NEW ISSUE

Ratings: Fitch "AAA"; Moody's "Aaa"; S&P "AAA"
See "MISCELLANEOUS—Bond Ratings" herein.

Subject to compliance by the State of Utah with certain covenants, in the opinion of Chapman and Cutler LLP, Bond Counsel, under present law, interest on the 2012 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. In the opinion of Bond Counsel, under the existing laws of the State of Utah, as presently enacted and construed, interest on the 2012 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. See "LEGAL MATTERS" herein for a more complete discussion.

$37,350,000

State of Utah

General Obligation and Refunding Bonds, Series 2012A

The $37,350,000 General Obligation and Refunding Bonds, Series 2012A, are issuable by the State of Utah as fully–registered bonds and will be initially issued in book–entry form through The Depository Trust Company, New York, New York, as securities depository for the 2012 Bonds. See "APPENDIX F—BOOK–ENTRY SYSTEM."

Principal of and interest on the 2012 Bonds (interest payable January 1 and July 1 of each year, commencing January 1, 2013) are payable by the Utah State Treasurer, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof. See "THE 2012 BONDS—Book–Entry System" herein.

The 2012 Bonds are not subject to optional redemption prior to maturity. See "THE 2012 BONDS—No Optional Redemption Provisions" herein.

The 2012 Bonds are general obligations of the State of Utah, for which the full faith, credit and resources of the State of Utah 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 of Utah subject to taxation for State of Utah purposes. See "THE 2012 BONDS—Security For The 2012 Bonds" herein.

Dated: Date of Delivery[1]

Due: July 1, as shown on the inside front cover

See the inside front cover for the maturity of the 2012 Bonds.

The 2012 Bonds were awarded pursuant to competitive bidding received by means of the *PARITY*® electronic bid submission system on September 18, 2012 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated September 7, 2012) to J. P. Morgan Securities LLC, New York, New York, at a "true interest rate" of 0.60%.

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

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

This OFFICIAL STATEMENT is dated September 18, 2012, and the information contained herein speaks only as of that date.

[1] The anticipated date of delivery is Wednesday, October 3, 2012

$37,350,000

General Obligation and Refunding Bonds, Series 2012A

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

Due July 1	CUSIP 917542	Principal Amount	Interest Rate	Yield
2014……	TA 0	$ 130,000	4.00%	0.28%
2015……	TB 8	6,025,000	4.00	0.32
2016……	TC 6	3,050,000	5.00	0.40
2017……	TD 4	28,145,000	5.00	0.62

[1] The anticipated date of delivery is Wednesday, October 3, 2012.

Salient Features of the 2012 Bonds

Issuer ..... The 2012 Bonds are issued by the State of Utah (the "State").

Security ..... The 2012 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 subject to State taxation. The General Obligation Bond Authorization Acts and the Refunding Bond Act (as both defined herein), provide that in each year after issuance of the 2012 Bonds, and until all outstanding 2012 Bonds are retired, there is levied a direct annual tax on all real and personal property within the State subject to State taxation, sufficient to pay: applicable bond redemption premiums, if any, interest on the 2012 Bonds as it becomes due, and principal of the 2012 Bonds as it becomes due. The State expects that moneys will be available from sources other than property taxes in amounts sufficient to pay principal of and interest on the 2012 Bonds when due, thereby enabling the State to abate the property taxes levied for that purpose. See "THE 2012 BONDS—Security For The 2012 Bonds" below.

Purpose..... Proceeds of the 2012 Bonds will be used to finance the construction of various buildings and improvements for the State and the colleges and universities within the State's higher education system and to refund certain general obligation bonds previously issued by the State.

Interest Payment Dates..... January 1 and July 1 of each year, commencing January 1, 2013.

Maturity Dates ..... July 1, 2013 through July 1, 2017, as shown on the inside front cover.

No Optional Redemption..... The 2012 Bonds are not subject to optional redemption prior to maturity.

Paying Agent..... State Treasurer of the State.

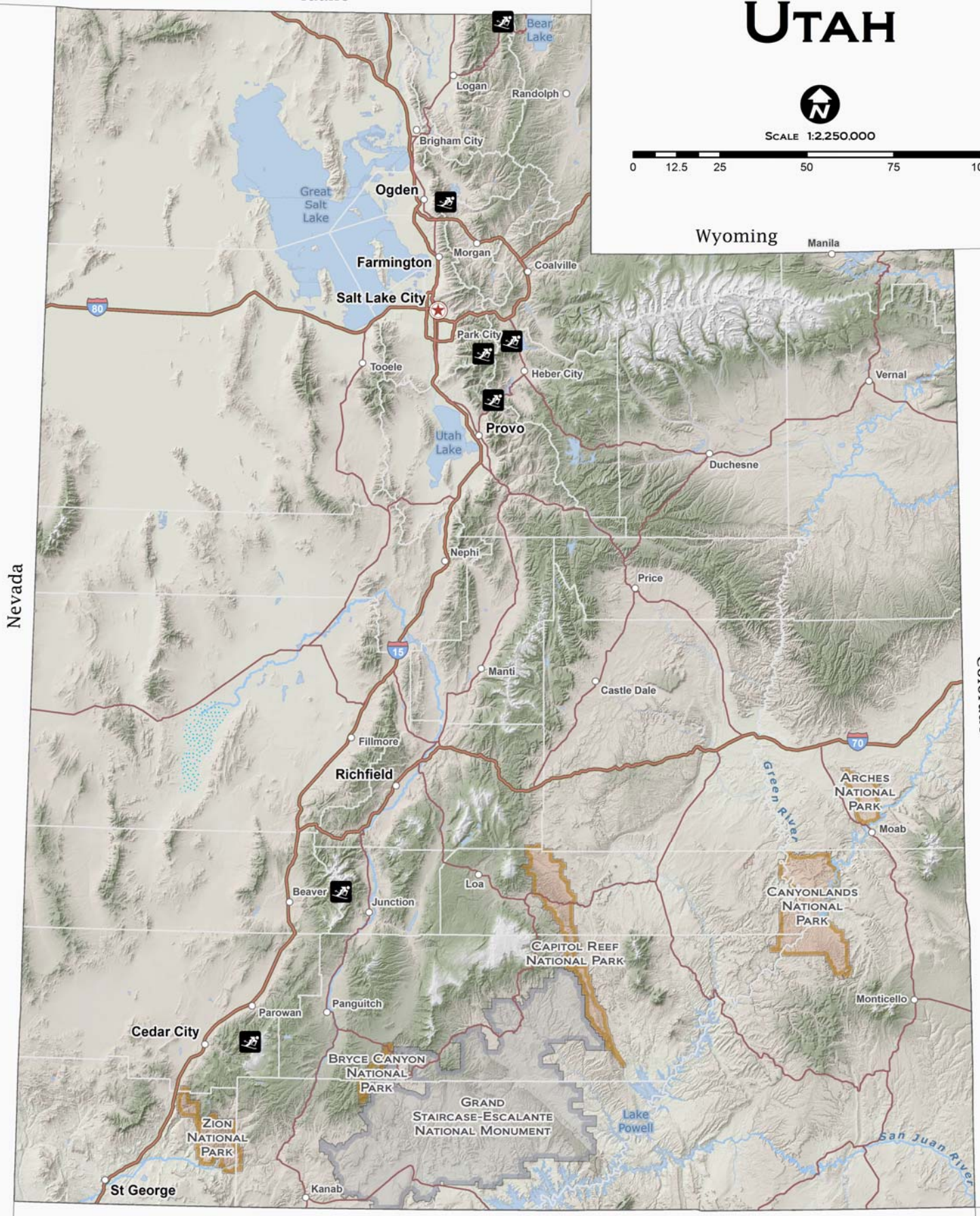
Date of Delivery..... Wednesday, October 3, 2012.

Authorized Denominations..... $5,000 or any whole multiple thereof.

Book–Entry System ..... The Depository Trust Company, New York, New York will act as securities depository of the 2012 Bonds. Purchases of 2012 Bonds will be made in book–entry form only and through brokers and dealers who are, or who act through, DTC Participants (as defined herein).

Tax Status ..... Interest on the 2012 Bonds is excludable from gross income for federal and State income tax purposes, with certain qualifications as noted herein. See "LEGAL MATTERS—Federal Income Tax Matters" and "—State of Utah Income Taxation" below.

Utah


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

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This OFFICIAL STATEMENT does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of, the 2012 Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained herein, and if given or made, such other information or representations must not be relied upon as having been authorized by either the State of Utah; Zions Bank Public Finance, Salt Lake City, Utah (as Financial Advisor); the State Treasurer of the State, Salt Lake City, Utah (as Bond Registrar and Paying Agent); or any other entity. All information contained herein has been obtained from the State, The Depository Trust Company, and from other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this OFFICIAL STATEMENT nor the issuance, sale, delivery or exchange of the 2012 Bonds, shall under any circumstance create any implication that there has been no change in the affairs of the State since the date hereof.

The 2012 Bonds have not been registered under the Securities Act of 1933, as amended, or any state securities laws in reliance upon exemptions contained in such act and laws. Any registration or qualification of the 2012 Bonds in accordance with applicable provisions of the securities laws of the states in which the 2012 Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither the Securities and Exchange Commission nor any state securities commission has passed upon the accuracy or adequacy of this OFFICIAL STATEMENT. Any representation to the contrary is unlawful.

The yields at which the 2012 Bonds are offered to the public may vary from the initial reoffering yields on the inside cover page of this OFFICIAL STATEMENT. In addition, the successful bidder(s) may allow concessions or discounts from the initial offering prices of the 2012 Bonds to dealers and others. In connection with the offering of the 2012 Bonds, the successful bidder(s) may engage in transactions that stabilize, maintain, or otherwise affect the price of the 2012 Bonds. Such transactions may include overallotments in connection with the purchase of 2012 Bonds, the purchase of 2012 Bonds to stabilize their market price and the purchase of 2012 Bonds to cover the successful bidders(s)' short positions. Such transactions, if commenced, may be discontinued at any time.

Forward–Looking Statements. Certain statements included or incorporated by reference in this OFFICIAL STATEMENT constitute "forward–looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used, such as "plan," "project," "forecast," "expect," "estimate," "budget" or other similar words.

The achievement of certain results or other expectations contained in such forward–looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward–looking statements. The State does not plan to issue any updates or revisions to those forward–looking statements if or when its expectations change, or events, conditions or circumstances on which such statements are based, occur.

The CUSIP (the Committee on Uniform Securities Identification Procedures) identification numbers are provided on the inside cover page of this OFFICIAL STATEMENT and are being provided solely for the convenience of bondholders, and the State does not make any representation with respect to such numbers or undertake any responsibility for their accuracy. The CUSIP numbers are subject to change after the issuance of the 2012 Bonds as a result of subsequent actions including, but not limited to, a refunding in whole or in part of the 2012 Bonds.

The information available at web sites referenced in this OFFICIAL STATEMENT has not been reviewed for accuracy and completeness. Such information has not been provided in connection with the offering of the 2012 Bonds and is not a part of this OFFICIAL STATEMENT.

OFFICIAL STATEMENT RELATED TO

$37,350,000

State of Utah

General Obligation and Refunding Bonds, Series 2012A

INTRODUCTION

This OFFICIAL STATEMENT provides information in connection with the issuance and sale by the State of Utah (the "State") of its $37,350,000 General Obligation and Refunding Bonds, Series 2012A (the "2012 Bonds"). This introduction is only a brief description of the 2012 Bonds and the security and source of payment for the 2012 Bonds, and is qualified by more complete and detailed information contained in the entire OFFICIAL STATEMENT, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire OFFICIAL STATEMENT. The offering of the 2012 Bonds to potential investors is made only by means of the entire OFFICIAL STATEMENT.

When used herein, the terms "Fiscal Year[s] 20YY," and "Fiscal Year[s] End[ed][ing] June 30, 20YY," shall refer to the year ended or ending on June 30 of the year indicated and beginning on July 1 of the preceding year and the terms "Calendar Year[s] 20YY," or "Calendar Year[s] End[ed][ing] December 31, 20YY" shall refer to the year beginning on January 1 and ending on December 31 of the year indicated.

Public Sale/Electronic Bid

The 2012 Bonds were awarded pursuant to competitive bidding received by means of the ***PARITY®*** electronic bid submission system on September 18, 2012, to as set forth in the OFFICIAL NOTICE OF BOND SALE (dated September 7, 2012) to J. P. Morgan Securities LLC, New York, New York, at a "true interest rate" of 0.60%.

The 2012 Bonds may be offered and sold to certain dealers (including dealers depositing the 2012 Bonds into investment trusts) at prices lower than the initial public offering prices set forth on the inside cover page of the OFFICIAL STATEMENT and such public offering prices may be changed from time to time.

The State of Utah

During 2000 through 2010 the State was the third fastest growing state in the nation by percentage increase in population, with population increasing from approximately 2.23 million in 2000 to approximately 2.76 million in 2010. The State ranked first in 2010 with the lowest median age in the country (29.2 years). The State has a network of colleges and universities (both public and private) that support its expanding population.

The State was the host of the 2002 Winter Olympic Games and continues to be a major tourist attraction, with world class skiing and five national parks.

Security

The 2012 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 subject to State taxation.

The State expects that moneys will be available from sources other than property taxes in amounts sufficient to pay principal of and interest on the 2012 Bonds when due, thereby enabling the State to abate the property taxes otherwise required to be levied for that purpose. See "THE 2012 BONDS—Security For The 2012 Bonds" and "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Property Tax Matters" below.

Authority And Purpose

The 2012 Bonds are authorized pursuant to the Resolutions (as defined herein) of the State Bonding Commission (the "Commission") and pursuant to the General Obligation Bond Authorization Acts and the Refunding Bond Act (both as defined herein) in amounts sufficient to pay all or a portion of the costs of the State's capital facilities, higher education construction or reconstruction projects, to refund certain general obligation bonds previously issued by the State, and to pay costs and expenses incident to the issuance of the 2012 Bonds. See "THE 2012 BONDS—Plan Of Refunding;" "—Estimated Sources And Uses Of Funds" and "—Authorization And Purpose Of The 2012 Bonds" below.

Conditions Of Delivery, Anticipated Date, Manner, And Place Of Delivery

The 2012 Bonds are offered, subject to prior sale, when, as, and if issued and received by the successful bidders(s), subject to the approval of legality by Chapman and Cutler, LLP, Bond Counsel to the State, and certain other conditions. Certain legal matters will be passed on for the State by its Attorney General. Certain legal matters regarding this OFFICIAL STATEMENT will be passed on for the State by Ballard Spahr LLP. It is expected that the 2012 Bonds, in book–entry form, will be available for delivery to DTC or its agent on or about Wednesday, October 3, 2012.

Continuing Disclosure Undertaking

The State will enter into a Continuing Disclosure Undertaking for the benefit of the Beneficial Owners of the 2012 Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access System ("EMMA") pursuant to the requirement of paragraph (b)(5) of Rule 15c2–12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. See "CONTINUING DISCLOSURE UNDERTAKING" below for further discussion and information regarding the undertaking and "APPENDIX E—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING" hereto for a copy of the proposed form of the continuing disclosure undertaking.

Basic Documentation

This OFFICIAL STATEMENT speaks only as of its date, and the information contained herein is subject to change. Brief descriptions of the State, the 2012 Bonds, and the Resolutions are included in this OFFICIAL STATEMENT. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Resolutions are qualified in their entirety by reference to such documents, and references herein to the 2012 Bonds are qualified in their entirety by reference to the form thereof included in the Resolutions. The "basic documentation" which includes the Resolutions, the closing documents and other documentation, authorizing the issuance of the 2012 Bonds and establishing the rights and responsibilities of the State and other parties to the transaction may be obtained from the "contact persons" as indicated below.

Contact Persons

As of the date of this OFFICIAL STATEMENT, the chief contact person for the State concerning the 2012 Bonds is:

Richard K. Ellis, Utah State Treasurer
and Secretary of the State Bonding Commission
rellis@utah.gov

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

The State Treasurer's web site may be found at utah.gov/treasurer. In addition the Treasurer's office has provided additional information for "investors" at utah.gov/treasurer/investor-overview.

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

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

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

As of the date of this OFFICIAL STATEMENT, the Bond Registrar and Paying Agent is:

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

As of the date of this OFFICIAL STATEMENT, Bond Counsel to the State is:

Chapman and Cutler LLP
201 S Main St Ste 2000
Salt Lake City UT 84111–2266
801.536.1426 | f 801.533.9595
bjerke@chapman.com

CONTINUING DISCLOSURE UNDERTAKING

The State will enter into a Continuing Disclosure Undertaking (the "Disclosure Undertaking") for the benefit of the Beneficial Owners of the 2012 Bonds to send certain information annually and to provide notice of certain events to the MSRB through EMMA pursuant to the provisions of the Rule. No person,

other than the State, has undertaken, or is otherwise expected, to provide continuing disclosure with respect to the 2012 Bonds. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and other terms of the Disclosure Undertaking, including termination, amendment and remedies, are set forth in the proposed form of the Disclosure Undertaking in "APPENDIX E—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING."

The State has complied in all material respects with each and every undertaking previously entered into by it pursuant to the Rule.

Based on prior disclosure undertakings the State submits its annual comprehensive annual financial report ("CAFR") (Fiscal Year Ending June 30) and other operating and financial information on or before January 15th (on or before 199 days from the end of the Fiscal Year). The State will submit the Fiscal Year 2012 CAFR and other operating and financial information for the 2012 Bonds on or before January 15, 2013, and annually thereafter on or before each January 15th.

A failure by the State to comply with the Disclosure Undertaking will not constitute a default under the Resolutions, and Owners of the 2012 Bonds are limited to the remedies provided in the Disclosure Undertaking. See "APPENDIX E—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING–Consequences of Failure of the State to Provide Information." A failure by the State to comply with the Disclosure Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2012 Bonds in the secondary market. Any such failure may adversely affect the marketability of the 2012 Bonds.

THE STATE OF UTAH

This section contains general information about the State and is expanded in "APPENDIX C—DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING THE STATE OF UTAH." Economic, demographic and financial information is as of its date and is subject to change.

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

The State's unemployment rate as of July 2012 was 6.0%, compared to the national average of 8.3%.

The population of the State has been steadily increasing for over a century. The State is expected to experience population growth at a rate higher than most states in 2012.

The Utah System of Higher Education consists of eight public colleges and universities governed by the Utah State Board of Regents. The system includes two major research/teaching universities, three regional universities, two state colleges, and one community college. In addition, the Utah College of Applied Technology (UCAT) provides technical education at eight regional Applied Technology Colleges (ATCs) to meet the needs of the State's employers for skilled workers. Fall 2011 enrollment was approximately 174,000, which represented a 1.7% increase from the previous year. While the growth in 2011 is not as high as the two previous years, it marks the fourth year in a row higher education enrollment has increased from the previous year. For a 10–year academic year history of the State's higher education enrollment see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2011–Statistical Section–Schedule D–5 Public Higher Education Enrollment" (page 234).

STATE OF UTAH GOVERNMENTAL ORGANIZATION

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

Constitutional Departments

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

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

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

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

Certain Other Administrative Bodies

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

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

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

Division of Facilities Construction and Management. DFCM is responsible for the design and construction of the facilities used by all State agencies and institutions with some exceptions. DFCM is also responsible for the leasing of all facilities for State agencies with some exceptions. DFCM also manages and maintains many State facilities and allocates space among State agencies.

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

State Building Board. The State Building Board acts as a policy–making board for DFCM. The board is responsible for preparing and maintaining a five–year building plan for the State, establishing design

and construction standards for State facilities, and establishing procurement rules relating to State facilities.

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

DEBT STRUCTURE OF THE STATE OF UTAH

Legal Borrowing Authority

Constitutional Debt Limit. Article XIV, Section 1 of the State Constitution limits the total general obligation indebtedness of the State to an amount equal to 1.5% of the value of the total taxable property of the State, as shown by the last assessment for State purposes previous to incurring such debt. The application of this constitutional debt limit and the additional debt incurring capacity of the State under the Constitution are estimated to be on October 3, 2012 (following the issuance of the 2012 Bonds) as follows:

Fair market value of ad valorem taxable property (1)	$263,825,160,095
Fees in lieu of ad valorem taxable property (2)	10,981,111,283
Total fair market value of taxable property (1)	$274,806,271,378
Constitutional debt limit (1.5%)	$4,122,094,071
Less: currently outstanding general obligation debt (net) (3)	(3,393,409,169)
Estimated additional constitutional debt incurring capacity of the State (4)	$ 728,684,902

(1) Based on 2011 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 2011 "age based" values. For purposes of calculating debt incurring capacity only, the value of all motor vehicles and state–assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) is added to the fair market value of the taxable property in the State.
(3) Includes unamortized original issue bond premium 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.

Constitutional Debt Limit Estimate Using Fiscal Year 2012 Estimated Taxable Valuation. Based on early ad valorem property tax reports from the State Tax Commission, the Calendar Year 2012 estimated fair market value and fees in lieu ad valorem taxable property will be approximately $276,400,000,000, leaving the ability of the State (after the issuance of the 2012 Bonds) to issue an additional approximately $750,000,000 in general obligation bonds. (Source: Financial Advisor.)

See "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Property Tax Matters–Taxable Value Compared with Fair Market Value of All Taxable Property in the State" 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 and subject to the exemption set forth in that act. The State Appropriations and Tax Limitation Act also limit State government appropriations based upon a formula that re-

flects changes in population and inflation. See "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Recent Developments–Spending and Debt Limitations" below.

On occasion, the Legislature has amended the State Appropriations and Tax Limitation Act in order to provide an exemption for certain general obligation highway bonds and bond anticipation notes from the limitations imposed by the State Appropriations and Tax Limitation Act. Of the State's current outstanding general obligation bonds of $3,225,435,000, approximately $2,894,000,000 is exempt from the State Appropriations and Tax Limitation Act. See "Authorized General Obligation Bonds and Future General Obligation Bonds Issuance" and "Outstanding General Obligation Indebtedness" below.

Using the budget appropriations for Fiscal Year 2013, the statutory general obligation debt limit under the State Appropriations and Tax Limitation Act and additional general obligation debt incurring capacity of the State under that act are as of October 3, 2012, as follows:

Statutory general obligation debt limit (1)	$1,433,343,686
Less: statutorily applicable general obligation debt (net) (2)	(499,354,856)
Remaining statutory general obligation debt incurring capacity	$ 933,988,830

(1) 45% of Fiscal Year 2013 appropriation limit of $3,185,208,190.
(2) Includes 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.

For a 10–year Fiscal Year history of the State's constitutional and statutory general obligation debt limits see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2011–Statistical Section–Schedule C–3 Legal Debt Margin" (pages 226 and 227) and "–Schedule C–4 Statutory Debt Limit" (pages 226 and 227).

Authorized General Obligation Bonds and Future General Obligation Bonds Issuance. As of October 3, 2012, the State has approximately $413,606,828 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 ("UDOT") and DFCM for various capital projects. The authorizations consist of:

- $313,318,200 (all of which is exempt from statutory debt limit calculations) for highway projects from 2009;
- $42,500,000 for development projects from 2008;
- $56,165,228 (all of which is exempt from statutory debt limit calculations) for highway projects from 2007; and
- $1,623,400 for capital projects from 2004.

Based on the State's highway and transportation needs, the State anticipates that it may issue approximately $100 million of general obligation highway bonds during Fiscal Year 2014. The State does not anticipate the issuance of any general obligation highway bonds to be issued during Fiscal Year 2015. The Legislature may authorize the issuance of general obligation building bonds in future Fiscal Years, but such amounts and issuance dates are not know as of the date of this OFFICIAL STATEMENT.

