216
Transportation Fund	68,392	9,467	2,711	—	50,190	353
Transportation Investment Fund	362	47	—	—	20,174	—
Trust Lands	—	—	18,755	2,342	—	2,400
Nonmajor Funds	—	8,996	—	49	—	—
Internal Service Funds	—	7,568	—	—	—	694
Adjustments:						
Fiduciary Funds	—	—	417	—	—	—
Total Receivables	397,150	227,253	24,862	2,422	937,099	14,379
Less Allowance for Uncollectibles:						
General Fund	—	(50,698)	—	—	(16,614)	(1,207)
Education Fund	—	—	—	—	(83,220)	—
Transportation Fund	—	—	(329)	—	(1,941)	—
Transportation Investment Fund	—	—	—	—	(1,593)	—
Receivables, net	$ 397,150	$ 176,555	$ 24,533	$ 2,422	$ 833,731	$ 13,172
Current Receivables	$ 397,150	$ 153,815	$ 6,519	$ 2,422	$ 783,632	$ 3,339
Noncurrent Receivables	—	22,740	18,014	—	50,099	9,833
Total Receivables, net	$ 397,150	$ 176,555	$ 24,533	$ 2,422	$ 833,731	$ 13,172
Business-type Activities:						
Student Assistance Programs	$ 10,136	$ 1,292	$ —	$ 31,176	$ —	$ 2,043,935
Unemployment Compensation	22	63,602	—	—	—	—
Water Loan Programs	—	447	—	9,774	—	553,051
Nonmajor Funds	1,262	26,398	—	4,693	—	374,919
Total Receivables	11,420	91,739	0	45,643	0	2,971,905
Less Allowance for Uncollectibles:						
Student Assistance Programs	—	—	—	—	—	(3,322)
Unemployment Compensation	—	(8,415)	—	—	—	—
Receivables, net	$ 11,420	$ 83,324	$ 0	$ 45,643	$ 0	$ 2,968,583

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, 2008, were $1.87 billion for major component units and $62.591 million for nonmajor component units, net of an allowance for doubtful accounts of $137.433 million and $5.157 million, respectively.

NOTE 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of June 30, 2008, consisted of the following (in thousands):

	Salaries/ Benefits	Service Providers	Vendors/ Other	Government	Tax Refunds	Interest	Total
Governmental Activities:							
General Fund	$ 47,999	$ 206,346	$ 38,930	$ 111,050	$ 10,133	$ —	$ 414,458
Education Fund	—	—	—	—	27,760	—	27,760
Uniform School Fund	2,144	2,221	15,196	19,682	—	—	39,243
Transportation Fund	5,174	11	138,337	77,406	1,103	—	222,031
Nonmajor Funds	90	—	35,672	891	—	28,473	65,126
Internal Service Funds	5,378	9	22,752	—	—	5	28,144
Adjustments:							
Fiduciary Funds	—	—	—	1,221	—	—	1,221
Other	—	—	—	—	—	966	966
Total Governmental Activities	$ 60,785	$ 208,587	$ 250,887	$ 210,250	$ 38,996	$ 29,444	$ 798,949
Business-type Activities:							
Student Assistance Programs	$ 1,193	$ —	$ 6,953	$ 1,284	$ —	$ 8,172	$ 17,602
Unemployment Compensation	—	8,371	—	555	—	—	8,926
Water Loan Programs	—	—	428	—	—	—	428
Nonmajor Funds	1,799	—	14,184	111	—	297	16,391
Adjustments:							
Fiduciary Funds	—	—	—	192	—	—	192
Total Business-type Activities	$ 2,992	$ 8,371	$ 21,565	$ 2,142	$ 0	$ 8,469	$ 43,539

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, 2008, consisted of the following (in thousands):

Due to General Fund from:	
Uniform School Fund	$ 298
Transportation Fund	1,041
Trust Lands Fund	59
Nonmajor Governmental Funds	3,687
Unemployment Compensation Fund	9,030
Nonmajor Enterprise Funds	17,464
Internal Service Funds	4,549
Fiduciary Funds	46
Total due to General Fund from other funds	$ 36,174
Due to Uniform School Fund from:	
General Fund	$ 607
Transportation Fund	1
Nonmajor Governmental Funds	2
Internal Service Funds	60
Total due to Uniform School Fund from other funds	$ 670
Due to Transportation Fund from:	
General Fund	$ 108
Uniform School Fund	3
Transportation Investment Fund	3,279
Nonmajor Governmental Funds	4
Internal Service Funds	1,669
Total due to Transportation Fund from other funds	$ 5,063
Due to Trust Lands Fund from Nonmajor Enterprise Funds	$ 16,214
Due to Nonmajor Governmental Funds from:	
General Fund	$ 2,434
Transportation Fund	42
Nonmajor Governmental Funds	5,069
Nonmajor Enterprise Funds	16
Internal Service Funds	209
Fiduciary Funds	361
Total due to Nonmajor Governmental Funds from other funds	$ 8,131
Due to Water Loan Programs from:	
General Fund	$ 223
Trust Lands Fund	47
Nonmajor Governmental Funds	83
Total due to Water Loan Programs from other funds	$ 353
Due to Nonmajor Enterprise Funds from:	
General Fund	$ 556
Transportation Fund	261
Trust Lands	66
Nonmajor Governmental Funds	14,371
Water Loan Programs	22
Internal Service Funds	6
Total due to Nonmajor Enterprise Funds from other funds	$ 15,282
Due to Internal Service Funds from:	
General Fund	$ 30,456
Uniform School Fund	225
Transportation Fund	5,498
Nonmajor Governmental Funds	1,550
Nonmajor Enterprise Funds	346
Internal Service Funds	24
Fiduciary Funds	10
Total due to Internal Service Funds from other funds	$ 38,109
Due to Fiduciary Funds from:	
General Fund	$ 1,112
Uniform School Fund	21
Transportation Fund	78
Nonmajor Governmental Funds	10
Nonmajor Enterprise Funds	192
Total due to Fiduciary Funds from other funds	$ 1,413
Total Due to/Due froms	$ 121,409

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, 2008, consisted of the following (in thousands):

Payable to General Fund from Internal Service Funds	$ 38,884
Payable to Uniform School Fund from Internal Service Funds	121
Total Interfund Loans Receivable/Payable	$ 39,005

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 $38.884 million includes $22.237 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, 2008, was as follows (in thousands):

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets Not being Depreciated:				
Land and Related Assets	$ 849,445	$ 71,106	$ (12,103)	$ 908,448
Infrastructure	7,858,755	174,140	(56,219)	7,976,676
Construction-In-Progress	1,214,211	811,017	(467,882)	1,557,346
Total Capital Assets Not being Depreciated	9,922,411	1,056,263	(536,204)	10,442,470
Capital Assets being Depreciated:				
Buildings and Improvements	1,216,669	241,630	(1,161)	1,457,138
Infrastructure	33,921	13,319	(25)	47,215
Machinery and Equipment	485,215	51,543	(24,680)	512,078
Total Capital Assets being Depreciated	1,735,805	306,492	(25,866)	2,016,431
Less Accumulated Depreciation for:				
Buildings and Improvements	(427,183)	(33,949)	197	(460,935)
Infrastructure	(8,805)	(1,389)	6	(10,188)
Machinery and Equipment	(343,367)	(33,666)	16,537	(360,496)
Total Accumulated Depreciation	(779,355)	(69,004)	16,740	(831,619)
Total Capital Assets being Depreciated, Net	956,450	237,488	(9,126)	1,184,812
Capital Assets, Net	$10,878,861	$1,293,751	$ (545,330)	$11,627,282
Business-type Activities:				
Capital Assets Not being Depreciated:				
Land and Related Assets	$ 10,035	$ 3,256	$ (75)	$ 13,216
Construction-In-Progress	990	6,823	(6,514)	1,299
Total Capital Assets Not being Depreciated	11,025	10,079	(6,589)	14,515
Capital Assets being Depreciated:				
Buildings and Improvements	48,251	6,731	(95)	54,887
Infrastructure	304	—	—	304
Machinery and Equipment	15,074	709	(207)	15,576
Total Capital Assets being Depreciated	63,629	7,440	(302)	70,767
Less Accumulated Depreciation for:				
Buildings and Improvements	(10,469)	(1,347)	56	(11,760)
Infrastructure	(61)	(6)	—	(67)
Machinery and Equipment	(11,662)	(979)	207	(12,434)
Total Accumulated Depreciation	(22,192)	(2,332)	263	(24,261)
Total Capital Assets being Depreciated, Net	41,437	5,108	(39)	46,506
Capital Assets, Net	$ 52,462	$ 15,187	$ (6,628)	$ 61,021

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 2008, $55.081 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	$ 8,421
Human Services and Youth Corrections	5,135
Corrections, Adult	5,332
Public Safety	4,382
Courts	5,521
Health and Environmental Quality	2,132
Employment and Family Services	2,174
Natural Resources	8,429
Community and Culture	442
Business, Labor, and Agriculture	892
Public Education	571
Transportation	8,161
Depreciation on capital assets of the State's internal service funds is charged to the various functions based on their usage of services provided	17,412
Total	$ 69,004

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	$ —	$ 66,515	$ 17,066	$ 76,569	$ 161,622
Construction-In-Progress	—	—	190,652	22,475	28,712	241,839
Total Capital Assets Not being Depreciated	1,472	0	257,167	39,541	105,281	403,461
Capital Assets being Depreciated:						
Building and Improvements	5,064	—	1,359,854	567,648	1,143,900	3,076,466
Infrastructure	—	—	162,435	—	27,816	190,251
Machinery and Equipment	1,661	3,240	717,392	184,455	177,828	1,084,576
Total Capital Assets being Depreciated	6,725	3,240	2,239,681	752,103	1,349,544	4,351,293
Less Total Accumulated Depreciation	(1,565)	(2,648)	(1,148,808)	(318,392)	(522,393)	(1,993,806)
Total Capital Assets being Depreciated, Net	5,160	592	1,090,873	433,711	827,151	2,357,487
Discretely Presented Component Units – Capital Assets, Net	$ 6,632	$ 592	$ 1,348,040	$ 473,252	$ 932,432	$ 2,760,948

(Continues on next page.)

The State had long-term construction project commitments totaling $181.434 million at June 30, 2008. 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
05225750	U of U – Hospital Expansion	$ 39,775
06281150	St. George Courthouse	17,244
05174250	UBATC Vernal Branch Building	16,884
02156050	State Capitol Restoration	11,916
07032730	SUU – Campus Housing	11,609
07036220	DATC Barlow Technology	8,682
05027810	WSU – Humanities Building / Chilled Water Plant Design	7,193
04030750	WSU – Hurst Center	6,769
04030750	U of U Sutton Geology and Geophysics Building	5,869
07042390	Unified State Lab Facility	5,637
03215810	WSU – Student Union Renovation	3,978
02032750	U of U – Marriott Library Renovation	3,959
02243750	U of U – New Museum of Natural History	3,378
06292700	USU – USTAR Life Sciences Building	3,152
05188790	UVU – Digital Learning Center	2,901
05050640	Dixie – Health Sciences Building	2,569
07010900	UDOT – Panguitch Maintenance Station	1,583
05196750	U of U – New Humanities Building	1,435
07284100	UCI Warehouse at Draper Prison	1,338
07037550	SL County Joint DLD/DMV	1,187
05051030	SLC Downtown Wine Store	1,134
—	All Others	23,242
	Total Commitments	$ 181,434

(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 $1.59 million in principal and $1.044 million in interest for fiscal year 2008. As of June 30, 2008, the historical cost of the primary government's assets acquired through capital leases was $28.388 million of which $26.850 million was buildings and $1.538 million was equipment and other depreciable assets. As of June 30, 2008, the accumulated depreciation of the primary government's assets acquired through capital leases was $10.729 million of which $9.995 million was buildings and $734 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 2008 were $30.378 millions for the primary government and $33.494 million for component units. For fiscal year 2007, the operating lease expenditures were $27.913 million for the primary government and $32.445 million for component units. Future minimum lease commitments for noncancellable operating leases and capital leases as of June 30, 2008, were as follows:

Future Minimum Lease Commitments
(Expressed in Thousands)

	Operating Leases			Capital Leases		
Fiscal Year	Primary Government	Component Units	Total	Primary Government	Component Units	Total
2009	$ 22,972	$ 27,481	$ 50,453	$ 2,496	$ 17,093	$ 19,589
2010	18,322	24,351	42,673	2,401	14,634	17,035
2011	14,675	21,249	35,924	2,043	12,257	14,300
2012	10,632	18,048	28,680	1,722	9,755	11,477
2013	7,600	15,167	22,767	1,677	7,115	8,792
2014–2018	10,562	44,942	55,504	7,856	12,803	20,659
2019–2023	3,422	21,910	25,332	7,238	9,172	16,410
2024–2028	375	6,198	6,573	1,043	1,625	2,668
2029–2033	11	60	71	—	—	—
2034–2038	10	—	10	—	—	—
2039–2043	10	—	10	—	—	—
2044–2048	10	—	10	—	—	—
2049–2053	10	—	10	—	—	—
2054–2059	8	—	8	—	—	—
Total Future Minimum Lease Payments	$ 88,619	$ 179,406	$ 268,025	26,476	84,454	110,930
Less Amounts Representing Interest				(7,707)	(14,379)	(22,086)
Present Value of Future Minimum Lease Payments				$ 18,769	$ 70,075	$ 88,844

NOTE 10. LONG-TERM LIABILITIES

A. Changes in Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2008, are presented in the following table. As referenced below, certain long-term liabilities are discussed in other Notes to the Financial Statements.

Long-term Liabilities
(Expressed in Thousands)

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
General Obligation Bonds	$ 1,237,170	$ 75,000	$ (150,660)	$ 1,161,510	$ 167,700
State Building Ownership Authority Lease Revenue Bonds	273,538	—	(111,924)	161,614	12,960
Net Unamortized Premiums	66,581	1,557	(17,127)	51,011	—
Deferred Amount on Refunding	(17,732)	—	4,111	(13,621)	—
Capital Leases (Note 9)	18,228	2,131	(1,590)	18,769	1,490
Contracts Payable	602	—	(43)	559	47
Compensated Absences (Notes 1 and 17)*	185,630	66,710	(65,759)	186,581	74,523
Claims	44,755	8,123	(11,593)	41,285	16,003
Pollution Remediation Obligation**	6,339	2,887	(1,384)	7,842	1,012
Arbitrage Liability (Note 1)	109	—	(109)	—	—
Total Governmental Long-term Liabilities	$ 1,815,220	$ 156,408	$ (356,078)	$ 1,615,550	$ 273,735
Business-type Activities					
Revenue Bonds	$ 2,137,655	$ 99,670	$ (72,145)	$ 2,165,180	$ 5,355
State Building Ownership Authority Lease Revenue Bonds	36,552	15,380	(1,686)	50,246	2,075
Net Unamortized Premiums	879	367	(129)	1,117	—
Deferred Amount on Refunding	(365)	—	47	(318)	—
Claims and Uninsured Liabilities	4,678	149,924	(148,816)	5,786	4,128
Arbitrage Liability (Note 1)	72,487	—	(6,542)	65,945	608
Total Business-type Long-term Liabilities	$ 2,251,886	$ 265,341	$ (229,271)	$ 2,287,956	$ 12,166
Component Units					
Revenue Bonds	$ 2,115,083	$ 390,200	$ (266,822)	$ 2,238,461	$ 143,132
Net Unamortized Premiums/(Discounts)	1,954	14	(40)	1,928	(63)
Capital Leases/Contracts Payable (Notes 9 and 10)	72,795	22,031	(18,491)	76,335	15,733
Notes Payable	38,649	10,282	(3,660)	45,271	3,894
Claims	123,279	582,905	(581,739)	124,445	73,013
Leave/Termination Benefits (Note 1)	91,856	52,616	(48,519)	95,953	23,542
Total Component Unit Long-term Liabilities	$ 2,443,616	$ 1,058,048	$ (919,271)	$ 2,582,393	$ 259,251

* 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 six sites in various stages of cleanup, from initial assessment to cleanup activities. As a result of implementing GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, additional pollution liabilities of $2.887 million were reported for June 30, 2008, in addition to $6.339 million in pollution liabilities previously reported. These liabilities were measured using the actual contract cost, where no changes in cost are expected, or a method that is materially close to 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, 2008, the State had $201.7 million and $1.23 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, 2008
1998 A Highway/Capital Facility Issue	07/07/98	2001–2008	5.00 %	$ 265,000	$ 18,725
2001 B Highway/Capital Facility Issue	07/02/01	2004–2009	4.50 %	$ 348,000	73,775
2002 A Highway/Capital Facility Issue	06/27/02	2003–2011	3.00 % to 5.25 %	$ 281,200	23,600
2002 B Refunding Issue	07/31/02	2004–2012	3.00 % to 5.38 %	$ 253,100	250,580
2003 A Highway/Capital Facility Issue	06/26/03	2005–2013	2.00 % to 5.00 %	$ 407,405	293,425
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	111,630
2007 Highway/Capital Facility Issue	07/03/07	2008–2014	4.00 % to 5.00 %	$ 75,000	75,000
Total General Obligation Bonds Outstanding					1,161,510
Plus Unamortized Bond Premium					49,390
Less Deferred Amount on Refunding					(12,728)
Total General Obligation Bonds Payable					$ 1,198,172

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

	Principal						
Fiscal Year	1998 A Highway/ Capital Facility	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
2009	$ 18,725	$ 36,125	$ 5,525	$ 29,455	$ 59,300	$ —	$ 9,970
2010	—	37,650	5,750	50,835	61,125	—	11,180
2011	—	—	6,000	53,670	50,025	39,310	25,755
2012	—	—	6,325	56,705	15,100	40,830	30,600
2013	—	—	—	59,915	52,575	11,245	3,575
2014–2018	—	—	—	—	55,300	223,390	20,725
2019–2023	—	—	—	—	—	—	9,825
Total	$ 18,725	$ 73,775	$ 23,600	$ 250,580	$ 293,425	$ 314,775	$ 111,630

Continues Below

	Principal			
Fiscal Year	2007 Highway/ Capital Facility	Total Principal Required	Total Interest Required	Total Amount Required
2009	$ 8,600	$ 167,700	$ 48,866	$ 216,566
2010	8,950	175,490	40,559	216,049
2011	10,185	184,945	31,503	216,448
2012	15,030	164,590	23,454	188,044
2013	10,300	137,610	16,452	154,062
2014–2018	21,935	321,350	24,871	346,221
2019–2023	—	9,825	251	10,076
Total	$ 75,000	$1,161,510	$ 185,956	$ 1,347,466

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, 2008, are reported as a long-term liability of the governmental activities, except for $48.485 million and $2.52 thousand 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 $491.305 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 $809.725 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 $598.905 million of outstanding student loan revenue bonds which are payable through 2045. 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 $80.956 million and $33.660 million, respectively.

The Student Assistance Programs bonds issued under the 1993 Trust Estate are limited obligations of the Board secured by and payable solely from the Trust Estate established by the Indenture. The bonds 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 $1,556.790 million of outstanding student loan revenue bonds which are payable through 2046. The total principal and interest remaining to be paid on the bonds is discussed below. Principal and interest paid for the current year and total net revenues before interest expense were $88.735 million and $74.690 million, 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, 2008, 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	$3,224,651	$463,330	$128,747	$112,563
Term of Commitment	Thru 2050	Thru 2032	Thru 2035	Thru 2032
Percent of Revenue Pledged	100 %	100 %	100 %	100 %
Current Year Pledged Revenue	$ 107,920	$ 97,353	$ 25,363	$ 11,534
Current Year Principal and Interest Paid	$ 314,871	$ 28,196	$ 6,623	$ 9,945

*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.

(*Continues on next page*.)

Revenue Bonds Payable — Primary Government
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2008
Governmental Activities					
SBOA Lease Revenue Bonds:					
Series 1992 A	07/15/92	1993–2011	5.30 % to 5.75 %	$ 26,200	$ 8,025
Series 1992 B	07/15/92	1994–2011	4.00 % to 6.00 %	$ 1,380	435
Series 1993 A	12/01/93	1995–2013	4.50 % to 5.25 %	$ 6,230	2,235
Series 1998 C	08/15/98	2000–2019	3.80 % to 5.50 %	$ 101,557	84,760
Series 1999 A	08/01/99	2001–2009	5.25 %	$ 6,960	290
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	12,215
Series 2003	12/30/03	2005–2025	2.00 % to 5.00 %	$ 20,820	17,475
Series 2004 A	10/26/04	2005–2027	3.00 % to 5.25 %	$ 32,458	30,829
Total Lease Revenue Bonds Outstanding					161,614
Plus Unamortized Bond Premium					1,621
Less Deferred Amount on Refunding					(893)
Total Lease Revenue Bonds Payable					$ 162,342
Business-type Activities					
Student Assistance Programs:					
Series 1988 and 1993 Trust Estate Student Loan Indentures	1988–2007	1998–2046	Variable and 4.45 % to 6.00 %	$2,181,050	$ 2,155,695
Office Facility Bond Fund	2002, 2004	2003–2024	3.00 % to 5.13 %	$ 11,780	9,485
Total Revenue Bonds Outstanding					2,165,180
Plus Unamortized Bond Premium					40
Total Revenue Bonds Payable					$ 2,165,220
SBOA Lease Revenue Bonds:					
Series 1998 C	08/15/98	2000–2019	3.80 % to 5.50 %	$ 3,543	$ 3,190
Series 1999 A	08/01/99	2001–2009	5.25 %	$ 2,495	115
Series 2001 B	11/21/01	2004–2023	3.25 % to 5.25 %	$ 11,540	9,480
Series 2003	12/30/03	2005–2025	2.00 % to 5.00 %	$ 1,905	1,620
Series 2004 A	10/26/04	2005–2025	3.00 % to 5.25 %	$ 13,347	12,386
Series 2006 A	01/10/06	2006–2027	3.50 % to 5.00 %	$ 8,355	8,075
Series 2007 A	07/10/07	2009–2028	4.25 % to 5.00 %	$ 15,380	15,380
Total Lease Revenue Bonds Outstanding					50,246
Plus Unamortized Bond Premium					1,077
Less Deferred Amount on Refunding					(318)
Total Lease Revenue Bonds Payable					$ 51,005
Total Lease Revenue/ Revenue Bonds Payable					$ 2,378,567

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

	Principal							
Fiscal Year	**Student Assistance Programs**	**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**	**1999 A Utah State Building Ownership Authority**	**2001 A Utah State Building Ownership Authority**	**2001 B Utah State Building Ownership Authority**
2009	$ 5,355	$ 1,835	$ 100	$ 400	$ 7,535	$ 405	$ —	$ 1,005
2010	76,610	1,945	105	425	7,950	—	—	1,055
2011	510	2,060	110	445	8,410	—	—	1,090
2012	535	2,185	120	470	8,345	—	—	1,135
2013	555	—	—	495	8,805	—	—	1,175
2014–2018	457,340	—	—	—	44,795	—	—	6,705
2019–2023	3,450	—	—	—	2,110	—	5,350	8,485
2024–2028	135,775	—	—	—	—	—	—	1,045
2029–2033	89,500	—	—	—	—	—	—	—
2034–2038	364,500	—	—	—	—	—	—	—
2039–2043	493,875	—	—	—	—	—	—	—
2044–2048	537,175	—	—	—	—	—	—	—
Total	$2,165,180	$ 8,025	$ 435	$ 2,235	$ 87,950	$ 405	$ 5,350	$ 21,695

Continues Below

	Principal						
Fiscal Year	**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**	**Total Principal Required**	**Interest Required**	**Total Amount Required**
2009	$ 1,240	$ 1,930	$ 290	$ 295	$ 20,390	$ 73,812	$ 94,202
2010	1,275	2,405	300	520	92,590	71,932	164,522
2011	1,325	2,550	315	545	17,360	69,627	86,987
2012	1,375	2,665	325	565	17,720	68,714	86,434
2013	1,440	2,795	335	585	16,185	67,832	84,017
2014–2018	4,530	15,130	1,900	3,350	533,750	235,179	768,929
2019–2023	5,565	10,105	2,330	4,185	41,580	170,947	212,527
2024–2028	2,345	5,635	2,280	5,335	152,415	156,382	308,797
2029–2033	—	—	—	—	89,500	149,088	238,588
2034–2038	—	—	—	—	364,500	119,902	484,402
2039–2043	—	—	—	—	493,875	72,371	566,246
2044–2048	—	—	—	—	537,175	30,656	567,831
Total	$ 19,095	$ 43,215	$ 8,075	$ 15,380	$ 2,377,040	$ 1,286,442	$ 3,663,482

Revenue Bonds Payable — Component Units
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2008
Utah Housing Corporation Issues	1994–2008	2008–2050	Variable and 1.50 % to 9.00 %	$ 2,949,293	$ 1,750,563
University of Utah Revenue Bonds	1987–2007	2013–2032	Variable and 3.00 % to 6.75 %	$ 476,320	$ 331,076
Utah State University Revenue Bonds	2002–2007	2014–2035	1.90 % to 5.25 %	$ 89,670	$ 79,611
Nonmajor Component Units Revenue Bonds	1995–2007	2008–2032	2.00 % to 6.00 %	$ 105,420	$ 77,211
Total Revenue Bonds Outstanding					2,238,461
Colleges and Universities Plus Unamortized Bond Premium					1,928
Total Revenue Bonds Payable					$ 2,240,389

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

	Principal						
Fiscal Year	Utah Housing Corporation	University of Utah	Utah State University	Nonmajor Component Units	Total Principal Required	Interest Required	Total Amount Required
2009	$ 123,185	$ 11,584	$ 3,296	$ 5,067	$ 143,132	$ 100,262	$ 243,394
2010	30,580	12,699	3,438	5,317	52,034	100,615	152,649
2011	32,232	15,284	3,605	5,016	56,137	98,151	154,288
2012	31,963	13,938	3,767	5,914	55,582	95,488	151,070
2013	32,264	14,427	3,950	4,008	54,649	93,369	148,018
2014–2018	176,747	72,871	20,565	18,894	289,077	422,835	711,912
2019–2023	213,190	72,656	10,765	15,980	312,591	348,751	661,342
2024–2028	306,262	75,367	12,020	9,050	402,699	262,544	665,243
2029–2033	389,087	42,249	12,370	7,966	451,672	155,841	607,513
2034–2038	322,964	—	5,835	—	328,799	58,625	387,424
2039–2043	67,789	—	—	—	67,789	13,557	81,346
2044–2048	18,500	—	—	—	18,500	3,749	22,249
2049–2053	5,800	—	—	—	5,800	478	6,278
Total	$ 1,750,563	$ 331,075	$ 79,611	$ 77,212	$ 2,238,461	$ 1,754,265	$ 3,992,726

D. **Conduit Debt Obligations**

Of the Utah Housing Corporation (component unit) bonds outstanding, $313.38 million were issued as multi-family purchase bonds. Of those bonds, $311.845 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, 2008, is $5.6 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, 2008, is $39.812 million in tax-exempt and $660 thousand in taxable conduit debt.

E. **Demand Bonds**

- The Student Loan Purchase Program had $491.305 million of demand bonds outstanding at June 30, 2008, 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 Program has 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 Program has a standby bond purchase agreements of $25.336 million expiring November 20, 2013 to support the Series 1988 C bonds of $25 million, $85.294 million expiring November 16, 2025 to support the Series 1995 L bonds of $79.5 million, $108.42 million expiring April 29, 2025 to support the Series 1996 Q and 1997 R bonds of $101.055 million, $158.753 million expiring February 11, 2024 to support the 2005 Series W and X bonds of $151.08 million, and $106.934 million expiring November 29, 2012 to support the 2007 series Y bonds of $99.67 million.