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 October 3, 2012, the State expects to have the following principal amounts of general obligation debt outstanding:

Series (1)	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2012A (2)	Buildings/refunding	$ 37,350,000	July 1, 2017	$ 37,350,000
2011A (3)	Building/highways	609,920,000	July 1, 2026	581,160,000
2010C (4)	Refunding	172,055,000	July 1, 2019	172,055,000
2010B (4) (5)	Highways (BABs)	621,980,000	July 1, 2025	621,980,000
2010A (6)	Building/highways	412,990,000	July 1, 2017	323,145,000
2009D (4) (5)	Highways (BABs)	491,760,000	July 1, 2024	491,760,000
2009C (7)	Building/highways	490,410,000	July 1, 2018	451,100,000
2009B	Various purpose	104,450,000	July 1, 2015	64,875,000
2009A (4) (8)	Highways	394,360,000	July 1, 2019 (12)	173,685,000
2007 (4)	Various purpose	75,000,000	July 1, 2014	21,935,000
2004B (4) (8) (9)	Various purpose	140,635,000	July 1, 2014 (13)	7,700,000
2004A (10)	Refunding	314,775,000	July 1, 2016	223,390,000
2003A (4) (11)	Various purpose	407,405,000	July 1, 2013 (14)	55,300,000
Total principal amount of outstanding general obligation debt (15)				$3,225,435,000

(1) Each series of bonds has been rated (unless otherwise indicated) "AAA" by Fitch Ratings ("Fitch"); "Aaa" by Moody's Investors Service, Inc. ("Moody's); and "AAA" by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), as of the date of this OFFICIAL STATEMENT.
(2) $4,110,000 of this bond is exempt from statutory debt limit calculations.
(3) $534,300,000 of these bonds is exempt from statutory debt limit calculations.
(4) The remaining outstanding principal amounts of this bond are exempt from statutory debt limit calculations.
(5) Issued as federally taxable, 35% issuer subsidy, "Build America Bonds".
(6) $243,435,000 of these bonds is exempt from statutory debt limit calculations.
(7) $363,630,000 of these bonds is exempt from statutory debt limit calculations.
(8) Portions of this bond issue were refunded by the 2010C Bonds.
(9) Portions of this bond issue were refunded by the 2012 Bonds.
(10) $66,565,000 of these bonds is exempt from statutory debt limit calculations.
(11) Portions of this bond issue were refunded by the 2004A Bonds.
(12) Final maturity date after the refunding effected by the 2010C Bonds.
(13) Final maturity date after the refunding effected by the 2010C Bonds and the 2012 Bonds.
(14) Final maturity date after the refunding effected by the 2004A Bonds.
(15) For accounting purposes, the outstanding debt as shown above must be increased by the premium associated with debt issued and reduced by the deferred amount on refunding that is reported in the long–term debt notes of the State's financial statements. For accounting purposes, the total unamortized bond premium is $191,450,577 and the total deferred amount on refundings is $23,476,408 (as of October 3, 2012), together with current debt outstanding of $3,225,435,000, results in total outstanding net direct debt of $3,393,409,169.

(Source: Financial Advisor.)

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

Fiscal Year Ending	Series 2012A $37,350,000		Series 2011A $609,920,000		Series 2010C $172,055,000		Series 2010B $621,980,000	
June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest (2)
2013……	$ 0	$ 441,454	$ 28,760,000	$ 28,327,250	$ 0	$ 8,350,200	$ 0	$ 21,480,074
2014……	0	1,805,950	28,765,000	27,350,125	0	8,350,200	0	21,480,074
2015……	130,000	1,803,350	28,765,000	26,116,625	0	8,350,200	0	21,480,074
2016……	6,025,000	1,680,250	28,765,000	24,785,725	0	8,350,200	0	21,480,074
2017……	3,050,000	1,483,500	48,765,000	23,031,000	28,510,000	7,667,200	0	21,480,074
2018……	28,145,000	703,625	70,855,000	20,177,325	28,635,000	6,309,325	0	21,480,074
2019……	–	–	43,995,000	17,343,025	70,435,000	3,873,575	0	21,480,074
2020……	–	–	43,990,000	15,166,500	44,475,000	1,056,350	29,470,000	21,010,175
2021……	–	–	43,990,000	12,988,700	–	–	101,775,000	18,866,586
2022……	–	–	43,990,000	10,929,600	–	–	102,480,000	15,466,620
2023……	–	–	39,790,000	8,969,250	–	–	103,250,000 (3)	11,913,336
2024……	–	–	39,785,000	6,979,875	–	–	104,160,000 (3)	8,243,216
2025……	–	–	39,785,000	4,990,625	–	–	104,430,000 (3)	4,552,216
2026……	–	–	39,785,000	3,001,375	–	–	76,415,000 (3)	1,352,163
2027……	–	–	40,135,000	1,003,375	–	–	–	–
Totals……	$ 37,350,000	$ 7,918,129	$ 609,920,000	$ 231,160,375	$ 172,055,000	$ 52,307,250	$ 621,980,000	$ 231,764,827

Fiscal Year Ending	Series 2010A $412,990,000		Series 2009D $491,760,000		Series 2009C $490,410,000		Series 2009B $104,450,000	
June 30	Principal	Interest	Principal	Interest (2)	Principal	Interest	Principal	Interest
2013……	$ 50,245,000	$ 16,441,500	$ 0	$ 22,098,170	$ 35,225,000	$ 21,127,950	$ 19,950,000	$ 2,994,000
2014……	55,435,000	13,960,975	0	22,098,170	97,950,000	18,750,050	20,775,000	2,179,500
2015……	58,035,000	11,166,125	0	22,098,170	71,545,000	15,264,375	21,600,000	1,332,000
2016……	89,635,000	7,577,775	0	22,098,170	74,080,000	11,873,750	22,500,000	450,000
2017……	81,125,000	3,463,925	0	22,098,170	69,165,000	8,416,438	–	–
2018……	38,915,000	758,725	0	22,098,170	67,495,000	5,089,688	–	–
2019……		–	0	22,098,170	70,865,000	1,721,625	–	–
2020……	–	–	74,145,000	20,558,179	–	–	–	–
2021……	–	–	87,715,000 (4)	17,020,917	–	–	–	–
2022……	–	–	86,740,000 (4)	13,048,576	–	–	–	–
2023……	–	–	90,825,000 (4)	9,005,421	–	–	–	–
2024……	–	–	64,420,000 (4)	5,470,493	–	–	–	–
2025……	–	–	87,915,000 (4)	2,001,825	–	–	–	–
2026……	–	–	–	–	–	–	–	–
2027……	–	–	–	–	–	–	–	–
Totals……	$ 373,390,000	$ 53,369,025	$ 491,760,000	$ 221,792,603	$ 486,325,000	$ 82,243,875	$ 84,825,000	$ 6,955,500

(1) This table reflects the State's debt service schedule for its outstanding general obligation bonds for the fiscal year shown. This information is based on payments (cash basis) falling due in that particular fiscal year. **Does not reflect federal interest rate subsidy payments on Build America Bonds.**

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

(3) Mandatory sinking fund principal payments from a $388,255,000 3.539% term bond due July 1, 2025.

(4) Mandatory sinking fund principal payments from a $417,615,000 4.554% term bond due July 1, 2024.

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

Fiscal Year Ending June 30	Series 2009A $394,360,000		Series 2007 $75,000,000		Series 2004B $140,635,000		Series 2004A $314,775,000	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013……	$ 23,680,000	$ 8,368,600	$ 10,300,000	$ 1,195,550	$ 3,575,000	$ 577,500	$ 11,245,000	$ 11,450,625
2014……	23,680,000	7,510,425	10,720,000	775,150	3,750,000	291,250	18,480,000	10,707,500
2015……	23,680,000	6,415,450	11,215,000	280,375	3,950,000	98,750	73,595,000	8,405,625
2016……	25,265,000	5,316,325	–	–	0	0 (6)	73,910,000	4,718,000
2017……	25,265,000	4,228,075	–	–	0	0 (5)	57,405,000	1,435,125
2018……	25,265,000	3,015,325	–	–	0	0 (5)	–	–
2019……	25,265,000	1,797,525	–	–	0	0 (5)	–	–
2020……	25,265,000	605,675	–	–	0	0 (5)	–	–
2021……	0	0 (5)	–	–	–	–	–	–
2022……	0	0 (5)	–	–	–	–	–	–
2023……	0	0 (5)	–	–	–	–	–	–
2024……	0	0 (5)	–	–	–	–	–	–
2025……	–	–	–	–	–	–	–	–
2026……	–	–	–	–	–	–	–	–
2027……	–	–	–	–	–	–	–	–
Totals……	$ 197,365,000	$ 37,257,400	$ 32,235,000	$ 2,251,075	$ 11,275,000	$ 967,500	$ 234,635,000	$ 36,716,875

Fiscal Year Ending June 30	Series 2003A $407,405,000		Series 2002B $253,100,000 (7)			Totals (1)		
	Principal	Interest	Principal	Interest		Total Principal	Total Interest	Total Debt Service
2013……	$ 52,575,000	$ 4,079,375	$ 59,915,000	$ 1,610,216	……	$ 295,470,000	$ 148,542,465	$ 444,012,465
2014……	55,300,000	1,382,500	–	–	……	314,855,000	136,641,869	451,496,869
2015……	0	0 (8)	–	–	……	292,515,000	122,811,119	415,326,119
2016……	0	0 (8)	–	–	……	320,180,000	108,330,269	428,510,269
2017……	0	0 (8)	–	–	……	313,285,000	93,303,507	406,588,507
2018……	–	–	–	–	……	259,310,000	79,632,257	338,942,257
2019……	–	–	–	–	……	210,560,000	68,313,994	278,873,994
2020……	–	–	–	–	……	217,345,000	58,396,878	275,741,878
2021……	–	–	–	–	……	233,480,000	48,876,202	282,356,202
2022……	–	–	–	–	……	233,210,000	39,444,796	272,654,796
2023……	–	–	–	–	……	233,865,000	29,888,007	263,753,007
2024……	–	–	–	–	……	208,365,000	20,693,583	229,058,583
2025……	–	–	–	–	……	232,130,000	11,544,665	243,674,665
2026……	–	–	–	–	……	116,200,000	4,353,538	120,553,538
2027……	–	–	–	–	……	40,135,000	1,003,375	41,138,375
Totals……	$ 107,875,000	$ 5,461,875	$ 59,915,000	$ 1,610,216	……	$ 3,520,905,000	$ 971,776,525	$ 4,492,681,525

(1) This table reflects the State's debt service schedule for its outstanding general obligation bonds for the fiscal year shown. This information is based on payments (cash basis) falling due in that particular fiscal year. **Does not reflect federal interest rate subsidy payments on Build America Bonds.**

(5) Principal and interest has been refunded by the 2010C General Obligation Bonds.

(6) Principal and interest has been refunded by the 2012 Bonds.

(7) This bond issue is included in this table because final principal and interest payment occurred in Fiscal Year 2013.

(8) Principal and interest has been refunded by the 2004A General Obligation Bonds.

(Source: Financial Advisor.)

Debt Ratios of the State. The following tables show the ratios of the principal amounts of the State's general obligation debt (excludes any additional principal amounts attributable to unamortized original issue bond premium 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 October 3, 2012.

	Fiscal Year				
	2012	2011	2010	2009	2008
Outstanding general obligation debt (in $1,000's)	$3,487,680	$3,128,890	$2,299,300	$1,492,620	$1,161,510
Debt ratios:					
Per capita	$1,238	$1,132	$828	$548	$436
As % of State Total Personal Income	3.66%	3.29%	2.55%	1.72%	1.28%
As % of Taxable Value	1.82%	1.63%	1.20%	0.77%	0.58%
As % of Fair Market/Market Value	1.32%	1.18%	0.87%	0.55%	0.43%

	Estimated As of October 3, 2012
Outstanding general obligation debt	$3,225,435,000
Debt ratios:	
Per capita (2011 Census estimate–2,817,222)	$1,145
As % of State Total Personal Income (2011 estimate–$95,194,414,000)	3.39%
As % of Taxable Value (2012 estimate–$191,694,668,745)	1.68%
As % of Fair Market Value/Market Value (2012 estimate–$265,053,506,848)	1.22%

(Source: Financial Advisor.)

For a 10–year history of debt ratios of outstanding debt by Fiscal Year see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2011–Statistical Section–Schedule C–1 Ratios of Outstanding Debt by Type" (page 222).

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:

	($ In Thousands) Fiscal Year				
	2011	2010	2009	2008	2007
General Fund Expenditures	$5,384,730	$5,242,641	$5,103,322	$4,827,229	$4,497,679
Debt Service Expenditures	$366,404	$302,917	$245,288	$333,175	$235,011
Ratio of Debt Service to General Fund Expenditures	6.80%	5.78%	4.81%	6.90%	5.23%
Total All Governmental Funds Expenditures	$11,118,582	$10,879,443	$10,391,436	$9,877,368	$8,772,404
Ratio of Debt Service Expenditures to All Governmental Fund Expenditures	3.30%	2.78%	2.36%	3.37%	2.68%

(Sources: Division of Finance and the 2011 CAFR.)

Revenue Bonds And Notes

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

debt service reserve funds, and constitute "State Moral Obligation Bonds," but are not applied against the general obligation borrowing capacity of the State.

The State has issued the following recapitalization revenue bonds:

Series (1)	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2010C (2)	Water resources (BABs)	$31,225,000	July 1, 2022	$31,225,000
2010B.....	Water resources	16,125,000	July 1, 2017	16,125,000
2010A (3).....	Water resources	18,450,000	July 1, 2014	9,195,000
Total principal amount of outstanding recapitalization revenue bonds (4)				$56,545,000

(1) Each series of bonds shown below has been rated "Aa2" by Moody's and "AA" by S&P, as of the date of this OFFICIAL STATEMENT. No bond rating was requested from Fitch.
(2) Issued as federally taxable, 35% issuer subsidy, "Build America Bonds".
(3) Issued as federally taxable bonds.
(4) For accounting purposes, the total unamortized bond premium is $1,150,497 (as of October 3, 2012), together with current debt outstanding of $56,545,000, results in total outstanding net direct debt of $57,695,497.

(Source: Division of Finance.)

Fiscal Year Debt Service Payments. Total annual principal and interest payments on the State's recapitalization revenue bonds are approximately $6.95 million and are due on July 1 of each year, extending through Fiscal Year 2023.

See also "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2011–Notes to the Financial Statements–Note 10. Long–Term Liabilities. C. Revenue Bonds–Revenue Bond Payable–Primary Government" (page 103).

See also "State Moral Obligation Bonds" below.

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

The majority of State related entities' revenue bonds and notes are issued by the Utah Housing Corporation (which is a component unit of the State), the State Board of Regents (student loans and various capital projects), and the State Building Ownership Authority (the "Authority").

Additional information. For a detailed report and description of the various revenue bonds and notes see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2011—Notes to the Financial Statements, Note 10. Long–Term Liabilities–C. Revenue Bonds–Business Type Activities; Discrete Component Units" (pages 100 through 106); "–Note H. Notes Payable" (pages 109 and 110); and for the Authority see "APPENDIX B—ADDITIONAL DEBT AND FINANICAL INFORMATION REGARDING THE STATE BUILDING OWNERSHIP AUTHORITY."

Lease Obligations

The State leases office buildings and office and computer equipment. Although the lease terms vary, most leases are subject to annual appropriations from the Legislature to continue the lease obligations. If a

legislative appropriation is reasonably assured, long–term leases are considered noncancellable for financial reporting purposes.

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

Primary government's total capital lease payment for Fiscal Year 2011 was $3.03 million. The present value of the minimum lease payments of the State's capital leases for primary government as of Fiscal Year 2011 totaled approximately $25.8 million (with annual payments scheduled through Fiscal Year 2031). The present value of the minimum lease payments of capital leases for the State's component units as of Fiscal Year 2011 totaled approximately $91.2 million (with annual payments scheduled through Fiscal Year 2031).

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

Operating lease expenditures for Fiscal Year 2011 were approximately $27.8 million for primary government and approximately $29.3 million for component units. The total future minimum lease payments for the State's operating leases for primary government for Fiscal Year 2011 totaled approximately $71.8 million (with annual payments scheduled through Fiscal Year 2061). The total future minimum lease payments for the State's operating leases for component units for Fiscal Year 2011 totaled approximately $330.4 million (with annual payments scheduled through Fiscal Year 2051).

For a detailed report and description of operating and capital leases see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2011—Notes to the Financial Statements, Note 9. Lease Commitments" (page 96).

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 ("Guaranteed Bonds") issued by eligible boards of education of State school districts ("Eligible School Boards"). The Guaranty Act is intended to reduce borrowing costs for Eligible School Boards by providing credit enhancement for Guaranteed Bonds.

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

The State Superintendent of Schools (the "State Superintendent") is responsible for monitoring the financial condition of each local school board in the State and reporting, at least annually, his or her conclusions to the Governor, the Legislature and the State Treasurer. The State Superintendent must report immediately to the Governor and the State Treasurer any circumstances suggesting that a local school board will be unable to pay when due its debt service obligations (a "Report") and recommend a course of

remedial action. *As of the date of this OFFICIAL STATEMENT, the State has not been requested to make payments on any Guaranteed Bonds and has not received a Report from the State Superintendent.*

During Fiscal Year 2013, the State is expected to have at least $2.7 billion principal amount outstanding of Guaranteed Bonds. Currently, the Guaranteed Bond program's annual principal and interest payments are scheduled through Fiscal Year 2033. The State cannot predict the amount of bonds that may be guaranteed in this year or in future years; no limitation is currently imposed by the Guaranty Act.

For a 10–year academic year history of the State's public education enrollment see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2011–Statistical Section–Schedule D–4 Public Education Student Enrollment" (page 234).

State Moral Obligation Bonds

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

The following State Moral Obligation Bonds are outstanding:

State Board of Regents. The State Board of Regents has approximately $923.127 million (as of June 30, 2012) of student loan revenue bonds and $7.295 million of other revenue bonds (for office space) outstanding, all of which are State Moral Obligation Bonds. In addition, the State Board of Regents has outstanding approximately $799.4 million of revenue bonds issued to finance capital projects at the State's institutions of higher education, approximately $735.1 million of which are State Moral Obligation Bonds.

Utah Communications Agency Network. The Utah Communications Agency Network ("UCAN") is a State agency created to regulate the use of the 800 mega–hertz emergency frequency in the State. UCAN has $1.415 million of refunding revenue bonds outstanding, all of which are State Moral Obligation Bonds. Final maturity payment is scheduled for September 15, 2013. See "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2011—Notes to the Financial Statements, Note 15. Joint Venture" (page 116).

State of Utah Recapitalization Revenue Bonds. The State Bonding Commission issued revenue bonds in the current outstanding principal amount of $56.545 million as described above under "Revenue Bonds And Notes" above.

Utah Charter School Finance Authority. Statutory authority for the Utah Charter School Finance Authority to issue bonds which qualify as State Moral Obligation Bonds was adopted as part of the

2012 General Session. The Utah Charter School Finance Authority currently has no bonds outstanding which constitute State Moral Obligation Bonds, however, it is anticipated that qualifying bonds of the Utah Charter School Finance Authority will be issued in the future.

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

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 (the "Building Ownership Act")) directs DFCM to construct and maintain any facilities acquired or constructed for the Authority.

No Defaulted Authority Bonds or Failures by State to Renew Lease. As of the date of this OFFICIAL STATEMENT, the Authority has never failed to pay when due the principal of and interest on its bonded indebtedness and other payment obligations related thereto. As of the date of this OFFICIAL STATEMENT, the State has never failed to renew an annually renewable lease with the Authority.

Additional Information. For financial information regarding outstanding lease revenue bonds, statutory debt limits, lease revenue bonds debt service payments due in each Fiscal Year, payable by the Authority, see "APPENDIX B—ADDITIONAL DEBT AND FINANICAL INFORMATION REGARDING THE STATE BUILDING OWNERSHIP AUTHORITY."

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.

Contingent Liabilities

From time to time the State has made commitments and has incurred contingent liabilities, including tax credits, cash rebates, grants and other obligations. Certain of these could require significant payments by the State. See "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2011–Notes to the Financial Statements–Note 14. Litigation, Contingencies, and Commitments. B. Contingencies" (page 109).

FINANCIAL INFORMATION REGARDING THE STATE OF UTAH

Generally

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

Revenues and Expenditures for Fiscal Years 2011, 2010 and 2009 ($ In Thousands)

Analysis of Operations—General Fund and Major Special Revenue Funds

	Fiscal Year 2011		Fiscal Year 2010		Fiscal Year 2009	
	Amounts	% Change From Prior Year	Amounts	% Change From Prior Year	Amounts	% Change From Prior Year
Revenues (1):						
Federal revenues	$3,601,008	(3)%	$3,700,617	16%	$3,192,814	24%
Individual and corporate Income taxes	2,563,450	7	2,391,134	(8)	2,589,577	(13)
Sales and use tax	1,808,212	5	1,729,604	(2)	1,757,483	(13)
Other	1,139,969	3	1,085,886	(2)	1,111,653	6
Motor/special fuel taxes	352,918	21	341,196	1	337,529	(6)
Other taxes	389,254	5	321,592	0	322,767	(1)
Total	$9,854,811	3%	$9,570,029	3%	$9,311,823	0%
Expenditures	$10,422,199	2%	$10,260,933	4%	$9,832,356	6%

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

(Source: Division of Finance and the 2011 CAFR.)

Recent Developments

Major Funds. Most government services of the State are paid through one of its major governmental funds. In Fiscal Year 2011, the State's major governmental funds were the General Fund, Education Fund, Transportation Fund, and Transportation Investment Fund.

Spending and Debt Limitations. The State has statutory appropriation and debt limits. The appropriations limit adjusts annually pursuant to a statutory formula based on population and inflation. The definition of appropriations includes only appropriations from unrestricted General Fund and Education Fund sources. Spending for public education in addition to spending for transportation is exempt from the limitation. For Fiscal Year 2012, the State is approximately $780.6 million below the statutory appropriation limit, and for Fiscal Year 2013 is expected to be approximately $746.9 million below the limit. The statutory debt limit is 45% of the maximum allowable appropriation limit. See "DEBT STRUCTURE OF THE STATE OF UTAH—Legal Borrowing Authority" above.

Budget Management. There was a General Fund surplus of $609,000 and an Education Fund surplus of $59.6 million at the end of the Fiscal Year 2011. It is expected that the General Fund and Education Fund will end Fiscal Year 2012 with estimated surpluses of approximately $12.7 million and $70 million, respectively.

Budget Reserve Accounts. The State maintains a General Fund Budget Reserve Account and an Education Fund Budget Reserve Account. State law requires that 25% of any General Fund revenue surplus be deposited in the General Fund Budget Reserve Account not to exceed 8% of the General Fund Appropriations for the Fiscal Year and 25% any Education Fund revenue surplus be deposited in the Education Fund Budget Reserve Account not to exceed 9% of the Education Fund Appropriations for the Fiscal Year, in each case up to the statutory limit. Unless such reserve funds are drawn upon for their respective purposes, annual mandatory surplus transfers will be limited to the lesser of 25% of the applicable surplus or the amount necessary to reach the statutory limit of 8% for the General Fund and 9% for the Education Fund.

As of the close of Fiscal Year 2012, and before any mandatory year end surplus transfers, the balance in the General Fund Budget Reserve Account is $122.5 million and the balance in the Education Fund Budget Reserve Account was $109.4 million.