  As of June 30, 2008, the Program had drawn $444.33 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 .50% per annum, or the Prime Rate. The Bank Rate on the bonds increases by 1.25% if the bonds remain in the liquidity facility for more than 90 days. The Bank Rate for the year ended June 30, 2008 ranged between 5% and 6.25%. 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.

  As of June 30. 2008, there were insufficient clearing bids on all of the Program's 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 1.20% or LIBOR plus 1.50% 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% 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, 2008 ranged between 0% and 16.62%

- The Utah Housing Corporation (component unit) had $870.715 million of bonds outstanding at June 30, 2008, subject to purchase on the demand of the holder at a price equal to principal plus accrued interest, on delivery to the remarketing agent.

  In the event the variable rate bonds cannot be remarketed, the Corporation has entered into various irrevocable Standby Bond Purchase Agreements (Liquidity Facility) with five different banks totaling $960 million. These Agreements provide that these institutions will provide funds to purchase the variable rate bonds that have been tendered and not remarketed. These liquidity providers receive a fee ranging from 12.5 to 17.5 basis points of the outstanding amount of the variable rate bonds paid on a quarterly basis. The Corporation has not drawn on any of the facilities to date.

- The University of Utah (component unit) Series 1997 A bonds in the amount of $9.42 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. No funds have been drawn against the standby bond purchase agreement. The interest requirement for the Series 1997 A Bonds is calculated using an interest rate of 1.6 percent, which is the rate in effect as of June 30, 2008.

The University's Hospital Revenue Bonds Series 2006 B in the amount of $20.24 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 standby bond purchase agreement to pay the purchase price of the bonds delivered to it. This agreement is with DEPFA bank and is valid through October 25, 2013. No funds have been drawn against the standby purchase agreement. The interest requirement for the bonds is calculated using an annualized interest rate of 7 percent which is the rate effective at June 30, 2008.

F. Defeased Bonds and Bond Refunding

On October 15, 2007, the Utah State Building Ownership Authority cash defeased $4.515 million of 1998 C Lease Revenue Bonds at a net cost of $4.887 million. On December 5, 2007, the Utah State Building Ownership Authority cash defeased $56.2 million of 2001 A Lease Revenue Bonds at a net cost of $58.594 million, and cash defeased $8.525 million of 2004 B Lease Revenue Bonds at a net cost of $8.507 million. These funds were paid to an escrow agent to be placed in an irrevocable trust account to provide for the debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Statement of Net Assets.

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, 2008, the total amount outstanding of defeased general obligation bonds was $401.81 million. At June 30, 2008, the total amount outstanding of defeased revenue bonds was $73.7 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, 2008, $131.472 million of college and university bonds outstanding are considered defeased.

G. Contracts Payable

Component unit capital leases/contracts payable include $6.26 million in life annuity contracts.

H. Notes Payable

The notes payable balance consists of notes issued by component units for the purchase of buildings and equipment. The notes bear various interest rates and will be repaid over the next 17 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)

	Principal						
Fiscal Year	**Utah Housing Corporation**	**University of Utah**	**Utah State University**	**Nonmajor Component Units**	**Total Principal Required**	**Interest Required**	**Total Amount Required**
2009	$ 27	$ 902	$ 1,777	$ 1,188	$ 3,894	$ 2,318	$ 6,212
2010	30	849	1,850	1,161	3,890	2,148	6,038
2011	33	850	1,829	526	3,238	1,935	5,173
2012	36	803	1,785	3,919	6,543	1,752	8,295
2013	40	861	1,873	487	3,261	1,422	4,683
2014–2018	95	5,350	9,852	160	15,457	4,538	19,995
2019–2023	—	2,637	5,220	—	7,857	981	8,838
2024–2028	—	—	1,131	—	1,131	22	1,153
Total	$ 261	$ 12,252	$ 25,317	$ 7,441	$ 45,271	$ 15,116	$ 60,387

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 and one Interest Rate Cap Agreement as of June 30, 2008. Using rates as of June 30, 2008, 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 95 for Utah Housing Corporation.

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

Fiscal Year	Variable Rate Bonds Principal	Variable Rate Bonds Interest	Interest Rate Swaps, Net	Total
2009	$ 10,880	$ 14,262	$ 20,762	$ 45,904
2010	1,760	14,045	22,147	37,952
2011	1,965	14,010	22,085	38,060
2012	1,660	13,971	22,020	37,651
2013	1,860	13,938	21,961	37,759
2014–2018	29,390	68,761	107,964	206,115
2019–2023	95,850	63,465	98,758	258,073
2024–2028	155,455	52,851	81,149	289,455
2029–2033	258,390	34,936	50,843	344,169
2034–2038	209,575	12,226	15,586	237,387
2039–2040	22,860	462	337	23,659
Total	$ 789,645	$ 302,927	$ 463,612	$ 1,556,184

(*Notes continue on next page*.)

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, 2008, follows:

Reserved Fund Balances
(Expressed in Thousands)

	Nonlapsing Appropriations	Restricted Purposes	Total Reserved
General Fund:			
Legislature	$ 5,084	$ —	$ 5,084
Governor	15,422	2,569	17,991
Elected Officials	63,181	1	63,182
Administrative Services	6,023	3,287	9,310
Tax Commission	14,769	12,258	27,027
Human Services	11,539	5,794	17,333
Corrections	10,142	1	10,143
Public Safety	32,251	12,079	44,330
Courts	2,044	9,321	11,365
Health	6,893	23,075	29,968
Environmental Quality	1,348	6,492	7,840
Higher Education	712	—	712
Employment and Family Services	—	22,232	22,232
Natural Resources	17,963	31,372	49,335
Community and Culture	3,675	534	4,209
Business, Labor, and Agriculture	10,808	14,277	25,085
Industrial Assistance Account	—	32,049	32,049
Loans to Internal Service Funds	—	22,237	22,237
Tobacco Settlement Funds	—	1,242	1,242
Oil Overcharge Funds	—	1,203	1,203
Mineral Bonus Account	—	33,302	33,302
Other Purposes	841	34,780	35,621
Total	$ 202,695	$ 268,105	$ 470,800
Uniform School Fund:			
Minimum School Program	$ 120,574	$ —	$ 120,574
State Office of Education	22,192	—	22,192
School Building Program	—	15,790	15,790
School Land Interest	—	30,901	30,901
Loans to Internal Service Funds	—	121	121
Total	$ 142,766	$ 46,812	$ 189,578
Transportation Fund:			
Transportation	$ 26,459	$ 148,336	$ 174,795
Public Safety	—	14,110	14,110
Corridor Preservation	—	21,786	21,786
Aeronautical Programs	—	5,678	5,678
Total	$ 26,459	$ 189,910	$ 216,369
Transportation Investment Fund:			
Transportation Investment Fund of 2005	$ —	$ 57,369	$ 57,369
Centennial Highway Program	—	125,487	125,487
Total	$ —	$ 182,856	$ 182,856
Trust Lands Fund:			
Funds Held as Permanent Investments	$ —	$1,014,449	$1,014,449
Non-major Governmental Funds:			
Capital Projects	$ 181,434	$ 901	$ 182,335
Debt Service	—	5,769	5,769
Tobacco Settlement Funds	—	45,834	45,834
Environmental Reclamation	—	21,017	21,017
Other Purposes	—	9,262	9,262
Total	$ 181,434	$ 82,783	$ 264,217

Designated Fund Balances
(Expressed in Thousands)

	General Fund	Education Fund	Uniform School Fund	Transportation Fund
Designated for:				
Budget Reserve (Rainy Day) Account	$ 194,280	$ —	$ —	$ —
Education Budget Reserve Account	—	234,676	—	—
Disaster Recovery Account	34,697	—	—	—
Postemployment and Other Liabilities	145,106	179,322	1,024	44,602
Fiscal Year 2009 Appropriations:				
Line Item Appropriations	19,985	—	182,194	—
Capital Projects	—	—	—	—
Debt Service	—	—	—	—
Total	$ 394,068	$ 413,998	$ 183,218	$ 44,602

Continues Below

	Transportation Investment Fund	Nonmajor Governmental Funds	Total Governmental Funds
Designated for:			
Budget Reserve (Rainy Day) Account	$ —	$ —	$ 194,280
Education Budget Reserve Account	—	—	234,676
Disaster Recovery Account	—	—	34,697
Postemployment and Other Liabilities	17,016	—	387,070
Fiscal Year 2009 Appropriations:			
Line Item Appropriations	—	—	202,179
Capital Projects	—	60,735	60,735
Debt Service	—	20,801	20,801
Total	$ 17,016	$ 81,536	$ 1,134,438

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 $4.053 billion of restricted net assets, of which $20.609 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, 2008, are (in thousands):

Private Purpose Trust Funds:	
Employers' Reinsurance	$ (34,120)
Petroleum Storage Tank	$ (25,269)

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, 2008, are (in thousands):

Internal Service Funds:	
Technology Services	$ (2,703)
General Services	$ (615)
Fleet Operations	$ (12,354)
Property Management	$ (237)

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

In addition, the Capital Projects – State Building Ownership Authority Fund (nonmajor governmental fund) reported a $3.708 million deficit unreserved undesignated fund balance as a result of outstanding encumbrances on various capital projects. Appropriations and bond proceeds available in the next fiscal year will fund 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, 2008, are as follows (in thousands):

	Transfers In: Governmental Funds					
	General Fund	Education Fund	Uniform School Fund	Transportation Fund	Transportation Investment Fund	Trust Lands Fund
Transfers Out:						
General Fund	$ —	$ —	$ 6,250	$ 191,803	$ 359,000	$ 32
Education Fund	728,116	—	2,319,321	—	—	—
Uniform School Fund	60,898	44,237	—	—	—	—
Transportation Fund	38,765	—	—	—	79,833	—
Transportation Investment Fund	5,000	—	—	72,431	—	—
Nonmajor Governmental Funds	7,914	—	—	—	—	—
Unemployment Compensation	588	—	—	—	—	—
Water Loan Programs	3,670	—	—	—	—	—
Nonmajor Enterprise Funds	62,904	—	—	—	—	9,618
Internal Service Funds	367	—	—	—	—	—
Total Transfers In	$ 908,222	$ 44,237	$ 2,325,571	$ 264,234	$ 438,833	$ 9,650

Continues Below

	Transfers In: Governmental Funds	Enterprise Funds			
	Nonmajor Governmental Funds	Water Loan Programs	Nonmajor Enterprise Funds	Internal Service Funds	Total Transfers Out
Transfers Out:					
General Fund	$ 282,283	$ 1,582	$ 32,498	$ 378	$ 873,826
Education Fund	128,084	—	—	—	3,175,521
Uniform School Fund	—	—	5,000	—	110,135
Transportation Fund	12,647	—	—	—	131,245
Transportation Investment Fund	131,627	—	—	—	209,058
Nonmajor Governmental Funds	5,012	—	—	—	12,926
Unemployment Compensation	—	—	—	—	588
Water Loan Programs	—	—	—	—	3,670
Nonmajor Enterprise Funds	—	—	—	33	72,555
Internal Service Funds	—	—	—	33	400
Total Transfers In	$ 559,653	$ 1,582	$ 37,498	$ 444	$ 4,589,924

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 2008, the Legislature authorized transfers of $367 thousand from the Internal Service Funds to the General Fund to subsidize general fund revenues. In addition, the Legislature authorized payments of $810.892 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.

- 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 $9.6 million plus attorneys' fees and interest and other cases where the amount of potential loss is undeterminable.

B. Contingencies

- Financial and compliance audits (Single Audit) of federal grants, contracts, and agreements were conducted under the provisions of the Federal Office of Management and Budget's circulars. As a result of the audits, the allowability of $34.328 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, 2008, 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 Utah Department of Transportation (UDOT) plans on seeking reimbursement from the Federal Highway Administration (FHWA) for approximately $508 thousand for fiscal year 2009. The State received $14.37 million in fiscal year 2008. The related costs were incurred by the State as a result of the I-15 reconstruction project and were originally paid using state funds. UDOT has not recorded an accounts receivable for these future reimbursement requests because the requests are contingent upon sufficient future federal funds and federal obligation authority becoming available and future approval by the FHWA.

- The State was totally self-insured for liability claims until February 1, 2008. After this date, 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 $600 million per occurrence. According to an actuarial study and other known factors, $41.285 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 $2.458 billion principal amount of Guarantied Bonds outstanding at June 30, 2008. 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 $42.059 million from tobacco companies in fiscal year 2008 and expects to receive approximately $43.861 million in fiscal year 2009. 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, 2008, the Industrial Assistance Program of the General Fund had grant commitments of $3.118 million, contingent on participating companies meeting certain performance criteria.

- Utah Retirement Systems (pension trust funds) has at its yearend December 31, 2007, committed to fund certain private equity partnerships and real estate projects for an amount of $5.592 billion. Funding of $3.446 billion has been provided, leaving an unfunded commitment of $2.146 billion as of December 31, 2007, which will be funded over the next five years.

- As of June 30, 2008, 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 $45.99 million. The Corporation has a Revolving Credit Loan with a Utah industrial bank in the amount of $5 million due October 31, 2009. At June 30, 2008, the outstanding balance was $1.725 million. The Revolving Credit Loan bears interest at a calculated LIBOR rate advance or base rate advance. The revolving Credit Loan balance consists of two separate loans. The first loan is dated November 9, 2007 for $1.275 million with an interest rate of 2.73 percent at June 30, 2008. The second loan is dated June 26, 2008 for $450 thousand with an interest rate of 2.25 percent at June 30, 2008. These two loans are due during the year ended June 30, 2009.

- At June 30, 2008, the enterprise funds had loan commitments of approximately $454.105 million and grant commitments of approximately $42.362 million.

- At June 30, 2008, 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 $2.32 billion. Also, at June 30, 2008, the Student Assistance Programs had commitments to purchase approximately $280.915 million in student loans and provide approximately $8.436 million in reductions to borrower loan balances.

- At June 30, 2008, the Utah Department of Transportation had construction and other contract commitments of $811.588 million, of which $169.836 million is for Transportation Investment Fund (special revenue fund) projects and $641.752 million is for Transportation Fund (special revenue fund) projects. These commitments will be funded with bonded debt and future appropriations.

NOTE 15. JOINT VENTURE

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

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

In fiscal year 1998 the State provided startup capital of $185 thousand. UCAN 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 $7.61 million of revenue bonds outstanding at June 30, 2008. UCAN's debt is not a legal obligation of the State; however, if UCAN cannot meet its debt service requirements, state law allows the Governor to request an appropriation to restore the debt service reserve fund to its required level or to meet any principal or interest payment deficiency. The Legislature is not required to make any such appropriation, but if made, UCAN must repay the State within 18 months. To date, UCAN has never requested any such funding from the State and has had sufficient resources to cover its debt service and debt service reserve requirements.

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

NOTE 16. PENSION PLANS

Eligible employees of the State are covered by one of the following retirement plans:

A. **Utah Retirement Systems**

Utah Retirement Systems (URS) was established by Section 49 of *Utah Code Annotated, 1953,* as amended. URS administers the pension systems and plans under the direction of the URS Board, which consists of the State Treasurer and six members appointed by the Governor. URS has a separate accounting system and prepares a separately issued financial report covering all retirement systems and deferred compensation plans it administers. URS maintains records and prepares separately issued financial statements using fund accounting principles and the accrual basis of accounting under which expenses, including benefits and refunds, are recorded when the liability is incurred. Revenues, including contributions, are recorded in the accounting period in which they are earned and become measurable. URS reports on a calendar yearend. The December 31, 2007, 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, 560 East 200 South, Salt Lake City, Utah 84102, or by calling 1-800-365-8772.

The URS operations are comprised of the following groups of systems and plans covering substantially all employees of the State, public education, and other political subdivisions of the State:

- The Public Employees Contributory Retirement System

(Contributory System); the Public Employees Noncontributory Retirement System (Noncontributory System); and the 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:

Summary of Eligibility and Benefits

	Contributory System	Noncontributory System	Public Safety System	Firefighters System	Judges System
Highest Average Salary	Highest 5 Years	Highest 3 Years	Highest 3 Years		Highest 2 Years
Years of Service Required and/or Age Eligible for Benefit	30 years any age *20 years age 60 *10 years age 62 4 years age 65	30 years any age *25 years any age *20 years age 60 *10 years age 62 4 years age 65	20 years any age 10 years age 60 4 years age 65		25 years any age *20 years age 55 10 years age 62 6 years age 70
Benefit Percent per Year of Service	1.25% to June 1975 2.00% July 1975 to present	2.00% per year	2.50% per year up to 20 years 2.00% per year over 20 years Benefit cannot exceed 70% of final average salary		5.00% first 10 years 2.25% second 10 years 1.00% over 20 years Benefit cannot exceed 75% of final average salary

*With actuarial reductions

Former governors at age 65 receive $1,180 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 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, 2007

	Non-contributory System	Contributory System	Public Safety System	Fire-fighters System	Judges System	Governors and Legislative Retirement Plan
Number of participating:						
Employers	411	160	126	51	1	1
Members:						
Active	89,605	2,852	7,587	1,771	108	86
Terminated vested	28,996	1,404	1,576	112	7	87
Retirees and beneficiaries:						
Service benefits	29,965	5,549	3,600	985	96	220
Disability benefits	—	3	14	78	—	—

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)

	Contributory System	Non-contributory System	Public Safety System	Fire-fighters System	Judges System	Total All Systems
Primary Government:						
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
2004	$ 3,894	$ 67,745	$ 19,165	$ 50	$ 782	$ 91,636
Component Units:						
Colleges and Universities:						
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
2004	$ 1,996	$ 30,434	$ 411	$ —	$ —	$ 32,841
Other:						
2008	$ 76	$ 2,938	$ —	$ —	$ —	$ 3,014
2007	$ 78	$ 2,722	$ —	$ —	$ —	$ 2,800
2006	$ 60	$ 2,385	$ —	$ —	$ —	$ 2,445
2005	$ 59	$ 2,273	$ —	$ —	$ —	$ 2,332
2004	$ 52	$ 1,913	$ —	$ —	$ —	$ 1,965
Total Primary Government and Component Units:						
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
2004	$ 5,942	$ 100,092	$ 19,576	$ 50	$ 782	$ 126,442

(*Continues on next page.*)

The following table summarizes contribution rates in effect at December 31, 2007:

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	12.76 %	—	11.50 %
Division B	9.30 %	—	11.50 %
Judges:			
Contributory	2.00 %	10.38 %	15.45 %
Noncontributory	—	12.38 %	15.45 %
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 357 employers participating in the 401(k) Plan and 153 employers participating in the 457 Plan. There are 138,369 plan participants in the 401(k) Plan, 16,080 participants in the 457 Plan, 1,175 participants in the Roth IRA Plan, 356 participants in the Traditional IRA Plan, and 490 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, 2008, by employees and employers are as follows: for Primary Government, $37.814 million and $16.575 million; for Component Units – Colleges and Universities, $4.507 million and $4.649 million; for Component Units – Other, $1.010 million and $698 thousand; and the combined total for all is $43.331 million and $21.922 million, respectively. The amounts contributed to the 457, Roth and Traditional IRA Plans are $7.477 million, $645 thousand, and $19 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 14 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 14 percent, approximately 3 percent are U.S. Government debt securities and 11 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	$ —	$ 421	$ 336	$ 407	$ 1	$ —
Employer Contributions	32,257	618	3,510	—	66	—
Court Fees and Fire Insurance Premium	—	—	—	2,871	280	—
Investments	327,924	22,168	41,236	15,914	2,629	239
Total Receivables	$ 360,181	$ 23,207	$ 45,082	$ 19,192	$ 2,976	$ 239
Investments:						
Debt Securities	$ 4,286,066	$ 289,746	$ 538,960	$ 208,001	$ 34,355	$ 3,126
Equity Investments	7,184,853	485,709	903,473	348,679	57,592	5,240
Absolute Return	1,752,972	118,504	220,431	85,071	14,051	1,279
Private Equity	919,257	62,144	115,595	44,611	7,368	670
Real Estate	3,016,041	203,890	379,257	146,367	24,175	2,200
Mortgage Loans	5,474	370	688	265	44	4
Invested Securities Lending Collateral	1,452,735	98,207	182,678	70,500	11,645	1,060
Investment Contracts	—	—	—	—	—	—
Total Investments	$ 18,617,398	$ 1,258,570	$ 2,341,082	$ 903,494	$ 149,230	$ 13,579

Continues Below

	401(k) Plan	457 Plan	IRA Plans	Health Reimbursement Arrangement	Total December 31, 2007
Receivables:					
Member Contributions	$ —	$ —	$ —	$ —	$ 1,165
Employer Contributions	—	—	—	—	36,451
Court Fees and Fire Insurance Premium	—	—	—	—	3,151
Investments	51,712	3,627	—	2	465,451
Total Receivables	$ 51,712	$ 3,627	$ —	$ 2	$ 506,218
Investments:					
Debt Securities	$ 960,466	$ 98,157	$ 10,005	$ —	$ 6,428,882
Equity Investments	1,564,210	162,367	14,157	—	10,726,280
Absolute Return	—	—	—	—	2,192,308
Private Equity	—	—	—	—	1,149,645
Real Estate	—	—	—	—	3,771,930
Mortgage Loans	—	—	—	—	6,845
Invested Securities Lending Collateral	165,123	17,451	1,580	—	2,000,979
Investment Contracts	28,470	12,929	—	—	41,399
Total Investments	$ 2,718,269	$ 290,904	$ 25,742	$ 0	$ 26,318,268

Actuarial Methods and Assumptions

The information contained in the Schedules of Funding Progress is based on the actuarial study dated January 1, 2007, and calendar year 2007 activity. The actuarial accrued liability and schedule of funding progress is presented by the retirement systems for the last ten years in their separately presented financial reports based on the report generated by the latest actuarial study, conducted by Gabriel, Roeder, Smith & Company. The actuarial value of assets is based on a smoothed expected investment income rate. Investment income in excess or shortfall of the expected 8 percent return on fair value is smoothed over a five-year period with 20 percent of a year's excess or shortfall being recognized each year, beginning with the current year. All systems use the entry age actuarial cost method and the level percent of payroll amortization method. The remaining amortization period for all systems is open group, 20 years, open period. An inflation rate of 3 percent is used for all systems. Post-retirement cost of living adjustments are non-compounding and are based on the original benefit. The adjustments are also limited to the actual CPI increase for the year with any unusual CPI increase not met carried forward to subsequent years. Below are the Schedules of Funding Progress.

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

	Contributory System	Noncontributory System	Public Safety System	Firefighters System	Judges System	Governors and Legislative Retirement Plan
Actuarial Value of Assets:						
January 1, 2006	$ 951,540	$ 13,069,362	$ 1,633,022	$ 644,496	$ 106,374	$ 10,587
January 1, 2007	$ 1,004,452	$ 14,446,928	$ 1,809,198	$ 705,051	$ 116,879	$ 10,983
December 31, 2007	$ 1,091,854	$ 16,209,330	$ 2,038,613	$ 787,663	$ 129,847	$ 11,736
Actuarial Accrued Liability (AAL):						
January 1, 2006	$ 1,027,309	$ 14,018,540	$ 1,834,452	$ 614,359	$ 106,962	$ 8,974
January 1, 2007	$ 1,062,967	$ 15,084,061	$ 1,968,982	$ 643,765	$ 117,127	$ 9,212
December 31, 2007	$ 1,095,547	$ 16,084,896	$ 2,105,380	$ 687,939	$ 123,992	$ 9,179
Unfunded Actuarial Accrued Liability (UAAL):						
January 1, 2006	$ 75,769	$ 949,178	$ 201,430	$ (30,137)	$ 558	$ (1,613)
January 1, 2007	$ 58,515	$ 637,133	$ 159,784	$ (61,286)	$ 248	$ (1,771)
December 31, 2007	$ 3,693	$ (124,434)	$ 66,767	$ (99,724)	$ (5,855)	$ (2,557)
Funding Ratios:						
January 1, 2006	92.6 %	93.2 %	89.0 %	104.9 %	99.5 %	118.0 %
January 1, 2007	94.5 %	95.8 %	91.9 %	109.5 %	99.8 %	119.2 %
December 31, 2007	99.7 %	100.8 %	96.8 %	114.5 %	104.7 %	127.9 %
Annual Covered Payroll:						
January 1, 2006	$ 137,730	$ 3,165,504	$ 298,756	$ 84,061	$ 11,594	$ 887
January 1, 2007	$ 133,812	$ 3,326,392	$ 316,662	$ 88,682	$ 12,195	$ 860
December 31, 2007	$ 132,899	$ 3,582,495	$ 339,187	$ 95,767	$ 13,322	$ 947
UAAL as a Percent of Covered Payroll:						
January 1, 2006	55.0 %	30.0 %	67.4 %	(35.9)%	5.1 %	(181.8)%
January 1, 2007	43.7 %	19.2 %	50.5%	(69.1)%	2.0 %	(205.9)%
December 31, 2007	2.8 %	(3.5)%	19.7 %	(104.1)%	(43.9)%	(270.0)%

B. **Teachers Insurance and Annuity Association–College Retirement Equities Fund**

Teachers Insurance and Annuity Association–College Retirement Equities Fund (TIAA–CREF), privately administered defined-contribution retirement plans, provides individual retirement fund contracts for each eligible participating employee. Eligible employees are mainly state college/university faculty and staff. Benefits to retired employees are generally based on the value of the individual contracts and the estimated life expectancy of the employee at retirement and are fully vested from the date of employment. The total current year required contribution and the amount paid is 14.2 percent of the employee's annual salary. 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, 2008 and 2007, were $108.887 million and $113.158 million, respectively.

NOTE 17. OTHER POSTEMPLOYMENT BENEFITS

At the option of individual state agencies, employees may participate in the State's Other Postemployment Benefit Plan (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 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 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, 2006, the date of the latest actuarial valuation, approximately 6,819 retirees and their beneficiaries were receiving state post-retirement health and life insurance benefits, and an estimated 17,126 active state employees are eligible to receive future benefits under the 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 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 7 percent, toward the cost of health insurance premiums. For the year ended June 30, 2008, retirees contributed $1.386 million, or approximately 4.8 percent of total premiums, through their required contributions of $7.76 to $80.36 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. 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 current ARC of $53.491 million is 7.2 percent of annual covered payroll. There are no long-term contracts for contributions to the plan. The following table shows the components of the state's annual OPEB cost for the year, amount actually contributed to the plan, and changes in the State's net OPEB obligation for fiscal year 2008 (dollar amount in thousands):

Annual required contribution	$ 53,491
Interest on net OPEB obligation	(41)
Adjustment to annual required contribution	52
Annual OPEB cost (expense)	53,502
Contributions made	(52,811)
Increase in net OPEB obligation	691
Net OPEB obligation (asset) – Beginning of year	(691)
Net OPEB obligation – End of year	$ 0

The State's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for fiscal year 2008 and the preceding year were as follows (dollar amount in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2007	$ 50,433	101.37 %	$ (691)
6/30/2008	$ 53,502	98.71 %	$ 0

As of December 31, 2006, the actuarial accrued liability (AAL) for benefits was $669.617 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $669.617 million. The covered payroll (annual payroll of active employees covered by the plan) was $748.096 million, and the ratio of the UAAL to the covered payroll was 89.51 percent. The State of Utah implemented the State Post-Retirement Benefits Trust Fund, in

April 2007, after the December 31, 2006, actuarial valuation date. At the actuarial valuation date there were no trust fund assets. As of June 30, 2008, there were $51.881 million in net assets.

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.

In the December 31, 2006, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 6 percent investment rate of return per annum (compounded annually, composed of a 3 percent inflation rate and 3 percent real rate of return), net of administrative expenses. The projected annual healthcare cost trend rate is 10 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after eleven years. The UAAL is being amortized as a level dollar amount over an open basis. The remaining amortization period at December 31, 2007, was twenty-four years.

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 5 percent. The Public Employees Health Program long-term disability benefit reserves are reported using a discount rate of 5.5 percent. The primary government and the discrete component units of the State paid premiums to the Public Employees Health Program of $243.267 million and $15.166 million, respectively, for health and life insurance coverage in fiscal year 2008. In addition, the State Department of Health paid $34.185 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, 2008, there are 300 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, 2008, the primary government and the discrete component units of the State paid premiums of $5.230 million and $129 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, 2007 and June 30, 2008:

Changes in Claims Liabilities
(Expressed in Thousands)

	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
Risk Management:				
2007	$ 46,725	$ 9,765	$ (11,735)	$ 44,755
2008	$ 44,755	$ 8,123	$ (11,593)	$ 41,285
Public Employees Health Program:				
2007	$ 123,435	$ 537,009	$(539,315)	$ 121,129
2008	$ 121,129	$ 556,909	$(556,222)	$ 121,816
College and University Self-Insurance:				
2007	$ 58,175	$ 210,158	$(196,602)	$ 71,731
2008	$ 71,731	$ 203,846	$(200,378)	$ 75,199

NOTE 19. SUBSEQUENT EVENTS

Investments are reported at fair value as of June 30, 2008. Subsequent to this date, the financial markets have experienced significant turmoil and distress. As of the date of this report, it is difficult to determine the ultimate affect market conditions may have on the investments being held.

The defined benefit pension plans and defined contribution plans (fiduciary funds) administered by Utah Retirement Systems are reported as of December 31, 2007. Subsequent to this date, the financial markets have experienced turmoil causing significant market value decreases. As of the date of this report, it is difficult to determine the long-term affect market conditions may have on these plans.

On July 31, 2008, the State sold the Human Services building for $11 million. A portion of the sale proceeds was used to pay off debt related to the building of $4.887 million and the reminder was used to acquire the Brigham Young University Salt Lake City Center located in downtown Salt Lake City.

Subsequent to June 30, 2008, Moody's Investor Service revised its current municipal rating on MBIA Insurance Corporation (MBIA) from "A2" to "Baa1". This downgrade affects Lease Revenue Bonds Series 2007 A issued by the Utah State Building Ownership Authority (blended component unit) and secured by bond insurance from MBIA.

Subsequent to June 30, 2008, the State Charter School Finance Authority (component unit) issued $29.65 million in tax-exempt and $355 thousand in taxable conduit debt on behalf of various charter schools. Proceeds of the bonds will be used for acquiring or constructing charter school facilities.

During the 2008 General Session of the Utah Legislature, House Bill 352 was passed which recognized the repeal of the Utah Navajo Trust Fund (private purpose trust fund) under *Utah Code* Section 63I–1–263(8), Legislative Oversight and Sunset Act. The bill moved responsibility to fulfill the liabilities and obligations of the repealed Utah Navajo Trust Fund to the Department of Administrative Services (a State of Utah department), and provided for a transition process until Congress designates a new recipient of Utah Navajo royalties. A new trust fund was created on July 1, 2008 to hold: 1) the monies in the repealed Navajo Trust Fund as of June 30, 2008, 2) Utah Navajo royalties received by the State on or after July 1, 2008, 3) investment earnings, and 4) monies owed to the repealed Trust Fund.

Subsequent to June 30, 2008, Utah Housing Corporation (major component unit) observed that in a press release dated September 15, 2008, Lehman Brothers Holdings Inc. stated that it had filed a petition under Chapter 11 of the U.S. Bankruptcy Code with the United States Bankruptcy Court for the Southern District of New York. This entity was at June 30, 2008 counterparties to the Corporation's interest rate swaps. Management expects that the counterparty interest will be assigned or replaced by another entity prior to the end of calendar year 2008. In the opinion of management, the bankruptcy of Lehman Brothers Holdings Inc. will not have a material effect on the financial statements of the Corporation.

On October 7, 2008, the University of Utah (major component unit) issued $9.36 million Research Facilities Revenue Refunding Bonds. Principal on the bonds is due annually commencing April 1, 2009 through 2022. Interest is due semiannually at rates ranging from 3.25 percent to 5.00 percent. Proceeds from these bonds will be used to fully refund Series 2007 A.

On December 1, 2008, the University of Utah (major component unit) issued $20.6 million variable rate Hospital Revenue Refunding Bonds, Series 2008. Principal on the bonds is due annually commencing August 1, 2009 and matures August 1, 2031. Interest is due semiannually at an estimated interest rate of 4.5 percent. Proceeds from these bonds will be used to fully refund Series 2006 B.

On July 22, 2008, Southern Utah University (nonmajor component unit) issued $12.025 million Auxiliary System and Student Building Fee Revenue Bonds, Series 2008. Interest rates on the bond range from 3.50 percent to 5.25 percent and mature May 1, 2021.

Subsequent to June 30, 2008, the Student Assistance Programs (major enterprise fund) has drawn $35.373 million on the liquidity facility to support certain bonds under the Series 1993 A, which had not been remarketed. Under the terms of the liquidity facility, interest on the bonds is paid at the Bank Rate, which is defined as the Base Rate plus .50 percent. The Base Rate is the greater of the Federal Funds Rate plus .50 percent or the Prime Rate. This rate increases by .85 percent if the bonds remain in the liquidity facility for more than 90 days. The current Bank Rate is 5 percent. The bonds are redeemable in installments pursuant to the Term Out agreement defined in the Letter of Credit Agreement.

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REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule
General Fund

For the Fiscal Year Ended June 30, 2008 (Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Sales Tax	$ 1,746,302	$ 1,795,374	$ 1,739,384	$ (55,990)
Licenses, Permits, and Fees:				
Insurance Fees	6,029	6,486	6,166	(320)
Court Fees	5,914	6,192	4,901	(1,291)
Other Licenses, Permits, and Fees	8,925	6,191	9,589	3,398
Investment Income	54,750	55,938	62,769	6,831
Miscellaneous Taxes and Other:				
Beer Tax	7,204	8,491	9,072	581
Cigarette and Tobacco Tax	51,696	58,364	53,769	(4,595)
Inheritance Tax	100	75	95	20
Insurance Premium Tax	71,600	76,762	77,224	462
Oil, Gas, and Mining Severance Tax	90,190	80,108	92,058	11,950
Taxpayer Rebates	(5,850)	(6,209)	(6,399)	(190)
Court Collections	5,069	5,004	5,124	120
Other Taxes	24,443	27,389	31,378	3,989
Miscellaneous Other	15,245	9,234	8,454	(780)
Total General Revenues	2,081,617	2,129,399	2,093,584	(35,815)
Department Specific Revenues				
Restricted Sales Tax	3,584	3,827	3,827	—
Federal Contracts and Grants	2,050,269	1,905,370	1,905,370	—
Departmental Collections	285,935	310,941	329,535	18,594
Higher Education Collections	366,241	390,638	390,638	—
Federal Mineral Lease	121,475	115,202	134,404	19,202
Investment Income	4,990	19,100	13,994	(5,106)
Miscellaneous	430,619	534,731	527,830	(6,901)
Total Department Specific Revenues	3,263,113	3,279,809	3,305,598	25,789
Total Revenues	5,344,730	5,409,208	5,399,182	(10,026)
Expenditures				
General Government	385,653	411,105	298,750	112,355
Human Services and Youth Corrections	706,688	700,199	687,502	12,697
Corrections, Adult	255,986	258,251	247,883	10,368
Public Safety	268,491	227,360	192,841	34,519
Courts	131,208	131,500	128,314	3,186
Health and Environmental Quality	1,993,600	2,019,151	1,995,331	23,820
Higher Education – State Administration	40,406	65,413	64,587	826
Higher Education – Colleges and Universities	1,180,609	1,174,464	1,174,430	34
Employment and Family Services	320,649	443,638	441,698	1,940
Natural Resources	187,671	207,482	181,880	25,602
Community and Culture	199,709	131,302	127,423	3,879
Business, Labor, and Agriculture	104,381	107,122	93,334	13,788
Total Expenditures	5,775,051	5,876,987	5,633,973	243,014
Excess Revenues Over (Under) Expenditures	(430,321)	(467,779)	(234,791)	232,988
Other Financing Sources (Uses)				
Capital Leases Acquisition	—	—	2,131	2,131
Sale of Capital Assets	—	—	80	80
Transfers In	932,964	911,717	911,717	—
Transfers Out	(854,973)	(873,826)	(873,826)	—
Total Other Financing Sources (Uses)	77,991	37,891	40,102	2,211
Net Change in Fund Balance	(352,330)	(429,888)	(194,689)	235,199
Budgetary Fund Balance – Beginning	880,798	880,798	880,798	—
Budgetary Fund Balance – Ending	$ 528,468	$ 450,910	$ 686,109	$ 235,199

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

Budgetary Comparison Schedule
Education Fund

For the Fiscal Year Ended June 30, 2008 (Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Individual Income Tax	$ 2,544,809	$ 2,708,899	$ 2,611,848	$ (97,051)
Corporate Tax	414,612	372,311	410,879	38,568
Total General Revenues	2,959,421	3,081,210	3,022,727	(58,483)
Department Specific Revenues				
Miscellaneous:				
Investment Income	8,151	8,788	7,631	(1,157)
Other	—	—	—	—
Total Department Specific Revenues	8,151	8,788	7,631	(1,157)
Total Revenues	2,967,572	3,089,998	3,030,358	(59,640)
Expenditures				
Education Support	—	—	—	—
Total Expenditures	0	0	0	0
Excess Revenues Over (Under) Expenditures	2,967,572	3,089,998	3,030,358	(59,640)
Other Financing Sources (Uses)				
Transfers In	—	44,237	44,237	—
Transfers Out	(3,493,692)	(3,175,521)	(3,175,521)	—
Total Other Financing Sources (Uses)	(3,493,692)	(3,131,284)	(3,131,284)	0
Net Change in Fund Balance	(526,120)	(41,286)	(100,926)	(59,640)
Budgetary Fund Balance – Beginning	335,602	335,602	335,602	—
Budgetary Fund Balance – Ending	$ (190,518)	$ 294,316	$ 234,676	$ (59,640)

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

Budgetary Comparison Schedule
Uniform School Fund

For the Fiscal Year Ended June 30, 2008 (Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Miscellaneous Other	$ 13,200	$ 12,160	$ 25,090	$ 12,930
Total General Revenues	13,200	12,160	25,090	12,930
Department Specific Revenues				
Federal Contracts and Grants	385,504	379,707	379,707	—
Departmental Collections	2,024	9,093	9,093	—
Miscellaneous:				
School Lunch Tax	21,601	25,640	25,640	—
Driver Education Fee	4,950	5,029	5,029	—
Investment Income	20,082	20,230	27,623	7,393
Other	4,764	5,553	5,564	11
Total Department Specific Revenues	438,925	445,252	452,656	7,404
Total Revenues	452,125	457,412	477,746	20,334
Expenditures				
Public Education	3,098,355	3,120,884	2,971,564	149,320
Total Expenditures	3,098,355	3,120,884	2,971,564	149,320
Excess Revenues Over (Under) Expenditures	(2,646,230)	(2,663,472)	(2,493,818)	169,654
Other Financing Sources (Uses)				
Transfers In	2,644,272	2,325,571	2,325,571	—
Transfers Out	(63,496)	(110,135)	(110,135)	—
Total Other Financing Sources (Uses)	2,580,776	2,215,436	2,215,436	0
Net Change in Fund Balance	(65,454)	(448,036)	(278,382)	169,654
Budgetary Fund Balance – Beginning	650,003	650,003	650,003	—
Budgetary Fund Balance – Ending	$ 584,549	$ 201,967	$ 371,621	$ 169,654

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

Budgetary Comparison Schedule
Transportation Fund

For the Fiscal Year Ended June 30, 2008 (Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Motor Fuel Tax	$ 242,300	$ 265,853	$ 250,669	$ (15,184)
Special Fuel Tax	109,900	121,288	112,984	(8,304)
Licenses, Permits, and Fees:				
Motor Vehicle Registration Fees	34,606	34,420	35,366	946
Proportional Registration Fees	13,851	13,243	14,202	959
Temporary Permits	380	478	523	45
Special Transportation Permits	7,808	7,632	8,189	557
Highway Use Permits	9,122	6,805	7,574	769
Motor Vehicle Control Fees	5,377	5,188	5,295	107
Miscellaneous	2,048	1,847	2,208	361
Investment Income	6,104	7,964	7,602	(362)
Miscellaneous Other	2,145	2,489	1,679	(810)
Total General Revenues	433,641	467,207	446,291	(20,916)
Department Specific Revenues				
Restricted Sales and Aviation Fuel Taxes	25,318	115,318	152,393	37,075
Federal Contracts and Grants	176,561	283,991	283,992	1
Departmental Collections	40,325	58,718	67,876	9,158
Federal Aeronautics	45,000	45,000	68,193	23,193
Investment Income	1,111	1,111	5,373	4,262
Miscellaneous	14,050	51,784	54,223	2,439
Total Department Specific Revenues	302,365	555,922	632,050	76,128
Total Revenues	736,006	1,023,129	1,078,341	55,212
Expenditures				
Transportation	998,834	1,241,416	1,100,673	140,743
Total Expenditures	998,834	1,241,416	1,100,673	140,743
Excess Revenues Over (Under) Expenditures	(262,828)	(218,287)	(22,332)	195,955
Other Financing Sources (Uses)				
General Obligation Bonds Issued	—	—	70,083	70,083
Sale of Capital Assets	—	—	8,058	8,058
Transfers In	295,159	264,234	264,234	—
Transfers Out	(127,398)	(131,245)	(131,245)	—
Total Other Financing Sources (Uses)	167,761	132,989	211,130	78,141
Net Change in Fund Balance	(95,067)	(85,298)	188,798	274,096
Budgetary Fund Balance – Beginning	277,217	277,217	277,217	—
Budgetary Fund Balance – Ending	$ 182,150	$ 191,919	$ 466,015	$ 274,096

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

Budgetary Comparison Schedule
Transportation Investment Fund

For the Fiscal Year Ended June 30, 2008 (Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Sales Tax	$ 177,400	$ 177,200	$ 177,321	$ 121
Motor Vehicle Registration Fees	22,200	23,000	23,055	55
Total General Revenues	199,600	200,200	200,376	176
Department Specific Revenues				
Federal Contracts and Grants	34,000	14,356	14,356	—
Investment Income	2,000	2,000	679	(1,321)
Total Department Specific Revenues	36,000	16,356	15,035	(1,321)
Total Revenues	235,600	216,556	215,411	(1,145)
Expenditures				
Transportation	410,444	410,466	373,222	37,244
Total Expenditures	410,444	410,466	373,222	37,244
Excess Revenues Over (Under) Expenditures	(174,844)	(193,910)	(157,811)	36,099
Other Financing Sources (Uses)				
Transfers In	438,833	438,833	438,833	—
Transfers Out	(237,977)	(209,058)	(209,058)	—
Total Other Financing Sources (Uses)	200,856	229,775	229,775	0
Net Change in Fund Balance	26,012	35,865	71,964	36,099
Budgetary Fund Balance – Beginning	110,891	110,891	110,891	—
Budgetary Fund Balance – Ending	$ 136,903	$ 146,756	$ 182,855	$ 36,099

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

Budgetary Comparison Schedule
Budget To GAAP Reconciliation

For the Fiscal Year Ended June 30, 2008 (Expressed in Thousands)

	General Fund	Education Fund	Uniform School Fund	Transportation Fund	Transportation Investment Fund
Revenues					
Actual total revenues (budgetary basis)	$ 5,399,182	$ 3,030,358	$ 477,746	$ 1,078,341	$ 215,411
Differences – Budget to GAAP:					
Intrafund revenues are budgetary revenues but are not revenues for financial reporting	(384,155)	—	(4,855)	(1,731)	—
Higher education and Utah Schools for the Deaf and the Blind collections are budgetary revenues but are not revenues for financial reporting	(401,323)	—	(5,782)	—	—
Change in revenue accrual for nonbudgetary Medicaid claims	(6,079)	—	—	—	—
Change in tax accruals designated by law for postemployment and other liabilities are revenues for financial reporting but not for budgetary reporting	(31,707)	(51,748)	(950)	(5,900)	(1,900)
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	$ 4,575,918	$ 2,978,610	$ 466,159	$ 1,070,710	$ 213,511
Expenditures					
Actual total expenditures (budgetary basis)	$ 5,633,973	$ —	$ 2,971,564	$ 1,100,673	$ 373,222
Differences – Budget to GAAP:					
Intrafund expenditures for reimbursements are budgetary expenditures but are not expenditures for financial reporting	(384,155)	—	(4,855)	(1,731)	—
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	(401,323)	—	(5,782)	—	—
Certain budgetary transfers and other charges are reported as a reduction of expenditures for financial reporting	(3,495)	—	—	—	—
Leave/postemployment charges budgeted as expenditure when earned rather than when taken or due	(6,715)	—	(404)	(711)	—
Change in accrual for Medicaid incurred but not reported claims excluded from the budget by statute	(11,056)	—	—	—	—
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	$ 4,827,229	$ 0	$ 2,960,523	$ 1,098,231	$ 373,222

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, 2008, 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 $359 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, 2008, the State was $33.468 million below the appropriations limitation.

INFORMATION ABOUT THE STATE'S OTHER POSTEMPLOYMENT BENEFIT PLAN

The State's Other Postemployment Benefit Plan (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 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 actuarial cost method):

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

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
December 31, 2006	$ 0	$ 669,617	$ 669,617	0.00 %	$ 748,096	89.51 %

Schedule of Employer Contributions
(Expressed in Thousands)

Year Ended	Annual Required Contributions	Percentage Contributed
June 30, 2007	$ 50,433	101.37 %
June 30, 2008	$ 53,491	98.71 %

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 5,754 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:

Rating	2007	2006	2005
Fair or Better	62.6%	64.5%	69.5%
Very Poor	12.4%	11.3%	6.3%

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
2008	$419,917	$ 498,419
2007	$ 321,852	$ 390,310
2006	$ 240,854	$ 366,600
2005	$ 226,345	$ 307,858
2004	$ 231,214	$ 262,741

Bridges

UDOT uses the Structures Inventory System to monitor the condition of the 1,819 state-owned bridges. A number, ranging from 1 to 100, is calculated based on condition, geometry, functional use, safety, and other factors. Three categories of condition are established in relation to the number range as follows:

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

Condition Level – Bridges

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

Rating	2008	2007	2006
Good	72.0%	71.0%	71.0%
Poor	2.0%	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
2008	$ 74,103	$ 87,956
2007	$ 56,797	$ 68,878
2006	$ 42,504	$ 64,694
2005	$ 39,943	$ 54,328
2004	$ 40,803	$ 46,366

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SUPPLEMENTARY INFORMATION

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Tobacco Endowment Fund
This fund accounts for a portion of proceeds relating to the State's settlement agreement with major tobacco manufacturers. The principal of the fund cannot be appropriated except by a three-fourths vote of both houses of the Legislature and with the concurrence of the Governor. One-half of all interest and dividends on fund assets is deposited in the General Fund.

Environmental Reclamation
This fund consists of various programs aimed at preserving open land, improving irrigation in the State, funding recycling programs, and funding cleanup and reclamation projects. Funds received are from state appropriations, fees and fines, recovered liens and costs, and voluntary contributions.

Crime Victim Reparation
This fund accounts for court-ordered restitution and a surcharge on criminal fines, penalties, and forfeitures. Monies deposited in this fund are for victim reparations, other victim services, and, as appropriated, costs of administering the fund.

Universal Telephone Services
This fund is designed to preserve and promote universal telephone service throughout the State by ensuring that all citizens have access to affordable basic telephone service. Revenues come from surcharges on customers' phone bills and from fines and penalties levied against telephone service providers by the Public Service Commission.

Consumer Education Fund
This fund accounts for revenues and expenditures associated with educating and training Utah residents in various consumer matters. Funding is provided through the assessment and collection of fines and penalties from various regulated professions.

Rural Development Fund
This fund promotes various programs in rural areas of the State including construction of communications systems and economic development grants to Native American tribes. Funding comes from oil and gas severance taxes and from royalties on mineral extractions on federal land within the State.

State Capitol Fund
This fund was created to account for the funding and operations of the State Capitol Preservation Board. Funds are used in part to pay for repairs, maintenance, and the restoration of Capitol Hill facilities and grounds. Funding is provided through 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.

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2008 (Expressed in Thousands)

	Special Revenue			
	Tobacco Endowment	Environmental Reclamation	Crime Victim Reparation	Universal Telephone Services
ASSETS				
Cash and Cash Equivalents	$ 85	$ 772	$ 740	$ 9,132
Investments	45,749	30,100	6,184	—
Receivables:				
Accounts, net	8,772	1	—	—
Accrued Interest	—	—	—	—
Due From Other Funds	—	250	80	—
Due From Component Units	—	—	—	—
Total Assets	$ 54,606	$ 31,123	$ 7,004	$ 9,132
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	$ —	$ 1,679	$ 30	$ 781
Due To Other Funds	—	2	83	—
Deferred Revenue	8,772	—	—	—
Total Liabilities	8,772	1,681	113	781
Fund Balances:				
Reserved for:				
Nonlapsing Appropriations and Encumbrances	—	—	—	—
Specific Purposes by Statute	45,834	21,017	—	—
Debt Service	—	—	—	—
Unreserved Designated, reported in nonmajor:				
Capital Projects Funds	—	—	—	—
Debt Service Funds	—	—	—	—
Unreserved Undesignated, reported in nonmajor:				
Special Revenue Funds	—	8,425	6,891	8,351
Capital Projects Funds	—	—	—	—
Total Fund Balances	45,834	29,442	6,891	8,351
Total Liabilities and Fund Balances	$ 54,606	$ 31,123	$ 7,004	$ 9,132

Special Revenue				Capital Projects	
Consumer Education	Rural Development	State Capitol	Miscellaneous Special Revenue	General Government	State Building Ownership Authority
$ 2,006	$ 10,768	$ 303	$ 7,051	$ 236,844	$ —
2,237	25,171	1,056	11,383	2,505	15,614
12	—	25	186	—	—
—	—	—	—	—	46
52	—	244	52	2,397	169
—	—	—	—	34,044	—
$ 4,307	$ 35,939	$ 1,628	$ 18,672	$ 275,790	$ 15,829
$ 78	$ 120	$ 225	$ 615	$ 32,582	$ 543
90	388	1,278	2,516	5,952	13,180
—	—	—	3,095	—	—
168	508	1,503	6,226	38,534	13,723
—	—	—	—	175,620	5,814
—	—	—	9,262	901	—
—	—	—	—	—	—
—	—	—	—	60,735	—
—	—	—	—	—	—
4,139	35,431	125	3,184	—	—
—	—	—	—	—	(3,708)
4,139	35,431	125	12,446	237,256	2,106
$ 4,307	$ 35,939	$ 1,628	$ 18,672	$ 275,790	$ 15,829

Continues

Combining Balance Sheet
Nonmajor Governmental Funds

Continued

June 30, 2008 (Expressed in Thousands)

	Debt Service		Total
	General Government	State Building Ownership Authority	Nonmajor Governmental Funds
ASSETS			
Cash and Cash Equivalents	$ 46,042	$ —	$ 313,743
Investments	2,991	2,407	145,397
Receivables:			
Accounts, net	—	—	8,996
Accrued Interest	—	3	49
Due From Other Funds	—	4,887	8,131
Due From Component Units	—	1,435	35,479
Total Assets	$ 49,033	$ 8,732	$ 511,795
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable and Accrued Liabilities	$ 28,232	$ 241	$ 65,126
Due To Other Funds	—	1,287	24,776
Deferred Revenue	—	1,435	13,302
Total Liabilities	28,232	2,963	103,204
Fund Balances:			
Reserved for:			
Nonlapsing Appropriations and Encumbrances	—	—	181,434
Specific Purposes by Statute	—	—	77,014
Debt Service	—	5,769	5,769
Unreserved Designated, reported in nonmajor:			
Capital Projects Funds	—	—	60,735
Debt Service Funds	20,801	—	20,801
Unreserved Undesignated, reported in nonmajor:			
Special Revenue Funds	—	—	66,546
Capital Projects Funds	—	—	(3,708)
Total Fund Balances	20,801	5,769	408,591
Total Liabilities and Fund Balances	$ 49,033	$ 8,732	$ 511,795

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

For the Fiscal Year Ended June 30, 2008 (Expressed in Thousands)

	Special Revenue			
	Tobacco Endowment	Environmental Reclamation	Crime Victim Reparation	Universal Telephone Services
REVENUES				
Taxes:				
Other Taxes	$ —	$ —	$ —	$ —
Total Taxes	0	0	0	0
Other Revenues:				
Federal Contracts and Grants	—	—	1,837	—
Charges for Services	—	3,141	7,647	6,418
Intergovernmental	—	—	—	—
Investment Income	(4,770)	1,247	296	—
Miscellaneous and Other	16,823	252	—	—
Total Revenues	12,053	4,640	9,780	6,418
EXPENDITURES				
Current:				
General Government	—	2,001	7,502	—
Human Services and Youth Corrections	—	—	—	—
Corrections, Adult	—	—	—	—
Public Safety	—	—	—	—
Courts	—	—	—	—
Health and Environmental Quality	—	4,854	—	—
Higher Education – Colleges and Universities	—	—	—	—
Employment and Family Services	—	—	—	—
Natural Resources	—	—	—	—
Community and Culture	—	—	—	—
Business, Labor, and Agriculture	—	1,262	—	5,066
Public Education	—	—	—	—
Transportation	—	—	—	—
Capital Outlay	—	—	—	—
Debt Service:				
Principal Retirement	—	—	—	—
Interest and Other Charges	—	—	—	—
Total Expenditures	0	8,117	7,502	5,066
Excess Revenues Over (Under) Expenditures	12,053	(3,477)	2,278	1,352
OTHER FINANCING SOURCES (USES)				
General Obligation Bonds Issued	—	—	—	—
Premium on Bonds Issued	—	—	—	—
Transfers In	560	2,883	—	—
Transfers Out	—	(132)	(4,329)	—
Total Other Financing Sources (Uses)	560	2,751	(4,329)	0
Net Change in Fund Balances	12,613	(726)	(2,051)	1,352
Fund Balances – Beginning	33,221	30,168	8,942	6,999
Fund Balances – Ending	$ 45,834	$ 29,442	$ 6,891	$ 8,351

Special Revenue				Capital Projects	
Consumer Education	Rural Development	State Capitol	Miscellaneous Special Revenue	General Government	State Building Ownership Authority
$ —	$ 7,986	$ —	$ 43	$ —	$ —
0	7,986	0	43	0	0
—	—	—	2,701	—	—
2,942	—	454	1,209	—	—
—	—	—	—	12,884	—
106	1,096	7	1,273	150	—
—	—	—	3,758	1,185	1,060
3,048	9,082	461	8,984	14,219	1,060
—	—	5,504	3,928	14,180	—
—	—	—	398	2,447	—
—	—	—	—	3,840	—
—	—	—	3,013	1,512	—
—	—	—	—	3,113	—
—	—	—	278	440	—
—	—	—	—	20,176	—
—	—	—	—	923	—
—	—	—	—	2,382	—
—	4,760	—	202	226	—
1,574	—	—	431	138	—
—	—	—	53	297	—
—	—	—	6	749	—
—	—	—	—	193,318	415
—	—	—	—	—	—
—	—	—	—	—	—
1,574	4,760	5,504	8,309	243,741	415
1,474	4,322	(5,043)	675	(229,522)	645
—	—	—	—	6,005	—
—	—	—	—	198	—
—	—	4,972	2,278	333,722	—
(109)	—	—	(908)	(7,448)	—
(109)	0	4,972	1,370	332,477	0
1,365	4,322	(71)	2,045	102,955	645
2,774	31,109	196	10,401	134,301	1,461
$ 4,139	$ 35,431	$ 125	$ 12,446	$ 237,256	$ 2,106