2012 General Session. Before the 2012 General Session, the State was facing a structural imbalance of $52 million. A structural imbalance occurs when ongoing programs are funded with one–time revenue. Through revenue growth, the structural imbalance was reduced to zero. During the 2012 4th Special Session, a $25 million structural imbalance was created due to a technical error. It is anticipated that this structural imbalance will be reduced to zero during the 2013 General Session.

Public Education. In Fiscal Year 2013, the weighted pupil unit value (used in school funding) was increased to $2,842 per student to fund an estimated student enrollment of 600,244 including an expected 12,479 new students.

Capital Expenditures. During the 2012 General Session, the Legislature appropriated $22 million one–time transfer (from the Education Fund) for infrastructure for the University of Utah. An additional $162.2 million in non–state funds was authorized for new buildings for higher education. The Legislature also authorized $1.9 million in new lease revenue bonds for the Sevier County courts building.

Management's Discussion And Analysis Of Financial Statements

The State prepared a narrative discussion, overview, and analysis of the financial activities of the State for Fiscal Year 2011. For the complete discussion see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2011–Management's Discussion and Analysis" (page 16).

Five–Year Financial Summaries

The following summaries were extracted from the State's audited financial statements for Fiscal Years 2007 through 2011. The summaries have not been audited. The financial information presented in the summaries is presented on a fund statement basis and not on a government–wide statement basis.

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

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.

For 10–year financial history of various State funds see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2011–Statistical Section" at the indicated pages as set forth below.

(i) Schedule A–3, Fund Balances–Governmental Funds (page 212); and

(ii) Schedule A–4, Changes in Fund Balances–Governmental Funds (page 214);

State of Utah

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

(This summary is unaudited)

	As of June 30 (in thousands)				
	2011	2010	2009	2008	2007
Assets:					
Cash and cash equivalents	$ 1,089,211	$ 819,821	$ 1,052,272	$ 1,540,923	$ 1,811,006
Investments	1,232,088	1,351,954	1,070,235	950,549	746,104
Receivables:					
Accrued taxes, net	748,111	686,101	753,290	833,731	1,191,060
Accounts, net	694,257	712,829	734,385	571,498	533,245
Notes / mortgages, net	8,183	10,247	11,073	10,078	12,920
Accrued interest	61	97	55	80	77
Due from component units	39,028	23,837	28,829	35,802	42,177
Interfund loans receivable	38,358	29,726	34,933	39,005	33,905
Due from other funds	33,252	34,985	61,138	50,038	90,336
Inventories	11,061	12,057	13,324	11,899	12,776
Other assets	30	48	21	–	–
Total assets	$ 3,893,640	$ 3,681,702	$ 3,759,555	$ 4,043,603	$ 4,473,606
Liabilities and fund balances:					
Liabilities:					
Accounts payable and accrued liabilities	$ 937,645	$ 812,154	$ 812,554	$ 768,618	$ 721,060
Deferred revenue	404,386	351,675	451,121	433,196	614,529
Due to other funds	74,888	76,863	83,512	71,019	99,670
Due to component units	9,246	7,884	3,427	19	448
Total liabilities	1,426,165	1,248,576	1,350,614	1,272,852	1,435,707
Fund balances (2):					
Nonspendable	21,195	14,918	–	–	–
Restricted	1,223,114	1,368,947	–	–	–
Committed	835,818	718,608	–	–	–
Assigned	386,739	315,769	–	–	–
Unassigned	609	14,884	–	–	–
Reserved designated	–	–	1,282,127	1,323,820	986,326
Unreserved designated	–	–	880,157	1,134,438	1,628,919
Unreserved undesignated	–	–	246,657	312,493	422,654
Total fund balances	2,467,475	2,433,126	2,408,941	2,770,751	3,037,899
Total liabilities and fund balances	$ 3,893,640	$ 3,681,702	$ 3,759,555	$ 4,043,603	$ 4,473,606

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

(2) Beginning Fiscal Year 2010, the fund balance categories were reclassified as a result of implementing GASB Statement 54 *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54"). GASB 54 clarifies fund balance categories and classifications. The new hierarchical fund balance classification is based primarily upon the extent to which a government is bound to follow constraints on resources in governmental funds and includes the terms: *nonspendable, restricted, committed, assigned and unassigned.* Fund balances have not been restated for prior years.

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

State of Utah

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

(This summary is unaudited)

	Fiscal Year Ended June 30 (in thousands)				
	2011	2010	2009	2008	2007
Revenues:					
Taxes:					
Sales and use tax (1)	$ 1,624,243	$ 1,416,447	$ 1,487,652	$ 1,710,564	$ 1,860,703
Other taxes	342,424	275,952	280,934	283,852	274,563
Total taxes	1,966,667	1,692,399	1,768,586	1,994,416	2,135,266
Other revenues:					
Federal contracts and grants	2,638,508	2,642,157	2,272,215	1,892,116	1,818,571
Charges for services	331,045	297,494	293,753	299,819	267,479
Federal mineral lease	135,979	129,377	172,642	134,404	145,985
Licenses, permits and fees	35,616	34,540	23,018	20,633	20,479
Investment income	8,367	6,704	29,993	75,647	94,448
Miscellaneous and other	188,545	206,666	202,666	158,883	166,471
Total revenues	5,304,727	5,009,337	4,762,873	4,575,918	4,648,699
Expenditures:					
Current:					
Health and environmental quality	2,004,434	1,867,646	1,806,126	1,643,269	1,615,690
Higher education–colleges and universities	705,156	716,043	746,846	773,107	693,082
Employment and family services	703,449	673,060	519,282	432,032	405,902
Human services and Juvenile Justice services	643,804	665,601	696,787	674,389	623,689
General government	290,686	288,464	283,138	286,274	242,845
Corrections	235,662	232,235	252,886	247,376	225,548
Public safety	200,821	194,314	209,961	191,483	170,306
Community and culture	151,388	170,898	135,062	127,225	105,051
Natural resources	187,344	158,939	173,138	171,738	166,533
Courts	128,676	136,373	127,442	128,148	118,326
Business, labor, and agriculture	84,474	86,984	92,430	87,601	81,643
Higher education–state administration	48,836	52,084	60,224	64,587	49,064
Total expenditures	5,384,730	5,242,641	5,103,322	4,827,229	4,497,679
Excess revenues over (under) expenditures	(80,003)	(233,304)	(340,449)	(251,311)	151,020
Other financing sources (uses):					
Transfers in	423,678	397,162	587,138	908,222	649,271
Transfers out	(290,982)	(156,098)	(491,877)	(873,826)	(589,855)
Capital leases acquisition	–	11,122	2,010	2,131	–
Sale of capital assets	9	–	11,001	80	–
Total other financing sources (uses)	132,705	252,186	108,272	36,607	59,416
Net change in fund balances	52,702	18,882	(232,177)	(214,704)	210,436
Beginning fund balance	647,644	632,691	864,868	1,079,572	869,136
Adjustments to beginning fund balance (2)	–	(3,929)	–	–	–
Beginning fund balance as adjusted	647,644	628,762	864,868	1,079,572	869,136
Ending fund balances	$ 700,346	$ 647,644	$ 632,691	$ 864,868	$ 1,079,572

(1) The large decrease in Fiscal Year 2008 was in part from $90 million of general sale and use tax collections being transferred from the General Fund into the Critical Highway Needs Fund, an account within the Transportation Fund (a Major Special Fund) as directed by the 2007 Legislature.

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

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

State of Utah

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

(This summary is unaudited)

	Fiscal Year Ended June 30 (in thousands)				
	2011	2010	2009	2008	2007
Revenues:					
Taxes:					
Individual income tax	$ 2,332,562	$ 2,124,173	$ 2,340,400	$ 2,560,394	$ 2,589,252
Motor and special fuels tax	352,918	341,196	337,529	357,664	366,446
Corporate tax	230,888	266,961	249,177	410,586	411,929
Sales and use tax (2)	183,969	313,157	269,831	320,675	249,029
Other taxes	46,830	45,640	41,833	41,661	38,586
Total taxes	3,147,167	3,091,127	3,238,770	3,690,980	3,655,242
Other revenues:					
Federal contracts and grants	962,500	1,058,460	920,599	677,931	650,871
Licenses, permits and fees	153,382	145,407	105,194	101,249	99,870
Charges for services	85,727	83,423	71,489	70,715	56,592
Federal aeronautics	51,003	39,752	34,141	68,193	44,074
Investment income	33,477	33,323	43,451	49,281	41,156
Miscellaneous and other	116,828	109,200	135,306	70,641	54,111
Total other revenues	1,402,917	1,469,565	1,310,180	1,038,010	946,674
Total revenues	4,550,084	4,560,692	4,548,950	4,728,990	4,601,916
Expenditures:					
Current:					
Public education	3,059,201	3,002,231	3,034,678	2,960,523	2,547,075
Transportation	1,978,268	2,016,061	1,694,356	1,471,453	1,220,484
Total expenditures	5,037,469	5,018,292	4,729,034	4,431,976	3,767,559
Excess revenues over (under) expenditures	(487,385)	(457,600)	(180,084)	297,014	834,357
Other financing sources (uses):					
General obligation bonds issued	955,260	855,390	394,360	68,995	–
Transfers in (3)	199,775	201,685	2,549,946	3,072,875	2,612,415
Premium on bonds issued	36,740	49,510	33,557	1,088	–
Sale of capital assets	14,607	8,048	6,157	8,058	6,747
Transfers out (3)	(733,084)	(700,067)	(2,919,863)	(3,625,959)	(3,074,734)
Total other financing sources (uses)	473,298	414,566	64,157	(474,943)	(455,572)
Net changes in fund balances	(14,087)	(43,034)	(115,927)	(177,929)	378,785
Beginning fund balance	1,338,331	1,381,365	1,497,292	1,675,221	1,296,436
Ending fund balances	$ 1,324,244	$ 1,338,331	$ 1,381,365	$ 1,497,292	$ 1,675,221

(1) The major special revenue funds include the Education Fund (which includes all the activity of the Uniform School Fund–previously a major special revenue fund–to be reported within the Education Fund), Transportation Fund, and Transportation Investment Fund.

(2) Beginning in Fiscal Year 2007, 8.3% of general sales and use tax collections (approximately $150 million) is annually being transferred from the General Fund into the Transportation Investment Fund (a Major Special Revenue Fund) as directed by the 2006 Legislature. The 8.3% was reduced to 1.93% for Fiscal Year 2011. Additionally in Fiscal Year 2008, $90 million of general sales and use tax collections was transferred from the General Fund into the Critical Highway Needs Fund, an account within the Transportation Fund (a Major Special Revenue Fund) as directed by the 2007 Legislature.

(3) The governmental fund types used by the State were evaluated based on the provisions of GASB 54 implemented in Fiscal Year 2010. In defining fund type classifications, GASB 54 clarified that specific revenue sources should be recognized in the special revenue fund where these revenues will be expended. In order to comply with this statement, legislation was passed that requires all activity of the Uniform School Fund (previously a major special revenue fund) be reported within the Education Fund (a Major Revenue Fund) as directed by the 2009 Legislature. As a result of this change, the transfers between the Uniform School Fund and the Education Fund were eliminated.

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

Property Tax Matters

For a description of the security for the 2012 Bonds and the procedure by which taxes are abated to the extent that moneys are available from other sources sufficient to pay principal of and interest on the 2012 Bonds, see the caption "THE 2012 BONDS—Security For The 2012 Bonds" below.

Ad Valorem Levy. Though authorized to do so under Part 9 of the Property Tax Act (defined below), the State does not presently levy ad valorem property taxes and has not done so since 1974. *However, if the State does not have sufficient moneys available to pay principal 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 shortfall.*

If the State were to levy an ad valorem property tax, it must do so within the time frame required by law. The State Tax Commission must assess all centrally–assessed property ("centrally–assessed property") by May 1 of each year. County assessors must assess all other taxable property ("locally–assessed property") before May 22 of each year. The State Tax Commission apportions the value of centrally–assessed property to various taxing entities within each county and reports such values to county auditors before June 8.

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

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

Property Tax Act. The State Constitution and Title 59, Chapter 2, Utah Code (the "Property Tax Act") provide that all taxable property is assessed and taxed at a uniform and equal rate on the basis of 100% of

its "fair market value" as of January 1 of each year, unless otherwise provided by law. Section 3(2)(a)(iv) of Article XIII of the State Constitution provides that the Legislature may exempt from property tax up to 45% of the "fair market value" of residential property. The Legislature has enacted legislation that reduces the "fair market value" of primary residential property by 45%. No more than one acre of land per residential unit may qualify for the residential exemption.

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

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

Tax Year	Taxable Value (1)	% Change Over Prior Year	Fair Market Value (2)	% Change Over Prior Year
2012 (3)	$191,694,668,000	0.6%	$265,053,506,000	0.5%
2011 (3)	190,491,459,297	(1.8)	263,825,160,095	(2.1)
2010	193,934,125,410	(3.2)	269,496,519,718	(3.6)
2009	200,432,557,803	(5.4)	279,470,018,301	(6.4)
2008	211,905,170,511	12.1	298,740,951,422	10.9
2007	189,087,689,610	22.3	269,489,922,952	23.1

(1) Includes all state–wide redevelopment agencies' valuations.
(2) Estimated fair market values were calculated by dividing the taxable value of primary residential property by 55%, which eliminates the 45% exemption on primary residential property granted under the Property Tax Act. See "Property Tax Matters" above.
(3) Preliminary; subject to change. Source: Financial Advisor (compiled from information provided by the State Tax Commission).

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

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

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Historical Summaries Of Taxable Values Of Property

	Calendar Year											
	2011		2010		2009		2008		2007		2006	
Set by State Tax Commission (Centrally Assessed)	Taxable Value	% of Total	Taxable Value	% of Total	Taxable Value	% of Total	Taxable Value	% of Total	Taxable Value	% of Total	Taxable Value	% of Total
Natural resources	$ 10,349,540,590	5.4 %	$ 10,141,168,789	5.2 %	$ 7,979,377,781	4.0 %	$ 8,601,102,256	4.1 %	$ 6,858,057,725	3.6 %	$ 6,219,779,718	4.0 %
Utilities	12,143,461,674	6.4	10,905,488,943	5.6	10,141,150,495	5.1	10,427,402,597	4.9	9,943,565,300	5.3	9,552,461,539	6.2
Total centrally assessed	22,493,002,264	11.8	21,046,657,732	10.9	18,120,528,276	9.0	19,028,504,853	9.0	16,801,623,025	8.9	15,772,241,257	10.2
Set by County Assessor (Locally Assessed)												
Real property:												
Primary residential	89,450,484,759	47.0	92,165,056,015	47.5	96,392,005,655	48.1	105,930,854,172	50.0	98,069,970,843	51.9	78,264,051,562	50.6
Commercial	41,904,550,351	22.0	42,111,973,936	21.7	42,092,546,088	21.0	43,621,013,421	20.6	38,267,427,307	20.2	32,588,392,214	21.1
Other real	25,070,131,841	13.2	26,774,244,279	13.8	30,741,370,840	15.3	31,011,606,439	14.6	25,974,054,552	13.7	19,383,478,151	12.5
Total real property	156,425,166,951	82.1	161,051,274,230	83.0	169,225,922,583	84.4	180,563,474,032	85.2	162,311,452,702	85.8	130,235,921,927	84.2
Personal property:												
Total personal property	11,573,290,082	6.1	11,836,193,448	6.1	13,086,106,944	6.5	12,313,191,626	5.8	9,974,613,883	5.3	8,655,085,804	5.6
Total locally assessed	167,998,457,033	88.2	172,887,467,678	89.1	182,312,029,527	91.0	192,876,665,658	91.0	172,286,066,585	91.1	138,891,007,731	89.8
Total taxable value	$ 190,491,459,297	100.0 %	$ 193,934,125,410	100.0 %	$ 200,432,557,803	100.0 %	$ 211,905,170,511	100.0 %	$ 189,087,689,610	100.0 %	$ 154,663,248,988	100.0 %

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

Budgetary Procedures

Budgetary Procedures Act. The Budgetary Procedures Act, Title 63J, Chapter 1, Utah Code (the "Budget Act") establishes the process whereby the Governor's budget is prepared and prescribes the information to be included. The Budget Act was modified during the 2011 General Session.

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

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

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

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

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

State Funds And Accounting

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

Funds are accounted for and reported in the following categories: governmental funds; proprietary funds; and fiduciary funds. Governmental funds include the General Fund, Special Revenue funds, Capital Projects funds, Debt Service funds, and Permanent funds. Proprietary funds include Enterprise and Internal Service funds. Fiduciary funds include Pension Trust funds, Investment Trust funds, Private Purpose Trust funds, and Agency funds.

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

The State's nonmajor governmental funds include other Special Revenue funds, Capital Projects funds, and Debt Service funds. The nonmajor special revenue funds account for specific revenue sources that are legally restricted to expenditures for specific purposes. Examples include tobacco settlement moneys, environmental activities, crime victim reparations and rural development programs.

For further information on State funds and accounting, including a description of each of the major governmental funds, see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2011—Notes to the Financial Statements—Note 1. Summary of Significant Accounting Policies" (page 63).

State Tax System

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

The State also receives revenues from unemployment compensation taxes.

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

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

For additional information regarding income information for Calendar Years 2001 through 2010 and Calendar Years 2000 and 2009 see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2011–Statistical Section–Schedule B–1, Revenue Base" (page 216); "–Schedule B–3, Revenue Payers–Personal Income Tax" (page 219) and "–Schedule B–4, Personal Income Tax" (page 220).

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

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

The State requires its largest sales taxpayers (with annual liabilities of more than $50,000) to pay on a monthly basis. All others remit the sales tax collected on a quarterly basis. Monthly sales taxpayers and those paying via electronic funds transfer receive a 1.5% discount on State taxes. Because approximately 75% of the sales and use tax is now remitted monthly, the State's cash flow has less volatility.

For additional information regarding sales tax information for Calendar Years 2001 through 2010 and Calendar Years 2001 and 2010 and "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2011–Statistical Section–Schedule B–1, Revenue Base" (page 216) and "–Schedule B–2, Revenue Payers by Industry" (page 218).

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

For additional information regarding recent tax collection results and forecasts for 2011 and 2012 tax collections, see "APPENDIX C—DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING THE STATE OF UTAH–Tax Collections."

State Revenues

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

	($ In Thousands) Fiscal Year									
	2011	% (1)	2010	% (1)	2009	% (1)	2008	% (1)	2007	% (1)
Taxes	$ 5,125,627	52%	$4,794,495	50%	$5,043,043	53%	$5,693,425	60%	$5,797,563	62%
Federal contracts and grants	3,626,354	36	3,713,771	38	3,207,110	34	2,574,585	27	2,480,016	26
All other misc. revenues	1,248,819	12	1,183,008	12	1,181,846	13	1,227,345	13	1,084,752	12
Total all funds	$10,000,800	100%	$9,691,274	100%	$9,431,999	100%	$9,495,355	100%	$9,362,331	100%

(1) Percentage of total Governmental Fund Revenue.

(Source: Division of Finance.)

Revenue Summary. For Fiscal Year 2011, General Fund revenues from all sources totaled approximately $5.3 billion. Of this amount, 50% came from federal contracts and grants; 31% came from sales taxes; 7% came from federal mineral leases, investment income and miscellaneous and other revenues; 6% came from charges for services and licenses, permits and fees; and 6% came from other tax sources.

In the Education Fund for Fiscal Year 2011, revenues from all sources totaled approximately $3.3 billion. Of this amount, 70% came from individual income taxes; 20% came from federal contracts and grants; 7% came from corporate franchise taxes; 1% came from charges for services, licenses, permits and fees, and miscellaneous and other revenue, 1% came from investment income; and 1% came from other tax sources.

In the Transportation Fund for Fiscal Year 2011, revenues from all sources totaled approximately $1 billion. Of this amount, 35% came from motor and special fuel taxes; 29% came from federal contracts and grants; 16% came from charges for services and licenses, permits, and fees; 14% came from other miscellaneous taxes and fees; and 6% came from sales and use taxes.

In the Transportation Investment Fund for Fiscal Year 2011, revenues from all sources totaled $196.3 million. Of this amount, 61% came from sales tax revenue; 36% came from motor vehicle registration fees; and 3% came from investment income.

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

Revenues by Source—All Governmental Fund Types (1) (In Thousands)

	Fiscal Year				
	2011	2010	2009	2008	2007
Taxes:					
Individual income tax	$ 2,332,562	$2,124,173	$2,340,400	$2,560,394	$2,589,252
Sales and use tax	1,812,011	1,733,412	1,761,224	2,031,239	2,109,732
Other taxes	397,248	328,753	354,713	333,542	320,204
Motor and special fuel tax	352,918	341,196	337,529	357,664	366,446
Corporate tax	230,888	266,961	249,177	410,586	411,929
Total taxes	5,125,627	4,794,495	5,043,043	5,693,425	5,797,563
Other revenues:					
Federal contracts and grants	3,626,354	3,713,771	3,207,110	2,574,585	2,480,016
Charges for services	466,861	402,222	386,516	392,345	347,038
Miscellaneous and other	332,722	356,004	382,614	373,047	261,617
Licenses, permits and fees	188,998	179,947	128,212	121,882	120,349
Federal mineral lease	135,979	129,377	172,642	134,404	145,985
Investment income	54,719	47,047	68,275	124,590	142,357
Federal aeronautics	51,003	39,752	34,141	68,193	44,074
Intergovernmental	18,537	28,659	9,446	12,884	23,332
Total other revenues	4,875,173	4,896,779	4,388,956	3,801,930	3,564,768
Total revenues	$10,000,800	$9,691,274	$9,431,999	$9,495,355	$9,362,331

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

(Sources: Division of Finance and the 2011 CAFR.)

Expenditures by Function—All Governmental Fund Types (1) (In Thousands)

	Fiscal Year				
Function	2011	2010	2009	2008	2007
Public education	$ 3,059,351	$ 3,002,318	$ 3,035,519	$2,960,873	$2,547,421
Health and environmental quality	2,008,356	1,873,264	1,812,488	1,648,841	1,620,400
Transportation	1,978,323	2,016,427	1,694,811	1,472,208	1,221,371
Higher education (colleges and universities)	718,026	734,440	782,650	793,283	708,063
Employment and family services	703,786	673,329	519,741	432,955	406,532
Human/juvenile justice service	646,411	667,192	701,099	677,234	627,598
Debt service	366,404	302,917	245,288	333,175	235,011
General government	316,440	313,981	325,076	319,389	268,775
Capital outlay	255,540	235,499	196,204	193,733	196,126
Corrections	238,090	235,411	255,448	251,216	229,198
Public safety	207,426	199,731	213,038	196,008	172,427
Natural resources	189,430	161,640	178,306	174,120	171,014
Community and culture	160,338	178,258	140,453	132,413	108,592
Courts	128,676	136,373	129,125	131,261	119,650
Business, labor and agriculture	93,149	96,579	101,966	96,072	91,162
Higher education (State Adm.)	48,836	52,084	60,224	64,587	49,064
Total expenditures	$11,118,582	$10,879,443	$10,391,436	$9,877,368	$8,772,404

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

(Sources: Division of Finance and the 2011 CAFR.)