Continues

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

Continued

For the Fiscal Year Ended June 30, 2008 (Expressed in Thousands)

	Debt Service		Total
	General Government	State Building Ownership Authority	Nonmajor Governmental Funds
REVENUES			
Taxes:			
Other Taxes	$ —	$ —	$ 8,029
Total Taxes	0	0	8,029
Other Revenues:			
Federal Contracts and Grants	—	—	4,538
Charges for Services	—	—	21,811
Intergovernmental	—	—	12,884
Investment Income	61	196	(338)
Miscellaneous and Other	—	120,445	143,523
Total Revenues	61	120,641	190,447
EXPENDITURES			
Current:			
General Government	—	—	33,115
Human Services and Youth Corrections	—	—	2,845
Corrections, Adult	—	—	3,840
Public Safety	—	—	4,525
Courts	—	—	3,113
Health and Environmental Quality	—	—	5,572
Higher Education – Colleges and Universities	—	—	20,176
Employment and Family Services	—	—	923
Natural Resources	—	—	2,382
Community and Culture	—	—	5,188
Business, Labor, and Agriculture	—	—	8,471
Public Education	—	—	350
Transportation	—	—	755
Capital Outlay	—	—	193,733
Debt Service:			
Principal Retirement	150,660	42,632	193,292
Interest and Other Charges	56,800	83,083	139,883
Total Expenditures	207,460	125,715	618,163
Excess Revenues Over (Under) Expenditures	(207,399)	(5,074)	(427,716)
OTHER FINANCING SOURCES (USES)			
General Obligation Bonds Issued	—	—	6,005
Premium on Bonds Issued	271	—	469
Transfers In	210,128	5,110	559,653
Transfers Out	—	—	(12,926)
Total Other Financing Sources (Uses)	210,399	5,110	553,201
Net Change in Fund Balances	3,000	36	125,485
Fund Balances – Beginning	17,801	5,733	283,106
Fund Balances – Ending	$ 20,801	$ 5,769	$ 408,591

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State of Utah

Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

For the Fiscal Year Ended June 30, 2008 (Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding: State Funds	Source of Funding: Federal Funds	Source of Funding: Restricted and Other Funds	Final Budget
GENERAL GOVERNMENT					
Legislature					
231	Senate	$ 3,321	$ —	$ —	$ 3,321
232	House	4,830	—	—	4,830
235	Printing	817	—	202	1,019
236	Research and General Counsel	7,857	—	—	7,857
237	Tax Review Commission	51	—	—	51
238	Constitutional Revision Commission	57	—	—	57
234	Fiscal Analyst	3,960	—	22	3,982
233	Auditor General	3,430	—	—	3,430
	Total Legislature	24,323	0	224	24,547
Elected Officials					
9	State Treasurer	$ 2,843	$ —	$ 271	$ 3,114
3	GOV – Administrative Office	11,759	51	938	12,748
6	GOV – Planning and Budget	5,343	—	262	5,605
4	GOV – Lt. Governor Character Education	50	—	—	50
7	GOV – Criminal and Juvenile Justice	9,862	8,728	138	18,728
5	GOV – Emergency and Contingency Fund	100	—	—	100
88	GOV – Incentive Funds	150	—	—	150
85	GOV – Economic Development Administration	3,793	—	—	3,793
86	GOV – Office of Tourism	22,217	—	128	22,345
87	GOV – Business Development	14,320	300	—	14,620
—	GOV – Oil Overcharge	1	—	—	1
—	GOV – Industrial Assistance Fund	3,118	—	—	3,118
89	U STAR	76,037	—	—	76,037
10	Attorney General	28,461	1,478	17,308	47,247
11	AG – Contract Attorneys	621	—	1,042	1,663
13	AG – Prosecution Council	649	—	201	850
14	AG – Domestic Violence	78	—	—	78
12	AG – Children's Justice Centers	3,183	221	44	3,448
8	State Auditor	3,877	—	1,249	5,126
	Total Elected Officials	186,462	10,778	21,581	218,821
Government Operations					
35	Department of Administrative Services	$ 930	$ —	$ —	$ 930
36	DAS – Administrative Rules	504	—	—	504
37	DAS – Facilities Construction and Management	4,754	—	307	5,061
38	DAS – Archives	2,860	83	128	3,071
39	DAS – Finance	12,912	—	2,159	15,071
41	DAS – Post Conviction Indigent Defense Fund	250	—	—	250
40	DAS – Finance Mandated	24,688	—	—	24,688
42	DAS – Judicial Conduct Commission	314	—	—	314
43	DAS – Purchasing	1,675	—	105	1,780
72	Tax Commission – Administration	76,794	505	11,365	88,664
73	TAX – License Plates Production	3,529	—	2,469	5,998
74	TAX – Liquor Profit Distribution	4,985	—	—	4,985
—	TAX – Sales Tax on Food Distribution	383	—	—	383
48	Human Resource Management	4,053	—	343	4,396
50	Career Service Review Board	233	—	—	233
54	DTS Chief Information Officer	721	—	—	721

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward	Line Item #
$ 2,098	$ —	$ —	$ 1,223	231
3,678	—	—	1,152	232
890	—	—	129	235
7,023	—	—	834	236
50	—	—	1	237
55	—	—	2	238
2,594	—	—	1,388	234
3,075	—	—	355	233
19,463	0	0	5,084	
$ 2,350	$ 72	$ 172	$ 520	9
10,097	—	—	2,651	3
4,076	—	—	1,529	6
5	—	—	45	4
16,249	—	630	1,849	7
—	—	—	100	5
150	—	—	—	88
3,354	—	—	439	85
18,075	—	—	4,270	86
10,081	—	—	4,539	87
1	—	—	—	—
3,118	—	—	—	—
17,341	—	—	58,696	89
44,599	—	—	2,648	10
1,285	—	—	378	11
772	—	—	78	13
78	—	—	—	14
2,838	—	—	610	12
4,875	—	—	251	8
139,344	72	802	78,603	
$ 811	$ 54	$ —	$ 65	35
492	—	—	12	36
5,040	21	—	—	37
2,959	—	—	112	38
9,624	—	—	5,447	39
7	—	—	243	41
19,702	—	4,986	—	40
216	—	—	98	42
1,734	—	—	46	43
76,373	—	554	11,737	72
2,966	—	—	3,032	73
4,985	—	—	—	74
60	323	—	—	—
3,710	173	—	513	48
219	9	—	5	50
630	41	—	50	54

Continues

Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

Continued

For the Fiscal Year Ended June 30, 2008 (Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding: State Funds	Source of Funding: Federal Funds	Source of Funding: Restricted and Other Funds	Final Budget
GENERAL GOVERNMENT (Continued)					
55	DTS Automated Geographic Reference Center	3,660	451	1,472	5,583
—	DTS Technology Acquisition	1,400	—	3,705	5,105
	Total Government Operations	144,645	1,039	22,053	167,737
	Total General Government	$ 355,430	$ 11,817	$ 43,858	$ 411,105
HUMAN SERVICES					
103	Department of Human Services	$ 15,418	$ 5,718	$ 3,552	$ 24,688
105	Substance Abuse and Mental Health	86,959	22,666	16,615	126,240
104	Drug Court Program	3,822	479	194	4,495
106	Services for People with Disabilities	57,699	2,138	134,127	193,964
107	Recovery Services	15,014	29,819	5,858	50,691
108	Child and Family Services	106,079	46,144	16,176	168,399
21	Juvenile Justice Services	87,722	1,879	18,029	107,630
109	Aging and Adult Services	14,328	9,737	27	24,092
	Total Human Services	$ 387,041	$ 118,580	$ 194,578	$ 700,199
CORRECTIONS					
Department of Corrections					
15	Corrections – Programs and Operations	$ 188,219	$ 1,465	$ 4,727	$ 194,411
16	DOC Medical Services	21,319	—	253	21,572
18	Jail Contracting	27,038	—	—	27,038
19	Jail Reimbursement	11,606	—	—	11,606
	Total Department of Corrections	248,182	1,465	4,980	254,627
Board of Pardons and Parole					
20	Board of Pardons and Parole	$ 3,623	$ —	$ 1	$ 3,624
	Total Board of Pardons and Parole	3,623	0	1	3,624
	Total Corrections	$ 251,805	$ 1,465	$ 4,981	$ 258,251
PUBLIC SAFETY					
Department of Public Safety					
27	Programs and Operations	$ 92,098	$ 1,651	$ 13,803	$ 107,552
28	Emergency Services and Homeland Security	10,418	23,961	266	34,645
29	Peace Officer's Standards and Training	3,822	—	118	3,940
30	Liquor Law Enforcement	1,913	—	—	1,913
31	Driver License	30,425	226	65	30,716
32	Highway Safety	1,160	3,769	339	5,268
	Total Department of Public Safety	139,836	29,607	14,591	184,034
Utah National Guard					
214	Utah National Guard Administration	$ 5,968	$ 36,112	$ (2)	$ 42,078
	Total Utah National Guard	5,968	36,112	(2)	42,078
Department of Veteran's Affairs					
—	Veteran's Affairs	$ 1,071	$ —	$ 177	$ 1,248
	Total Department of Veteran's Affairs	1,071	0	177	1,248
	Total Public Safety	$ 146,875	$ 65,719	$ 14,766	$ 227,360

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward	Line Item #
5,310	—	—	273	55
5,105	—	—	—	—
139,943	621	5,540	21,633	
$ 298,750	$ 693	$ 6,342	$ 105,320	
$ 22,232	$ 117	$ —	$ 2,339	103
125,253	809	25	153	105
4,364	—	—	131	104
191,746	—	100	2,118	106
50,689	2	—	—	107
162,820	—	29	5,550	108
106,382	—	—	1,248	21
24,016	76	—	—	109
$ 687,502	$ 1,004	$ 154	$ 11,539	
$ 190,192	$ —	$ 226	$ 3,993	15
21,183	—	—	389	16
22,283	—	—	4,755	18
10,753	—	—	853	19
244,411	0	226	9,990	
$ 3,472	$ —	$ —	$ 152	20
3,472	0	0	152	
$ 247,883	$ 0	$ 226	$ 10,142	
$ 91,213	$ —	$ 714	$ 15,625	27
25,613	—	1,417	7,615	28
3,552	—	37	351	29
1,611	—	—	302	30
22,982	—	—	7,734	31
4,733	100	—	435	32
149,704	100	2,168	32,062	
$ 42,072	$ —	$ —	$ 6	214
42,072	0	0	6	
$ 1,065	$ —	$ —	$ 183	—
1,065	0	0	183	
$ 192,841	$ 100	$ 2,168	$ 32,251	

Continues

Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

Continued

For the Fiscal Year Ended June 30, 2008 (Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding: State Funds	Source of Funding: Federal Funds	Source of Funding: Restricted and Other Funds	Final Budget
STATE COURTS					
22	Judicial Council	$ 99,297	$ 273	$ 2,697	$ 102,267
23	Grand Jury	1	—	—	1
24	Contracts and Leases	21,778	—	436	22,214
25	Jury and Witness Fees	1,525	—	14	1,539
26	Guardian Ad Litem	5,432	—	47	5,479
	Total State Courts	$ 128,033	$ 273	$ 3,194	$ 131,500
HEALTH and ENVIRONMENTAL QUALITY					
94	Department of Health	$ 8,097	$ 17,992	$ 3,150	$ 29,239
95	Health System Improvements	10,929	3,708	5,477	20,114
97	Epidemiology and Laboratory Services	6,093	8,127	7,319	21,539
98	Community and Family Health Services	23,139	59,876	24,577	107,592
99	Health Care Financing	6,611	64,424	47,157	118,192
100	Medical Assistance	346,704	1,058,992	186,813	1,592,509
102	Local Health Department	2,682	—	—	2,682
101	Children's Health Insurance Program	14,333	44,751	1,677	60,761
96	Workforce Assistance	1,063	104	—	1,167
—	Commodities	—	15,591	—	15,591
215	Environmental Quality	24,502	15,049	10,214	49,765
	Total Health and Environmental Quality	$ 444,153	$ 1,288,614	$ 286,384	$ 2,019,151
HIGHER EDUCATION					
160	Board of Regents	$ 6,452	$ —	$ —	$ 6,452
163	REG - Campus Compact	100	—	—	100
162	REG – Federal Programs	—	1,185	137	1,322
161	REG – Engineering Initiative	5,000	—	—	5,000
164	REG – Student Aid	11,656	—	—	11,656
165	REG – WICHE	1,022	—	—	1,022
166	REG – T. H. Bell Scholarship Program	1,823	—	33	1,856
168	REG – Jobs Now Initiative	1,000	—	—	1,000
167	REG – Technology Initiative	7,710	—	—	7,710
169	REG – Electronic College	548	—	—	548
170	REG – Academic Library Consortium	3,183	—	—	3,183
111	U of U – Education and General	226,899	—	124,730	351,629
112	U of U – Educationally Disadvantaged	764	—	—	764
113	U of U – School of Medicine	22,951	—	11,931	34,882
114	U of U – University Hospital	5,023	—	800	5,823
115	U of U – Regional Dental Education	590	—	207	797
119	U of U – Tele Health Network	515	—	—	515
116	U of U – Public Service	2,573	—	—	2,573
117	U of U – Statewide TV Administration	4,166	—	—	4,166

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward	Line Item #
$ 99,358	$ —	$ 1,201	$ 1,708	22
1	—	—	—	23
21,734	300	—	180	24
1,898	—	—	(359)	25
5,323	—	—	156	26
$ 128,314	$ 300	$ 1,201	$ 1,685	
$ 29,127	$ 58	$ 54	$ —	94
18,474	—	278	1,362	95
21,458	—	33	48	97
107,423	1	—	168	98
117,295	—	147	750	99
1,577,903	—	13,906	700	100
2,682	—	—	—	102
57,546	—	—	3,215	101
517	—	—	650	96
15,591	—	—	—	—
47,315	—	1,102	1,348	215
$ 1,995,331	$ 59	$ 15,520	$ 8,241	
$ 6,338	$ —	$ 114	$ —	160
100	—	—	—	163
1,322	—	—	—	162
5,000	—	—	—	161
11,656	—	—	—	164
1,022	—	—	—	165
1,856	—	—	—	166
1,000	—	—	—	168
7,710	—	—	—	167
548	—	—	—	169
3,183	—	—	—	170
351,629	—	—	—	111
764	—	—	—	112
34,882	—	—	—	113
5,823	—	—	—	114
797	—	—	—	115
515	—	—	—	119
2,573	—	—	—	116
4,166	—	—	—	117

Continues

Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

Continued

For the Fiscal Year Ended June 30, 2008 (Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding: State Funds	Source of Funding: Federal Funds	Source of Funding: Restricted and Other Funds	Final Budget
HIGHER EDUCATION (Continued)					
—	U of U – Center on Aging	180	—	—	180
118	U of U – Poison Control Center	—	—	2,364	2,364
120	USU – Education and General	118,455	—	53,154	171,609
121	USU – Educationally Disadvantaged	251	—	—	251
126	USU – Water Research Laboratory	4,950	—	—	4,950
127	USU – Agricultural Experiment Station	13,173	4,612	—	17,785
128	USU – Cooperative Extension Service	13,106	2,544	—	15,650
122	USU – Uintah Basin CEC	4,345	—	1,858	6,203
123	USU – Southeastern Utah CEC	710	—	600	1,310
124	USU – Brigham City CEC	2,846	—	6,716	9,562
125	USU – Tooele CEC	2,443	—	5,956	8,399
129	Weber – Education and General	68,005	—	42,198	110,203
130	Weber – Educationally Disadvantaged	373	—	—	373
131	SUU – Education and General	32,724	—	19,660	52,384
132	SUU – Educationally Disadvantaged	101	—	—	101
133	SUU – Shakespeare Festival	75	—	—	75
134	SUU – Rural Development	107	—	—	107
135	Snow College – Education and General	20,299	—	6,797	27,096
136	Snow College – Educationally Disadvantaged	32	—	—	32
137	Snow College Applied Technology	1,266	—	—	1,266
138	Dixie – Education and General	21,488	—	9,781	31,269
139	Dixie – Educationally Disadvantaged	31	—	—	31
140	Dixie – Zion Park Amphitheatre	60	—	—	60
141	CEU – Education and General	15,125	—	2,028	17,153
142	CEU – Educationally Disadvantaged	119	—	—	119
143	CEU – Prehistoric Museum	287	—	—	287
144	CEU – San Juan Center	2,419	—	601	3,020
145	UVU – Education and General	62,965	—	58,337	121,302
146	UVU – Educationally Disadvantaged	152	—	—	152
147	SLCC – Education and General	63,371	—	39,420	102,791
148	SLCC – Educationally Disadvantaged	178	—	—	178
149	SLCC – Skill Center	4,513	—	1,210	5,723
150	Utah College of Applied Technology	8,144	—	—	8,144
151	UCAT Bridgerland	9,650	—	1,445	11,095
152	UCAT Davis	9,765	—	1,423	11,188
155	UCAT Ogden/Weber	11,127	—	1,561	12,688
159	UCAT Uintah Basin	4,901	—	302	5,203
156	UCAT Salt Lake/Tooele	3,096	—	367	3,463
154	UCAT Mountainlands	4,804	—	413	5,217
158	UCAT Southwest	2,222	—	129	2,351
153	UCAT Dixie	1,803	—	178	1,981
171	Utah Education Network	21,327	—	—	21,327
173	Medical Education Council	1,021	—	3,216	4,237
	Total Higher Education	$ 833,984	$ 8,341	$ 397,552	$ 1,239,877

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward	Line Item #
180	—	—	—	—
2,364	—	—	—	118
171,609	—	—	—	120
251	—	—	—	121
4,916	—	34	—	126
17,785	—	—	—	127
15,650	—	—	—	128
6,203	—	—	—	122
1,310	—	—	—	123
9,562	—	—	—	124
8,399	—	—	—	125
110,203	—	—	—	129
373	—	—	—	130
52,384	—	—	—	131
101	—	—	—	132
75	—	—	—	133
107	—	—	—	134
27,096	—	—	—	135
32	—	—	—	136
1,266	—	—	—	137
31,269	—	—	—	138
31	—	—	—	139
60	—	—	—	140
17,153	—	—	—	141
119	—	—	—	142
287	—	—	—	143
3,020	—	—	—	144
121,302	—	—	—	145
152	—	—	—	146
102,791	—	—	—	147
178	—	—	—	148
5,723	—	—	—	149
8,144	—	—	—	150
11,095	—	—	—	151
11,188	—	—	—	152
12,688	—	—	—	155
5,203	—	—	—	159
3,463	—	—	—	156
5,217	—	—	—	154
2,351	—	—	—	158
1,981	—	—	—	153
21,327	—	—	—	171
3,525	—	—	712	173
$ 1,239,017	$ 0	$ 148	$ 712	

Continues

Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

Continued

For the Fiscal Year Ended June 30, 2008 (Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding: State Funds	Source of Funding: Federal Funds	Source of Funding: Restricted and Other Funds	Final Budget
WORKFORCE SERVICES					
—	Food Stamps – EBT Issuances	$ —	$ 140,966	$ —	$ 140,966
57	Department of Workforce Services	80,072	187,310	35,290	302,672
	Total Workforce Services	$ 80,072	$ 328,276	$ 35,290	$ 443,638
NATURAL RESOURCES					
174	Department of Natural Resources	$ 3,822	$ —	$ 2,131	$ 5,953
176	Rent, Utilities, and Fixtures	1,661	—	—	1,661
179	Forestry, Fire, and State Lands	21,930	5,103	4,458	31,491
180	Oil, Gas, and Mining	5,497	4,432	155	10,084
181	Wildlife Resources	39,664	10,555	258	50,477
175	Species Protection	585	—	2,450	3,035
177	Range Creek	165	—	—	165
178	Watershed Development	3,224	—	500	3,724
184	Contributed Research	—	—	1,373	1,373
185	Cooperative Environmental Studies	—	9,104	9,513	18,617
187	Parks and Recreation	30,901	3,224	716	34,841
188	Parks and Recreation – Capital Development	9,562	4,091	574	14,227
189	Utah Geological Survey	9,800	933	900	11,633
190	Water Resources	5,767	18	150	5,935
186	Wildlife Resources – Capital Development	1,806	497	—	2,303
193	Water Rights	7,711	13	1,066	8,790
194	Public Lands Policy Office	3,173	—	—	3,173
	Total Natural Resources	$ 145,268	$ 37,970	$ 24,244	$ 207,482
COMMUNITY AND CULTURE					
Department of Community and Culture					
75	Community and Culture	$ 4,449	$ —	$ —	$ 4,449
81	Indian Affairs	300	—	18	318
77	State History	2,525	685	200	3,410
76	Historical Society	229	—	97	326
78	Fine Arts	5,202	503	1,533	7,238
79	Museum Services	1,504	—	—	1,504
80	State Library	5,223	1,811	2,254	9,288
82	Community Development	17,977	33,659	1,380	53,016
83	Community Development Capital	46,678	—	—	46,678
84	Zoos	1,699	—	—	1,699
	Total Department of Community and Culture	85,786	36,658	5,482	127,926
Utah Sports Authority					
—	Utah Sports Authority	$ 3,345	$ —	$ 31	$ 3,376
	Total Utah Sports Authority	3,345	0	31	3,376
	Total Community and Culture	$ 89,131	$ 36,658	$ 5,513	$ 131,302

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward	Line Item #
$ 140,966	$ —	$ —	$ —	—
300,732	—	1,940	—	57
$ 441,698	$ 0	$ 1,940	$ 0	
$ 5,740	$ —	$ —	$ 213	174
1,661	—	—	—	176
26,573	—	121	4,797	179
9,425	—	—	659	180
46,522	—	3,144	811	181
2,672	—	363	—	175
165	—	—	—	177
3,225	—	—	499	178
1,373	—	—	—	184
18,617	—	—	—	185
31,181	5	3,235	420	187
7,687	—	—	6,540	188
9,552	—	191	1,890	189
5,694	—	239	2	190
1,045	—	341	917	186
8,266	—	—	524	193
2,482	—	—	691	194
$ 181,880	$ 5	$ 7,634	$ 17,963	
$ 2,688	$ —	$ —	$ 1,761	75
300	—	—	18	81
3,241	—	—	169	77
144	—	—	182	76
6,138	—	—	1,100	78
1,485	—	—	19	79
9,288	—	—	—	80
52,590	—	—	426	82
46,678	—	—	—	83
1,699	—	—	—	84
124,251	0	0	3,675	
$ 3,172	$ 204	$ —	$ —	—
3,172	204	0	0	
$ 127,423	$ 204	$ 0	$ 3,675	

Continues

Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

Continued

For the Fiscal Year Ended June 30, 2008 (Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding: State Funds	Source of Funding: Federal Funds	Source of Funding: Restricted and Other Funds	Final Budget
BUSINESS, LABOR, and AGRICULTURE					
196	Department of Agriculture and Food	$ 17,326	$ 5,124	$ 4,049	$ 26,499
197	AGR – Building Operations	270	—	—	270
198	AGR – Utah State Fair	794	—	—	794
199	AGR – Predatory Animal Control	1,568	100	500	2,168
200	AGR – Resource Conservation	1,577	—	1	1,578
59	Labor Commission	10,060	2,217	43	12,320
60	Department of Commerce	24,914	214	997	26,125
61	COM/Public Utilities – Professional Services	873	—	—	873
62	COM/Consumer Services – Professional Services	1,461	—	—	1,461
63	Financial Institutions	6,086	—	—	6,086
64	Insurance Department	7,615	—	3,699	11,314
65	Comprehensive Health Insurance Pool	10,800	—	—	10,800
66	Bail Bond Program	22	—	—	22
67	Title Insurance Program	20	—	68	88
68	Public Service Commission	1,949	—	160	2,109
69	PSC – Research and Analysis	—	—	59	59
70	PSC – Speech and Hearing Impaired	3,191	—	1,365	4,556
	Total Business, Labor, and Agriculture	$ 88,526	$ 7,655	$ 10,941	$ 107,122
TOTAL GENERAL FUND					
	Total Expenditures	$ 2,950,318	$ 1,905,368	$ 1,021,301	$ 5,876,987

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward	Line Item #
$ 23,748	$ —	$ 297	$ 2,454	196
270	—	—	—	197
794	—	—	—	198
1,647	—	367	154	199
1,578	—	—	—	200
11,459	4	857	—	59
22,488	—	1,187	2,450	60
362	—	—	511	61
557	—	—	904	62
5,962	—	124	—	63
9,397	57	—	1,860	64
10,800	—	—	—	65
19	—	3	—	66
75	—	—	13	67
2,025	—	84	—	68
59	—	—	—	69
2,094	—	—	2,462	70
$ 93,334	$ 61	$ 2,919	$ 10,808	
$ 5,633,973	$ 2,426	$ 38,252	$ 202,336	

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, 2008 (Expressed in Thousands)

Line Item #	Appropriation Line Item Description	Source of Funding: State Funds	Source of Funding: Federal Funds	Source of Funding: Restricted and Other Funds	Final Budget
UNIFORM SCHOOL FUND					
Office of Education					
203	State Office of Education	$ 56,975	$ 224,807	$ 6,576	$ 288,358
205	State Office of Rehabilitation	22,580	39,866	1,091	63,537
—	Minimum School Program	2,583,325	—	148	2,583,473
206	Child Nutrition	169	97,593	25,640	123,402
207	Fine Arts Outreach	3,104	—	—	3,104
209	Educational Contracts	3,855	—	—	3,855
—	Charter School Board	919	5,105	—	6,024
208	Science Outreach	1,701	—	—	1,701
—	Educator Licensing	1,433	—	—	1,433
—	Commodities	—	12,212	—	12,212
213	Indirect Cost Pool	267	—	4,198	4,465
	Total Office of Education	2,674,328	379,583	37,653	3,091,564
Schools for the Deaf and the Blind					
210	Schools for the Deaf and the Blind	$ 23,538	$ 124	$ 4,797	$ 28,459
211	Institutional Council	—	—	861	861
	Total Schools for the Deaf and the Blind	23,538	124	5,658	29,320
	Total Uniform School Fund	$ 2,697,866	$ 379,707	$ 43,311	$ 3,120,884
TRANSPORTATION FUND					
219	Support Services	$ 36,038	$ 2,730	$ —	$ 38,768
220	Engineering Services	21,865	14,055	1,492	37,412
221	Maintenance Management	128,323	8,330	1,848	138,501
222	Construction Management	302,794	255,234	34,094	592,122
223	District Management	21,585	3,305	1,241	26,131
224	Equipment Management	3,394	—	30,083	33,477
225	Aeronautics	7,460	337	68,667	76,464
226	B and C Roads	127,394	—	—	127,394
227	Safe Sidewalk Construction	2,516	—	—	2,516
228	Mineral Lease	51,627	—	—	51,627
—	Corridor Preservation	3,485	—	19,554	23,039
—	Critical Highway Needs	90,000	—	—	90,000
—	Tollway	297	—	—	297
—	Nonappropriated	—	—	3,668	3,668
	Total Transportation Fund	$ 796,778	$ 283,991	$ 160,647	$ 1,241,416
TRANSPORTATION INVESTMENT FUND					
229	Centennial Highway Program	$ 395,431	$ 14,357	$ 678	$ 410,466
DEBT SERVICE FUNDS					
—	General Government	$ 224,999	$ —	$ 3,262	$ 228,261
—	State Building Ownership Authority	5,956	—	125,528	131,484
	Total Debt Service Funds	$ 230,955	$ 0	$ 128,790	$ 359,745

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward	Line Item #
$ 266,653	$ —	$ 101	$ 21,604	203
63,537	—	—	—	205
2,456,752	—	6,147	120,574	—
123,398	—	—	4	206
3,104	—	—	—	207
3,855	—	—	—	209
5,454	—	—	570	—
1,687	—	—	14	208
1,127	—	306	—	—
12,212	—	—	—	—
4,465	—	—	—	213
2,942,244	0	6,554	142,766	
$ 28,459	$ —	$ —	$ —	210
861	—	—	—	211
29,320	0	0	0	
$ 2,971,564	$ 0	$ 6,554	$ 142,766	
$ 34,399	$ 1,742	$ —	$ 2,627	219
34,464	859	—	2,089	220
137,427	—	—	1,074	221
524,841	16,376	32,570	18,335	222
25,708	223	—	200	223
33,477	—	—	—	224
75,785	—	679	—	225
127,394	—	—	—	226
693	—	—	1,823	227
51,316	—	—	311	228
23,039	—	—	—	—
31,349	—	58,651	—	—
297	—	—	—	—
484	3,184	—	—	—
$ 1,100,673	$ 22,384	$ 91,900	$ 26,459	
$ 373,222	$ 37,244	$ —	$ —	229
$ 207,460	$ —	$ —	$ 20,801	—
125,715	—	—	5,769	—
$ 333,175	$ 0	$ 0	$ 26,570	

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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.

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.

Combining Statement Of Net Assets
Nonmajor Enterprise Funds

June 30, 2008 (Expressed in Thousands)

	Community Impact Loan Fund	Housing Loan Programs	Agriculture Loan Fund	Energy Efficiency Fund
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 169,249	$ 7,031	$ 10,733	$ 11,413
Receivables:				
Accounts, net	—	1,262	—	—
Accrued Interest	2,641	817	494	—
Notes/Loans/Mortgages, net	14,132	1,658	4,150	5
Due From Other Funds	—	10	—	—
Due From Component Units	—	—	—	—
Prepaid Items	—	—	—	—
Inventories	—	—	—	—
Total Current Assets	186,022	10,778	15,377	11,418
Noncurrent Assets:				
Investments	—	784	—	—
Notes/Loans/Mortgages Receivables, net	259,001	71,289	24,513	11
Accrued Interest Receivable	195	546	—	—
Capital Assets:				
Land	—	—	—	—
Infrastructure	—	—	—	—
Buildings and Improvements	—	—	—	—
Machinery and Equipment	—	—	20	—
Construction in Progress	—	—	—	—
Less Accumulated Depreciation	—	—	(20)	—
Total Capital Assets	0	0	0	0
Total Noncurrent Assets	259,196	72,619	24,513	11
Total Assets	445,218	83,397	39,890	11,429
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	—	1,602	18	—
Deposits	—	97	—	—
Due To Other Funds	35	164	136	—
Unearned Revenue	—	—	—	—
Revenue Bonds Payable	—	—	—	—
Total Current Liabilities	35	1,863	154	0
Noncurrent Liabilities:				
Revenue Bonds Payable	—	—	—	—
Total Noncurrent Liabilities	0	0	0	0
Total Liabilities	35	1,863	154	0
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	—	—	—	—
Restricted for:				
Loan Programs	—	45,185	3,500	—
Unrestricted	445,183	36,349	36,236	11,429
Total Net Assets	$ 445,183	$ 81,534	$ 39,736	$ 11,429

Petroleum Storage Tank Loan Fund	Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Total Nonmajor Enterprise Funds
$ 5,907	$ 121	$ —	$ 5,458	$ 570	$ 210,482
—	4,288	1,839	20,101	170	27,660
—	—	—	—	—	3,952
120	—	—	—	—	20,065
—	12,678	2,246	348	—	15,282
—	—	7	10	—	17
—	24	—	—	3	27
—	24,682	3,904	—	24	28,610
6,027	41,793	7,996	25,917	767	306,095
—	—	—	—	178	962
40	—	—	—	—	354,854
—	—	—	—	—	741
—	12,921	—	263	32	13,216
—	—	304	—	—	304
—	39,994	1,974	233	126	42,327
—	9,086	3,302	1,113	123	13,644
—	633	666	—	—	1,299
—	(16,933)	(3,155)	(1,045)	(215)	(21,368)
0	45,701	3,091	564	66	49,422
40	45,701	3,091	564	244	405,979
6,067	87,494	11,087	26,481	1,011	712,074
—	9,586	1,590	3,540	55	16,391
—	—	—	—	—	97
—	16,894	402	16,601	—	34,232
—	1	—	3,996	—	3,997
—	1,915	160	—	—	2,075
0	28,396	2,152	24,137	55	56,792
—	46,570	2,360	—	—	48,930
0	46,570	2,360	0	0	48,930
0	74,966	4,512	24,137	55	105,722
—	8,945	2,188	564	66	11,763
—	—	—	—	—	48,685
6,067	3,583	4,387	1,780	890	545,904
$ 6,067	$ 12,528	$ 6,575	$ 2,344	$ 956	$ 606,352

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

For the Fiscal Year Ended June 30, 2008 (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	4,211	1,262	1,007	—
Miscellaneous	—	34	4	—
Total Operating Revenues	4,211	1,296	1,011	0
OPERATING EXPENSES				
Administration	—	362	464	—
Purchases, Materials, and Services for Resale	—	—	—	—
Grants	—	1,242	—	—
Rentals and Leases	—	—	6	—
Maintenance	—	—	—	—
Depreciation	—	—	—	—
Miscellaneous Other:				
Data Processing	—	—	—	—
Supplies	—	—	28	—
Utilities	—	—	—	—
Advertising and Other	92	112	—	—
Total Operating Expenses	92	1,716	498	0
Operating Income (Loss)	4,119	(420)	513	0
NONOPERATING REVENUES (EXPENSES)				
Investment Income	6,193	246	381	240
Federal Grants	—	8,306	—	—
Tax Revenues	—	—	525	—
Interest Expense	—	—	—	—
Total Nonoperating Revenues (Expenses)	6,193	8,552	906	240
Income (Loss) before Transfers	10,312	8,132	1,419	240
Transfers In	24,203	2,637	—	8,650
Transfers Out	(1,024)	—	(333)	(93)
Change in Net Assets	33,491	10,769	1,086	8,797
Net Assets – Beginning	411,692	70,765	38,650	2,632
Net Assets – Ending	$ 445,183	$ 81,534	$ 39,736	$ 11,429

Petroleum Storage Tank Loan Fund	Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Total Nonmajor Enterprise Funds
$ —	$ 217,901	$ 21,984	$ 19,892	$ 43	$ 259,820
—	1,673	—	20	2,121	3,814
6	—	—	—	—	6,486
—	227	—	—	80	345
6	219,801	21,984	19,912	2,244	270,465
4	17,026	7,160	6,360	453	31,829
—	131,857	11,355	—	—	143,212
—	—	—	—	—	1,242
—	817	402	767	—	1,992
—	2,181	425	48	—	2,654
—	1,530	172	27	8	1,737
—	1,920	206	268	—	2,394
—	477	741	181	92	1,519
—	398	106	137	—	641
—	2,249	508	1,850	2,027	6,838
4	158,455	21,075	9,638	2,580	194,058
2	61,346	909	10,274	(336)	76,407
243	294	—	(14)	30	7,613
—	153	—	—	—	8,459
—	—	—	—	—	525
—	(2,180)	(124)	—	—	(2,304)
243	(1,733)	(124)	(14)	30	14,293
245	59,613	785	10,260	(306)	90,700
—	2,008	—	—	—	37,498
(147)	(61,340)	—	(9,618)	—	(72,555)
98	281	785	642	(306)	55,643
5,969	12,247	5,790	1,702	1,262	550,709
$ 6,067	$ 12,528	$ 6,575	$ 2,344	$ 956	$ 606,352

Combining Statement Of Cash Flows
Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2008 (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	$ 4,026	$ 1,228	$ 1,001	$ —
Receipts from Loan Maturities	15,045	2,486	4,518	—
Receipts from State Customers	—	—	4	—
Payments to Suppliers/Claims/Grants	—	(29)	(12)	—
Disbursements for Loans Receivable	(55,165)	(16,673)	(4,779)	—
Payments for Employee Services and Benefits	—	—	(292)	—
Payments to State Suppliers	(112)	(852)	(27)	—
Payments of Sales, School Lunch, and Premium Taxes	—	—	—	—
Net Cash Provided (Used) by Operating Activities	(36,206)	(13,840)	413	0
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	—	—	—	—
Repayments Under Interfund Loans	—	—	—	—
Federal Grants and Other Revenues	—	7,286	—	—
Restricted Sales Tax	—	—	525	—
Transfers In from Other Funds	24,203	2,636	—	8,650
Transfers Out to Other Funds	(1,024)	—	(333)	(93)
Net Cash Provided (Used) by Noncapital Financing Activities	23,179	9,922	192	8,557
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Bond and Note Debt Issuance/Grants	—	—	—	—
Principal Paid on Debt and Contract Maturities	—	—	—	—
Acquisition and Construction of Capital Assets	—	—	—	—
Interest Paid on Bonds, Notes, and Capital Leases	—	—	—	—
Transfers In from Other Funds	—	—	—	—
Transfers Out to Other Funds	—	—	—	—
Net Cash Provided (Used) by Capital and Related Financing Activities	0	0	0	0
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the Sale and Maturity of Investments	—	—	—	—
Receipts of Interest and Dividends from Investments	6,193	247	381	240
Net Cash Provided (Used) by Investing Activities	6,193	247	381	240
Net Cash Provided (Used) – All Activities	(6,834)	(3,671)	986	8,797
Cash and Cash Equivalents – Beginning	176,083	10,702	9,747	2,616
Cash and Cash Equivalents – Ending	$ 169,249	$ 7,031	$ 10,733	$ 11,413

Petroleum Storage Tank Loan Fund	Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Total Nonmajor Enterprise Funds
$ 6	$ 256,642	$ 10,197	$ 4,752	$ 2,336	$ 280,188
128	—	—	—	—	22,177
—	—	11,944	—	—	11,948
—	(139,359)	(13,757)	(1,637)	(2,085)	(156,879)
(24)	—	—	—	—	(76,641)
—	(15,088)	(7,183)	(6,064)	(454)	(29,081)
(5)	(7,217)	(926)	14,906	—	5,767
—	(41,312)	—	—	—	(41,312)
105	53,666	275	11,957	(203)	16,167
—	16,651	—	—	—	16,651
—	(7,603)	—	—	—	(7,603)
—	—	—	—	—	7,286
—	—	—	—	—	525
—	100	—	—	—	35,589
(147)	(59,713)	—	(9,618)	—	(70,928)
(147)	(50,565)	0	(9,618)	0	(18,480)
—	14,426	109	—	—	14,535
—	(1,750)	(56)	—	—	(1,806)
—	(14,157)	(181)	—	—	(14,338)
—	(2,184)	(147)	—	—	(2,331)
—	1,908	—	—	—	1,908
—	(1,628)	—	—	—	(1,628)
0	(3,385)	(275)	0	0	(3,660)
—	—	—	—	(182)	(182)
243	294	—	(14)	30	7,614
243	294	0	(14)	(152)	7,432
201	10	—	2,325	(355)	1,459
5,706	111	—	3,133	925	209,023
$ 5,907	$ 121	$ 0	$ 5,458	$ 570	$ 210,482

Continues

Combining Statement Of Cash Flows
Nonmajor Enterprise Funds

Continued

For the Fiscal Year Ended June 30, 2008 (Expressed in Thousands)

	Community Impact Loan Fund	Housing Loan Programs	Agriculture Loan Fund	Energy Efficient Projects
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ 4,119	$ (420)	$ 513	$ —
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)	39	—
Notes/Accrued Interest Receivables	(40,305)	(14,255)	(267)	—
Inventories	—	—	—	—
Prepaid Items	—	—	—	—
Accrued Liabilities/Due to Other Funds	(20)	845	128	—
Unearned Revenue/Deposits	—	—	—	—
Net Cash Provided (Used) by Operating Activities	$ (36,206)	$ (13,840)	$ 413	$ 0
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	$ —	$ —	$ (29)	$ (23)
Total Noncash Investing, Capital, and Financing Activities	$ 0	$ 0	$ (29)	$ (23)

Petroleum Storage Tank Loan Fund	Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Total Nonmajor Enterprise Funds
$ 2	$ 61,346	$ 909	$ 10,274	$ (336)	$ 76,407
—	1,530	172	27	8	1,737
—	674	—	—	—	674
(1)	(1,778)	157	(15,338)	94	(16,837)
104	—	—	—	—	(54,723)
—	(3,210)	(938)	—	—	(4,148)
—	—	6	—	—	6
—	(4,896)	(31)	16,816	31	12,873
—	—	—	178	—	178
$ 105	$ 53,666	$ 275	$ 11,957	$ (203)	$ 16,167
$ (17)	$ —	$ —	$ (14)	$ —	$ (83)
$ (17)	$ 0	$ 0	$ (14)	$ 0	$ (83)

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Technology Services
This fund is responsible for providing data processing, computer programming, and voice and data communication services to state agencies.

General Services
This fund is used to administer office supply contracts and provide 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.

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

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

Combining Statement Of Net Assets
Internal Service Funds

June 30, 2008 (Expressed in Thousands)

	Technology Services	General Services	Fleet Operations	Risk Management
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 136	$ 1,327	$ 558	$ 61,668
Receivables:				
Accounts, net	364	604	4,684	1,866
Notes/Loans/Mortgages, net	—	—	—	—
Due From Other Funds	26,702	2,406	6,585	401
Due From Component Units	—	14	32	5
Prepaid Items	790	—	—	15
Inventories	323	966	5,530	—
Deferred Charges	—	—	—	—
Total Current Assets	28,315	5,317	17,389	63,955
Noncurrent Assets:				
Prepaid Items	—	—	—	250
Notes/Loans/Mortgages Receivables, net	—	—	—	—
Deferred Charges	—	—	—	—
Capital Assets:				
Land	17	—	—	—
Infrastructure	321	—	—	—
Buildings and Improvements	4,711	15	1,729	—
Machinery and Equipment	66,777	10,953	113,296	—
Construction in Progress	187	—	—	—
Less Accumulated Depreciation	(59,694)	(6,939)	(56,639)	—
Total Capital Assets	12,319	4,029	58,386	0
Total Noncurrent Assets	12,319	4,029	58,386	250
Total Assets	40,634	9,346	75,775	64,205
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	16,334	2,237	5,426	1,598
Due To Other Funds	2,732	197	487	3,067
Due To Component Units	—	—	10	—
Interfund Loans Payable	497	1,973	14,177	—
Unearned Revenue	—	7	154	—
Policy Claims Liabilities	—	—	—	16,003
Contracts/Notes Payable	—	36	—	—
Revenue Bonds Payable	—	—	48	—
Total Current Liabilities	19,563	4,450	20,302	20,668
Noncurrent Liabilities:				
Unearned Revenue	—	—	—	165
Interfund Loans Payable	11,455	1,518	9,385	—
Policy Claims Liabilities	—	—	—	25,282
Contracts/Notes Payable	—	12	—	—
Revenue Bonds Payable	—	—	805	—
Total Noncurrent Liabilities	11,455	1,530	10,190	25,447
Total Liabilities	31,018	5,980	30,492	46,115
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	12,319	3,981	57,637	—
Restricted for:				
Insurance Programs	—	—	—	8,002
Loan Programs	—	—	—	—
Unrestricted (Deficit)	(2,703)	(615)	(12,354)	10,088
Total Net Assets	$ 9,616	$ 3,366	$ 45,283	$ 18,090

Property Management	Transportation Infrastructure Loan Fund	Human Resource Management	Total
$ 86	$ 1,976	$ 1,033	$ 66,784
50	—	—	7,568
—	163	—	163
1,757	—	258	38,109
—	—	—	51
—	—	—	805
—	—	—	6,819
11	—	—	11
1,904	2,139	1,291	120,310
—	—	—	250
—	531	—	531
500	—	—	500
—	—	—	17
—	—	—	321
—	—	—	6,455
624	—	43	191,693
—	—	—	187
(523)	—	(1)	(123,796)
101	0	42	74,877
601	531	42	76,158
2,505	2,670	1,333	196,468
2,108	—	441	28,144
22	—	12	6,517
—	—	—	10
—	—	—	16,647
—	—	—	161
—	—	—	16,003
11	—	—	47
—	—	—	48
2,141	0	453	67,577
—	—	—	165
—	—	—	22,358
—	—	—	25,282
500	—	—	512
—	—	—	805
500	0	0	49,122
2,641	0	453	116,699
101	—	42	74,080
—	—	—	8,002
—	2,670	—	2,670
(237)	—	838	(4,983)
$ (136)	$ 2,670	$ 880	$ 79,769

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

For the Fiscal Year Ended June 30, 2008 (Expressed in Thousands)

	Technology Services	General Services	Fleet Operations	Risk Management
OPERATING REVENUES				
Charges for Services/Premiums	$ 139,965	$ 18,520	$ 71,374	$ 35,110
Interest on Notes	—	—	—	—
Miscellaneous	—	31	—	—
Total Operating Revenues	139,965	18,551	71,374	35,110
OPERATING EXPENSES				
Administration	82,019	2,970	2,477	2,453
Materials and Services for Resale	15,611	11,280	37,221	19,382
Rentals and Leases	394	954	597	35
Maintenance	602	1,006	15,096	2
Depreciation	4,286	1,688	11,397	—
Benefit Claims	—	—	—	8,123
Miscellaneous Other:				
Data Processing	38,412	78	656	193
Supplies	356	225	341	135
Utilities	581	32	87	20
Advertising and Other	2,420	302	1,438	866
Total Operating Expenses	144,681	18,535	69,310	31,209
Operating Income (Loss)	(4,716)	16	2,064	3,901
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	—	—	—	2,650
Gain (Loss) on Sale of Capital Assets	62	(50)	178	—
Interest Expense	—	—	(40)	—
Refunds Paid to Federal Government	(2)	—	—	(372)
Other Revenues (Expenses)	—	(209)	—	—
Total Nonoperating Revenues (Expenses)	60	(259)	138	2,278
Income (Loss) before Transfers	(4,656)	(243)	2,202	6,179
Capital Contributions	(352)	(528)	—	—
Transfers In	—	—	444	—
Transfers Out	(367)	—	—	—
Change in Net Assets	(5,375)	(771)	2,646	6,179
Net Assets – Beginning	14,991	4,137	42,637	11,911
Net Assets – Ending	$ 9,616	$ 3,366	$ 45,283	$ 18,090

Property Management	Transportation Infrastructure Loan Fund	Human Resource Management	Total
$ 25,469	$ —	$ 11,825	$ 302,263
—	33	—	33
—	—	—	31
25,469	33	11,825	302,327
7,924	—	10,851	108,694
—	—	—	83,494
421	—	12	2,413
7,589	—	—	24,295
40	—	1	17,412
—	—	—	8,123
401	—	172	39,912
211	—	99	1,367
8,040	—	83	8,843
1,110	—	102	6,238
25,736	0	11,320	300,791
(267)	33	505	1,536
—	54	—	2,704
—	—	—	190
(25)	—	—	(65)
(7)	—	—	(381)
30	—	—	(179)
(2)	54	0	2,269
(269)	87	505	3,805
—	—	—	(880)
—	—	—	444
(33)	—	—	(400)
(302)	87	505	2,969
166	2,583	375	76,800
$ (136)	$ 2,670	$ 880	$ 79,769

Combining Statement Of Cash Flows
Internal Service Funds

For the Fiscal Year Ended June 30, 2008 (Expressed in Thousands)

	Technology Services	General Services	Fleet Operations	Risk Management
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers/Loan Interest/Fees/Premiums	$ 1,836	$ 1,151	$ 24,189	$ 18,405
Receipts from Loan Maturities	—	—	—	—
Receipts from State Customers	137,347	17,000	42,445	17,417
Payments to Suppliers/Claims/Grants	(45,894)	(9,484)	(21,684)	(30,184)
Payments for Employee Services and Benefits	(82,428)	(2,984)	(2,473)	(2,465)
Payments to State Suppliers and Grants	(9,790)	(4,025)	(31,525)	—
Net Cash Provided (Used) by Operating Activities	1,071	1,658	10,952	3,173
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Repayments Under Interfund Loans	(1,463)	—	—	—
Payments of Bonds, Notes, Deposits, and Refunds	(2)	(209)	—	(372)
Interest Paid on Bonds, Notes, and Financing Costs	—	—	—	—
Federal Grants and Other Revenues	—	—	—	—
Transfers Out to Other Funds	(367)	—	—	—
Net Cash Provided (Used) by Noncapital Financing Activities	(1,832)	(209)	0	(372)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	3,449	357	2,757	—
Proceeds from Disposition of Capital Assets	62	80	3,358	—
Principal Paid on Debt and Contract Maturities	—	—	(51)	—
Acquisition and Construction of Capital Assets	(3,907)	(1,757)	(17,608)	—
Interest Paid on Bonds, Notes, and Capital Leases	—	—	(40)	—
Transfers In from Other Funds	—	—	444	—
Transfers Out to Other Funds	—	—	—	—
Net Cash Provided (Used) by Capital and Related Financing Activities	(396)	(1,320)	(11,140)	0
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts of Interest and Dividends from Investments	—	—	—	2,650
Net Cash Provided (Used) by Investing Activities	0	0	0	2,650
Net Cash Provided (Used) – All Activities	(1,157)	129	(188)	5,451
Cash and Cash Equivalents – Beginning	1,293	1,198	746	56,217
Cash and Cash Equivalents – Ending	$ 136	$ 1,327	$ 558	$ 61,668

Property Management	Transportation Infrastructure Loan Fund	Human Resource Management	Total
$ 3,054	$ 33	$ 205	$ 48,873
—	156	—	156
21,967	—	11,366	247,542
(16,781)	—	(38)	(124,065)
(7,931)	—	(10,971)	(109,252)
(841)	—	(319)	(46,500)
(532)	189	243	16,754
—	—	—	(1,463)
(14)	—	—	(597)
(25)	—	—	(25)
30	—	—	30
—	—	—	(367)
(9)	0	0	(2,422)
—	—	—	6,563
—	—	—	3,500
—	—	—	(51)
(40)	—	(43)	(23,355)
—	—	—	(40)
—	—	—	444
(33)	—	—	(33)
(73)	0	(43)	(12,972)
—	54	—	2,704
0	54	0	2,704
(614)	243	200	4,064
700	1,733	833	62,720
$ 86	$ 1,976	$ 1,033	$ 66,784

Continues

Combining Statement Of Cash Flows
Internal Service Funds

Continued

For the Fiscal Year Ended June 30, 2008 (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)	$ (4,716)	$ 16	$ 2,064	$ 3,901
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	4,286	1,688	11,397	—
Net Changes in Assets and Liabilities:				
Accounts Receivable/Due From Other Funds	(725)	(407)	(4,746)	714
Notes/Accrued Interest Receivables	—	—	—	—
Inventories	(13)	(239)	(1,945)	—
Prepaid Items/Deferred Charges	487	5	941	327
Accrued Liabilities/Due to Other Funds	1,809	624	3,235	1,703
Unearned Revenue/Deposits	(57)	7	6	(2)
Notes Payable	—	(36)	—	—
Policy Claims Liabilities	—	—	—	(3,470)
Net Cash Provided (Used) by Operating Activities	$ 1,071	$ 1,658	$ 10,952	$ 3,173
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	$ —	$ —	$ —	$ (186)
Contributed Capital Assets Transferred In (Out)	(352)	(528)	—	—
Total Noncash Investing, Capital, and Financing Activities	$ (352)	$ (528)	$ 0	$ (186)

Property Management	Transportation Infrastructure Loan Fund	Human Resource Management	Total
$ (267)	$ 33	$ 505	$ 1,536
40	—	1	17,412
(448)	—	(254)	(5,866)
—	156	—	156
—	—	—	(2,197)
7	—	—	1,767
136	—	(9)	7,498
—	—	—	(46)
—	—	—	(36)
—	—	—	(3,470)
$ (532)	$ 189	$ 243	$ 16,754
$ —	$ —	$ —	$ (186)
—	—	—	(880)
$ 0	$ 0	$ 0	$ (1,066)

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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 (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 Trust

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

Unclaimed Property Trust

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

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

June 30, 2008 (Expressed in Thousands)

	Pension Trust			
	Non-Contributory System	Contributory System	Public Safety System	Fire-fighters System
ASSETS				
Cash and Cash Equivalents	$ 1,196,831	$ 80,831	$ 150,367	$ 58,026
Receivables:				
Member Contributions	—	421	336	407
Employer Contributions	32,257	618	3,510	—
Court Fees and Fire Insurance Premiums	—	—	—	2,871
Investments	327,924	22,168	41,236	15,914
Total Receivables	360,181	23,207	45,082	19,192
Due From Other Funds	—	—	—	—
Investments:				
Debt Securities	4,286,066	289,746	538,960	208,001
Equity Investments	7,184,853	485,709	903,473	348,679
Absolute Return	1,752,972	118,504	220,431	85,071
Private Equity	919,257	62,144	115,595	44,611
Real Estate	3,016,041	203,890	379,257	146,367
Mortgage Loans	5,474	370	688	265
Invested Securities Lending Collateral	1,452,735	98,207	182,678	70,500
Investment Contracts	—	—	—	—
Total Investments	18,617,398	1,258,570	2,341,082	903,494
Capital Assets:				
Land	1,424	96	179	70
Buildings and Improvements	9,049	611	1,138	444
Machinery and Equipment	2,790	188	351	137
Less Accumulated Depreciation	(12,611)	(851)	(1,586)	(619)
Total Capital Assets	652	44	82	32
Total Assets	20,175,062	1,362,652	2,536,613	980,744
LIABILITIES				
Accounts Payable	770,692	52,018	96,758	37,342
Securities Lending Liability	1,452,735	98,207	182,678	70,500
Leave/Postemployment Benefits	7,094	480	892	344
Insurance Reserves	5,330	360	671	259
Real Estate Liabilities	1,187,407	80,271	149,312	57,625
Total Liabilities	3,423,258	231,336	430,311	166,070
NET ASSETS				
Held in trust for:				
Pension Benefits	16,751,804	1,131,316	2,106,302	814,674
Other Postemployment Benefits	—	—	—	—
Defined Contribution	—	—	—	—
Total Net Assets	$ 16,751,804	$ 1,131,316	$ 2,106,302	$ 814,674