Summary of Changes in Fund Balance

All Governmental Fund Types (1) ($ In Thousands)

	As of June 30				
	2011	2010	2009	2008	2007
Revenues	$10,000,800	$ 9,691,274	$ 9,431,999	$9,495,355	$9,362,331
% change over previous year	3.2%	2.7%	(0.7)%	1.4%	6.7%
Expenditures	11,118,582	10,879,443	10,391,436	9,877,368	8,772,404
% change over previous year	2.2%	4.7%	5.2%	12.6%	8.1%
Net other financing sources (uses) (2)	1,152,131	1,212,354	597,627	114,865	24,766
Net change in fund balance	$ 34,349	$ 24,185	$ (361,810)	$ (267,148)	$ 614,693

(1) Includes all governmental fund types, except Trust Lands.
(2) Includes sale of capital assets, bond proceeds, net of any refunding issues, plus financing provided from capital leasing and net fund transfers. In addition, beginning balances are not reflected in this table.

(Sources: Division of Finance and the 2011 CAFR.)

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Fund Balances—All Governmental Fund Types (1) (In Thousands)

Fund	As of June 30 2011	2010	2009	2008	2007
General	$ 700,346	$ 647,644	$ 632,691	$ 864,868	$1,079,572
Special Revenue:					
Transportation Investment	588,402	586,550	(8,652)	199,872	129,808
Education (2) (3)	500,434	523,104	517,677	413,998	566,672
Transportation	235,408	228,677	675,172	510,626	327,017
State Endowment (4)	120,959	106,727	79,480	45,834	33,221
Rural Development	40,149	39,420	38,203	35,431	31,109
Environmental Reclamation	21,592	22,343	27,656	29,442	30,168
Miscellaneous Special Rev.	11,426	10,262	13,278	12,446	10,401
Crime Victim Reparation	5,381	5,210	4,495	6,891	8,942
Consumer Education	3,327	3,710	2,817	4,139	2,774
State Capitol	1,908	1,449	1,282	125	196
Universal Telephone	931	4,460	8,008	8,351	6,999
Uniform School (3)	–	–	197,168	372,796	651,724
Capital Projects	225,014	233,178	208,686	239,362	135,762
Debt Service	12,198	20,392	10,980	26,570	23,534
Total	$2,467,475	$2,433,126	$2,408,941	$2,770,751	$3,037,899

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

(2) Effective Fiscal Year 2007, the Legislature created the Education Fund. Individual income and corporate franchise 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.

(3) GASB 54 clarified that specific revenue sources should be recognized in the special revenue fund where these revenues will be expended. In order to comply with this statement, legislation was passed that requires all activity of the Uniform School Fund (previously a major special revenue fund) be reported within the Education Fund (major special revenue fund). As a result of this change, the ending fund balance in the Uniform School Fund ($197.168 million) in Fiscal Year 2009 was combined and reported as part of the beginning fund balance of the Education Fund in Fiscal Year 2010.

(4) Prior to Fiscal Year 2009, the State Endowment Fund was known as the Tobacco Endowment fund. The name change occurred to more clearly classify the type of monies included within the fund. This fund accounts for a portion of proceeds of the State's settlement with major tobacco manufacturers, severance tax revenue in excess of statutory base amounts, and money or other assets given or received in this fund under the provisions of the Utah Code.

(Sources: Division of Finance and the 2011 CAFR.)

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General Fund—Revenues, Expenditures and Fund Balances (In Thousands)

	Fiscal Year				
	2011	2010	2009	2008	2007
Revenues:					
Federal contracts and grants	$2,638,508	$2,642,157	$2,272,215	$1,892,116	$1,818,571
Sales and use tax	1,624,243	1,416,447	1,487,652	1,710,564	1,860,703
Charges for services	331,045	297,494	293,753	299,819	267,479
Other taxes	342,424	275,952	280,934	283,852	274,563
Miscellaneous and other	188,545	206,666	202,666	158,883	166,471
Federal mineral lease	135,979	129,377	172,642	134,404	145,985
Licenses, permits and fees	35,616	34,540	23,018	20,633	20,479
Investment income	8,367	6,704	29,993	75,647	94,448
Total revenues	$5,304,727	$5,009,337	$4,762,873	$4,575,918	$4,648,699
% change over previous year	5.9%	5.2%	4.1%	(1.6)%	1.2%
Expenditures	$5,384,730	$5,242,641	$5,103,322	$4,827,229	$4,497,679
% change over previous year	2.7%	2.7%	5.7%	7.3%	3.8%
Fund Balance: (1) (2)					
Nonspendable	$ 10,672	$ 3,272	$ –	$ –	$ –
Restricted	31,523	35,171	–	–	–
Committed	445,540	371,354	–	–	–
Assigned	212,002	222,963	–	–	–
Unassigned	609	14,884	–	–	–
Unreserved, designated	–	–	327,467	394,068	603,165
Reserved	–	–	305,224	470,800	411,600
Unreserved, undesignated	–	–	–	–	64,807
Total fund balance	$700,346	$647,644	$632,691	$864,868	$1,079,572
% change over previous year	8.1%	2.4%	(26.8)%	(19.9)%	24.2%

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

(2) Beginning Fiscal Year 2010, the fund balance categories were reclassified as a result of implementing GASB 54. GASB 54 clarifies the existing governmental fund type definitions and provides clearer fund balance categories and classifications. The new hierarchical fund balance classification is based primarily upon the extent to which a government is bound to follow constraints on resources in governmental funds and includes the terms: *nonspendable, restricted, committed, assigned and unassigned.* Fund balances have not been restated for prior years.

(Sources: Division of Finance and the 2011 CAFR.)

Capital Expenditure Authorizations

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

Capital Expenditure Authorizations (In Millions)

Fiscal Year				
2013	2012	2011	2010	2009
$874.3	$965.2	$1,557.5	$3,388.1 (1)	$1,538.2

(1) The large increase in Fiscal Year 2010 was from a new bond authorization of $2.2 billion for highway projects and $148 million for building projects.

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

Investment Of Funds

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

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

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

See "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2011–Notes to the Financial Statements–Note 3. Deposits and Investments" (page 70) and "–Note 4. Investment Pool" (page 86).

Investment of 2012 Bond Proceeds. Certain proceeds of the 2012 Bonds will be held by the State and invested so as to be readily available. 2012 Bond proceeds may also be invested in the PTIF or other available investment funds authorized under the MM Act.

State Employee Workforce And Public Retirement System

State Employee Workforce. The State is among the largest employers in the State employing 19,862 people (full–time equivalents) in Fiscal Year 2011. All full–time employees of the State are members of the Utah State Retirement System.

For a 10–year Fiscal Year history of the State's employment numbers see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2011–Statistical Section–Schedule E–1 Full–time Equivalent State Employees by Function" (page 236).

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

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

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

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

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

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

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

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

Systems Valuation. An actuarial valuation of the Systems is performed annually. An assumption experience study is performed at least every third year. The actuarial firm Gabriel, Roeder, Smith & Company ("GRS") completed the valuation as of January 1, 2011. The Systems' Board adopted the recommendations suggested by the actuary as part of its experience study. Included in the changes is a reduction in the actuarial assumed income rate from 7.75% to 7.5%. All numbers as of January 1, 2011 reflect the lower assumed rate.

The actuarial value of assets, is based on a five–year smoothed expected rate of return, wherein the excess or shortfall of investment income over or under the actuarial assumed income rate (currently 7.5%), is recognized over a five–year period. This is the value of assets used by the actuary in determining contribution rates for the Systems. The current funded ratios as of January 1, 2012 range from 73% to 96.1%.

At January 1, 2012, the date of the most recent actuarial valuation, the average funded ratio of the Systems was 79.5%. This was a decrease of 3.9% from the Systems' January 1, 2011, valuation average funded ratio of 82.7%. The funded ratio decrease for all components of the Systems was the result of lower than expected investment returns over the previous five years. At December 31, 2011, the Systems' underfunded actuarial accrued liability was $5.5 billion.

In 2009, two changes were made to the actuarial valuation. The first change was to increase the amortization period for amortizing the unfunded actuarial accrued liability from 20 years to 25 years. This funding period will be closed (i.e., the funding period will decrease by one year each year) until the funding period reaches 20 years, at which time the period will once again revert to an open 20 year amortization period. The second change was to widen the corridor used to determine the actuarial value of assets from 80%–120% to 75%–125% of market value. This change allows more of the 2008 investment losses to be smoothed into the actuarial value of assets over the next four years rather than being recognized in this valuation.

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

	Total Investment Portfolio Fair Value	Smooth Expected Rate of Return (1)	Fair Value Rate of Return (2)	Actuarial Assumed Interest Rate (3)
2011	$20,796,000,000	1.34%	2.89%	7.50%
2010	21,134,000,000	2.87	13.73	7.75
2009	19,058,000,000	6.11	12.88	7.75
2008	17,565,000,000	(5.03)	(22.3)	7.75
2007	22,979,000,000	13.04	7.15	8.00
2006	21,861,000,000	11.10	14.77	8.00
2005	18,657,000,000	7.36	8.96	8.00
2004	16,937,000,000	5.32	13.24	8.00
2003	14,563,000,000	8.01	26.00	8.00
2002	11,745,000,000	(1.54)	(7.54)	8.00

(1) Smoothed Expected Rate of Return consists of investment income in excess or shortfall of currently expected 7.50% on fair value smoothed over a five–year period with 20% of a year's excess or shortfall being recognized each year beginning with the current year.
(2) Fair Value Rate of Return consists of cash income plus gains and losses due to changes in fair value, whether realized or unrealized (before deduction of investment fees). (For 2011, 2.71% net of fees.)
(3) Actuarial Assumed Interest Rate is the assumed rate of return on the fair value of assets, and is used in establishing retirement contribution rates and in determining current benefit reserve requirements.

(Source: 2011 Utah Retirement Systems Consolidated Annual Financial Report.)

Contributions and Funding Ratios. The State and all other participating employers in the Systems', have paid 100% of the Annual Required Contribution. For Calendar Year 2011 the required contribution for all participating employers was $792,241,000. Of this amount, $38,577,000 was paid by members and $753,664,000 was contributed by employers. Covered payroll totals $4.548 billion.

The schedule below summarizes the contribution rates in effect as of July 1, 2012.

Contribution rates as a percent of payroll

System	Member	Employer	Other
Noncontributory.....	0.00%	15.89–18.61%	0.00%
Contributory.....	6.00	11.80–14.12	0.00
Public Safety:			
Noncontributory	0.00	30.45–42.21	0.00
Contributory	10.5–12.29	19.08–27.95	0.00
Firefighters:			
Division A	15.05	2.66	11.84
Division B	16.71	2.08	11.84
Judges:			
Noncontributory	0.00	32.87	14.02
Governors/Legislators.....	0.00	$269,982	0.00

(Source: State Treasurer's Office.)

Systems' actuary GRS projected that contribution rates for the Noncontributory System, the largest program in the Systems, will increase to 23.10% by 2015 and remain at that level for a period of time. The Legislature hired the actuary firm Cheiron to verify the calculations of GRS as the Legislature contemplated changes to the Systems benefit structure. Cheiron substantially agreed with the findings of GRS.

Preliminary contribution rates for Fiscal Year 2013 are in line with previous projections even with the change in assumptions.

The funding progress with funding ratios is shown in the following schedule.

($ In Billions)

	Actuarial Value of Assets	Accrued Actuarial Liability	Funding Ratios
2011	$21.1	$26.9	78%
2010	21.1	25.7	82
2009	20.8	24.3	86
2008	19.9	22.9	87
2007	20.3	21.3	95
2006	18.1	18.8	96
2005	16.4	17.6	93
2004	15.4	16.7	92
2003	14.7	15.5	95
2002	13.8	14.8	93

(Source: 2011 Utah Retirements Systems Consolidated Annual Financial Report.)

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

For a further discussion concerning the Utah State Retirement System see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2011—Notes to the Financial Statements—Note 16. Pension Plans" (page 116).

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. The State administers the OPEB Plan through the State Post–Retirement Benefits Trust Fund, an irrevocable trust fund, created in April 2007. 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. 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.

The Legislature has in the past and currently plans to continue contributing amounts to the OPEB Plan sufficient to fully fund the annual required contribution ("ARC"), a rate actuarially determined in accordance with the parameters of Governmental Accounting Standards Board Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The ARC of $37.6 million (from the December 31, 2010 actuarial valuation) is 6.4% of annual covered

payroll. The actuarial accrued liability for benefits was approximately $481.4 million, with an actuarial value of plan assets of approximately $106.6 million, resulting in an unfunded actuarial accrued liability of approximately $374.8 million. The State contributed $43.8 million in Fiscal Year 2011, the full amount of the ARC for that year. For Fiscal Year 2012 the State contributed $43.3 million, slightly more than the current required ARC of $37.6 million. The appropriations for Fiscal Year 2013 are sufficient to fully fund the ARC.

The State also administers the Elected Officials' OPEB Plan, a single–employer defined benefit healthcare plan. This plan is administered through the Elected Official Post–Retirement Benefits Trust Fund that was established in March 2012 during the 2012 Legislative General Session. Only governors and legislators (elected officials) that retire after January 1, 1998, and have four or more years of service can elect to receive and apply for this benefit. The Legislature recently closed the plan; only elected officials that began service prior to January 1, 2012 qualify to receive OPEB medical benefits. In addition, only elected officials that began service prior to July 1, 2011 and retire under Chapter 19 elected officials retirement plan qualify to receive OPEB Medicare supplemental benefits. This OPEB plan has an unfunded actuarial accrued liability of $21.99 million (from the December 31 actuarial valuation). The amount of the ARC for Fiscal Year 2011 and 2012 was $2.188 million and $1.894 million respectively. The State contributed $1.793 million in Fiscal Year 2011 and $2.03 million in Fiscal Year 2012 to the Elected Officials OPEB Plan. The appropriations for Fiscal Year 2013 are sufficient to fully fund the ARC.

The State will obtain new actuarial valuations for both OPEB plans in Fiscal Year 2013 (the State's actuarial accrued liability is calculated biannually).

For additional discussion of the State's postemployment benefits see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2011—Notes to the Financial Statements—Note 17. Other Postemployment Benefits" (page 122).

Risk Management And Insurance

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

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

As of June 30, 2012, the Administrative Services Risk Management Fund contained approximately $46.7 million in reserve available to pay for claims incurred. In the opinion of the State's Risk Manager, the available balance will be adequate to cover claims through Fiscal Year 2013. See "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2011—Notes to the Financial Statements—Note 14. Litigation, Contingencies and Commitments" (page 114) and "—Note 18. Risk Management And Insurance" (page 124).

THE 2012 BONDS

General

The 2012 Bonds will be dated the date of delivery[1] thereof (the "Dated Date") and will mature on July 1 of the years and in the amounts as set forth on the inside cover page of this OFFICIAL STATEMENT.

The 2012 Bonds shall bear interest from the Dated Date at the rates set forth on the inside cover page of this OFFICIAL STATEMENT. Interest on the 2012 Bonds is payable semiannually on each January 1 and July 1, commencing January 1, 2013. Interest on the 2012 Bonds shall be computed on the basis of a 360–day year of 12, 30–day months. The Utah State Treasurer, Salt Lake City, Utah, is the initial Paying Agent and Bond Registrar with respect to the 2012 Bonds.

The 2012 Bonds will be issued as fully–registered bonds, initially in book–entry form, in the denomination of $5,000 or any whole multiple thereof, not exceeding the amount of each maturity.

Plan Of Refunding

The State previously issued its $140,635,000 General Obligation Bonds, Series 2004B (the "2004B Bonds") the proceeds of which were used by the State for the construction of various building and highway projects.

Certain proceeds from the 2012 Bonds, together with other legally available moneys, in the aggregate amount of $4,521,685.50 will be deposited with U.S. Bank National Association, Corporate Trust Services, Salt Lake City, Utah, as Escrow Agent (the "Escrow Agent"), pursuant to an Escrow Agreement dated as of October 1, 2012 (the "Escrow Agreement") to establish an irrevocable trust escrow account (the "Escrow Account"), consisting of cash and noncallable direct full faith and credit obligations of the United States of America. Funds in the Escrow Account shall be used to refund in advance of their stated maturity certain of the outstanding 2004B Bonds as follows:

> Amounts in the Escrow Account shall be used to pay principal of and interest on all of the remaining callable portion of the 2004B Bonds maturing on July 1, 2015 (the "2004B Refunded Bonds"), at a redemption price of 100% of the principal amount thereof on July 1, 2014 (the "2004B Redemption Date"). The 2004B Refunded Bonds mature on the date and in the amount, and bear interest at the rate, as follows:

Scheduled Maturity (July 1)	Redemption Date	CUSIP 917542	Principal Amount	Interest Rate	Redemption Price
2015	July 1, 2014	MX 7	$4,125,000	5.00%	100%

> The cash and investments held in the Escrow Account will be sufficient to pay (a) the interest falling due on the 2004B Refunded Bonds through the 2004B Redemption Date and (b) the redemption price of the 2004B Refunded Bonds, due and payable on the 2004B Redemption Date.

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

[1] The anticipated date of delivery is Wednesday, October 3, 2012.

Estimated Sources And Uses Of Funds

The proceeds from the sale of the 2012 Bonds are estimated to be applied as set forth below:

Sources of Funds:	
Par amount of the 2012 Bonds	$37,350,000.00
Original issue premium on the 2012 Bonds	6,888,804.15
Transfers from prior issue debt service fund	25,000.00
Total	$44,263,804.15
Uses of Funds:	
Deposit to Project Account	$39,535,000.00
Deposit to Escrow Account	4,521,685.50
Costs of issuance (1)	170,640.48
Underwriters' discount on the 2012 Bonds	36,478.17
Total	$44,263,804.15

(1) Costs of issuance include legal fees, Financial Advisor fees, rating fees, escrow agent fee, escrow verification agent fees, other miscellaneous expenses and rounding amounts.

Authorization And Purpose Of The 2012 Bonds

The 2012 Bonds are authorized pursuant to resolutions adopted by the Commission, on July 30, 2012 (the "Parameters Resolution") and on September 18, 2012 (the "Bond Resolution," and collectively with the Parameters Resolution, the "Resolutions") and pursuant to the General Obligation Bond Authorization Acts and the Refunding Bond Act (both as described below): (i) to provide funds to DFCM to pay all or a portion of the cost of acquiring land and constructing, reconstructing and renovating higher education projects and State building projects (collectively, the "2012 Building Projects"); (ii) to refund the 2004B Refunded Bonds; and (iii) to pay costs and expenses incident to the issuance of the 2012 Bonds and the refunding of the 2004B Refunded Bonds. The 2012 Bonds are secured by the full faith, credit, and resources of the State. See "Security For The 2012 Bonds" below.

Pursuant to the General Obligation Bond Authorization Acts, the Commission is authorized to issue and sell general obligation bonds of the State to provide funds to DFCM to pay all or a portion of the costs of the 2012 Building Projects and pursuant to the Refunding Bond Act, the Commission is authorized to issue and sell general obligation bonds for the purpose of refunding in advance of their maturity certain outstanding general obligation bonds of the State.

The portion of the 2012 Bonds financing the 2012 Building Projects is being issued pursuant to the provisions of: (i) Title 63B, Chapter 1a (the "General Obligation Bond Act") of the Utah Code Annotated 1953, as amended (the "Utah Code"); and (ii) Section 63B–20–101 of the Utah Code (the "Building Act" and collectively, with the General Obligation Bond Act, the "General Obligation Bond Authorization Acts").

The 2012 Building Projects primarily consist of the construction of various buildings and improvements for colleges and universities within the State's higher education system and the construction of a State hospital building.

The portion of the 2012 Bonds refinancing the 2004B Refunded Bonds is being issued pursuant to the provisions of the Utah Refunding Bond Act, Title 11, Chapter 27 of the Utah Code (the "Refunding Bond Act").

Security For The 2012 Bonds

The 2012 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 subject to State taxation. The General Obligation Bond Authorization Acts and the Refunding Bond Act provide that each year after issuance of the 2012 Bonds and until all outstanding 2012 Bonds are retired, there is levied a direct annual tax on all real and personal property within the State subject to State taxation, sufficient to pay: applicable bond redemption premiums, if any, interest on the 2012 Bonds as it becomes due, and principal of the 2012 Bonds as it becomes due. The General Obligation Bond Authorization Acts and the Refunding Bond Act further provide that the direct annual tax imposed under the General Obligation Bond Authorization Acts and the Refunding Bond Act is abated to the extent money is available from sources, other than ad valorem taxes in the sinking fund created by the General Obligation Bond Authorization Acts and the Refunding Bond Act, for the payment of bond interest, principal, and redemption premiums, if any. See "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Property Tax Matters" above.

In order to avoid levying a property tax for the payment of principal and interest on the 2012 Bonds, the State must set aside in the sinking fund for the 2012 Bonds an amount sufficient for such payments in advance of the time necessary to levy the tax. For a description of the process for levying a property tax, see "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Property Tax Matters" above. The State expects that moneys will be available from sources other than ad valorem taxes for deposit into the sinking funds created by the Acts in amounts sufficient to pay principal of and interest on the 2012 Bonds when due, thereby enabling the State to abate the ad valorem taxes levied for that purpose.

No Optional Redemption Provisions

The 2012 Bonds are not subject to optional redemption prior to maturity.

Book–Entry System

DTC will act as securities depository for the 2012 Bonds. The 2012 Bonds will be issued as fully–registered securities registered in the name of Cede & Co. (DTC's nominee) or such other name as may be requested by an authorized representative of DTC. One fully–registered 2012 Bond certificate will be issued for each maturity of the 2012 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or a "fast agent" of DTC. See "APPENDIX F—BOOK–ENTRY SYSTEM" for a more detailed discussion of the book–entry system and DTC.

In the event the book–entry system is discontinued, interest on the 2012 Bonds will be payable by check or draft of the Paying Agent, mailed to the registered owners thereof at the addresses shown on the registration books of the State kept for that purpose by the Bond Registrar. The principal of all 2012 Bonds will be payable by check or draft at the principal office of the Paying Agent.

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Debt Service On The 2012 Bonds

Payment Date	Principal	Interest	Period Total	Fiscal Total
January 1, 2013	$ 0.00	$ 441,545.45	$ 441,545.45	$ 441,545.45
July 1, 2013	0.00	902,975.00	902,975.00	
January 1, 2014	0.00	902,975.00	902,975.00	1,805,950.00
July 1, 2014	130,000.00	902,975.00	1,032,975.00	
January 1, 2015	0.00	900,375.00	900,375.00	1,933,350.00
July 1, 2015	6,025,000.00	900,375.00	6,925,375.00	
January 1, 2016	0.00	779,875.00	779,875.00	7,705,250.00
July 1, 2016	3,050,000.00	779,875.00	3,829,875.00	
January 1, 2017	0.00	703,625.00	703,625.00	4,533,500.00
July 1, 2017	28,145,000.00	703,625.00	28,848,625.00	28,848,625.00
Totals	$37,350,000.00	$7,918,129.45	$45,268,129.45	

LEGAL MATTERS

Absence Of Litigation Concerning The 2012 Bonds

There is no litigation pending or threatened against the 2012 Bonds questioning or in any matter relating to or affecting the validity of the 2012 Bonds.

On the date of the execution and delivery of the 2012 Bonds, certificates will be delivered by the State to the effect that to the knowledge of the State, there is no action, suit, proceeding or litigation pending or threatened against the State, which in any way materially questions or affects the validity or enforceability of the 2012 Bonds or any proceedings or transactions relating to their authorization, execution, authentication, marketing, sale or delivery or which materially adversely affects the existence or powers of the State.