Pension Trust		Defined Contribution Plans				State Post-Retirement Benefits Trust	
Judges System	Governors and Legislative Pension Plan	401(k) Plan	457 Plan	IRA Plans	Health Reimbursement Arrangement		Total
$ 9,584	$ 874	$ 3,864	$ 139	$ 27	$ 683	$ 7	$ 1,501,233
1	—	—	—	—	—	—	1,165
66	—	—	—	—	—	—	36,451
280	—	—	—	—	—	—	3,151
2,629	239	51,712	3,627	—	2	—	465,451
2,976	239	51,712	3,627	0	2	0	506,218
—	—	—	—	—	—	611	611
34,355	3,126	960,466	98,157	10,005	—	20,684	6,449,566
57,592	5,240	1,564,210	162,367	14,157	—	31,636	10,757,916
14,051	1,279	—	—	—	—	—	2,192,308
7,368	670	—	—	—	—	—	1,149,645
24,175	2,200	—	—	—	—	—	3,771,930
44	4	—	—	—	—	—	6,845
11,645	1,060	165,123	17,451	1,580	—	—	2,000,979
—	—	28,470	12,929	—	—	—	41,399
149,230	13,579	2,718,269	290,904	25,742	0	52,320	26,370,588
11	—	—	—	—	—	—	1,780
69	—	—	—	—	—	—	11,311
21	—	—	—	—	—	—	3,487
(96)	—	—	—	—	—	—	(15,763)
5	0	0	0	0	0	0	815
161,795	14,692	2,773,845	294,670	25,769	685	52,938	28,379,465
6,168	561	4,574	156	13	—	1,057	969,339
11,645	1,060	165,123	17,451	1,580	—	—	2,000,979
57	5	—	—	—	—	—	8,872
43	4	—	—	—	—	—	6,667
9,518	866	—	—	—	—	—	1,484,999
27,431	2,496	169,697	17,607	1,593	0	1,057	4,470,856
134,364	12,196	—	—	—	—	—	20,950,656
—	—	—	—	—	—	51,881	51,881
—	—	2,604,148	277,063	24,176	685	—	2,906,072
$ 134,364	$ 12,196	$ 2,604,148	$ 277,063	$ 24,176	$ 685	$ 51,881	$ 23,908,609

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

For the Fiscal Year Ended June 30, 2008 (Expressed in Thousands)

	Pension Trust			
	Non-Contributory System	Contributory System	Public Safety System	Fire-fighters System
ADDITIONS				
Contributions:				
Member	$ 18,245	$ 9,700	$ 4,343	$ 9,194
Employer	487,803	11,208	81,166	—
Court Fees and Fire Insurance Premiums	—	—	—	13,797
Total Contributions	506,048	20,908	85,509	22,991
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments	597,225	41,083	74,927	29,097
Interest, Dividends, and Other Investment Income	495,572	34,091	62,175	24,145
Less Investment Expenses	(51,383)	(3,534)	(6,447)	(2,504)
Net Investment Income	1,041,414	71,640	130,655	50,738
Transfers From Affiliated Systems	7,173	—	2,323	1,709
Total Additions	1,554,635	92,548	218,487	75,438
DEDUCTIONS				
Retirement Benefits	513,917	43,248	77,605	26,952
Cost of Living Benefits	95,609	17,694	13,743	6,461
Supplemental Retirement Benefits	—	736	516	523
Retiree Healthcare Benefits	—	—	—	—
Refunds/Plan Distributions	3,443	2,318	723	248
Administrative Expenses	8,345	588	1,090	356
Transfers To Affiliated Systems	—	12,064	—	—
Total Deductions	621,314	76,648	93,677	34,540
Change in Net Assets Held in Trust for:				
Pension Benefits	933,321	15,900	124,810	40,898
Other Postemployment Benefits	—	—	—	—
Defined Contribution	—	—	—	—
Net Assets – Beginning	15,818,483	1,115,416	1,981,492	773,776
Net Assets – Ending	$ 16,751,804	$ 1,131,316	$ 2,106,302	$ 814,674

Pension Trust		Defined Contribution Plans					
Judges System	Governors and Legislative Pension Plan	401(k) Plan	457 Plan	IRA Plans	Health Reimbursement Arrangement	State Post-Retirement Benefits Trust	Total
$ 13	$ —	$ 225,975	$ 26,303	$ 10,135	$ —	$ —	$ 303,908
1,360	—	—	—	—	664	52,811	635,012
1,850	—	—	—	—	—	—	15,647
3,223	0	225,975	26,303	10,135	664	52,811	954,567
4,817	447	134,518	13,348	882	19	(3,275)	893,088
3,998	371	5,596	956	2	—	1,614	628,520
(414)	(38)	(2,715)	(279)	(26)	—	—	(67,340)
8,401	780	137,399	14,025	858	19	(1,661)	1,454,268
841	18	—	—	—	—	—	12,064
12,465	798	363,374	40,328	10,993	683	51,150	2,420,899
5,105	596	—	—	—	—	—	667,423
1,230	162	—	—	—	—	—	134,899
—	—	—	—	—	—	—	1,775
—	—	—	—	—	—	27,311	27,311
—	2	142,180	21,489	2,784	126	—	173,313
65	5	5,602	591	49	1	—	16,692
—	—	—	—	—	—	—	12,064
6,400	765	147,782	22,080	2,833	127	27,311	1,033,477
6,065	33	—	—	—	—	—	1,121,027
—	—	—	—	—	—	23,839	23,839
—	—	215,592	18,248	8,160	556	—	242,556
128,299	12,163	2,388,556	258,815	16,016	129	28,042	22,521,187
$ 134,364	$ 12,196	$ 2,604,148	$ 277,063	$ 24,176	$ 685	$ 51,881	$ 23,908,609

Combining Statement Of Fiduciary Net Assets
Private Purpose Trust Funds

June 30, 2008 (Expressed in Thousands)

	Utah Navajo Trust	Unclaimed Property Trust	Employers' Reinsurance Trust	Petroleum Storage Tank Trust
ASSETS				
Cash and Cash Equivalents	$ 15,319	$ —	$ 4,427	$ 523
Receivables:				
Accounts	3,967	—	3,578	30
Accrued Assessments	—	—	11,944	—
Due From Other Funds	169	11	—	—
Investments:				
Debt Securities	—	28,269	167,954	16,502
Equity Investments	101	48,893	—	—
Total Investments	101	77,162	167,954	16,502
Capital Assets:				
Land	260	—	—	—
Buildings and Improvements	10,698	—	—	—
Machinery and Equipment	173	—	—	—
Less Accumulated Depreciation	(1,701)	—	—	—
Total Capital Assets	9,430	0	0	0
Total Assets	28,986	77,173	187,903	17,055
LIABILITIES				
Accounts Payable	424	257	728	192
Due To Other Funds	363	—	44	10
Unearned Revenue	—	—	—	250
Policy Claims Liabilities	—	—	221,251	41,872
Total Liabilities	787	257	222,023	42,324
NET ASSETS				
Held in trust for:				
Individuals, Organizations, and Other Governments	28,199	76,916	(34,120)	(25,269)
Total Net Assets	$ 28,199	$ 76,916	$ (34,120)	$ (25,269)

Utah Educational Savings Plan Trust	Miscellaneous Restricted Trust	Total
$ 1,266	$ 7,781	$ 29,316
41	—	7,616
—	—	11,944
—	377	557
692,198	5,991	910,914
1,888,401	—	1,937,395
2,580,599	5,991	2,848,309
—	—	260
—	—	10,698
722	—	895
(605)	—	(2,306)
117	0	9,547
2,582,023	14,149	2,907,289
461	551	2,613
—	—	417
—	—	250
—	—	263,123
461	551	266,403
2,581,562	13,598	2,640,886
$ 2,581,562	$ 13,598	$ 2,640,886

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

For the Fiscal Year Ended June 30, 2008 (Expressed in Thousands)

	Utah Navajo Trust	Unclaimed Property Trust	Employers' Reinsurance Trust	Petroleum Storage Tank Trust
ADDITIONS				
Contributions:				
Member	$ —	$ —	$ —	$ —
Total Contributions	0	0	0	0
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments	3	(134)	(6,157)	(47)
Interest, Dividends, and Other Investment Income	721	1,647	6,069	746
Total Investment Income	724	1,513	(88)	699
Other Additions:				
Escheats	—	32,707	—	—
Royalties and Rents	4,880	—	—	—
Fees, Assessments, and Revenues	3,878	—	55,343	6,008
Miscellaneous	—	—	—	2,772
Total Other	8,758	32,707	55,343	8,780
Total Additions	9,482	34,220	55,255	9,479
DEDUCTIONS				
Trust Operating Expenses	1,655	—	—	444
Distributions and Benefit Payments	—	8,253	12,552	—
Administrative and General Expenses	1,529	2,310	2,522	1,462
Total Deductions	3,184	10,563	15,074	1,906
Change in Net Assets Held in Trust for:				
Individuals, Organizations, and Other Governments	6,298	23,657	40,181	7,573
Net Assets – Beginning	21,901	53,259	(74,301)	(32,842)
Net Assets – Ending	$ 28,199	$ 76,916	$ (34,120)	$ (25,269)

Utah Educational Savings Plan Trust	Miscellaneous Restricted Trust	Total
$ 579,080	$ 9,011	$ 588,091
579,080	9,011	588,091
(296,760)	(17)	(303,112)
76,038	321	85,542
(220,722)	304	(217,570)
—	—	32,707
—	—	4,880
—	26,794	92,023
—	4,570	7,342
0	31,364	136,952
358,358	40,679	507,473
—	32,048	34,147
67,468	8,975	97,248
4,504	1,668	13,995
71,972	42,691	145,390
286,386	(2,012)	362,083
2,295,176	15,610	2,278,803
$ 2,581,562	$ 13,598	$ 2,640,886

Combining Statement Of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2008 (Expressed in Thousands)

	Taxes and Social Security	County and Local Collections	State Courts	Deposits, Suspense, and Miscellaneous	Total
ASSETS					
Cash and Cash Equivalents	$ 36	$126,990	$ 32,674	$ 21,976	$181,676
Accounts Receivable	—	677	—	2,610	3,287
Due From Other Funds	—	—	—	245	245
Investments:					
Debt Securities	—	34	—	24,096	24,130
Total Investments	0	34	0	24,096	24,130
Total Assets	$ 36	$127,701	$ 32,674	$ 48,927	$209,338
LIABILITIES					
Due To Individuals, Organizations, and Other Governments	$ 36	$127,701	$ 32,674	$ 48,927	$209,338
Total Liabilities	$ 36	$127,701	$ 32,674	$ 48,927	$209,338

Combining Statement Of Changes In Assets And Liabilities Agency Funds

For the Fiscal Year Ended June 30, 2008 (Expressed in Thousands)

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
TAXES AND SOCIAL SECURITY				
Assets				
Cash and Cash Equivalents	$ 19	$ 241,023	$ 241,006	$ 36
Total Assets	$ 19	$ 241,023	$ 241,006	$ 36
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 19	$ 241,023	$ 241,006	$ 36
Total Liabilities	$ 19	$ 241,023	$ 241,006	$ 36
COUNTY AND LOCAL COLLECTIONS				
Assets				
Cash and Cash Equivalents	$ 115,652	$ 1,402,766	$ 1,391,428	$ 126,990
Investments	24	1,634	1,624	34
Receivables:				
Accounts Receivable	750	677	750	677
Due From Other Funds	12	—	12	—
Total Assets	$ 116,438	$ 1,405,077	$ 1,393,814	$ 127,701
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 116,438	$ 1,417,409	$ 1,406,146	$ 127,701
Total Liabilities	$ 116,438	$ 1,417,409	$ 1,406,146	$ 127,701
STATE COURTS				
Assets				
Cash and Cash Equivalents	$ 32,982	$ 156,772	$ 157,080	$ 32,674
Total Assets	$ 32,982	$ 156,772	$ 157,080	$ 32,674
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 32,982	$ 157,048	$ 157,356	32,674
Total Liabilities	$ 32,982	$ 157,048	$ 157,356	$ 32,674
DEPOSITS, SUSPENSE, AND MISCELLANEOUS				
Assets				
Cash and Cash Equivalents	$ 7,645	$ 712,552	$ 698,221	$ 21,976
Investments	22,576	178,197	176,677	24,096
Receivables:				
Accounts Receivable	1,325	2,856	1,571	2,610
Due From Other Funds	472	284	511	245
Total Assets	$ 32,018	$ 893,889	$ 876,980	$ 48,927
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 32,018	$ 546,279	$ 529,370	$ 48,927
Total Liabilities	$ 32,018	$ 546,279	$ 529,370	$ 48,927
TOTAL — ALL AGENCY FUNDS				
Assets				
Cash and Cash Equivalents	$ 156,298	$ 2,513,113	$ 2,487,735	$ 181,676
Investments	22,600	179,831	178,301	24,130
Receivables:				
Accounts Receivable	2,075	3,533	2,321	3,287
Due From Other Funds	484	284	523	245
Total Assets	$ 181,457	$ 2,696,761	$ 2,668,880	$ 209,338
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 181,457	$ 2,361,759	$ 2,333,878	$ 209,338
Total Liabilities	$ 181,457	$ 2,361,759	$ 2,333,878	$ 209,338

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Nonmajor Component Units

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

Utah Schools for the Deaf and 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

Combining Statement Of Net Assets
Nonmajor Component Units

June 30, 2008 (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	$ 34,547	$ 3,429	$ —	$ 836	$ 47,626
Investments	—	—	—	—	787
Receivables:					
Accounts, net	21	782	48	170	5,883
Notes/Loans/Mortgages/Pledges, net	—	—	—	—	1,376
Accrued Interest	—	—	—	—	229
Due From Primary Government	—	47	—	—	—
Prepaid Items	—	—	—	88	66
Inventories	—	—	46	—	2,699
Deferred Charges	—	—	—	—	320
Total Current Assets	34,568	4,258	94	1,094	58,986
Noncurrent Assets:					
Restricted Investments	—	—	—	—	4,019
Investments	—	—	—	—	93,684
Notes/Loans/Mortgages/Pledges Receivables, net	—	—	—	—	8,538
Other Assets	—	—	20	—	—
Capital Assets (net of Accumulated Depreciation)	—	9,259	2,236	872	175,126
Total Noncurrent Assets	0	9,259	2,256	872	281,367
Total Assets	34,568	13,517	2,350	1,966	340,353
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	656	1,433	238	214	2,562
Deposits	—	—	—	—	—
Due To Primary Government	—	391	—	—	3,561
Unearned Revenue	240	47	—	118	4,200
Current Portion of Long-term Liabilities	2,629	—	319	35	4,102
Total Current Liabilities	3,525	1,871	557	367	14,425
Noncurrent Liabilities:					
Deposits	—	—	—	—	—
Due To Primary Government	—	—	—	—	—
Long-term Liabilities	—	—	150	60	38,744
Total Noncurrent Liabilities	0	0	150	60	38,744
Total Liabilities	3,525	1,871	707	427	53,169
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	—	9,259	1,766	796	138,688
Restricted for:					
Nonexpendable:					
Higher Education	—	—	—	—	48,958
Expendable:					
Higher Education	—	—	—	—	62,126
Other	—	—	—	45	—
Unrestricted (Deficit)	31,043	2,387	(123)	698	37,412
Total Net Assets	$ 31,043	$ 11,646	$ 1,643	$ 1,539	$ 287,184

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
$ 6,841	$ 63,666	$ 58,330	$ 14,868	$ 1,899	$ 10,522	$ 12,640	$ 255,204
16,685	16,804	1,213	1,768	—	4,981	357	42,595
2,103	8,128	8,447	1,455	2,074	571	3,503	33,185
425	782	2,023	290	105	665	165	5,831
157	—	—	—	32	40	—	458
—	—	—	—	—	—	—	47
3,552	28	2,090	283	191	59	276	6,633
1,170	4,043	2,458	881	469	726	2,036	14,528
—	—	—	—	—	—	2	322
30,933	93,451	74,561	19,545	4,770	17,564	18,979	358,803
11,065	9,165	21,165	1,930	16,867	3,532	—	67,743
8,924	4,260	—	17,410	—	2,730	1,647	128,655
2,110	4,188	2,569	3,090	234	2,108	280	23,117
—	483	6,222	—	—	—	—	6,725
115,605	179,182	171,854	78,430	47,016	72,399	80,453	932,432
137,704	197,278	201,810	100,860	64,117	80,769	82,380	1,158,672
168,637	290,729	276,371	120,405	68,887	98,333	101,359	1,517,475
1,620	9,251	7,014	2,141	1,230	432	3,612	30,403
433	—	511	236	—	238	98	1,516
1,345	1,033	895	28	111	152	1,951	9,467
4,094	5,419	4,158	339	271	439	1,126	20,451
2,443	4,145	4,631	1,717	304	393	1,118	21,836
9,935	19,848	17,209	4,461	1,916	1,654	7,905	83,673
—	614	—	23	103	155	2	897
—	—	—	—	1,042	263	—	1,305
14,040	11,012	26,279	11,571	921	1,067	8,913	112,757
14,040	11,626	26,279	11,594	2,066	1,485	8,915	114,959
23,975	31,474	43,488	16,055	3,982	3,139	16,820	198,632
102,625	169,461	146,397	68,183	46,036	71,812	71,437	826,460
11,639	2,867	13,600	18,228	2,526	4,518	854	103,190
8,678	19,207	27,964	10,653	14,405	5,697	3,434	152,164
—	—	—	—	—	—	—	45
21,720	67,720	44,922	7,286	1,938	13,167	8,814	236,984
$ 144,662	$ 259,255	$ 232,883	$ 104,350	$ 64,905	$ 95,194	$ 84,539	$ 1,318,843

Combining Statement Of Activities
Nonmajor Component Units

For the Fiscal Year Ended June 30, 2008 (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	$ 27,778	$ 29,408	$ 2,431	$ 2,965	$ 167,799
Program Revenues:					
Charges for Services:					
Tuition and Fees	—	—	—	—	68,371
Scholarship Allowances	—	—	—	—	(13,076)
Sales, Services, and Other Revenues	17,227	4,797	2,368	2,983	15,724
Operating Grants and Contributions	1,510	1,040	—	—	29,461
Capital Grants and Contributions	—	—	—	—	7,160
Total Program Revenues	18,737	5,837	2,368	2,983	107,640
Net (Expenses) Revenues	(9,041)	(23,571)	(63)	18	(60,159)
General Revenues:					
State Appropriations	10,800	23,538	—	397	68,618
Unrestricted Investment Income	1,445	14	—	—	—
Permanent Endowments Contributions	—	—	—	—	4,736
Total General Revenues	12,245	23,552	0	397	73,354
Change in Net Assets	3,204	(19)	(63)	415	13,195
Net Assets – Beginning	27,839	11,665	1,706	1,124	273,989
Net Assets – Ending	$ 31,043	$ 11,646	$ 1,643	$ 1,539	$ 287,184

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
$ 93,190	$ 162,428	$ 189,579	$ 55,100	$ 32,122	$ 36,193	$ 79,443	$ 878,436
29,985	54,176	82,742	17,938	3,942	7,046	8,620	272,820
(7,519)	(6,752)	(10,244)	(2,971)	(1,827)	(2,113)	(916)	(45,418)
18,863	17,290	24,271	6,505	2,567	4,576	7,350	124,521
21,441	29,162	47,822	8,848	9,218	5,034	13,315	166,851
15,253	7,312	3,112	814	3,580	5,161	2,883	45,275
78,023	101,188	147,703	31,134	17,480	19,704	31,252	564,049
(15,167)	(61,240)	(41,876)	(23,966)	(14,642)	(16,489)	(48,191)	(314,387)
34,087	71,096	64,323	26,126	17,950	24,043	49,496	390,474
—	—	—	—	—	—	—	1,459
1,725	—	2,726	78	—	379	—	9,644
35,812	71,096	67,049	26,204	17,950	24,422	49,496	401,577
20,645	9,856	25,173	2,238	3,308	7,933	1,305	87,190
124,017	249,399	207,710	102,112	61,597	87,261	83,234	1,231,653
$ 144,662	$ 259,255	$ 232,883	$ 104,350	$ 64,905	$ 95,194	$ 84,539	$ 1,318,843

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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.

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Schedule A–2 Changes in Net Assets 194
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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.

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Schedule B–2 Revenue Payers by Industry — Taxable Sales, Services, and Use Tax Purchases 204
Schedule B–3 Revenue Payers — Personal Income Tax 205
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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 208
Schedule C–2 Other Long-Term Liabilities 210
Schedule C–3 Legal Debt Margin 212
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Demographic and Economic Information

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

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Schedule D–3 Composition of Labor Force 218
Schedule D–4 Public Education Student Enrollment (K–12) 220
Schedule D–5 Public Higher Education Enrollment 220

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.

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Schedule E–2 Operating Indicators by Function 224
Schedule E–3 Capital Asset Statistics by Function 226

Other Information

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

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

Net Assets by Component

Last Seven Fiscal Years

(Accrual Basis of Accounting) (Expressed in Thousands)

	Fiscal Year			
	2002	**2003**	**2004**	**2005**
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	$ 7,827,247	$ 7,661,130	$ 7,942,495	$ 8,197,279
Restricted [1]	776,121	973,636	1,237,258	1,518,523
Unrestricted [1]	320,613	336,129	408,145	690,177
Total Governmental Activities Net Assets	8,923,981	8,970,895	9,587,898	10,405,979
Business-type Activities				
Invested in Capital Assets, Net of Related Debt	21,336	22,104	24,141	28,419
Restricted [2]	916,526	814,147	807,224	928,115
Unrestricted [3]	627,668	668,198	724,154	793,099
Total Business-type Activities Net Assets	1,565,530	1,504,449	1,555,519	1,749,633
Primary Government				
Invested in Capital Assets, Net of Related Debt	7,848,583	7,683,234	7,966,636	8,225,698
Restricted	1,692,647	1,787,783	2,044,482	2,446,638
Unrestricted	948,281	1,004,327	1,132,299	1,483,276
Total Primary Government Net Assets	$ 10,489,511	$ 10,475,344	$ 11,143,417	$ 12,155,612

Notes: The State implemented GASB Statement 34 in fiscal year 2002. The government-wide schedules are effective beginning in fiscal year 2002.

This schedule has been restated for prior period adjustments. Adjustments were made to the fiscal year and the preceding fiscal year in which the prior period adjustment was identified.

[1] From fiscal years 2004 to 2007, governmental activities' restricted and unrestricted net assets increased due to higher tax revenues from a strengthening economy.

[2] From fiscal years 2003 to 2004, business-type activities' restricted net assets decreased primarily due to unemployment claims exceeding related revenue. From fiscal years 2006 to 2008, business-type activities' restricted net assets increased due to unemployment revenues exceeding related claims.

[3] In fiscal years 2006 to 2008, business-type activities' unrestricted net assets increased primarily due to the State providing additional capital to the loan funds from mineral lease revenues and sales taxes.

Schedule A–1

Fiscal Year		
2006	**2007**	**2008**
$ 8,719,751	$ 9,465,667	$ 10,447,357
2,379,269	3,043,599	2,618,556
856,207	1,163,548	1,169,342
11,955,227	13,672,814	14,235,255
32,068	13,008	13,837
1,139,691	1,334,737	1,434,828
893,118	971,435	1,037,893
2,064,877	2,319,180	2,486,558
8,751,819	9,478,675	10,461,194
3,518,960	4,378,336	4,053,384
1,749,325	2,134,983	2,207,235
$ 14,020,104	$ 15,991,994	$ 16,721,813

State of Utah

Changes in Net Assets

Last Seven Fiscal Years

(Accrual Basis of Accounting) (Expressed in Thousands)

	Fiscal Year			
	2002	**2003**	**2004**	**2005**
GOVERNMENTAL ACTIVITIES				
Expenses				
General Government	$ 218,758	$ 194,211	$ 187,544	$ 240,091
Human Services and Youth Corrections	539,028	538,492	576,276	573,154
Corrections, Adult	191,642	184,805	197,043	195,716
Public Safety	154,257	127,861	150,772	162,922
Courts	104,979	106,045	97,894	98,319
Health and Environmental Quality [1]	1,062,393	1,177,121	1,341,059	1,461,016
Higher Education	704,595	647,572	781,468	694,732
Employment and Family Services	324,113	352,082	384,457	409,334
Natural Resources	114,083	119,528	119,188	121,714
Community and Culture	91,083	90,794	88,339	86,065
Business, Labor and Agriculture	66,215	66,965	72,693	84,992
Public Education [2]	1,999,112	1,981,119	2,033,153	2,169,071
Transportation	541,547	523,591	538,525	579,914
Interest and Other Charges on Long-Term Debt	68,964	73,835	75,935	76,382
Total Expenses	6,180,769	6,184,021	6,644,346	6,953,422
Program Revenues				
Charges for Services:				
General Government	77,155	84,500	96,780	99,303
Human Services and Youth Corrections	13,304	17,182	11,918	13,193
Corrections, Adult	7,452	6,235	7,260	2,138
Public Safety	28,348	28,471	31,147	31,594
Courts	34,977	29,221	32,991	46,468
Health and Environmental Quality	87,120	74,087	84,251	108,406
Higher Education	714	676	231	282
Employment and Family Services	7,366	5,397	9,139	6,414
Natural Resources	40,660	35,353	41,554	44,842
Community and Culture	4,579	4,807	1,427	4,420
Business, Labor and Agriculture	46,230	50,318	55,906	61,637
Public Education	35,859	38,604	38,209	59,213
Transportation	123,934	97,759	134,123	137,934
Operating Grants and Contributions	1,794,902	2,034,177	2,347,065	2,436,116
Capital Grants and Contributions	109,751	123,883	105,149	124,836
Total Program Revenues	2,412,351	2,630,670	2,997,150	3,176,796
Net Program (Expense) — Governmental Activities	(3,768,418)	(3,553,351)	(3,647,196)	(3,776,626)
General Revenues and Other Changes in Net Assets				
Taxes:				
Sales Tax and Use Tax [3]	1,470,175	1,488,452	1,547,174	1,697,720
Individual Income Tax Imposed for Education [3]	1,473,341	1,604,618	1,760,844	2,001,286
Corporate Tax Imposed for Education [3]	124,333	160,705	165,921	209,403
Motor and Special Fuel Taxes Imposed for Transportation	329,296	317,536	332,673	335,625
Other Taxes	201,586	213,613	234,777	275,755
Unrestricted Investment Income	11,914	9,152	7,818	17,690
Gain on Sale of Capital Assets	19,642	15,412	13,072	23,010
Federal Appropriation–Jobs and Growth Relief	—	37,970	37,970	—
Miscellaneous	40,670	34,733	30,117	24,781
Special Item–Distribution to Local Governments	(29,772)	—	—	—
Transfers–Internal Activities	26,358	24,237	13,408	9,437
Prior Period Adjustments and Restatements	(61,189)	(306,163)	120,425	—
Total General Revenues and Other Changes in Net Assets	3,606,354	3,600,265	4,264,199	4,594,707
Change in Net Assets — Governmental Activities – Increase (Decrease)	(162,064)	46,914	617,003	818,081

Schedule A–2

Fiscal Year		
2006	**2007**	**2008**
$ 289,749	$ 328,779	$ 385,331
595,337	634,265	679,920
208,922	237,305	255,319
182,042	172,912	191,910
109,180	115,811	125,587
1,635,544	1,620,936	1,649,209
810,228	824,503	912,998
405,845	393,938	423,122
133,441	174,711	159,955
84,843	108,110	132,687
90,573	92,441	95,563
2,321,139	2,548,391	2,959,311
640,251	702,833	850,387
70,345	64,019	58,851
7,577,439	8,018,954	8,880,150
121,067	156,111	257,537
11,073	10,889	10,840
4,483	4,624	5,332
32,777	43,806	49,247
47,330	46,158	46,517
98,296	84,938	65,666
115	235	31
8,492	3,532	7,413
50,308	45,367	64,407
5,368	4,833	5,278
64,098	63,240	68,622
85,867	69,471	100,919
175,821	199,277	251,562
2,744,231	2,769,644	2,658,284
100,519	122,939	144,867
3,549,845	3,625,064	3,736,522
(4,027,594)	(4,393,890)	(5,143,628)
1,921,048	2,131,958	2,006,926
2,496,911	2,667,207	2,435,059
379,801	412,720	409,794
356,176	353,107	350,426
316,980	320,204	333,545
46,856	89,795	63,947
46,084	52,139	26,980
—	—	—
31,999	37,569	41,659
—	—	—
(19,013)	46,778	37,733
—	—	—
5,576,842	6,111,477	5,706,069
1,549,248	1,717,587	562,441

Continues

Changes in Net Assets
Last Seven Fiscal Years

(Accrual Basis of Accounting) (Expressed in Thousands)

	Fiscal Year			
	2002	2003	2004	2005
BUSINESS-TYPE ACTIVITIES				
Expenses				
Student Assistance Programs	$ 79,666	$ 86,995	$ 82,406	$ 95,495
Unemployment Compensation [4]	272,924	307,834	242,828	142,632
Water Loan Programs	6,181	7,074	6,730	8,648
Other Business-type Activities	122,694	123,706	131,164	141,374
Total Expenses	481,465	525,609	463,128	388,149
Program Revenues				
Charges for Services:				
Student Assistance Programs	75,836	73,685	72,823	87,375
Unemployment Compensation	84,611	108,130	158,466	221,298
Water Loan Programs	9,132	8,975	9,160	9,796
Other Business-type Activities	159,703	162,348	176,379	189,114
Operating Grants and Contributions	163,584	130,235	92,141	65,173
Total Program Revenues	492,866	483,373	508,969	572,756
Net Program Revenue (Expense) — Business-type Activities	11,401	(42,236)	45,841	184,607
General Revenues and Other Changes in Net Assets				
Taxes:				
Sales Tax and Use Tax	16,343	2,180	14,402	14,874
Unrestricted Investment Income	3,648	2,248	1,627	3,844
Gain on Sale of Capital Assets	2,347	—	—	226
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	(3,920)	(18,845)	5,229	9,507
Change in Net Assets — Business-type Activities – Increase (Decrease)	7,481	(61,081)	51,070	194,114
Total Primary Government Change in Net Assets	$ (154,583)	$ (14,167)	$ 668,073	$ 1,012,195

Notes: The State implemented GASB Statement 34 in fiscal year 2002. The government-wide schedules are effective beginning in fiscal year 2002.