A non–litigation opinion issued by the State's Attorney General, dated the date of closing, will be provided stating, among other things, that there is not now pending, or to his knowledge threatened, any action, suit, proceeding, inquiry, or any other litigation or investigation, at law or in equity, before or by any court, public board or body, challenging the creation, organization or existence of the State, or the titles of its respective officers to their respective offices, or the ability of the State, or its respective officers to authenticate, execute or deliver the 2012 Bonds or such other documents as may be required in connection with the issuance and sale of the 2012 Bonds, or to comply therewith or perform its respective obligations thereunder, or seeking to restrain or enjoin the issuance, sale or delivery of the 2012 Bonds, or directly or indirectly contesting or affecting the proceedings or the authority by which the 2012 Bonds are issued, the legality of the purposes for which the 2012 Bonds are issued, or the validity of the 2012 Bonds or the issuance and sale thereof.

Miscellaneous Legal Matters

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

See "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2011—Notes to the Financial Statements—Note 14. Litigation, Contingencies, and Commitments" (page 114).

Attorney General's Opinion Of Effect Of Legal Proceedings On State's Ability To Make Timely Payments On 2012 Bonds

Based on discussions with representatives of the State's executive and legislative departments, the Attorney General is of the opinion that the miscellaneous legal proceedings against the State, individually or in the aggregate, are not likely to have a material adverse impact on the State's ability to make its payments of the principal of and interest on the 2012 Bonds as those payments come due.

Federal Income Tax Matters

Federal tax law contains a number of requirements and restrictions which apply to the 2012 Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The State has covenanted to comply with all requirements that must be satisfied in order for the interest on the 2012 Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the 2012 Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the 2012 Bonds.

Subject to the State's compliance with the above referenced covenants, under present law, in the opinion of Bond Counsel, interest on the 2012 Bonds is excludable from the gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but interest on the 2012 Bonds is taken into account, however, in computing an adjustment in determining the federal alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the State with respect to certain material facts within the State's knowledge and upon the mathematical computation of the yield on the 2012 Bonds and on certain investments by Grant Thornton LLP, Certified Public Accountants. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the "Code"), includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include certain tax–exempt interest, including interest on the 2012 Bonds

Ownership of the 2012 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax–exempt obligations. Prospective purchasers of the 2012 Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "Issue Price") for each maturity of the 2012 Bonds is the price at which a substantial amount of such maturity of the 2012 Bonds is first sold to the public. The Issue Price of a maturity of the 2012 Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

Owners of 2012 Bonds who dispose of 2012 Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase 2012 Bonds in the initial public offering, but at a price different from

the Issue Price or purchase 2012 Bonds subsequent to the initial public offering should consult their own tax advisors.

If a 2012 Bond is purchased at any time for a price that is less than the 2012 Bond's stated redemption price at maturity the purchaser will be treated as having purchased a 2012 Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a 2012 Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such 2012 Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the 2012 Bonds.

An investor may purchase a 2012 Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the 2012 Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax–exempt bond. The amortized bond premium is treated as a reduction in the tax–exempt interest received. As bond premium is amortized, it reduces the investor's basis in the 2012 Bond. Investors who purchase a 2012 Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the 2012 Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the 2012 Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the 2012 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the 2012 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax–exempt obligations to determine whether, in the view of the Service, interest on such tax–exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the 2012 Bonds. If an audit is commenced, under current procedures the Service may treat the State as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the 2012 Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax–exempt obligations, including the 2012 Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any 2012 Bond owner who fails to provide an accurate Form W–9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any 2012 Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

State Of Utah Income Taxation

In the opinion of Bond Counsel, under the existing laws of the State, as presently enacted and construed, interest on the 2012 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. Bond Counsel expresses no opinion with respect to any other taxes imposed by the State or any political subdivision thereof. Ownership of the 2012 Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising

with respect to the 2012 Bonds. Prospective purchasers of the 2012 Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

General

The approving opinion of Chapman and Cutler LLP, Bond Counsel to the State, concerning the validity of the 2012 Bonds, in substantially the form set out in "APPENDIX D—PROPOSED FORM OF OPINION OF BOND COUNSEL" to this OFFICIAL STATEMENT, will be provided at the time of delivery of the 2012 Bonds. Copies of the opinion of Bond Counsel will be available upon request from the chief contact person for the State indicated under the heading "INTRODUCTION—Contact Persons" above.

Bond Counsel has reviewed those portions of the OFFICIAL STATEMENT captioned: "THE 2012 BONDS" (except the portions under the captions "—Estimated Sources And Uses Of Funds," "—Security For The 2012 Bonds" (last paragraph), "—Book–Entry System," and "—Debt Service On The 2012 Bonds"), and "LEGAL MATTERS—Federal Income Tax Matters" and "—State of Utah Income Taxation." Bond Counsel also prepared and has reviewed "APPENDIX D—PROPOSED FORM OF OPINION OF BOND COUNSEL" to the OFFICIAL STATEMENT, which sets forth the anticipated form of Bond Counsel's opinion on the 2012 Bonds. Bond Counsel has not assumed responsibility for the remaining material in the OFFICIAL STATEMENT and has not verified independently the information set out therein. In addition, Bond Counsel has not assumed responsibility for any agreement, representations, offering circulars, or other material of any kind not mentioned in this paragraph, relating to the offering of the 2012 Bonds for sale.

Certain legal matters will be passed upon for the State by the Office of the Attorney General of the State. Certain legal matter regarding this OFFICIAL STATEMENT will be passed on for the State by Ballard Spahr LLP.

MISCELLANEOUS

Bond Ratings

Fitch, Moody's and S&P have rated the 2012 Bonds "AAA," "Aaa," and "AAA," respectively, as of the date of this OFFICIAL STATEMENT.

Any explanation of the significance of these outstanding ratings may only be obtained from the rating service furnishing the same. The above ratings are not recommendations to buy, sell or hold the 2012 Bonds. There is no assurance that such ratings will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward change or withdrawal of such rating may have an adverse effect on the market price of the 2012 Bonds.

Escrow Verification

Grant Thornton LLP, Minneapolis, Minnesota, Certified Public Accountants, will verify the accuracy of the mathematical computations concerning the adequacy of the maturing principal amounts of and interest earned on the obligations of the United States of America, together with other escrowed moneys to be placed in the Escrow Account, to pay, when due pursuant to prior redemption, the redemption price of, and interest on, the 2004B Refunded Bonds, and the mathematical computations of the yield on the 2012 Bonds, and the yield on the government obligations purchased with a portion of the proceeds of the sale of the 2012 Bonds. Such verifications shall be based in part upon information supplied by the successful bidder(s).

Financial Advisor

The State has entered into an agreement with the Financial Advisor where under the Financial Advisor provides financial recommendations and guidance to the State with respect to preparation for sale of the 2012 Bonds, timing of sale, tax–exempt bond market conditions, costs of issuance and other factors relating to the sale of the 2012 Bonds. The Financial Advisor has read, participated in the drafting of and provided the information in certain provisions of this OFFICIAL STATEMENT. The Financial Advisor has not otherwise audited, authenticated or verified the information set forth in the OFFICIAL STATEMENT, or any other related information available to the State, with respect to accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is made by the Financial Advisor respecting accuracy and completeness of the OFFICIAL STATEMENT or any other matters related to the OFFICIAL STATEMENT. Financial Advisor fees are contingent upon the sale and delivery of the 2012 Bonds.

Independent Auditor

The financial statements of the State as of June 30, 2011, and for the fiscal year then ended, are included as "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2011" to this OFFICIAL STATEMENT and have been audited by the Utah State Auditor, as indicated in its report thereon. The State has neither requested nor has been obligated to obtain the consent of the State Auditor to include its report in this OFFICIAL STATEMENT and therefore the State Auditor has not performed any procedures with respect to such financial statements subsequent to the date of its report.

Additional Information

The foregoing description of the 2012 Bonds does not purport to be complete and is expressly made subject to the exact provisions of the complete documents, copies of which are available for inspection at the offices of the Financial Advisor during the offering of the 2012 Bonds, and subsequently, at the office of the Paying Agent in Salt Lake City, Utah.

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

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

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

State of Utah

/s/ Richard K. Ellis

Richard K. Ellis, State Treasurer
Secretary, State Bonding Commission

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APPENDIX A

BASIC FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION OF THE STATE OF UTAH FOR FISCAL YEAR 2011

The Comprehensive Annual Financial Report ("CAFR") of the State for Fiscal Year 2011 is contained herein. Copies of current and prior financial reports are available on the internet and upon request from the contact person as indicated under "INTRODUCTION—Contact Persons" above.

The Government Finance Officers Association of the United States and Canada ("GFOA") have awarded a Certificate of Achievement for Excellence in Financial Reporting to the State for its CAFR for the 27th consecutive year, beginning with Fiscal Year 1985 through Fiscal Year 2011.

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

The State's CAFR for Fiscal Year 2012 must be completed under State law by December 31, 2012.

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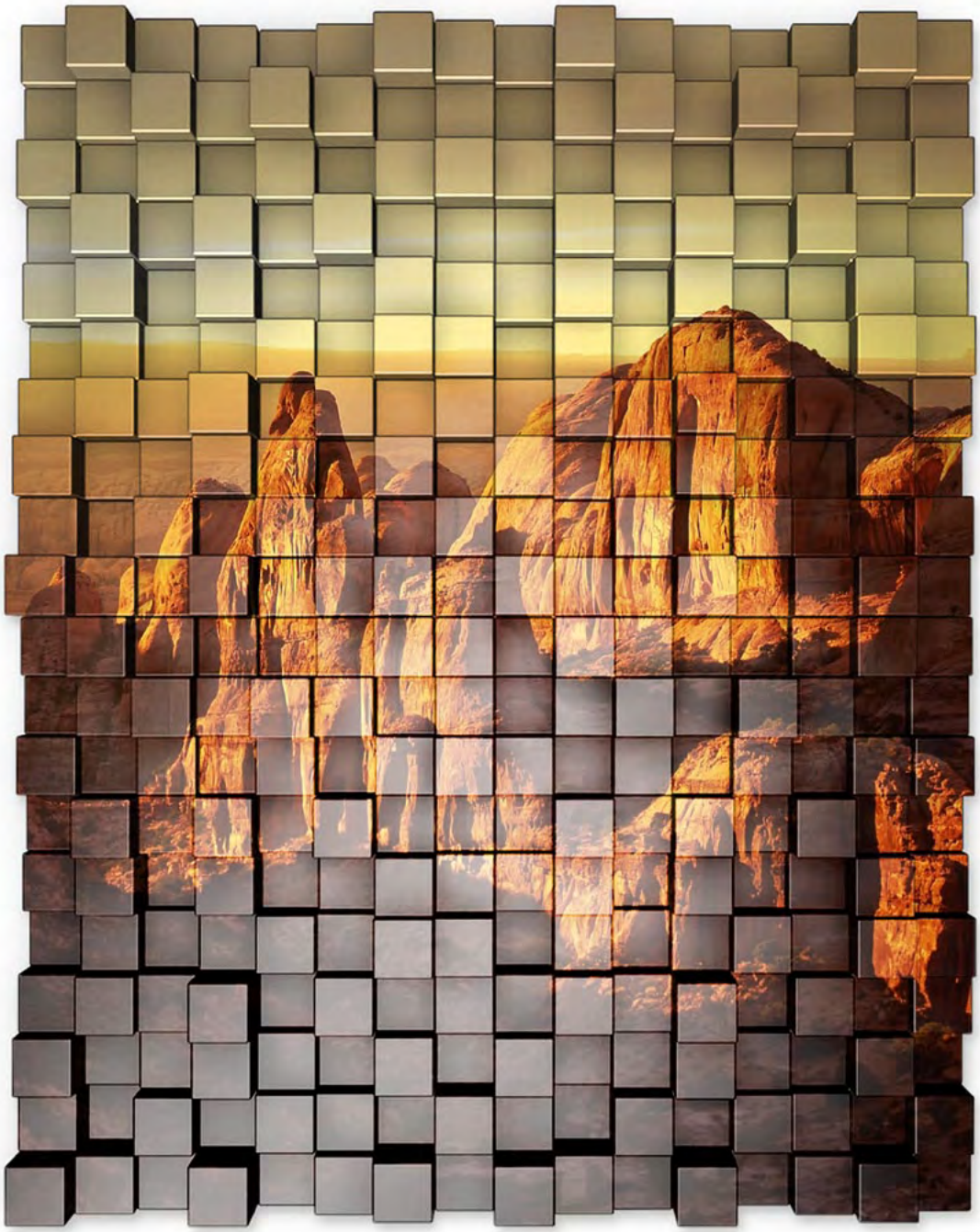
2011

STATE OF UTAH

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Of Utah
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended June 30, 2011

CONSTITUTIONAL OFFICERS OF THE STATE OF UTAH

Gary R. Herbert ..... Governor
Greg Bell ..... Lt. Governor
Auston G. Johnson, CPA ..... State Auditor
Richard K. Ellis ..... State Treasurer
Mark L. Shurtleff ..... Attorney General
Michael G. Waddoups ..... President of the Senate
Rebecca D. Lockhart ..... 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
Ron C. Bigelow, 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

ACKNOWLEDGMENTS

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

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

State of Utah
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2011

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State of Utah

GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

Department of Administrative Services

Kimberly K. Hood
Executive Director

Division of Finance

John C. Reidhead, CPA
Director

October 28, 2011

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

It is our pleasure to present the 2011 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 16 provides an overview and analysis of the State's Basic Financial Statements. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

Structure. As shown in the organizational chart on page 11, state government is divided into three separate branches: legislative, executive, and judicial. The duties of each branch are outlined in the *Constitution of Utah*, which can be amended only by 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 component units can be found in the notes to the financial statements (see Note 1. A.).

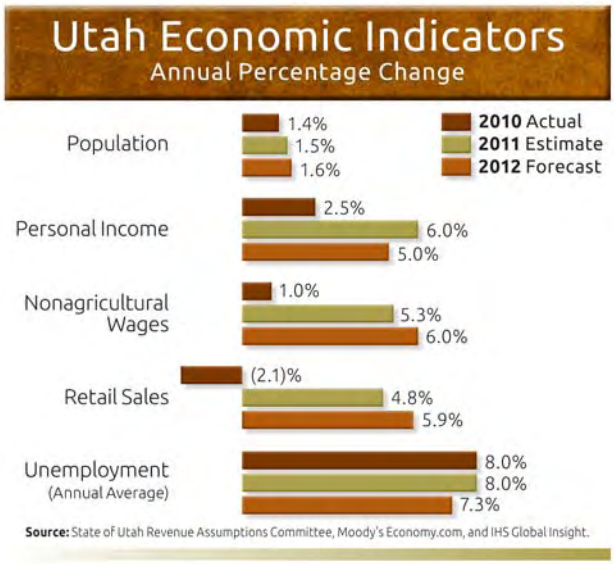
Budgetary Control. The *Constitution of Utah* requires that budgeted expenditures not exceed estimated revenues and other sources of funding, including beginning fund balances. Annually, the Governor is required to submit a balanced budget by fund, function (e.g., health), and activity (e.g., medical 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 the Required Supplementary Information beginning on page 128.

Budget Stabilization. In accordance with Sections 63J–1–312 and 313 of the *Utah Code*, the State maintains the General Fund Budget Reserve Account in the General Fund (the "Rainy Day Fund") and an Education Fund Budget Reserve Account in the Education Fund (the "Education Reserve"). State law requires 25 percent of any revenue surplus in the General Fund to be deposited in the Rainy Day Fund and 25 percent of any revenue surplus in the Education Fund to be deposited in the Education Reserve, in each case up to a statutory limit. State law limits the totals of the Rainy Day Fund and Education Reserve based on the amount of appropriations from the General Fund and Education Fund, respectively, for the fiscal year in which the surplus occurred. For additional information on the State's budget stabilization accounts see Note 11.B. on page 112.

Spending Limitation. The State has a statutory appropriations limit. The appropriations limit adjusts annually pursuant to a statutory formula based on population and inflation. The definition of appropriations includes only appropriations from General Fund and Education Fund sources (spending for public education and for transportation is exempt from the limitation). For the fiscal year ended June 30, 2011, the State was $701.6 million below the appropriations limitation.

ECONOMIC CONDITIONS AND OUTLOOK

Economy. Nationally, corporate before-tax profits increased by 25 percent in 2010. The growth rate is expected to decelerate from the 2010 growth rate to 3.7 percent in 2011 and 6.7 percent in 2012, because of wage and employment pressure, lackluster growth in domestic demand, and moderate growth in international demand. The national average annual unemployment rate was 9.6 percent in 2010, and is expected to decrease to 9.1 percent in 2011, and increase slightly to 9.3 percent in 2012. In Utah, the economy began to improve in 2010, but with much ground to regain, upward movement is slow. Economic growth in Utah is expected to accelerate during 2011, with greater gains as the year progresses. As overall unemployment decreases, an improving labor market will support increased consumer spending and a broad-based recovery.



Utah's unemployment rate is expected to be 8 percent in 2010 and remain unchanged in 2011. In 2012, the unemployment rate is expected to decline to 7.3 percent, as the economy generates sufficient job growth to actually bring the rate down. In 2010, personal income and nonagricultural wages increased by 2.5 percent and 1 percent, respectively. In 2011, personal income is expected to increase by 6 percent and nonagricultural wages are expected to increase by 5.3 percent. Taxable retail sales fell by 2.1 percent in 2010, but are expected to increase by 4.8 percent in 2011. Total construction value was $3.3 billion in 2010, a 55 percent decline from the record high of $7.4 billion in 2006. In 2011, total construction valuation is expected to increase slightly to $3.5 billion, due to gains from heavy and civil engineering projects, not commercial or residential activities. Residential construction was $1.7 billion in 2010, a 65 percent decline from the record high of $4.9 billion in 2006. Residential construction is expected to increase to $2 billion in 2011, with new housing permits forecast to move up slightly. Utah grew through positive net migration of approximately 800 people in 2010 and is expected to grow by 3,500 people in 2011. Utah has had positive net migration for the past 21 years and this trend is expected to continue in the coming years.

Industries. Utah's nonagricultural employment growth is expected to increase by 2.3 percent in 2011, and 2.7 percent in 2012. The employment environment continues to improve incrementally as the economy gradually rebounds from the national recession that began in late 2007. Every industry, but one, experienced positive employment growth, led by professional and business. The construction industry experienced its first year of growth with 500 jobs added following three years of contraction. Government (local/federal) declined for the second consecutive year. The results for August 2010 to August 2011 are presented in the following table.

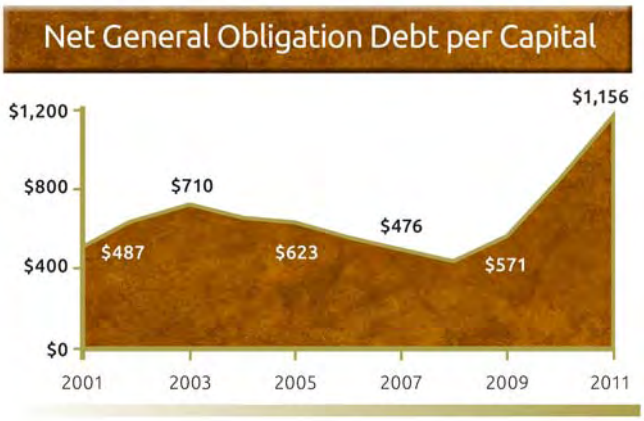
State of Utah
Jobs by Industry of Utah's Labor Force
(Expressed in Thousands)

	Number of Jobs		Numerical Change	Percentage Change	Components of Labor Force
	2011 (est.)	**2010**	**2010 to 2011**	**2010 to 2011**	**2011 (est.)**
Trade, Transportation, and Utilities	237.5	229.9	7.6	3.3 %	19.6 %
Professional and Business	166.2	155.0	11.2	7.3 %	13.7 %
Education and Health Services	153.9	151.7	2.2	1.5 %	12.7 %
Government (Local/Federal)	141.2	142.6	(1.4)	(1.0)%	11.6 %
Manufacturing	118.0	112.2	5.8	5.2 %	9.7 %
Leisure and Hospitality	118.6	113.8	4.8	4.2 %	9.8 %
Construction	69.2	68.7	0.5	0.6 %	5.7 %
Financial Activities	68.6	67.8	0.8	1.1 %	5.7 %
Government (State/Higher Ed.)	62.5	62.4	0.1	0.3 %	5.2 %
Other Services	34.7	34.4	0.3	0.7 %	2.9 %
Information	30.6	29.0	1.6	5.5 %	2.5 %
Natural Resources and Mining	11.5	10.7	0.8	7.5 %	0.9 %
Total	**1,212.5**	**1,178.2**	**34.3**		**100.0 %**

Source: Utah Department of Workforce Services, August 2011 Jobs by Industry and Components of Labor Force

Outlook. Although nationally the recovery is weak, the Utah economy is faring better as the local recovery strengthens. Several factors continue to weigh on the recovery, both locally and nationally. These negative factors include high commodity prices, difficult housing markets, and federal and state government budget constraints. On the positive side, net job creation in Utah has been positive since May 2010. Despite the risks, economic conditions are expected to continue to strengthen during the months ahead.

LONG-TERM FINANCIAL PLANNING



Debt Administration. As part of long-term financial planning, the State has used a combination of bonding and a "Pay-As-You-Go" method to meet the infrastructure needs of the State. 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 bonds for highway and building projects that otherwise would have been funded from current revenues. From fiscal years 2004 to 2008, the State primarily funded projects on a "Pay-As-You-Go" plan using one-time and ongoing money. In fiscal years 2005 and 2008, the State issued $140.6 million and $75 million, respectively of general obligation bonds for building and transportation projects. During fiscal years 2009 through 2011, the State again elected to issue bonds for highway and building projects due to budget constraints and a low interest rate environment. In fiscal years 2009 and 2010, the State issued $498.8 million and $982.2 million, respectively, in general obligation bonds for highway and capital facility construction. Of the fiscal year 2010 issuance, $491.8 million was for Build America Bonds (BABs), which will substantially reduce the State's cost of borrowing through a 35 percent federal government subsidy of the interest payments on these taxable bonds. In fiscal year 2011, the State issued $1.035 billion in general obligation bonds primarily for highway projects, of which $622 million was for BABs. The State also advance refunded $172.1 million of general obligation bonds to take advantage of the low interest rate environment. In early fiscal year 2012, the state issued $610 million in general obligation bonds. Of this total issuance, $563.1 million was used for highway projects and $46.9 million for capital facility construction. At this time, the State's general obligation debt per capita is estimated to be $1,311 when the fiscal year 2012 bonding activity is included in the calculation. More information about the State's long-term debt is found in Note 10 to the Basic Financial Statements.

MAJOR INITIATIVES

The Utah economy continued to recover during fiscal year 2011. Fiscal year 2012 state revenues are projected to increase 2.5 percent from the final 2011 estimate. Increased revenue collections, targeted budget cuts, and greater efficiency of agency operations aided the 2011 Legislature in reducing reliance on one-time resources for ongoing commitments (referred to as a structural imbalance) from $313 million in fiscal year 2011 to $52 million in fiscal year 2012. At the same time, the Legislature was able to address growth in public education and Medicaid, and address other priorities through the initiatives and budget strategies described below:

Education. State funding for public education was again a top priority for the Governor and the Legislature. General and Education Fund support for public schools in fiscal year 2012 was increased $35.5 million or 1.5 percent from the fiscal year 2011 final budget. Of this new funding, special initiatives were funded with $15.5 million. These initiatives include Early Intervention ($7.5 million), Teacher Supplies & Materials reimbursements ($5 million), Utah Common Core Support ($2 million), Pilot Assessment ($1 million), and School Grading ($.4 million). The Weighted Pupil Unit, the primary funding mechanism for public education, was increased from $2,577 in fiscal year 2011 to $2,816 for fiscal year 2012, a 9.3 percent increase. This increase will be funded by expected revenue growth and significant program changes that reallocate funds among various public education initiatives. Projections indicate that an additional 14,754 new students will enroll in the fall of 2011, an increase of 2.6 percent and an additional cost of $44.3 million for fiscal year 2012.

Social Service Programs and Medicaid Reform. General fund appropriations for social service programs in the Departments of Health, Human Services, Workforce Services, and the Office of Rehabilitation increased $74 million or 11.4 percent between the fiscal year 2011 final budget and fiscal year 2012 initial budget. The increase was largely due to the end of federal stimulus funds temporarily used in lieu of state general funds, and increases in Medicaid. From March 2010 to March 2011, Medicaid caseloads grew by 12.3 percent. The Legislature appropriated an additional $9 million from the General Fund for fiscal year 2012 to cover the State's portion of Medicaid inflation and anticipated caseload increases.

In Utah, Medicaid growth rates have exceeded the State's annual revenue growth rate for the past two decades. Out of concern for the long-term sustainability of the program and in an effort to bring Medicaid growth more in line with overall State revenue growth, the Legislature passed Senate Bill 180, *Medicaid Reform*. The legislation directs the Utah Department of Health to

develop a proposal that implements payment reforms and more appropriately aligns financial incentives in the health care system by replacing the fee-for-service model with one or more risk-based delivery models. Any savings from the new risk-based delivery models will be deposited into the newly created "Medicaid Growth Reduction and Budget Stabilization Account" (Medicaid Stabilization Account). The Medicaid Stabilization Account will then be used to meet the growing needs in the program.

Capital Projects. The Legislature authorized $101.2 million of state building projects during the 2011 General Session. Of this amount, general obligation bonds will provide $88.5 million of the funding. The projects funded by general obligation bonds include the Weber State University Classroom Building, State Hospital Building Consolidation, and Utah State University Business Building addition. The State will also use $12.7 million cash in fiscal year 2012 to fund the construction of two veterans' nursing homes. Legislators provided $53.6 million for capital improvements in fiscal year 2012 such as alterations and repairs on the state's existing buildings.

Transportation. The Governor and the Legislature have made transportation funding a priority over the past several years to address future growth and also to improve and maintain the existing infrastructure. During the 2007 and 2009 General Sessions, the Legislature authorized a total of $3.5 billion of general obligation bonds for highway projects. At the end of fiscal year 2011, $2.4 billion of the total authorization had been issued for highway projects in various stages of construction throughout the state. In early fiscal year 2012, the State issued $563.1 million in general obligation bonds from the outstanding authorizations for highway projects (also noted above in the Long-term Financial Planning section). During the 2011 General Session, the Legislature also passed Senate Bill 229, *Transportation Funding Revisions*, to fund future transportation growth. The bill shifts 30 percent of the growth in sales tax revenue from the General Fund to the Centennial Highway Fund beginning in fiscal year 2013, but caps the earmark at 17 percent of the sales and use taxes. The legislation is anticipated to provide an additional $59.6 million in the first year.

Economic Development. On March 18, 2011, the Governor unveiled his Strategic Ten-Year Energy Plan. The plan recognizes the vital connection between successful economic development, quality educational opportunity, and energy and technology development. To that end, the plan includes the following goals: 1) Provide for continued access to low-cost and long-term sustainable energy for Utah businesses and consumers. 2) Place Utah at the international forefront of developing and deploying cutting-edge energy technologies. 3) Utilize Utah's strategic access to energy to foster expanded economic opportunity and create energy independence. During the 2011 General Session, House Bill 475, *State Energy Amendments*, created the Office of Energy Development to implement the Governor's initiative.

In addition to the State's ongoing economic development programs, the 2011 Legislature passed legislation that will promote further economic development in Utah. Senate Bill 312, *Economic Development Coordination*, creates the Governor's Economic Development Coordinating Council to coordinate strategies, goals, and activities related to economic growth and development in the state. Senate Bill 305, *Economic Development Through Education/Career Alignment*, creates a web-based online education and career counseling program as a resource for students that will align the needs of industry and the job market with higher education priorities. House Bill 496, *Technology and Life Science Economic Development Act and Related Tax Credits*, enacts income tax credits related to: 1) investments in life science establishments (generally involved in the production of medical equipment and supplies); and 2) entities that generate an increase in state tax revenues in these establishments.

Other Postemployment Benefit Plans and Employee Compensation. For Other Postemployment Benefit plans, the Legislature appropriated $43.8 million in both fiscal years 2011 and 2012, which represents a level of funding that, if paid on an ongoing basis, is actuarially projected to fund the benefits over a period of twenty-five years. During the 2011 General Session, the Legislature addressed a projected 6.75 percent increase in health insurance benefits by passing House Joint Resolution 46, *Joint Resolution on State Health Insurance*. The resolution directed the Public Employees Health Program to reduce premiums by 2 percent from the 2010 level and shifted premium costs on employee medical plans from 95 percent employer/5 percent employee to 90 percent employer/10 percent employee. These actions resulted in a $13.1 million decrease in General and Education Fund appropriations to state agencies. To improve the way in which the state provides health insurance to state employees, the Legislature also passed House Bill 404, *State Health Insurance Amendments*, which calls for a study of how best to make use of the assets and competencies of the Public Employees Health Program (PEHP). Because of budget constraints, the Legislature did not fund an increase in compensation or a cost-of-living adjustment for state employees, but has directed that a compensation study be performed. The study will evaluate compensation levels and all employee benefits to ensure the State can continue to attract those with the highest skills.

AWARDS AND ACKNOWLEDGEMENTS

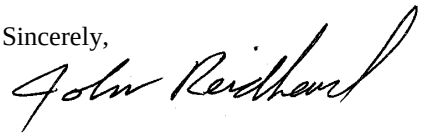
The Government Finance Officers Association (GFOA) awarded the *Certificate of Achievement for Excellence in Financial Reporting* to the State of Utah for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This was the twenty-sixth consecutive year the State has achieved this prestigious award.

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

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

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

Sincerely,



John C. Reidhead, CPA
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Utah

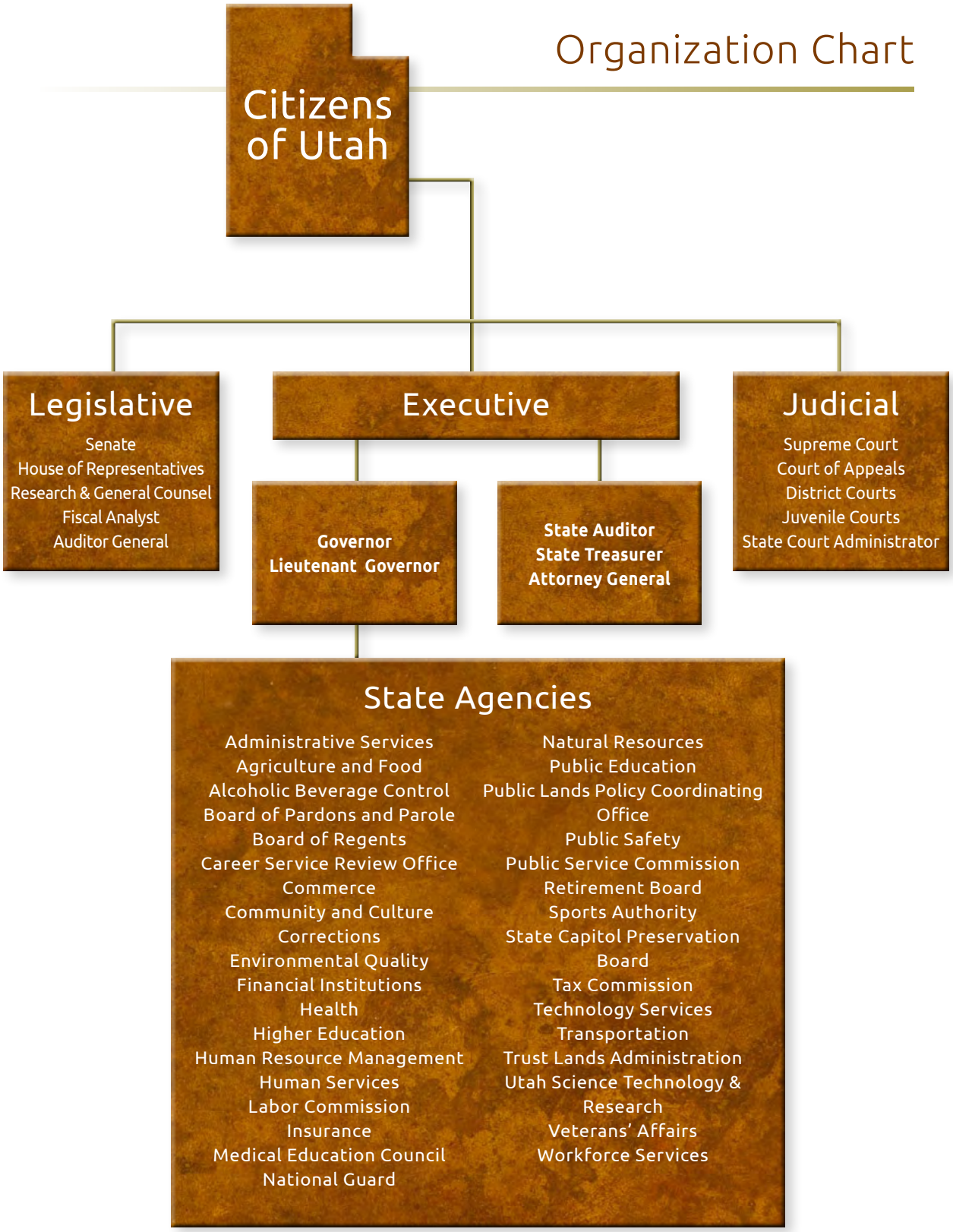
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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

Organization Chart



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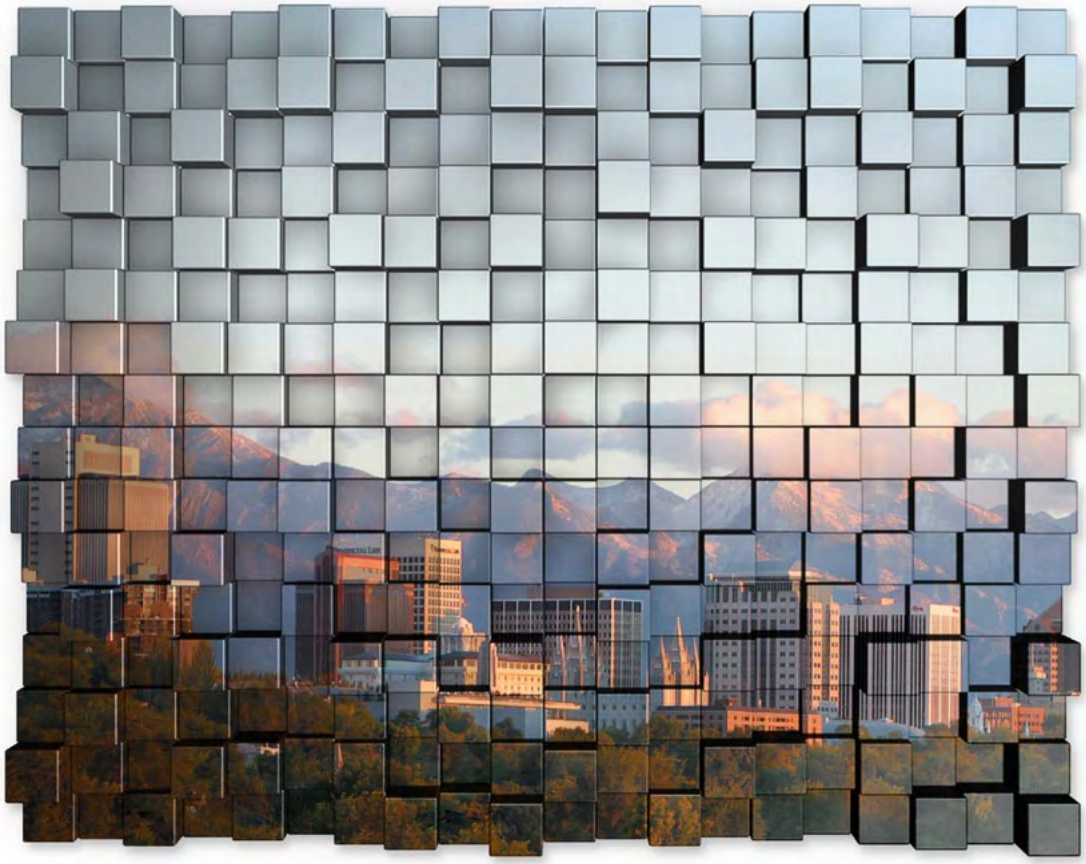

FINANCIAL SECTION

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INDEPENDENT STATE AUDITOR'S REPORT

To the Members of the Legislature
of the State of Utah and
The Honorable Gary R. Herbert
Governor, State of Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Utah ("State") as of and for the year ended June 30, 2011, 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 37 percent of the assets and 38 percent of the revenues of the aggregate discretely presented component units and 68 percent of the assets and 28 percent of the revenues/additions of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us; and our opinions, insofar as they relate to the amounts included for those agencies, funds, and component units, are based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Utah as of June 30, 2011, 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 October 28, 2011, 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 16 through 28 and the required supplementary information on pages 128 through 137 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 142 through 201 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 11 and the statistical section on pages 206 through 243 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Auston G. Johnson, CPA
Utah State Auditor
October 28, 2011

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, 2011. Please read it in conjunction with the transmittal letter in the Introductory Section of this report and with the State's financial statements that follow this section.

HIGHLIGHTS

Government-wide

- Total assets of the State exceeded liabilities by $18.1 billion (reported as net assets). Of this amount, $2 billion (unrestricted net assets) may be used to meet the government's ongoing obligations while $16.1 billion is restricted for specific uses or invested in capital assets.

- The State's total net assets increased $984.1 million or 5.7 percent over the prior year. Net assets of governmental activities increased $897.4 million or 6 percent. Net assets of business-type activities increased by $86.7 million or 3.9 percent.

Fund Level

- The governmental funds reported combined ending fund balances of $3.82 billion, an increase of $323.3 million in comparison with the prior year. Approximately 32 percent or $1.223 billion of the ending fund balance is considered unrestricted (committed, assigned, or unassigned) and is available for spending either at the government's discretion or upon legislative approval.

- The General Fund ended the fiscal year with a $609 thousand unassigned fund balance, after a $23.5 million transfer to the General Fund Budget Reserve Account (Rainy Day Fund), an $11.7 million statutory transfer to the Disaster Recovery Account, and an $11.6 million statutory commitment for the Industrial Assistance Account.

- The Education Fund ended the year with a $59.6 million surplus after a statutory transfer of $5 million to the Education Budget Reserve Account.

- The State's stabilization accounts, the General Fund Budget Reserve Account (Rainy Day Fund) and the Education Budget Reserve Account, ended the fiscal year with balances of $122.5 million and $110 million, respectively.

- Overall, sales tax revenues in the governmental funds increased by 4.5 percent, compared to a 1.6 percent decline in the prior year. Combined tax revenues were 16.2 percent higher in the General Fund and 7.1 percent higher in the Education Fund than the prior year. Tax revenues in both funds increased compared to the prior year, as the economy showed signs of improving.

Long-term Debt

- The State's long-term bonded debt increased a net $680.5 million or 16.2 percent. General obligation bonds for the primary government increased $846.2 million or 35.1 percent, while revenue bonds for the primary government decreased $165.7 million or 9.2 percent. The new debt issued was used to fund highway and capital facility construction, and to fund student loan programs.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Statements — Reporting the State as a Whole

The Statement of Net Assets and the Statement of Activities beginning on page 31 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 36 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 38 and 42 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 is expenditures on the governmental fund statements.
- Bond proceeds result in liabilities on the government-wide statements, but are other financing sources on the governmental fund statements.
- Certain tax revenues that are earned but not yet available are reported as revenue on the government-wide statements, but are deferred revenue on the governmental fund statements.

Notes to the Financial Statements
The notes beginning on page 62 provide additional schedules and information that are essential to a complete understanding of the financial statements. The notes apply to both the government-wide financial statements and the fund financial statements.

Required Supplementary Information (RSI)
Following the Basic Financial Statements are budgetary comparison schedules for major funds with legally adopted budgets and condition assessment data related to infrastructure. In addition, the RSI includes schedules on the funded status and employer contributions for the State's defined benefit Other Postemployment Benefit Plans. RSI further supports the information in the basic financial statements.

Supplementary Information
Supplementary Information includes combining statements for the State's nonmajor governmental, nonmajor 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 $984.1 million or 5.7 percent in fiscal year 2011. In comparison, net assets in the prior year increased $453.4 million or 2.7 percent. This increase in total net assets reflects a slow but recovering economy and the active management of the state's resources. The change in net assets is comprised of the following:

- *Invested in Capital Assets* – Total invested in capital assets net of related debt increased $409.1 million or 3.4 percent as the State's investment in highways and buildings exceeded depreciation and the net additional debt that was incurred to finance capital-related projects.
- *Restricted Net Assets* – Total restricted net assets increased $368.2 million or 11.2 percent over the prior year:
  Restricted net assets of governmental activities increased $328.4 million or 16.4 percent primarily due to a $289 million increase in nonexpendable public education net assets as a result of increased net earnings in the Permanent Trust Lands Fund.
  Restricted net assets of business-type activities increased by $39.8 million or 3.1 percent, due in part to a $66.1 million increase in various loan programs as additional loan capital was provided by federal grants and investment income. Of the $66.1 million increase, $11.3 million was due to a reclassification of net assets in the Student Loan Programs previously classified as unrestricted. These increases were offset by a $22.5 million or 5.3 percent decrease in restricted net assets within the Unemployment Compensation Fund due to unemployment claims exceeding revenue from premiums and investment income.
- *Unrestricted Net Assets* – Total unrestricted net assets in governmental activities increased by $159.7 million or 17.8 percent primarily due to increases in the carry-forward balances in the Capital Projects Fund and General Fund of $82.4 million and $56.4 million, respectively. Total unrestricted net assets in business-type activities increased by $47.1 million or 5 percent as the state provided additional capital for various loan programs from mineral lease and dedicated sales tax revenue.

(Table on next page)

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
Current and Other Assets	$ 5,300,912	$ 4,779,971	$ 4,331,268	$ 4,617,471	$ 9,632,180	$ 9,397,442
Capital Assets	15,363,239	14,001,697	100,706	84,345	15,463,945	14,086,042
Total Assets	**20,664,151**	**18,781,668**	**4,431,974**	**4,701,816**	**25,096,125**	**23,483,484**
Current and Other Liabilities	1,072,670	938,271	41,973	43,470	1,114,643	981,741
Long-term Liabilities	3,784,059	2,933,391	2,080,722	2,435,743	5,864,781	5,369,134
Total Liabilities	**4,856,729**	**3,871,662**	**2,122,695**	**2,479,213**	**6,979,424**	**6,350,875**
Net Assets:						
Invested in Capital Assets, Net of Related Debt	12,414,589	12,005,321	12,862	13,061	12,427,451	12,018,382
Restricted	2,337,607	2,009,168	1,311,865	1,272,090	3,649,472	3,281,258
Unrestricted	1,055,226	895,517	984,552	937,452	2,039,778	1,832,969
Total Net Assets	**$ 15,807,422**	**$ 14,910,006**	**$ 2,309,279**	**$ 2,222,603**	**$ 18,116,701**	**$ 17,132,609**
Percent change in total net assets from prior year	6.0 %		3.9 %		5.7 %	

The largest component of the State's net assets, 68.6 percent, reflects investments in capital assets (e.g., land, buildings, equipment, intangible assets, roads, and other infrastructure) less the outstanding debt issued to finance those assets. 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 20.1 percent of total net assets and are subject to constitutional, legal, or external constraints on how they can be used. Net assets that are restricted by the *Constitution of Utah* include individual 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 commitments or assignments of resources further limit the purposes for which many of those net assets may be used.

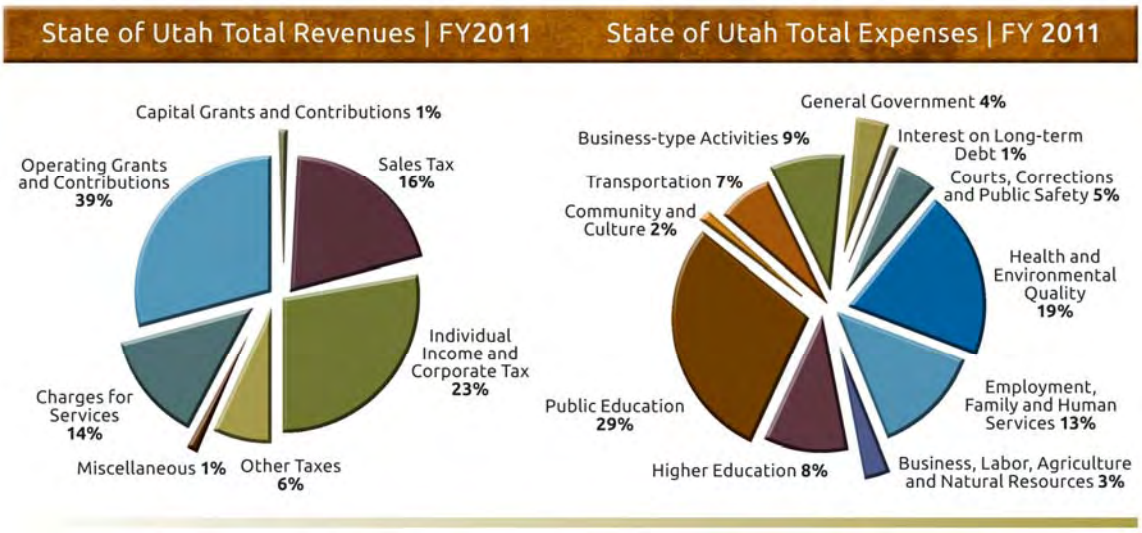
The following schedule and charts summarize the State's total revenues, expenses, and changes in net assets for fiscal year 2011:

(Table on next page)

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
	2011	2010	2011	2010	2011	2010	2010 to 2011
Revenues							
General Revenues:							
Taxes	$ 5,175,972	$ 4,704,713	$ 21,819	$ 22,206	$ 5,197,791	$ 4,726,919	10.0 %
Other General Revenues	62,610	51,790	4,290	38,188	66,900	89,978	(25.6)%
Program Revenues:							
Charges for Services	958,077	945,922	686,435	583,230	1,644,512	1,529,152	7.5 %
Operating Grants and Contributions	4,079,907	3,865,150	421,016	546,840	4,500,923	4,411,990	2.0 %
Capital Grants and Contributions	109,669	204,237	—	—	109,669	204,237	(46.3)%
Total Revenues	**10,386,235**	**9,771,812**	**1,133,560**	**1,190,464**	**11,519,795**	**10,962,276**	5.1 %
Expenses							
General Government	402,543	383,925	—	—	402,543	383,925	4.8 %
Human Services/Juvenile Justice Services	648,456	669,169	—	—	648,456	669,169	(3.1)%
Corrections	243,616	238,902	—	—	243,616	238,902	2.0 %
Public Safety	204,627	184,197	—	—	204,627	184,197	11.1 %
Courts	123,604	118,577	—	—	123,604	118,577	4.2 %
Health and Environmental Quality	2,001,233	1,875,775	—	—	2,001,233	1,875,775	6.7 %
Higher Education	828,660	837,479	—	—	828,660	837,479	(1.1)%
Employment and Family Services	707,019	672,852	—	—	707,019	672,852	5.1 %
Natural Resources	187,164	166,749	—	—	187,164	166,749	12.2 %
Community and Culture	159,755	177,823	—	—	159,755	177,823	(10.2)%
Business, Labor, and Agriculture	94,397	96,895	—	—	94,397	96,895	(2.6)%
Public Education	3,058,046	3,007,905	—	—	3,058,046	3,007,905	1.7 %
Transportation	772,243	744,638	—	—	772,243	744,638	3.7 %
Interest and Charges on Long-term Debt	104,887	87,393	—	—	104,887	87,393	20.0 %
Student Assistance Programs	—	—	93,422	156,754	93,422	156,754	(40.4)%
Unemployment Compensation	—	—	642,023	872,826	642,023	872,826	(26.4)%
Water Loan Programs	—	—	38,069	31,971	38,069	31,971	19.1 %
Community and Economic Loan Programs	—	—	1,770	2,166	1,770	2,166	(18.3)%
Liquor Retail Sales	—	—	190,373	180,401	190,373	180,401	5.5 %
Other Business-type Activities	—	—	33,796	30,886	33,796	30,886	9.4 %
Total Expenses	**9,536,250**	**9,262,279**	**999,453**	**1,275,004**	**10,535,703**	**10,537,283**	(0.0)%
Excess (deficit) Before Transfers	849,985	509,533	134,107	(84,540)	984,092	424,993	
Transfers	47,431	55,845	(47,431)	(55,845)	—	—	
Change in Net Assets	**897,416**	**565,378**	**86,676**	**(140,385)**	**984,092**	**424,993**	
Net Assets – Beginning as Adjusted	14,910,006	14,344,628	2,222,603	2,362,988	17,132,609	16,707,616	
Net Assets – Ending	**$ 15,807,422**	**$ 14,910,006**	**$ 2,309,279**	**$ 2,222,603**	**$ 18,116,701**	**$ 17,132,609**	5.7 %

(*Charts on next page*.)