Legislative action created the Governor's Office of Economic Development in fiscal year 2006; this action moved activity from the community and culture function to the general government function.

This schedule has been restated for prior period adjustments. Adjustments were made to the fiscal year and the preceding fiscal year in which the prior period adjustment was identified.

[1] Expenses for health and environmental quality have increased over the last seven fiscal years due to rising Medicaid program costs.

[2] From fiscal years 2005 to 2008 public education expenses increased for enrollment growth and increased costs related to benefits 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 year 2008, general tax revenues leveled off as the economy slowed.

[4] From fiscal years 2004 to 2007 unemployment compensation expenses decreased, reflecting Utah's improved employment. In fiscal year 2008, unemployment compensation expenses increased as the economy slowed.

Schedule A–2 (Continued)

Fiscal Year		
2006	**2007**	**2008**
$ 152,895	$ 174,220	$ 164,411
102,476	97,692	148,424
6,560	13,042	10,477
155,265	176,261	196,362
417,196	461,215	519,674
112,960	126,498	117,246
253,809	219,690	157,624
10,715	10,634	12,135
211,620	240,905	270,465
109,140	138,252	143,853
698,244	735,979	701,323
281,048	274,764	181,649
14,875	25,440	23,462
—	—	—
308	—	—
—	877	—
—	—	—
19,013	(46,778)	(37,733)
—	—	—
34,196	(20,461)	(14,271)
315,244	254,303	167,378
$ 1,864,492	$ 1,971,890	$ 729,819

Fund Balances — Governmental Funds

Last Seven Fiscal Years

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

	Fiscal Year			
	2002	**2003**	**2004**	**2005**
General Fund				
Reserved	$ 221,474	$ 230,980	$ 214,063	$ 262,360
Unreserved [1]	146,551	156,016	271,890	391,619
Total General Fund	368,025	386,996	485,953	653,979
All Other Governmental Funds				
Reserved	940,566	878,603	831,812	1,048,146
Unreserved reported in:				
Special Revenue Funds	418,365	562,605	643,340	737,746
Capital Projects [2]	52,959	75,489	(15,380)	(71,127)
Debt Service	8,173	7,107	5,787	5,881
Total All Other Governmental Funds	1,420,063	1,523,804	1,465,559	1,720,646
Total Fund Balances — Governmental Funds	$ 1,788,088	$ 1,910,800	$ 1,951,512	$ 2,374,625

Notes: Due to changes in the State's fund structure initiated when GASB Statement 34 was implemented, the changes in fund balance information 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] From fiscal years 2004 to 2007, general fund unreserved fund balances increased due to higher tax revenues from a strengthening economy. In fiscal year 2008, general fund unreserved fund balances decreased as the State's economy slowed. General sales tax reductions and sale tax diversions also reduced tax revenues in the general fund.

[2] From fiscal years 2004 to 2007, unreserved fund balance for capital projects reported a deficit as a result of outstanding encumbrances. Appropriations and bond proceeds available in the following fiscal year fund the outstanding encumbrances.

Schedule A–3

Fiscal Year		
2006	**2007**	**2008**
$ 300,497	$ 411,600	$ 470,800
568,639	667,972	394,068
869,136	1,079,572	864,868
1,286,583	1,558,607	1,867,469
1,096,485	1,473,424	975,035
(93,248)	(107,624)	57,027
14,332	17,801	20,801
2,304,152	2,942,208	2,920,332
$ 3,173,288	$ 4,021,780	$ 3,785,200

Changes in Fund Balances — Governmental Funds

Last Seven Fiscal Years

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

	Fiscal Year			
	2002	**2003**	**2004**	**2005**
Revenues				
Sales and Use Tax [1]	$ 1,473,479	$ 1,481,823	$ 1,553,909	$ 1,699,636
Individual Income Tax [1]	1,584,546	1,587,520	1,706,774	1,946,593
Corporate Tax [1]	124,561	161,129	165,893	209,304
Motor and Special Fuels Tax	321,682	321,370	327,838	336,417
Other Taxes	201,583	213,618	234,774	275,715
Federal Contracts and Grants	1,856,477	2,049,922	2,295,428	2,366,786
Charges for Services/Royalties	256,213	244,527	286,879	330,998
Licenses, Permits, and Fees	98,632	101,529	103,635	121,382
Federal Mineral Lease	30,527	47,307	67,216	82,704
Federal Aeronautics	31,026	18,791	25,821	34,416
Intergovernmental	7,611	8,463	11,395	4,104
Investment Income [2]	(10,347)	34,626	69,314	71,538
Miscellaneous and Other	176,895	193,448	204,331	231,708
Total Revenues	6,152,885	6,464,073	7,053,207	7,711,301
Expenditures				
General Government	179,769	170,666	176,907	178,891
Human Services and Youth Corrections	531,290	533,898	553,136	576,871
Corrections, Adult	185,471	179,115	188,951	198,030
Public Safety	150,715	125,517	150,353	163,072
Courts	107,255	98,784	102,302	107,807
Health and Environmental Quality [3]	1,058,291	1,175,092	1,342,903	1,461,618
Higher Education–State Administration	42,155	34,891	32,827	39,121
Higher Education–Colleges and Universities	610,837	597,477	614,922	637,087
Employment and Family Services	321,154	363,116	394,926	417,037
Natural Resources	121,072	134,247	121,461	123,195
Community and Culture	91,014	91,986	89,051	87,621
Business, Labor, and Agriculture	63,940	66,382	72,124	85,115
Public Education [4]	1,998,450	1,979,880	2,033,259	2,168,896
Transportation	848,617	756,634	811,088	832,285
Capital Outlay	112,569	205,861	173,869	139,488
Debt Service — Principal Retirement	104,298	109,653	124,498	183,911
Debt Service — Interest and Other Charges	70,890	79,367	87,462	89,768
Total Expenditures	6,597,787	6,702,566	7,070,039	7,489,813
Revenues Over (Under) Expenditures	(444,902)	(238,493)	(16,832)	221,488
Other Financing Sources (Uses)				
General Obligation Bonds Issued	421,200	278,705	—	140,635
Revenue Bonds Issued	114,389	—	16,377	18,430
Refunding Bonds Issued	208,000	381,800	319,230	22,066
Premium on Bonds Issued	29,153	87,756	35,729	12,039
Payment of Current Bond Refunding	(208,000)	(150,000)	(5,050)	—
Payment to Refunded Bond Escrow Agent	—	(279,369)	(349,244)	(23,212)
Capital Leases/Contracts Issued	—	—	11,498	—
Sale of 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)	638,460	361,205	57,544	201,625
Net Change in Fund Balances	$ 193,558	$ 122,712	$ 40,712	$ 423,113
Debt Service as a Percentage of Noncapital Expenditures	2.81 %	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.

Schedule A–4

Fiscal Year		
2006	**2007**	**2008**
$ 1,915,600	$ 2,109,732	$ 2,031,239
2,324,365	2,589,252	2,560,394
379,624	411,929	410,586
344,902	366,446	357,664
316,994	320,204	333,542
2,524,022	2,480,016	2,574,585
405,013	412,411	468,451
113,684	120,349	121,882
156,851	145,985	134,404
37,521	44,074	68,193
9,109	23,332	12,884
116,215	240,988	46,716
239,901	261,617	373,047
8,883,801	9,526,335	9,493,587
239,838	268,775	319,389
593,392	627,598	677,234
205,310	229,198	251,216
179,622	172,427	196,008
114,111	119,650	131,261
1,634,619	1,620,400	1,648,841
43,505	49,064	64,587
675,267	708,063	793,283
413,380	406,532	432,955
140,592	171,014	174,120
85,231	108,592	132,413
89,255	91,162	96,072
2,322,871	2,547,421	2,960,873
975,565	1,221,371	1,472,208
170,748	196,126	193,733
152,746	159,862	193,292
82,690	75,149	139,883
8,118,742	8,772,404	9,877,368
765,059	753,931	(383,781)
—	—	75,000
—	—	—
—	—	—
—	—	1,557
—	—	—
—	—	—
—	—	2,131
50,679	47,193	30,824
935,723	3,721,041	4,550,400
(952,798)	(3,674,615)	(4,512,711)
—	—	—
—	—	—
—	—	—
33,604	93,619	147,201
$ 798,663	$ 847,550	$ (236,580)
3.11 %	2.95 %	3.72 %

[2] In fiscal year 2002, the decrease in fair value in investments for the permanent fund created a negative revenue.

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

[4] From fiscal years 2005 to 2008 public education expenditures increased for enrollment growth and increased costs related to benefits for educators.

State of Utah

Revenue Base

Last Ten Calendar Years

(Expressed in Thousands)

	Calendar Year			
	1998	**1999**	**2000**	**2001**
Taxable Sales, Services, and Use Tax Purchases				
Agriculture, Forestry, and Fishing	$ 22,612	$ 26,499	$ 32,173	$ 35,596
Mining	259,042	180,267	202,157	207,660
Construction	399,802	421,476	407,857	368,364
Manufacturing	1,601,027	1,539,452	1,543,234	1,587,075
Transportation	122,686	140,231	149,218	144,106
Communications and Utilities	2,167,105	2,252,281	2,592,628	2,966,872
Wholesale Trade	3,157,047	3,278,676	3,444,614	3,278,275
Retail	16,259,520	17,064,458	17,954,684	18,472,120
Finance, Insurance, and Real Estate	423,481	449,726	469,097	442,357
Services	3,698,830	3,900,743	4,276,454	4,267,008
Public Administration	59,288	67,973	66,505	67,043
Prior Period Payments and Refunds	474,869	676,759	506,392	589,713
Total Taxable Sales, Services and Use Tax Purchases	$ 28,645,309	$ 29,998,541	$ 31,645,013	$ 32,426,189
State Sales Tax Rate	4.75 %	4.75 %	4.75 %	4.75 %
Personal Income by Industry				
Federal Civilian	$ 1,782,087	$ 1,860,682	$ 2,092,156	$ 2,193,593
Federal Military	398,753	415,852	447,703	495,066
State and Local Government	4,797,097	5,041,634	5,361,261	5,701,905
Forestry, Fishing, and Related Activities	67,907	69,819	64,061	54,705
Mining	479,456	456,432	495,981	550,927
Utilities	338,420	319,073	335,693	408,094
Construction	2,811,796	2,996,429	3,271,568	3,491,766
Manufacturing	5,216,869	5,327,895	5,648,259	5,927,719
Wholesale Trade	1,768,414	1,925,470	2,075,701	2,131,879
Retail Trade	3,087,314	3,270,230	3,418,911	3,579,776
Transportation and Warehousing	1,774,169	1,833,166	1,957,340	2,105,772
Information	1,245,045	1,557,010	1,771,212	1,671,477
Financial, Insurance, Real Estate, Rental, and Leasing	2,591,372	2,926,702	3,096,721	3,553,045
Services	9,919,951	10,613,627	11,695,394	12,253,544
Farm Earnings	240,117	256,110	201,081	277,134
Other [1]	10,500,089	10,472,441	11,628,169	12,197,106
Total Personal Income	$ 47,018,856	$ 49,342,572	$ 53,561,211	$ 56,593,508
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.

Calendar Year					
2002	**2003**	**2004**	**2005**	**2006**	**2007**
$ 37,667	$ 41,251	$ 44,957	$ 69,102	$ 75,432	$ 73,621
157,344	141,246	195,448	284,634	407,292	477,342
315,095	305,795	368,876	512,075	711,035	792,084
1,369,021	1,392,412	1,691,533	2,027,777	2,507,326	2,678,207
96,434	89,823	128,218	171,898	201,036	205,763
2,963,647	2,833,309	3,080,330	3,248,719	3,557,949	3,591,019
3,099,989	3,105,001	3,611,473	4,265,754	5,087,766	5,318,425
19,049,964	19,559,540	21,013,848	22,897,441	25,784,902	27,428,307
457,361	390,057	355,012	384,754	412,926	429,446
4,157,216	4,005,676	4,179,256	4,747,385	5,261,263	5,689,281
77,846	93,453	83,973	106,941	114,007	116,614
730,567	602,479	557,951	524,772	674,846	889,925
$ 32,512,151	$ 32,560,042	$ 35,310,875	$ 39,241,252	$ 44,795,780	$ 47,690,034
4.75 %	4.75 %	4.75 %	4.75 %	4.75 %	4.75 %
$ 2,423,704	$ 2,492,234	$ 2,653,388	$ 2,827,949	$ 3,001,035	$ 3,138,372
631,174	785,698	832,917	927,445	905,950	912,409
5,973,292	6,296,192	6,582,221	6,940,907	7,314,063	7,795,801
46,069	50,461	50,788	54,437	61,088	70,751
532,637	540,759	656,558	779,408	1,013,280	1,159,725
459,954	366,172	407,838	419,906	473,634	482,001
3,580,465	3,510,360	3,843,588	4,450,496	5,332,343	5,717,886
5,718,329	6,017,090	6,484,455	6,745,984	7,440,101	7,985,858
2,120,316	2,164,106	2,336,127	2,593,577	2,855,766	3,145,147
3,639,657	3,745,249	4,000,677	4,256,783	4,679,005	5,140,063
2,099,374	2,100,420	2,339,759	2,491,338	2,569,267	2,896,536
1,547,549	1,545,802	1,603,195	1,827,173	1,814,820	1,887,980
3,774,022	3,928,379	4,198,455	4,578,176	4,977,873	5,223,244
12,749,249	14,924,398	16,165,823	17,506,209	19,260,149	20,623,630
180,687	208,888	278,957	247,000	109,049	183,584
12,695,237	10,735,870	11,130,398	13,097,317	13,772,920	13,233,987
$ 58,171,715	$ 59,412,078	$ 63,565,144	$ 69,744,105	$ 75,580,343	$ 79,596,974
7.00 %	7.00 %	7.00 %	7.00 %	6.98 %	6.98 %

Revenue Payers by Industry — Taxable Sales, Services, and Use Tax Purchases

Schedule B–2

Most Current Calendar Year and Historical Comparison

(Dollars Expressed in Thousands)

	Calendar Year 1998				Calendar Year 2007			
	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 ..	356	0.5 %	$ 22,612	0.1 %	703	0.6 %	$ 73,621	0.2 %
Mining	258	0.4 %	259,042	0.9 %	382	0.3 %	477,342	1.0 %
Construction	1,544	2.1 %	399,802	1.4 %	2,102	1.8 %	792,084	1.7 %
Manufacturing	4,725	6.5 %	1,601,027	5.6 %	7,524	6.7 %	2,678,207	5.6 %
Transportation	447	0.6 %	122,686	0.4 %	502	0.4 %	205,763	0.4 %
Communications and Utilities	1,702	2.3 %	2,167,105	7.6 %	11,402	10.0 %	3,591,019	7.5 %
Wholesale Trade	9,082	12.5 %	3,157,047	11.0 %	10,209	8.9 %	5,318,425	11.2 %
Retail	24,406	33.6 %	16,259,520	56.8 %	35,113	30.7 %	27,428,307	57.5 %
Finance, Insurance, and Real Estate	1,465	2.0 %	423,481	1.5 %	2,077	1.8 %	429,446	0.9 %
Services	18,081	24.9 %	3,698,830	12.8 %	23,832	21.0 %	5,689,281	11.9 %
Public Administration	96	0.1 %	59,288	0.2 %	127	0.1 %	116,614	0.2 %
Prior Period Payments, Refunds	10,500	14.5 %	474,869	1.7 %	20,240	17.7 %	889,925	1.9 %
Total Number of Filers and Total Taxable Sales, Services, and Use Tax Purchases	72,662	100.0 %	$ 28,645,309	100.0%	114,213	100.0%	$ 47,690,034	100.0%
State Sales Tax Rate	4.75 % except 2.00 % for Communications and Utilities				4.75 % 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 2007.

Revenue Payers — Personal Income Tax

Schedule B–3

Most Current Calendar Year and Historical Comparison

(Dollars Expressed in Thousands)

	Calendar Year 1997				Calendar Year 2006			
	Number of Filers	**Percent of Total**	**Tax Liability**	**Percent of Total**	**Number of Filers**	**Percent of Total**	**Tax Liability**	**Percent of Total**
Adjusted Gross Income Class								
$10,000 and under	206,447	25.1 %	$ 5,673	0.5 %	164,982	16.9 %	$ 2,588	0.1 %
$10,001–20,000	154,935	18.8 %	40,878	3.3 %	149,967	15.4 %	29,908	1.3 %
$20,001–30,000	113,974	13.8 %	74,486	6.1 %	129,476	13.3 %	69,329	3.1 %
$30,001–40,000	88,675	10.8 %	100,223	8.2 %	100,443	10.3 %	95,425	4.2 %
$40,001–50,000	71,700	8.7 %	117,702	9.6 %	81,415	8.3 %	115,898	5.1 %
$50,001–75,000	109,945	13.4 %	275,077	22.4 %	149,762	15.3 %	336,416	14.8 %
$75,001–100,000	40,332	4.9 %	153,338	12.5 %	88,301	9.0 %	310,165	13.7 %
$100,001–250,000	30,862	3.7 %	208,293	16.9 %	94,592	9.7 %	587,617	25.9 %
Over $250,000	6,325	0.8 %	253,250	20.5 %	17,942	1.8 %	722,619	31.8 %
Total	823,195	100.0 %	$ 1,228,920	100.0 %	976,880	100.0 %	$ 2,269,965	100.0 %

Source: Utah State Tax Commission, for full-year residents only.

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue. The most current period available for personal income tax information is calendar year 2006.

Personal Income Tax Rates — Schedule B–4

Last Ten Calendar Years

	Calendar Year		
	1998 to 2000 [1]	**2001 to 2005** [1]	**2006 to 2007** [2]
	Single and Married Filing Separately		
Tax Rate	2.30 %	2.30 %	2.30 %
Income Levels	$0–750	$0–863	$0–1,000
Tax Rate	3.30 %	3.30 %	3.30 %
Income Levels	$751–1,500	$864–1,726	$1,001–2,000
Tax Rate	4.20 %	4.20 %	4.20 %
Income Levels	$1,501–2,250	$1,727–2,588	$2,001–3,000
Tax Rate	5.20 %	5.20 %	5.20 %
Income Levels	$2,251–3,000	$2,589–3,450	$3,001–4,000
Tax Rate	6.00 %	6.00 %	6.00 %
Income Levels	$3,001–3,750	$3,451–4,313	$4,001–5,500
Tax Rate	7.00 %	7.00 %	6.98 %
Income Levels	Over $3,750	Over $4,313	Over $5,500
	Married Filing Joint, Head of Household, and Qualifying Widow(er)		
Tax Rate	2.30 %	2.30 %	2.30 %
Income Levels	$0–1,500	$0–1,726	$0–2,000
Tax Rate	3.30 %	3.30 %	3.30 %
Income Levels	$1,501–3,000	$1,727–3,450	$2,001–4,000
Tax Rate	4.20 %	4.20 %	4.20 %
Income Levels	$3,001–4,500	$3,451–5,176	$4,001–6,000
Tax Rate	5.20 %	5.20 %	5.20 %
Income Levels	$4,501–6,000	$5,177–6,900	$6,001–8,000
Tax Rate	6.00 %	6.00 %	6.00 %
Income Levels	$6,001–7,500	$6,901–8,626	$8,001–11,000
Tax Rate	7.00 %	7.00 %	6.98 %
Income Levels	Over $7,500	Over $8,626	Over $11,000

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.

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Ratios of Outstanding Debt by Type
Last Seven Fiscal Years

(Expressed in Millions)

	Fiscal Year			
	2002	**2003**	**2004**	**2005**
Governmental Activities				
General Obligation Bonds	$ 1,474	$ 1,624	$ 1,510	$ 1,515
State Building Ownership Authority Lease Revenue Bonds	342	332	336	309
Capital Leases	12	13	23	21
Total Governmental Activities	1,828	1,969	1,869	1,845
Business-type Activities				
Student Assistance Programs Revenue Bonds	1,227	1,311	1,398	1,545
Water Loan Revenue Bonds	4	3	1	—
State Building Ownership Authority Lease Revenue Bonds	23	22	23	31
Total Business-type Activities	1,254	1,336	1,422	1,576
Total Primary Government	$ 3,082	$ 3,305	$ 3,291	$ 3,421
Debt as a Percentage of Personal Income [1]	5.30 %	5.56 %	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	$ 1,468	$ 1,624	$ 1,510	$ 1,515
Net General Obligation Bonded Debt as a Percentage of Taxable Property Value [2]	1.22 %	1.29 %	1.17 %	1.12 %
Amount of Net General Obligation Bonded Debt Per Capita (expressed in dollars) [1]	$ 623	$ 673	$ 612	$ 595

Sources: Utah State Administrative Services, Division of Finance; Utah State Tax Commission – Property Tax; and Utah Governor's Office of Planning and Budget – Demographics.

Note: Only principal debt is included. Not included are premiums, discounts, and deferred amounts on refundings. Ratios of outstanding debt by type, presented separately by governmental and business-type activities, are only available beginning in fiscal year 2002 when the State implemented GASB Statement 34.

[1] Ratios are calculated using personal income and population data. See Schedule D–1 for personal income and population data.

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

Schedule C–1

Fiscal Year		
2006	**2007**	**2008**
$ 1,377	$ 1,237	$ 1,162
293	274	162
20	18	19
1,690	1,529	1,343
2,138	2,138	2,165
—	—	—
38	37	50
2,176	2,175	2,215
$ 3,866	$ 3,704	$ 3,558
5.12 %	4.65 %	4.28 %
$ 1,478	$ 1,372	$ 1,290
$ 1,377	$ 1,237	$ 1,162
—	—	—
$ 1,377	$ 1,237	$ 1,162
0.95 %	0.73 %	0.58 %
$ 527	$ 458	$ 421

Other Long-Term Liabilities
Last Seven 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 [2]	—	—	—	8,527
Compensated Absences	135,541	134,746	139,594	140,029
Postemployment Benefits [1]	213,633	216,442	240,538	—
Claims	126,709	43,659	40,423	44,673
Pollution Remediation Obligation [2]	—	—	—	—
Arbitrage Liability	99	103	—	—
Total Governmental Activities	2,335,428	2,456,410	2,371,186	2,113,602
Business-type Activities				
Revenue Bonds	1,231,460	1,313,605	1,398,520	1,544,830
State Building Ownership Authority Lease Revenue Bonds	22,858	22,341	23,330	30,672
Net Unamortized Premiums	269	265	237	1,061
Deferred Amount on Refunding	—	—	—	(464)
Capital Leases	96	—	—	—
Claims and Uninsured Liabilities	—	—	5,201	6,025
Arbitrage Liability	36,830	52,884	61,766	66,411
Total Business-type Activities	1,291,513	1,389,095	1,489,054	1,648,535
Total Primary Government Other Long-term Liabilities	$ 3,626,941	$ 3,845,505	$ 3,860,240	$ 3,762,137

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

[1] Beginning in 2005 the Postemployment Benefits liability is no longer reported in the financial statements in preparation for the implementation of Governmental Accounting Standards Board (GASB) Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions.*

[2] Beginning in 2008 the Pollution Remediation Obligation is no longer reported in the financial statements as part of Contracts Payable. 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.*

Schedule C–2

Fiscal Year		
2006	**2007**	**2008**
$ 1,377,390	$ 1,237,170	$ 1,161,510
293,226	273,538	161,614
83,347	66,581	51,011
(21,546)	(17,732)	(13,621)
19,644	18,228	18,769
7,936	6,941	559
148,762	185,630	186,581
—	—	—
46,725	44,755	41,285
—	—	7,842
—	109	—
1,955,484	1,815,220	1,615,550
2,138,085	2,137,655	2,165,180
37,814	36,552	50,246
988	879	1,117
(415)	(365)	(318)
—	—	—
4,960	4,678	5,786
67,845	72,487	65,945
2,249,277	2,251,886	2,287,956
$ 4,204,761	$ 4,067,106	$ 3,903,506

Legal Debt Margin
Last Ten Fiscal Years

(Expressed in Millions)

	Fiscal Year			
	1999	**2000**	**2001**	**2002**
Taxable Property, Taxable Value [1]	$ 99,917	$ 105,149	$ 112,218	$ 120,332
Taxable Property, Fair Market Value [1]	$ 134,601	$ 142,192	$ 152,329	$ 163,186
Debt Limit (Fair Market Value times 1.5%)	1.50%	1.50%	1.50%	1.50%
Debt Limit Amount	2,019	2,133	2,285	2,448
Net General Obligation Bonded Debt [2]	1,252	1,212	1,146	1,498
Legal Debt Margin	$ 767	$ 921	$ 1,139	$ 950
Net General Obligation Bonded Debt As a Percentage of the Debt Limit Amount	62.01 %	56.82 %	50.15 %	61.19 %

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, 2007, are used for fiscal year 2008.