Changes in Net Assets

This year the State received 45.1 percent of its revenues from state taxes and 40 percent of its revenues from grants and contributions, primarily from federal sources. In the prior year, state taxes accounted for 43.1 percent and grants and contributions were 42.1 percent of total revenues. Charges for goods and services such as licenses, permits, liquor sales, park fees, and court fees, combined with other miscellaneous collections, comprised 14.9 percent of total revenues in fiscal year 2011, compared to 14.8 percent in fiscal year 2010.

Governmental Activities

The State's total governmental revenues from all sources increased $614.4 million or 6.29 percent. Tax revenues increased $471.3 million or 10 percent. This increase in taxes reflects a recovering economy and is similar to the increase at the fund level. However, due to differences in measurement focus and timing of collections, the increase at the government-wide level should not be used to predict future increases at the fund statement or budget level. With the exception of Public Safety and General Government as discussed below, other significant changes in governmental activities' revenues and expenses mirror the changes in the governmental funds. For further discussion, see the section entitled "Financial Analysis of the State's Governmental Funds" on page 22.

- *Public Safety* – Expenses for public safety increased by $20.4 million, as compared to the prior year, primarily due to a decrease in the amount spent for capital outlay. Since less was expended for capital outlay in the fiscal year, expenses increased on the government-wide statements.
- *General Government* – Expenses increased $18.6 million, as compared to the prior year, primarily due to an increase in the amount spent by the primary government for building projects completed and transferred to colleges and universities. When these buildings are completed, ownership is transferred to the colleges and universities and reported as expenses on the government-wide statements. However there is no impact on the governmental fund statements.

The following table shows to what extent the State's governmental activities relied on state taxes and other general revenues to cover all of their costs. For fiscal year 2011, these revenues covered 46 percent of expenses. The remaining $5.1 billion or 54 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	
	2011	2011	2011	2010	2011	2010
General Government	$ 402,543	$ 380,046	$ (22,497)	$ (7,987)	94.4 %	97.9 %
Human Services/Juvenile Justice Services	648,456	290,658	(357,798)	(320,314)	44.8 %	52.1 %
Corrections	243,616	6,931	(236,685)	(231,297)	2.8 %	3.2 %
Public Safety	204,627	123,578	(81,049)	(63,643)	60.4 %	65.4 %
Courts	123,604	59,630	(63,974)	(39,118)	48.2 %	67.0 %
Health and Environmental Quality	2,001,233	1,671,520	(329,713)	(298,566)	83.5 %	84.1 %
Higher Education	828,660	39,804	(788,856)	(777,151)	4.8 %	7.2 %
Employment and Family Services	707,019	649,789	(57,230)	(69,848)	91.9 %	89.6 %
Natural Resources	187,164	138,720	(48,444)	(55,004)	74.1 %	67.0 %
Community and Culture	159,755	79,698	(80,057)	(83,632)	49.9 %	53.0 %
Business, Labor, and Agriculture	94,397	77,791	(16,606)	(11,833)	82.4 %	87.8 %
Public Education	3,058,046	987,090	(2,070,956)	(2,201,364)	32.3 %	26.8 %
Transportation	772,243	642,398	(129,845)	180	83.2 %	100.0 %
Interest and Charges on Long-term Debt	104,887	—	(104,887)	(87,393)	0.0 %	0.0 %
Total Governmental Activities	**$ 9,536,250**	**$ 5,147,653**	**$ (4,388,597)**	**$ (4,246,970)**	54.0 %	54.1 %

Business-type Activities

Changes in the State's business-type activities mirror the changes noted in the State's proprietary funds. The changes in the State's proprietary funds are detailed in the section entitled "Financial Analysis of the State's Proprietary Funds" on page 25. Revenues from the State's business-type activities decreased $56.9 million or 4.8 percent from the prior year. This was primarily due to a $127.1 million decrease in operating grants in the Unemployment Compensation Fund and the Student Assistance Programs and a $33.9 million decrease in miscellaneous revenue, offset by a $103.2 million increase in charges for services, primarily in the Unemployment Compensation Fund. Total expenses for the State's business-type activities also decreased $275.6 million or 21.6 percent. This decrease is reflected in the Student Assistance Programs and Unemployment Compensation Fund.

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, 2011, the State's governmental funds reported combined ending fund balances of $3.82 billion. Of this amount, $1.377 billion or 36 percent is nonspendable, either due to its form or legal constraints, and $1.223 billion or 32 percent is restricted for specific programs by external constraints, constitutional provisions, or contractual obligations. Unspent bond proceeds, revenue restricted for public education, revenue that derives from the operation of motor vehicles on public highways, and mineral lease revenues are included in restricted fund balance. An additional $835.8 million or 21.9 percent of total fund balance has been committed to specific purposes. Committed amounts cannot be used for any other purpose unless approved by the Legislature. An additional $386.7 million or 10.1 percent of total fund balance has been assigned to specific purposes, as expressed by legislative intent. The remaining $609 thousand or .02 percent of fund balance is unassigned and available for appropriations.

State of Utah
Governmental Fund Balances as of June 30, 2011
(Expressed in Thousands)

	General Fund	Education Fund	Transportation Fund	Transportation Investment Fund	Trust Lands Fund	Nonmajor Funds	Total
Nonspendable	$ 10,672	$ —	$ 10,523	$ —	$ 1,355,565	$ —	$ 1,376,760
Restricted	31,523	500,434	184,814	413,751	—	92,592	1,223,114
Committed	445,540	—	38,437	174,651	—	177,190	835,818
Assigned	212,002	—	1,634	—	—	173,103	386,739
Unassigned	609	—	—	—	—	—	609
Total	**$ 700,346**	**$ 500,434**	**$ 235,408**	**$ 588,402**	**$ 1,355,565**	**$ 442,885**	**$ 3,823,040**
Percent change from prior year	8.1 %	(4.3)%	2.9 %	0.3 %	27.1 %	(1.0)%	9.2 %

General Fund

During fiscal year 2011, the General Fund's total fund balance increased $52.7 million or 8.1 percent. The increase was due in large part to sales tax revenues coming in $45.4 million greater than budgeted. The General Fund ended the year with a $609 thousand unassigned fund balance, or surplus after yearend statutory transfers and commitments, as described below. In the prior year, the General Fund had revenue shortfalls resulting in no yearend statutory transfers or commitments, but ended the year with a $14.9 million unassigned fund balance primarily from the lapsing of unspent budgeted dollars.

Changes in the General Fund balance also included the following:

- Nonspendable fund balance increased $7.4 million or 226.2 percent due to an increase in the long-term portion of revolving loans with Internal Service Funds.
- Restricted fund balance decreased by $3.7 million or 10.4 percent due to decreases in revenues set aside for specific purposes.
- Committed fund balance increased $74.1 million or 20 percent, due to a $26.1 million increase in agency carry-forward monies and a $30.7 million increase in monies set aside for committed purposes. Of the $30.7 million increase in committed fund balance, $11.7 million was the result of a yearend statutory transfer to the Disaster Recovery Account, and $11.6 million was due to a statutory commitment for the Industrial Assistance Account. The committed fund balance also increased $17.5 million as a result of net transfers to the General Fund Budget Reserve Account (Rainy Day Fund), a stabilization account within the General fund. In the event of a "revenue surplus," State law requires 25 percent of the surplus to be transferred to the General Fund Budget Reserve Account, plus an additional 25 percent to repay prior year transfers out of the fund. A "revenue surplus" is defined in statute and results when general revenues exceed the final adopted revenue budgets. At the 2011 fiscal yearend, $23.5 was transferred to the General Fund Budget Reserve Account offset by a $5.9 million appropriation from the account during the year to cover lawsuit settlements. The account ended the year with a balance of $122.5 million.
- Assigned fund balance decreased $11 million primarily due to a $26.8 million decrease in the amount set aside for the next year's budget, which was offset by an increase in tax accruals assigned by law.

Total General Fund revenues increased $295.4 million or 5.9 percent from the prior year. Total tax collections increased $274.3 million or 16.2 percent. The major increase in tax revenues was sales tax, which increased $207.8 million or 14.7 percent, due to a recovering economy (compared to a 4.8 percent decrease in the prior year). Other Taxes increased $66.5 million or 24.1 percent primarily due to an increase in cigarette and tobacco tax rates. Charges for services increased $33.6 million or 11.3 percent, driven by demand for government services. Investment income increased $1.7 million or 24.8 percent due to slightly higher interest rates. Miscellaneous and Other revenue decreased $18.1 million or 8.8 percent as compared to the prior year due to an $18.8 million payment the State received in the prior year for court-ordered restitution.

Overall, total General Fund expenditures increased by $142.1 million or 2.7 percent as the impact of the recession continued to increase the public's demand for some government services. However, expenditures in other areas decreased because of budget cuts by the Legislature. Significant changes in expenditures occurred in the following areas:

- *Health and Environmental Quality* – Total expenditures in this category were up $136.8 million. This is primarily due to a $93.6 million increase in expenditures paid under the Hospital Provider Assessment Act, a relatively new program created to improve Medicaid inpatient hospital access. In addition, $24.2 million of the increase in expenditures consists of a

one-time federal disallowance and settlement payments**.** The balance of the increase was Medicaid program costs resulting from a 10 percent increase in enrollees.

- *Employment and Family Services* – Total expenditures in this category increased $30.4 million due to a $38.3 million increase in Food Stamp program costs resulting from 11 percent caseload growth. This increase was offset by a $5.3 million decrease in expenditures attributable to American Recovery and Reinvestment Act (ARRA) fund contracts for client services related to the Workforce Investment Act (WIA) programs and a reduction in 30 full-time employee positions and personnel costs of $2 million.
- *Natural Resources* – Total expenditures in this category increased $28.4 million due to a $21.3 million increase in funding provided by the ARRA for the State Energy Program. The balance of the increase was due to a $4 million increase in the capital budget and a $2.5 million increase for habitat restoration and development.
- In addition, overall expenditures decreased in the following areas due to net budget reductions: Human Services and Juvenile Justice Services, $21.8 million; Community and Culture, $19.5 million; Higher Education, $14.1 million; Courts, $7.7 million; Business, Labor, and Agriculture, $2.5 million.

Budgetary Highlights — General Fund

The Legislature adopted the initial fiscal year 2011 budget during the 2010 General Session (January to March 2010). The original revenue estimates in the General Fund budget at the start of fiscal year 2011, excluding department-specific revenue sources such as federal grants and departmental collections, and including miscellaneous transfers, were 3.3 percent higher than the final fiscal year 2010 budget. Budgeted expenditures were 13.1 percent higher than the final fiscal year 2010 budget. The Governor and the Legislature were able to balance the fiscal year 2011 budget using departmental budget reductions ranging from less than 1 percent to 15 percent, modest revenue increases, and one-time money from various state accounts.

The fiscal year 2011 budget was again addressed during the 2011 General Session of the Legislature (January to March 2011). General revenue estimates had increased $18.3 million from the original estimates adopted in the 2010 General Session, primarily due to an increase in cigarette and tobacco taxes and severance taxes. The increased revenue estimates and reallocated base budget resources allowed the Legislature to set aside $56.6 million for fiscal year 2012 appropriations. In the end, taxes and other unrestricted revenues ended the year $36.1 million above final budgeted amounts.

Final budgets of department-specific revenue sources decreased from original budgets; and actual department-specific revenues decreased from final budgets mostly due to a decrease 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, $6.6 million of unspent budgeted dollars were lapsed back to the General Fund by agencies.

Education Fund

Restricted fund balance in the Education Fund decreased slightly by $22.7 million or 4.3 percent from the prior year as expenditures and transfers out exceeded revenues. Total revenue was up from the prior year; however, the legislature increased expenditures to cover demands on public education. Amounts set aside for fiscal year 2012 appropriations decreased by $88.3 million. Tax accruals restricted by law for education decreased by $14.7 million. These decreases in restricted fund balance were offset by a $16 million increase in the amount carried forward for education.

In addition, the Education Fund ended the year with a $59.6 million "revenue surplus" after a statutory transfer to the Education Fund Budget Reserve Account, a budget stabilization account. In the event of a "revenue surplus" in the Education Fund, state law requires 25 percent of the surplus to be transferred to the Education Fund Budget Reserve Account, plus an additional 25 percent to repay prior year transfers out of the fund. However, the transfer was less than statutorily required due to a federal program constraint that did not allow specific program funds to be directly or indirectly used to restore a stabilization fund. As a result, only $5 million was transferred at yearend to the Education Budget Reserve Account. The account ended the fiscal year with a balance of $110 million.

Overall, total revenue in the Education Fund increased by $208.9 million or 6.7 percent. Individual income tax increased $208.4 million or 9.8 percent, as a result of a recovering economy. This increase was offset by a decrease in corporate taxes of $36.1 million or 13.5 percent, primarily due to increases in tax refunds and credits. Federal contracts and grants increased $32.8 million or 5.2 percent, primarily from $23 million in increase in ARRA funding. Overall, expenditures increased in the Education Fund by $57 million or 1.9 percent, primarily due to a $46.8 million increase in distributions to the local school districts. Expenditures also increased in the Child Nutrition Program by $11.4 million and by $10.9 million for rehabilitation services, but these were offset by a $13 million budget reduction in the Basic School Program.

Transportation Fund
Total fund balance in the Transportation Fund increased $6.7 million or 2.9 percent from the prior year. Restricted fund balance increased by $6.1 million or 3.4 percent primarily due to an increase in restricted revenue. Committed fund balance increased $1.1 million or 2.9 percent due to an increase in committed sales and use tax collections for highway projects. These increases were offset by a $1.1 million or 9.6 percent decrease in nonspendable fund balance for inventory. Assigned fund balance increased by $716 thousand due to an increase in general revenues appropriated to the Transportation Fund.

Overall, transportation revenues decreased by $90 million or 8.1 percent. Federal contracts and grants decreased $128.8 million as less federal funding was available from ARRA. This large decrease was offset by the following increases in revenue:

- Motor and special fuels tax increased $11.7 million or 3.4 percent as a result of an increase in collections.
- Federal aeronautics revenue increased $11.3 million or 28.3 percent due to an increase in federal aviation funding, which fluctuates based on the timing of projects.
- Licenses, permits and fees increased $6.1 million or 8.6 percent due to an increase in collections.
- Charges for services increased $4.1 million or 5 percent as a result of an increase in equipment usage and rates.
- Miscellaneous and other revenues increased $5.1 million or 6.2 percent.

Expenditures for the Transportation Fund decreased by $246.7 million or 19.8 percent due to decreased spending on federal participating highway projects, including projects funded by ARRA. Other financing sources also decreased $41.5 million or 166.9 percent, primarily because no new general obligation bond proceeds were received for this fund in the current year.

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 $1.9 million or 0.3 percent from the prior year. Restricted fund balance decreased $23.8 million or 5.4 percent as general obligation bond proceeds were used for highway projects. Committed fund balance increased $25.6 million or 17.2 percent due to unspent sales tax revenue at yearend.

Revenues decreased $129.5 million or 39.7 percent due to a $129.8 million or 51.9 percent decrease in sales and use tax committed for highway projects. Other financing sources increased by $83.1 million or 11.8 percent, primarily due to a $137.2 million or 16.8 percent increase in general obligation bonds issued for this fund during fiscal year 2011, reduced by an increase in transfers out of the fund of $44.8 million to service debt on transportation projects. Expenditures increased by $208.9 million or 27.1 percent from the prior year as a result of increased spending on highway construction projects.

Trust Lands Fund
The fund balance of the permanent Trust Lands Fund increased by $289 million or 27.1 percent due to an increase in investment values because of general market conditions. The permanent fund also generated $26.3 million of cash investment earnings that is earmarked for distribution to local school districts. The principal in the fund is held in perpetuity (nonspendable), with earnings restricted primarily to support public education.

FINANCIAL ANALYSIS OF THE STATE'S PROPRIETARY FUNDS

Student Assistance Programs
The net assets of the Student Assistance Programs increased by $35.1 million or 10.1 percent. This increase in net assets can be explained by changes in total assets and total liabilities. Total assets decreased by $317.7 million due to a decrease in student loans receivable, resulting primarily from a discontinuation of the Federal Family Education Loan Program (FFELP). As of July 1, 2010, the Student Assistance Programs ceased to originate or disburse student loans under FFELP. Total liabilities decreased by $352.8 million due, in part, to a one-time decrease of $37.2 million in Arbitrage Liability because of a change in the methodology for calculating the liability. The balance of the decrease in total liabilities is attributable to decreases in notes payable and revenue bonds payable resulting from a discontinuation of the FFELP. Of total net assets of $381.5 million, $310.4 million is restricted for use within the programs by bond covenants or federal law.

Unemployment Compensation Fund
The State's average unemployment rate for fiscal year 2011 remained relatively unchanged from the prior year. Unemployment tax revenue paid into the fund increased by $126.6 million as a result of continuing high unemployment, resulting in increased rates to employers. However, federal grant revenue in the fund decreased $113.9 million due to a decrease in ARRA funding. Expenditures in the fund decreased $230.8 million or 26.4 percent, in part due to a slight improvement in the economy and fewer claims paid, and also because ARRA and federal funding for extended benefit programs ended. For the third consecutive year, benefit payments exceeded employer taxes and other revenues resulting in the decrease of net assets of $22.5 million or 5.3 percent. The entire balance of net assets of $400.1 million is restricted for paying unemployment benefits by state and federal law.

Water Loan Programs
The net assets of the Water Loan Programs increased $29.2 million or 3.9 percent from the prior year. Additional capital for loans was provided from $21.3 million in dedicated sales tax revenues, $38.2 million in federal grants, and $10.1 million in interest on loans. These increases were offset by program grant expenses of $31.1 million, interest expense of $2.1 million, and other operating expenses of $4.8 million. Of total net assets of $775.7 million, $366.1 million is restricted for use within the Water Loan Programs by federal grant requirements and $165.8 million is restricted as pledged receivables for outstanding revenue bonds.

Community Impact Loan Fund
The net assets of the Community Impact Loan Fund increased $27.6 million or 5.3 percent from the prior year, primarily due to transfers into the fund of $18.9 million from federal mineral lease revenues to provide capital for loans, $5.7 million from interest on notes and mortgages, and $1.4 million from investment income. There is no restriction on fund net assets.

CAPITAL ASSET AND LONG-TERM DEBT ADMINISTRATION

Capital Assets
The State's capital assets increased a net $1.378 billion during the year. The change consisted of net increases in infrastructure (i.e., state roads and bridges) of $819.4 million; land and related assets of $187.1 million; buildings and improvements of $76.9 million; and in construction in progress of $284.7 million. Machinery and equipment increased a net $4.6 million during the year and software increased $5.1 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, 2011, the State had $89.9 million of outstanding debt related to capital assets of component units.

At June 30, 2011, the State had $228 million in commitments for building projects in its capital projects funds and $1.269 billion ($1.01 billion in the Transportation Investment Fund and $259 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 state roads and bridges (infrastructure assets) maintained by the Utah Department of Transportation (UDOT). Under this alternative method, referred to as the "modified approach," UDOT must maintain an asset management system and demonstrate that the infrastructure is being preserved at or above established condition levels. Infrastructure assets accounted for under the modified approach are not depreciated, and maintenance and preservation costs are expensed.

The State's established condition level for state roads is to maintain 50 percent with a rating of "fair" or better and no more than 15 percent with a "very poor" rating. The most recent condition assessment completed in 2010 (calendar year basis), indicated that 59.1 percent of the roads were in "fair" or better condition. Only 14.7 percent of the roads assessed were in "very poor" condition. These results reflect a slight decline in conditions compared to calendar year 2009, when 60 percent of the roads were assessed as "fair" or better, and 13.1 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 2011, indicated that 72 percent and 1 percent of bridges were in "good" and "poor" condition, respectively. These results reflect a slight change in conditions from calendar year 2009 when 72.4 percent of the bridges were assessed as "good" or better, and 1 percent assessed were in "poor" condition.

During fiscal year 2011, the State spent $352 million to maintain and preserve roads and bridges. This amount is 20 percent above the estimated amount of $293 million needed to maintain these assets at established condition levels.

More information about capital assets is included in Note 8 on page 93, and more detailed information on the State's modified approach for reporting infrastructure is presented in the Required Supplementary Information on pages 136 and 137.

Long-term Debt

The *Constitution of Utah* authorizes issuing general obligation debt only as approved by the Legislature. The *Constitution* also limits the total general obligation indebtedness of the State to an amount equal to 1.5 percent of the value of the total taxable property of the State. The *State Appropriation and Tax Limitation Act* (i.e., statutory debt limit) further limits the outstanding general obligation debt of the State to not exceed 45 percent of the maximum allowable state budget appropriation limit. As of June 30, 2011, the State was $957 million below the debt limit established in the *Constitution* and $724.4 million below the statutory debt limit.

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

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
	2011	2010	2011	2010	2011	2010	2010 to 2011
General Obligation Bonds	$ 3,256.1	$ 2,409.9	$ —	$ —	$ 3,256.1	$ 2,409.9	35.1 %
Revenue Bonds:							
State Building Ownership Auth.	223.3	238.6	94.8	98.5	318.1	337.1	(5.6)%
Student Assistance Programs	—	—	1,242.6	1,388.9	1,242.6	1,388.9	(10.5)%
Water Loan Progams	—	—	67.3	67.6	67.3	67.6	(0.4)%
Total Bonds Payable	**$ 3,479.4**	**$ 2,648.5**	**$ 1,404.7**	**$ 1,555.0**	**$ 4,884.1**	**$ 4,203.5**	16.2 %

Total general obligation bonds payable net of premiums, discounts, and deferred amounts on refunding increased $846.2 million (offset by a $165.6 million reduction in revenue bonds payable for an overall net increase of $680.6 million during the fiscal year.) The State issued $1.207 billion of general obligation bonds during the fiscal year as the State sought to take advantage of lower interest rates to fund highway projects, capital facility projects, and advance refund portions of prior general obligation bonds. Of the general obligation bonds issued, $955.3 million was for highway construction, $79.7 million was for capital facility construction, and $172 million was for advance refunding. In addition, the State issued a total of $428.1 million of revenue bonds. Of the revenue bonds issued, $36.7 million was used to advance refund portions of prior revenue bonds to take advantage of lower interest rates, and $415.5 million was used to advance refund certain outstanding student loan revenue bonds in the Student Assistance Programs.