[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			
	1999	**2000**	**2001**	**2002**
Appropriations Limitation Amount [1]	$ 3,529,861	$ 3,673,543	$ 3,798,512	$ 4,176,703
Limit (Appropriations Limitation Amount times applicable percentage) [1]	20.00%	20.00%	20.00%	20.00%
Statutory Debt Limit Amount	705,972	734,709	759,702	835,341
Net General Obligation Bonded Debt	1,251,525	1,212,325	1,146,000	1,498,371
Less: Exempt Highway Construction Bonds	(908,000)	(908,000)	(908,000)	(1,000,450)
Net General Obligation Bonded Debt Subject to Statutory Debt Limit	343,525	304,325	238,000	497,921
Additional General Obligation Debt Incurring Capacity	$ 362,447	$ 430,384	$ 521,702	$ 337,420

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					
2003	**2004**	**2005**	**2006**	**2007**	**2008**
$ 125,437	$ 129,345	$ 135,827	$ 144,519	$ 168,812	$ 201,774
$ 170,776	$ 176,541	$ 185,620	$ 198,983	$ 233,013	$ 282,176
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
2,562	2,648	2,784	2,985	3,495	4,233
1,714	1,589	1,588	1,437	1,284	1,198
$ 848	$ 1,059	$ 1,196	$ 1,548	$ 2,211	$ 3,035
66.90 %	60.01 %	57.04 %	48.14 %	36.74 %	28.30 %

Schedule C–4

Fiscal Year					
2003	**2004**	**2005**	**2006**	**2007**	**2008**
$ 4,150,684	$ 1,856,205	$ 1,956,584	$ 2,099,609	$ 2,276,693	$ 2,477,629
20.00%	45.00%	45.00%	45.00%	45.00%	45.00%
830,137	835,292	880,463	944,824	1,024,512	1,114,933
1,713,755	1,588,810	1,587,804	1,436,845	1,284,023	1,198,172
(1,020,049)	(980,811)	(957,093)	(877,979)	(790,567)	(763,583)
693,706	607,999	630,711	558,866	493,456	434,589
$ 136,431	$ 227,293	$ 249,752	$ 385,958	$ 531,056	$ 680,344

Pledged Revenue Bond Coverage

Schedule C–5

Last Seven Fiscal Years

(Expressed in Thousands)

Fiscal Year	Gross Revenues [1]	Less Operating Expenses [2]	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage [3]
Water Loans [4]						
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]						
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.

Demographic and Economic Indicators

Schedule D–1

Last Ten Calendar Years

Calendar Year	Population (in Thousands) Utah Number	Utah Change	U.S. Number	U.S. Change	Unemployment Rate Utah	U.S.	Utah Net Migration
1999	2,193	2.4 %	279,040	1.2 %	3.7 %	4.2 %	17,584
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 (est.)	2,758	2.1 %	304,992	1.0 %	3.7 %	5.4 %	25,400

Calendar Year	Personal Income (in Millions) Utah Amount	Utah Change	U.S. Amount	U.S. Change	Per Capita Income (in Dollars) Utah Amount	Utah Change	U.S. Amount	U.S. Change
1999	$ 49,343	4.9 %	$ 7,796,137	5.1 %	$ 22,500	2.5 %	$ 27,939	3.9 %
2000	$ 53,561	8.5 %	$ 8,422,074	8.0 %	$ 23,842	6.0 %	$ 29,843	6.8 %
2001	$ 56,594	5.7 %	$ 8,716,992	3.5 %	$ 24,546	3.0 %	$ 30,562	2.4 %
2002	$ 58,172	2.8 %	$ 8,872,871	1.8 %	$ 24,667	0.5 %	$ 30,795	0.8 %
2003	$ 59,412	2.1 %	$ 9,150,320	3.1 %	$ 24,615	(0.2)%	$ 31,467	2.2 %
2004	$ 63,565	7.0 %	$ 9,711,271	6.1 %	$ 25,762	4.7 %	$ 33,072	5.1 %
2005	$ 69,744	9.7 %	$ 10,284,378	5.9 %	$ 27,545	6.9 %	$ 34,685	4.9 %
2006	$ 75,580	8.4 %	$ 10,968,393	6.7 %	$ 29,007	5.3 %	$ 36,659	5.7 %
2007	$ 79,597	5.3 %	$ 11,645,882	6.2 %	$ 30,558	5.3 %	$ 38,557	5.2 %
2008 (est.)	$ 83,179	4.5 %	$ 12,148,265	4.3 %	$ 31,130	1.9 %	$ 39,831	3.3 %

Sources: Population—Utah Population Estimates Committee at July 1 each year. The 2008 estimate is from the Utah Revenue Assumption Committee. Personal Income—U.S. Department of Commerce, Bureau of Economic Analysis; and Utah Department of Workforce Services. The 2008 estimate is from the Utah Revenue Assumption Committee.

Note: Per capita personal income is calculated by dividing total personal income by population; amounts may not be exact due to rounding.

Principal Employers

Schedule D–2

Most Current Calendar Year and Historical Comparison

	Calendar Year 1998			Calendar Year 2007		
Entity Name	**Number of Employees**	**Rank**	**Percent of All Employees**	**Number of Employees**	**Rank**	**Percent of All Employees**
Intermountain Health Care (IHC)				20,000 +	1	2.0 % – 2.4 %
State of Utah	20,000 +	1	2.0 % – 2.4 %	20,000 +	2	1.5 % – 1.9 %
University of Utah (includes Hospital)	15,000 – 19,999	3	1.5 % – 1.9 %	15,000 – 19,999	3	1.0 % – 1.4 %
Brigham Young University	15,000 – 19,999	2	1.5 % – 1.9 %	15,000 – 19,999	4	1.0 % – 1.4 %
Wal-Mart Stores				15,000 – 19,999	5	1.0 % – 1.4 %
Hill Air Force Base	7,000 – 9,999	4	0.5 % – 0.9 %	10,000 – 14,999	6	0.5 % – 0.9 %
Granite School District	7,000 – 9,999	5	0.5 % – 0.9 %	7,000 – 9,999	7	0.5 % – 0.9 %
Jordan School District	7,000 – 9,999	6	0.5 % – 0.9 %	7,000 – 9,999	8	0.5 % – 0.9 %
Convergys	7,000 – 9,999	7	0.5 % – 0.9 %			
Utah State University	5,000 – 6,999	8	0.5 % – 0.9 %	7,000 – 9,999	9	0.5 % – 0.9 %
Davis County School District	5,000 – 6,999	9	0.5 % – 0.9 %	5,000 – 6,999	10	0.5 % – 0.9 %
Smith's Food King	5,000 – 6,999	10	0.5 % – 0.9 %			
Total Employees of Principal Employers	105,897		10.3 %	141,340		11.3 %

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 Eight Calendar Years

	Calendar Year			
	2000	**2001**	**2002**	**2003**
Nonagricultural Jobs				
Government	185,349	190,117	195,246	196,537
Mining	7,291	7,209	6,880	6,670
Construction	72,309	71,620	67,838	67,599
Manufacturing	125,784	122,092	113,873	112,291
Trade, Transportation, and Utilities	219,823	219,954	216,032	213,970
Information	35,927	33,514	31,004	30,016
Financial Activity	58,731	62,214	63,352	64,674
Professional and Business Services	139,533	136,646	131,912	131,910
Education and Health Services	104,855	109,520	113,696	118,379
Leisure and Hospitality	95,391	98,328	100,943	99,634
Other Services	29,886	30,471	32,970	32,451
Total Nonagricultural Jobs	1,074,879	1,081,685	1,073,746	1,074,131
Civilian Labor Force	1,104,208	1,159,433	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**
198,877	202,307	204,483	206,868
7,083	8,473	10,024	11,034
72,631	81,685	95,164	103,450
114,765	117,246	123,064	127,695
219,212	225,938	234,797	245,672
30,272	32,105	32,541	32,448
65,040	67,583	71,469	74,739
138,220	146,704	154,834	161,022
123,282	128,605	134,410	139,991
102,031	104,223	108,477	112,821
32,915	33,451	34,651	35,542
1,104,328	1,148,320	1,203,914	1,251,282
1,237,055	1,276,378	1,318,473	1,361,768
1,174,797	1,223,248	1,279,453	1,325,480
62,258	53,130	39,020	36,288
5.0 %	4.2 %	3.0 %	2.7 %

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

	Academic Year			
	1998–99	**1999–2000**	**2000–01**	**2001–02**
Elementary	253,401	254,922	256,429	259,328
Secondary	223,660	221,052	218,840	218,473
Total All Grades	477,061	475,974	475,269	477,801

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			
	1999–2000	**2000–01**	**2001–02**	**2002–03**
University of Utah	25,792	26,180	27,664	29,992
Utah State University	20,865	21,490	23,001	22,848
Weber State University	15,444	16,378	17,258	18,654
Southern Utah University	6,025	5,963	6,095	5,881
Salt Lake Community College	21,271	22,118	24,220	23,873
Utah Valley State College	20,062	20,946	22,609	23,609
Dixie State College of Utah [1]	6,191	6,515	7,255	7,473
College of Eastern Utah	2,692	2,704	2,746	2,646
Snow College	4,081	4,092	4,096	3,768
Utah College of Applied Technology	41,099	37,443	37,210	37,660
Total All Institutions	163,522	163,829	172,154	176,404

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					
2002–03	**2003–04**	**2004–05**	**2005–06**	**2006–07**	**2007–08**
262,168	266,666	273,163	283,972	295,252	314,676
218,975	220,272	222,519	226,040	230,835	236,694
481,143	486,938	495,682	510,012	526,087	551,370

Schedule D–5

Academic Year					
2003–04	**2004–05**	**2005–06**	**2006–07**	**2007–08**	**2008–09**
29,936	30,479	30,558	30,511	29,797	30,228
23,474	23,908	23,107	23,623	24,421	23,925
19,167	18,875	18,334	18,642	18,306	21,674
6,048	6,672	6,859	7,029	7,057	7,516
24,154	25,711	25,551	25,129	25,144	29,866
23,803	24,149	24,487	23,305	23,840	26,696
7,682	8,564	9,114	5,967	5,944	6,443
2,692	2,471	2,179	2,220	2,444	2,801
4,036	4,108	4,113	4,179	3,745	3,798
35,549	25,817	25,199	19,389	19,595	20,321
176,541	170,754	169,501	159,994	160,293	173,268

Full-Time Equivalent State Employees by Function
Last Ten Fiscal Years

	Fiscal Year			
	1999	**2000**	**2001**	**2002**
General Government				
Government Operations [1]	1,301	1,302	1,321	1,344
Tax Commission	829	859	884	872
All Other	156	144	144	145
Human Services and Youth Corrections	4,341	4,530	4,605	4,706
Adult Corrections	2,119	2,169	2,243	2,253
Public Safety				
Department of Public Safety	1,074	1,105	1,106	1,171
Utah National Guard	172	180	202	223
State Courts	1,112	1,111	1,127	1,125
Health and Environmental Quality				
Department of Health	1,055	1,101	1,144	1,189
Department of Environmental Quality	389	396	404	416
Employment and Family Services	1,796	1,702	1,772	1,850
Natural Resources	1,167	1,192	1,191	1,219
Community and Culture [1]	306	287	302	297
Business, Labor, and Agriculture	646	663	688	701
Education				
Public Education Support	991	1,042	1,061	1,066
Higher Education Support	155	160	158	160
Transportation	1,897	1,888	1,895	1,951
Total Full-time Equivalent State Employees	19,506	19,831	20,247	20,688

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.

Fiscal Year					
2003	**2004**	**2005**	**2006**	**2007**	**2008**
1,297	1,295	1,292	1,345	2,074	2,114
835	846	844	852	764	777
144	127	132	147	152	157
4,543	4,630	4,697	4,644	4,521	4,546
2,159	2,228	2,234	2,319	2,316	2,377
1,166	1,211	1,182	1,159	1,151	1,153
227	252	245	247	246	237
1,053	1,056	1,073	1,077	1,077	1,112
1,207	1,271	1,289	1,295	1,231	991
408	397	403	406	382	385
1,889	1,993	1,999	1,931	1,729	2,030
1,215	1,266	1,273	1,319	1,304	1,330
267	262	251	188	187	188
701	703	712	716	706	722
1,055	1,088	1,129	1,176	1,159	1,168
147	154	177	200	230	223
1,871	1,829	1,762	1,768	1,691	1,716
20,184	20,608	20,694	20,789	20,920	21,226

Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year			
	1999	**2000**	**2001**	**2002**
General Government				
Government Operations				
Construction Projects Managed	745	654	638	757
Tax Commission				
Percent of Data Managed Electronically	10.5 %	15.7 %	20.1 %	27.3 %
Number of Returns Filed Electronically	94,599	146,914	191,565	263,337
Motor Vehicle Registrations (in thousands)	2,333	2,382	2,383	2,464
Human Services and Youth Corrections				
Food Stamp Recipients [1]	174,984	171,872	181,501	209,209
Percent of Population	8.0 %	7.6 %	7.9 %	8.9 %
Juveniles, Daily Average in Justice System Placement	N/A	1,355	1,288	1,231
Rate of Recommitment to Juvenile Custody	N/A	10.2 %	10.2 %	9.8 %
Adult Corrections				
Incarcerated Offenders [1]	5,215	5,573	5,590	5,434
Supervised Offenders [1]	10,699	10,690	11,025	11,392
Utah Incarceration Rate (per 100,000 population)	245	254	230	233
US Incarceration Rate (per 100,000 population)	476	478	470	476
State Courts [2]				
State Court Filings	414,953	374,700	350,633	342,794
State Court Dispositions	391,536	418,277	354,961	338,551
Health				
Children's Health Insurance Program Enrollment	6,003	14,612	21,366	24,674
Medicaid Eligible (unduplicated)	222,114	222,360	235,813	249,447
Percent of Population	10.1 %	9.9 %	10.2 %	10.6 %
Employment and Family Services				
Individuals Registered for Employment	239,833	264,113	252,520	263,218
Percent Who Entered Employment	N/A	N/A	N/A	62 %
Natural Resources				
Hatchery Fish, Pounds Raised	N/A	N/A	862,442	810,513
Hunting and Fishing Licenses Sold (in thousands) [1] [3]	N/A	N/A	408,587	373,381
State Park Visitations (in thousands)	6,767	6,555	6,075	5,640
Business, Labor, and Agriculture				
Department of Commerce				
Licenses and Registrations Issued [4]	219,048	243,661	249,927	251,982
Department of Agriculture and Food				
Dairy Farm Inspections	2,098	1,601	1,369	1,453
Pounds of Turkey Inspected and Graded (in thousands)	136,473	118,837	81,279	88,989
Gas Pumps and Scales Inspected	20,451	14,046	20,434	21,602
Higher Education				
Number of Certificates and Degrees Awarded	19,361	21,114	22,327	25,026
Transportation				
Percent of Roads Which are Deficient (see page 122) [1]	7.3 %	10.7 %	8.3 %	6.6 %
Vehicles Weighed or Inspected (in thousands)	4,989	4,473	5,467	5,647

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 2008 is an estimate.

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

Fiscal Year					
2003	**2004**	**2005**	**2006**	**2007**	**2008**
886	844	782	828	909	946
33.5 %	42.1 %	48.3 %	54.4 %	58.9 %	N/A
325,077	409,249	482,443	565,851	640,365	N/A
2,524	2,657	2,732	2,818	2,955	2,779
233,836	255,284	263,502	253,586	251,143	266,352
9.7 %	10.3 %	10.3 %	9.7 %	9.3 %	9.7 %
1,208	1,203	1,239	1,128	1,150	1,132
10.3 %	9.4 %	7.3 %	9.5 %	6.8 %	7.3 %
5,687	5,875	6,148	6,325	6,502	N/A
11,514	11,519	11,798	12,158	11,521	N/A
240	246	240	240	246	N/A
482	486	488	497	445	N/A
313,340	294,376	300,049	283,724	275,020	270,684
323,235	317,015	339,664	263,703	240,180	225,362
24,854	28,443	28,924	35,259	31,998	32,101
249,745	276,813	286,983	287,559	274,710	267,378
10.3 %	11.2 %	11.3 %	11.0 %	10.2 %	9.7 %
259,914	256,934	266,105	250,855	202,642	211,906
62 %	61 %	66 %	70 %	72 %	74 %
887,546	930,071	893,497	1,062,512	993,323	964,630
360,285	366,256	366,341	415,066	438,286	443,900
4,573	4,414	4,458	4,390	4,465	4,554
250,295	257,140	262,216	291,162	309,106	313,087
1,145	1,087	1,089	1,054	769	N/A
88,780	69,371	92,650	88,544	85,954	N/A
23,913	22,510	37,892	26,394	21,963	N/A
25,999	30,801	30,093	30,463	30,182	33,608
6.4 %	6.2 %	6.3 %	11.3 %	12.4 %	N/A
5,462	5,456	5,528	5,796	6,358	6,278

Capital Asset Statistics by Function
Last Seven Fiscal Years

	Fiscal Year			
	2002	**2003**	**2004**	**2005**
General Government				
Buildings	306	307	313	319
Vehicles	7,422	7,339	7,368	7,354
Data Processing Equipment and Software	3,727	3,927	2,048	2,116
Reproduction and Printing Equipment	750	872	1,013	1,011
Human Services and Youth Corrections				
Data Processing Equipment and Software	78	81	84	86
Adult Corrections				
Data Processing Equipment and Software	186	183	185	188
Security and Surveillance Equipment	44	44	43	41
Public Safety				
Department of Public Safety				
Vehicles	29	21	22	28
Data Processing Equipment and Software	189	95	117	129
Medical and Lab Equipment	187	109	116	122
Utah National Guard				
Buildings	198	199	201	202
State Courts				
Data Processing Equipment and Software	146	148	151	80
Audio Visual Equipment	107	141	163	188
Health and Environmental Quality				
Department of Health				
Data Processing Equipment and Software	285	276	214	229
Medical and Lab Equipment	152	159	172	189
Department of Environmental Quality				
Monitoring and Lab Equipment	238	250	247	279
Employment and Family Services				
Department of Workforce Services				
Data Processing Equipment and Software	235	226	289	351
Natural Resources				
Division of Parks and Recreation				
State Parks	39	39	39	40
Buildings	527	562	634	626
Vehicles	216	239	248	258
Division of Wildlife Resources				
Wildlife Management Areas	87	87	87	87
Fish Hatcheries	11	11	11	11
Buildings	166	185	192	167
Vehicles	89	93	107	117
Business, Labor, and Agriculture				
Data Processing Equipment and Software	98	94	91	100
Monitoring and Lab Equipment	88	90	101	107
Transportation				
Highway Center Line Miles	5,855	5,799	5,733	5,724
Buildings	297	299	308	315
Vehicles	742	693	701	737
Heavy Equipment	1,827	1,892	1,991	2,158

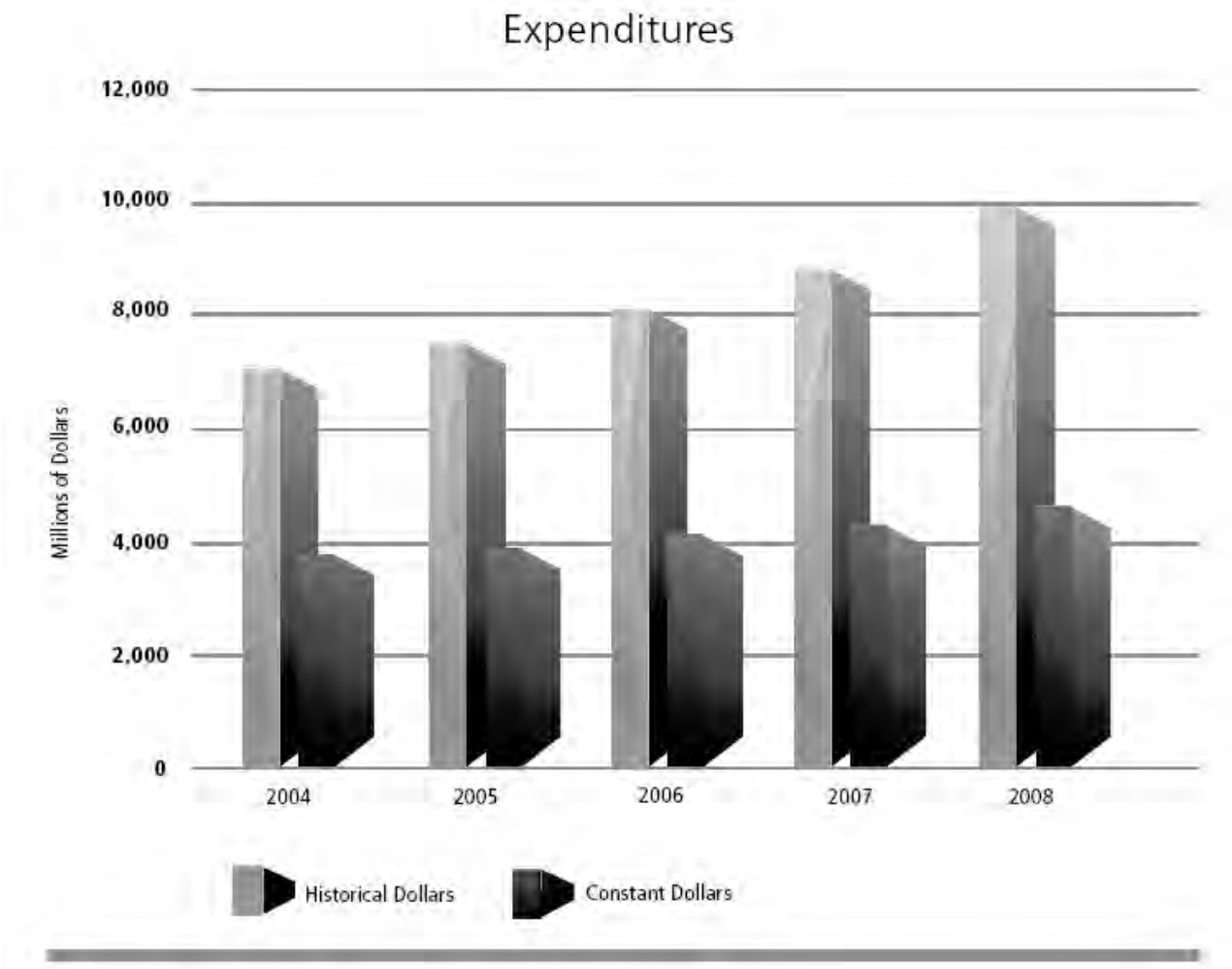
Source: Utah State Administrative Services, Division of Finance and various departments of the State.

Note: Capital asset statistics by function are only available beginning in fiscal year 2002 when the State implemented GASB Statement 34.

Schedule E–3

Fiscal Year		
2006	**2007**	**2008**
319	288	289
7,376	7,376	7,437
2,179	2,156	2,302
1,011	948	1,020
75	72	61
192	189	230
40	43	52
35	28	28
135	121	127
133	140	146
204	192	192
85	86	95
190	190	191
215	216	211
204	203	228
295	304	313
370	424	458
42	42	42
622	642	667
269	296	292
87	87	87
11	11	11
167	164	165
136	142	189
94	94	99
108	107	106
5,680	5,777	5,754
336	343	345
770	812	832
2,346	2,462	2,543

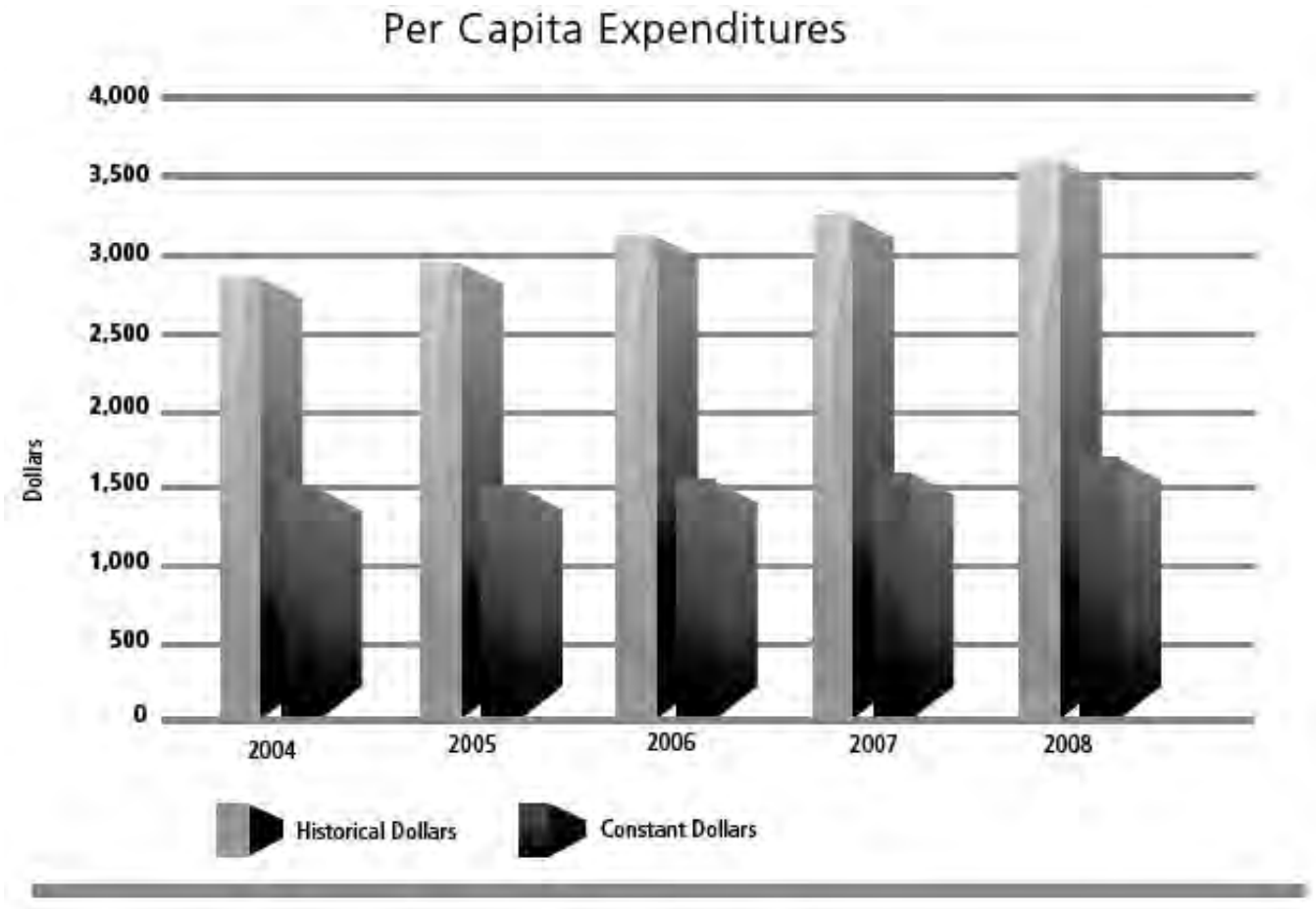
Expenditures — Historical and Constant Dollars **Schedule F–1**
All Governmental Fund Types
Last Five Fiscal Years



Fiscal Year	Historical Dollars (in Millions)	Historical Dollars Change	Constant Dollars (in Millions)	Constant Dollars Change
2004	$ 7,070	5.5 %	$ 3,799	3.2 %
2005	$ 7,490	5.9 %	$ 3,909	2.9 %
2006	$ 8,119	8.4 %	$ 4,080	4.4 %
2007	$ 8,772	8.0 %	$ 4,297	5.3 %
2008	$ 9,877	12.6 %	$ 4,666	8.6 %

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

Per Capita Expenditures — Historical and Constant Dollars **Schedule F–2**
All Governmental Fund Types
Last Five Fiscal Years



Fiscal Year	Per Capita Expenditures			
	Historical Dollars		Constant Dollars	
		Change		Change
2004	$ 2,864	3.1 %	$ 1,539	0.9 %
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 %

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

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