The State's active management of its resources has helped the State maintain its triple-A rating on general obligation bonds from all three national rating agencies, and double-A rating on lease revenue bonds from two national rating agencies from which ratings were sought. These ratings are the best available and save millions of dollars in interest each year because the State is able to obtain very favorable interest rates on new debt. Note 10 beginning on page 97 contains more information about the State's outstanding debt.

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

Original general revenue estimates of the General Fund for fiscal year 2012 are 4 percent lower than actual fiscal year 2011 revenues. Original estimates of the Education Fund for fiscal year 2012 are 3.8 percent higher than actual fiscal year 2011 revenues. The Legislature balanced the 2012 budget through targeted budget cuts, increased revenue collections, and improved efficiency of agency operations.

Preliminary data for fiscal year 2012 show tax revenues to be in line with the estimates. The overall unemployment rate is expected to be 8 percent in 2011, basically unchanged from the average 2010 rate. Taxable retail sales are expected to increase 4.8 percent in 2011 and increase 5.9 percent in 2012. Personal income is expected to increase 6 percent in 2011, and grow 5 percent in 2012. 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 2012. The Governor and Legislature will review the fiscal year 2012 budget again during the upcoming 2012 General Session and take action as necessary to ensure a balanced budget.

CONTACTING THE STATE'S DIVISION OF FINANCE

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

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

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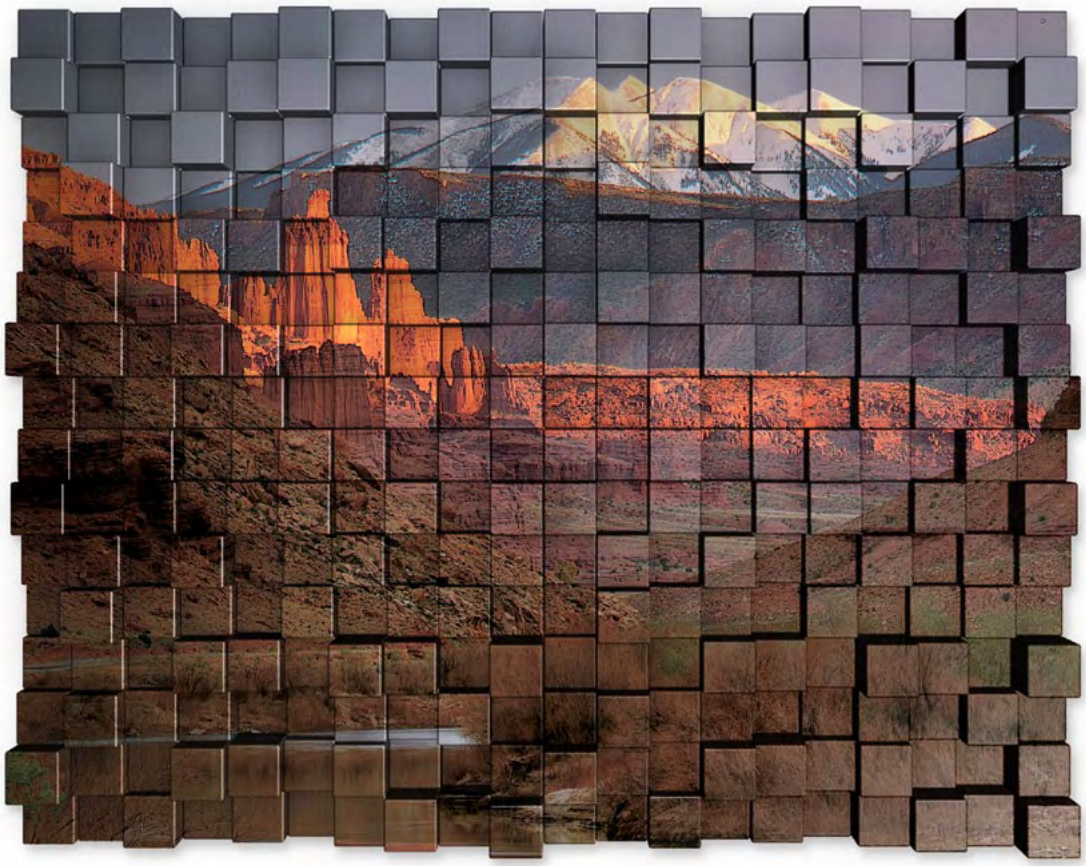

BASIC FINANCIAL STATEMENTS

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Statement of Net Assets

June 30, 2011 (Expressed in Thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and Cash Equivalents	$ 1,156,970	$ 707,580	$ 1,864,550	$ 835,362
Investments	1,232,088	2,085	1,234,173	2,209,213
Taxes Receivable, net	748,111	2,040	750,151	—
Accounts and Interest Receivable, net	716,751	180,923	897,674	494,519
Amounts Due From:				
Component Units	39,230	8	39,238	—
Primary Government	—	—	—	9,255
Prepaid Items	2,111	4,909	7,020	15,892
Inventories	16,640	31,569	48,209	59,085
Internal Balances	3,153	(3,153)	—	—
Restricted Investments	1,276,659	358,120	1,634,779	843,933
Deferred Charges	11,357	16,600	27,957	116,175
Notes/Loans/Mortgages/Pledges Receivable, net	25,142	2,875,816	2,900,958	1,479,438
Pledged Loans Receivables	—	154,771	154,771	—
Other Assets	72,700	—	72,700	71,697
Capital Assets:				
Land and Related Non-depreciable Assets	1,540,553	22,485	1,563,038	142,728
Infrastructure	10,881,795	—	10,881,795	—
Construction in Progress	1,423,794	—	1,423,794	443,024
Buildings, Equipment, and Other Depreciable Assets	2,523,956	106,633	2,630,589	5,467,763
Less Accumulated Depreciation	(1,006,859)	(28,412)	(1,035,271)	(2,510,478)
Total Capital Assets	15,363,239	100,706	15,463,945	3,543,037
Total Assets	20,664,151	4,431,974	25,096,125	9,677,606
LIABILITIES				
Accounts Payable and Accrued Liabilities	970,712	34,706	1,005,418	387,913
Amounts Due to:				
Component Units	9,255	—	9,255	—
Primary Government	—	—	—	39,238
Securities Lending	—	—	—	25,283
Unearned Revenue	92,703	7,103	99,806	147,700
Deposits	—	164	164	95,548
Long-term Liabilities (Note 10)				
Due Within One Year	378,993	36,016	415,009	222,827
Due in More Than One Year	3,405,066	2,044,706	5,449,772	2,536,404
Total Liabilities	4,856,729	2,122,695	6,979,424	3,454,913
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	12,414,589	12,862	12,427,451	2,796,197
Restricted for:				
Transportation	184,536	—	184,536	—
Public Education – Expendable	728,489	—	728,489	—
Public Education – Nonexpendable	1,355,565	—	1,355,565	—
Higher Education – Expendable	—	—	—	858,966
Higher Education – Nonexpendable	—	—	—	617,177
Debt Service	2,880	165,779	168,659	169,210
Unemployment Compensation and Insurance Programs	6,161	400,082	406,243	182,010
Loan Programs	—	746,004	746,004	—
Other Purposes – Expendable	59,976	—	59,976	44,553
Unrestricted	1,055,226	984,552	2,039,778	1,554,580
Total Net Assets	$ 15,807,422	$ 2,309,279	$ 18,116,701	$ 6,222,693

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

Statement of Activities

For the Fiscal Year Ended June 30, 2011 (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	$ 402,543	$ 140,794	$ 238,979	$ 273
Human Services and Juvenile Justice Services	648,456	12,140	278,518	—
Corrections	243,616	5,988	943	—
Public Safety	204,627	55,394	68,184	—
Courts	123,604	57,959	1,671	—
Health and Environmental Quality	2,001,233	150,763	1,520,757	—
Higher Education	828,660	90	39,714	—
Employment and Family Services	707,019	10,476	639,313	—
Natural Resources	187,164	73,645	65,075	—
Community and Culture	159,755	5,804	73,894	—
Business, Labor, and Agriculture	94,397	67,582	10,209	—
Public Education	3,058,046	71,757	915,333	—
Transportation	772,243	305,685	227,317	109,396
Interest and Other Charges on Long-term Debt	104,887	—	—	—
Total Governmental Activities	9,536,250	958,077	4,079,907	109,669
Business-type:				
Student Assistance Programs	93,422	71,966	52,287	—
Unemployment Compensation	642,023	296,847	323,782	—
Water Loan Programs	38,069	10,584	39,435	—
Community and Economic Loan Programs	1,770	10,583	3,749	—
Liquor Retail Sales	190,373	252,225	462	—
Other Business-type Activities	33,796	44,230	1,301	—
Total Business-type Activities	999,453	686,435	421,016	0
Total Primary Government	$10,535,703	$ 1,644,512	$ 4,500,923	$ 109,669
Component Units:				
Utah Housing Corporation	$ 107,809	$ 95,699	$ 12,575	$ —
Public Employees Health Program	545,850	564,985	16,733	—
University of Utah	2,782,291	2,149,839	497,871	39,462
Utah State University	548,350	165,205	249,945	21,326
Nonmajor Colleges and Universities	979,762	389,724	309,074	68,527
Nonmajor Component Units	90,421	51,178	2,514	—
Total Component Units	$ 5,054,483	$ 3,416,630	$ 1,088,712	$ 129,315

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

Permanent Endowments Contributions

Transfers—Internal Activities

Total General Revenues and Transfers

Change in Net Assets

Net Assets—Beginning

Net Assets—Ending

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

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (22,497)	$ —	$ (22,497)	$ —
(357,798)	—	(357,798)	—
(236,685)	—	(236,685)	—
(81,049)	—	(81,049)	—
(63,974)	—	(63,974)	—
(329,713)	—	(329,713)	—
(788,856)	—	(788,856)	—
(57,230)	—	(57,230)	—
(48,444)	—	(48,444)	—
(80,057)	—	(80,057)	—
(16,606)	—	(16,606)	—
(2,070,956)	—	(2,070,956)	—
(129,845)	—	(129,845)	—
(104,887)	—	(104,887)	—
(4,388,597)	0	(4,388,597)	0
—	30,831	30,831	—
—	(21,394)	(21,394)	—
—	11,950	11,950	—
—	12,562	12,562	—
—	62,314	62,314	—
—	11,735	11,735	—
0	107,998	107,998	0
(4,388,597)	107,998	(4,280,599)	0
—	—	—	465
—	—	—	35,868
—	—	—	(95,119)
—	—	—	(111,874)
—	—	—	(212,437)
—	—	—	(36,729)
0	0	0	(419,826)
1,812,271	21,819	1,834,090	—
2,384,025	—	2,384,025	—
226,726	—	226,726	—
355,042	—	355,042	—
397,908	—	397,908	—
5,175,972	21,819	5,197,791	0
7,480	—	7,480	146,061
—	—	—	706,991
—	—	—	31,536
19,727	—	19,727	—
35,403	4,290	39,693	—
—	—	—	25,869
47,431	(47,431)	—	—
5,286,013	(21,322)	5,264,691	910,457
897,416	86,676	984,092	490,631
14,910,006	2,222,603	17,132,609	5,732,062
$15,807,422	$ 2,309,279	$ 18,116,701	$ 6,222,693

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Governmental Fund Financial Statements

General Fund

This fund is the principal operating fund of the State. It accounts for all financial resources of the general government not accounted for and reported in another fund.

Education Fund

This fund accounts for all corporate and income taxes that support public and higher education in the State. This fund is also used to account for specific revenues and expenditures that support public elementary and secondary schools and the State Office of Education.

Transportation Fund

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

Transportation Investment Fund

This fund was created by the Legislature to account for revenues and expenditures associated with the maintenance, construction, and reconstruction of specific state and federal highways. Projects designated as Centennial Highway or prioritized as critical highway needs are 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 142.

State of Utah

Balance Sheet
Governmental Funds

June 30, 2011 (Expressed in Thousands)

		Special Revenue		
	General	**Education**	**Transportation**	**Transportation Investment**
ASSETS				
Cash and Cash Equivalents	$ 505,795	$ 77,753	$ 247,727	$ —
Investments	51,291	237,091	68,811	576,903
Receivables:				
Accounts, net	432,306	174,787	76,129	—
Accrued Interest	31	—	—	—
Accrued Taxes, net	205,711	479,501	49,996	12,903
Notes/Mortgages, net	999	6,745	439	—
Due From Other Funds	27,115	1,536	293	—
Due From Component Units	385	—	—	—
Inventories	538	—	10,523	—
Interfund Loans Receivable	38,358	—	—	—
Other Assets	27	—	3	—
Total Assets	$ 1,262,556	$ 977,413	$ 453,921	$ 589,806
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	$ 400,992	$ 232,951	$ 189,141	$ —
Due To Other Funds	29,449	796	9,801	—
Due To Component Units	238	767	—	—
Deferred Revenue	131,531	242,465	19,571	1,404
Total Liabilities	562,210	476,979	218,513	1,404
Fund Balances:				
Nonspendable:				
Long-term Portion of Interfund Loans Receivable	10,134	—	—	—
Inventories	538	—	10,523	—
Permanent Fund Principal	—	—	—	—
Restricted	31,523	500,434	184,814	413,751
Committed	445,540	—	38,437	174,651
Assigned	212,002	—	1,634	—
Unassigned	609	—	—	—
Total Fund Balances	700,346	500,434	235,408	588,402
Total Liabilities and Fund Balances	$ 1,262,556	$ 977,413	$ 453,921	$ 589,806

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

Permanent Trust Lands	Nonmajor Governmental Funds	Total Governmental Funds
$ —	$ 257,936	$ 1,089,211
1,276,659	297,992	2,508,747
10,007	11,035	704,264
1,100	30	1,161
—	—	748,111
15,323	—	23,506
8,763	4,308	42,015
—	38,643	39,028
—	—	11,061
—	—	38,358
72,670	—	72,700
$ 1,384,522	$ 609,944	$ 5,278,162
$ —	$ 114,561	$ 937,645
187	34,842	75,075
9	8,241	9,255
28,761	9,415	433,147
28,957	167,059	1,455,122
—	—	10,134
—	—	11,061
1,355,565	—	1,355,565
—	92,592	1,223,114
—	177,190	835,818
—	173,103	386,739
—	—	609
1,355,565	442,885	3,823,040
$ 1,384,522	$ 609,944	$ 5,278,162

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

June 30, 2011 (Expressed in Thousands)

Total Fund Balances for Governmental Funds ……		$ 3,823,040
Total net assets reported for governmental activities in the Statement of Net Assets is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds: (See Note 8)		
Land and Related Non-depreciable Assets	$ 1,540,536	
Infrastructure, Non-depreciable	10,881,795	
Construction-In-Progress	1,423,475	
Buildings, Equipment, and Other Depreciable Assets	2,324,489	
Accumulated depreciation	(886,527)	15,283,768
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. …..……...		340,628
Internal service funds are used by management to charge the costs of certain activities, such as insurance, technology services, 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. .....….....…		83,396
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. ……..…		10,891
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	(3,348,600)	
Unamortized Premiums	(161,979)	
Amount Deferred on Refunding	31,874	
Accrued Interest Payable	(1,445)	
Pollution Remediation Obligation	(7,083)	
Settlement Agreements, Liability	(38,926)	
Settlement Agreements, Receivable	7,342	
Compensated Absences	(182,543)	
Capital Leases	(25,799)	
Net Other Post Employment Benefit Obligation	(7,142)	(3,734,301)
Total Net Assets of Governmental Activities ……..		$ 15,807,422

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

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State of Utah

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

For the Fiscal Year Ended June 30, 2011 (Expressed in Thousands)

		Special Revenue		
	General	Education	Transportation	Transportation Investment
REVENUES				
Taxes:				
Sales and Use Tax	$ 1,624,243	$ —	$ 63,609	$ 120,360
Individual Income Tax	—	2,332,562	—	—
Corporate Tax	—	230,888	—	—
Motor and Special Fuels Tax	—	—	352,918	—
Other Taxes	342,424	37,134	9,696	—
Total Taxes	1,966,667	2,600,584	426,223	120,360
Other Revenues:				
Federal Contracts and Grants	2,638,508	669,482	293,018	—
Charges for Services/Royalties	331,045	958	84,769	—
Licenses, Permits, and Fees	35,616	5,032	77,778	70,572
Federal Mineral Lease	135,979	—	—	—
Federal Aeronautics	—	—	51,003	—
Intergovernmental	—	—	—	—
Investment Income	8,367	27,546	520	5,411
Miscellaneous and Other	188,545	29,131	87,697	—
Total Revenues	5,304,727	3,332,733	1,021,008	196,343
EXPENDITURES				
Current:				
General Government	290,686	—	—	—
Human Services and Juvenile Justice Services	643,804	—	—	—
Corrections	235,662	—	—	—
Public Safety	200,821	—	—	—
Courts	128,676	—	—	—
Health and Environmental Quality	2,004,434	—	—	—
Higher Education – State Administration	48,836	—	—	—
Higher Education – Colleges and Universities	705,156	—	—	—
Employment and Family Services	703,449	—	—	—
Natural Resources	187,344	—	—	—
Community and Culture	151,388	—	—	—
Business, Labor, and Agriculture	84,474	—	—	—
Public Education	—	3,059,201	—	—
Transportation	—	—	997,640	980,628
Capital Outlay	—	—	—	—
Debt Service:				
Principal Retirement	—	—	—	—
Interest and Other Charges	—	—	—	—
Total Expenditures	5,384,730	3,059,201	997,640	980,628
Excess Revenues Over (Under) Expenditures	(80,003)	273,532	23,368	(784,285)
OTHER FINANCING SOURCES (USES)				
General Obligation Bonds Issued	—	—	—	955,260
Refunding Bonds Issued	—	—	—	—
Premium on Bonds Issued	—	—	—	36,740
Payment to Refunded Bond Escrow Agent	—	—	—	—
Sale of Capital Assets	9	—	14,607	—
Transfers In	423,678	7,261	114,097	78,417
Transfers Out	(290,982)	(303,463)	(145,341)	(284,280)
Total Other Financing Sources (Uses)	132,705	(296,202)	(16,637)	786,137
Net Change in Fund Balances	52,702	(22,670)	6,731	1,852
Fund Balances – Beginning	647,644	523,104	228,677	586,550
Fund Balances – Ending	$ 700,346	$ 500,434	$ 235,408	$ 588,402

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

Permanent Trust Lands	Nonmajor Governmental Funds	Total Governmental Funds
$ —	$ 3,799	$ 1,812,011
—	—	2,332,562
—	—	230,888
—	—	352,918
—	7,994	397,248
0	11,793	5,125,627
—	25,346	3,626,354
61,707	50,089	528,568
—	—	188,998
—	—	135,979
—	—	51,003
—	18,537	18,537
220,078	12,875	274,797
—	27,349	332,722
281,785	145,989	10,282,585
—	25,754	316,440
—	2,607	646,411
—	2,428	238,090
—	6,605	207,426
—	—	128,676
—	3,922	2,008,356
—	—	48,836
—	12,870	718,026
—	337	703,786
—	2,086	189,430
—	8,950	160,338
—	8,675	93,149
—	150	3,059,351
—	55	1,978,323
—	255,540	255,540
—	223,952	223,952
—	142,452	142,452
0	696,383	11,118,582
281,785	(550,394)	(835,997)
—	79,710	1,034,970
—	196,610	196,610
—	57,949	94,689
—	(234,873)	(234,873)
5,640	—	20,256
1,572	500,573	1,125,598
—	(53,841)	(1,077,907)
7,212	546,128	1,159,343
288,997	(4,266)	323,346
1,066,568	447,151	3,499,694
$ 1,355,565	$ 442,885	$ 3,823,040

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, 2011		(Expressed in Thousands)
Net Change in Fund Balances – Total Governmental Funds ……		$ 323,346
The change in net assets reported for governmental activities in the Statement of Net Assets is different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The primary government also constructs buildings for component units. When the buildings are completed they are "transferred" to component units and are reported as expenses in the Statement of Activities. This is the amount by which capital outlays $1,547,757 exceeded depreciation $(75,473) and buildings "transferred" to component units $(61,787) in the current period. (See Note 8)		1,410,497
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. …….		(54,516)
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. ……..		50,457
Internal service funds are used by management to charge the costs of certain activities, such as insurance, technology services, and fleet operations, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		7,851
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	$ (1,231,580)	
Premiums on Bonds Issued	(94,689)	
Cash Defeasance on Bonds	194,214	
Amount Deferred on Refunding	29,933	
Payment of Bond Principal	223,952	
Capital Lease Payments	1,743	(876,427)
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	607	
Settlement Agreements Costs, net	7,838	
Compensated Absences Expenses	(20,422)	
Accrued Interest on Bonds Payable	87	
Amortization of Bond Premiums	52,374	
Amortization of Amount Deferred on Refunding	(5,103)	
Deferred Bond Issue Costs	2,276	
Other Post Employment Benefit Costs	(1,449)	36,208
Change in Net Assets of Governmental Activities ……		$ 897,416

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

Proprietary Fund Financial Statements

Student Assistance Programs

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

Unemployment Compensation Fund

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

Water Loan Programs

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

Community Impact Loan Fund

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

Nonmajor Funds

Nonmajor enterprise funds are presented beginning on page 166.

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 176.

Statement Of Net Assets
Proprietary Funds

June 30, 2011 (Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Student Assistance Programs	Unemployment Compensation Fund	Water Loan Programs	Community Impact Loan Fund
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 81,547	$ 306,790	$ 110,293	$ 167,275
Restricted Investments	48,708	—	—	—
Receivables:				
Accounts, net	7,890	109,010	211	—
Accrued Interest	25,784	—	7,141	3,552
Accrued Taxes, net	—	—	2,040	—
Notes/Loans/Mortgages, net	202,678	—	37,458	18,122
Due From Other Funds	—	—	12,040	—
Due From Component Units	—	—	—	—
Prepaid Items	1,832	—	—	—
Inventories	—	—	—	—
Deferred Charges	2,272	—	—	—
Total Current Assets	370,711	415,800	169,183	188,949
Noncurrent Assets:				
Restricted Investments	309,412	—	—	—
Accounts Receivables	—	2,951	—	—
Investments	1,136	—	—	—
Prepaid Items	3,075	—	—	—
Accrued Interest Receivable	—	—	3,894	70
Notes/Loans/Mortgages Receivables, net	1,599,734	—	515,947	362,628
Pledged Loans Receivables	—	—	154,771	—
Deferred Charges	14,328	—	—	—
Capital Assets:				
Land	—	—	—	—
Infrastructure	—	—	—	—
Buildings and Improvements	12,752	—	—	—
Machinery and Equipment	1,588	—	—	—
Intangible Assets–Software	526	—	—	—
Construction in Progress	—	—	—	—
Less Accumulated Depreciation	(3,961)	—	—	—
Total Capital Assets	10,905	0	0	0
Total Noncurrent Assets	1,938,590	2,951	674,612	362,698
Total Assets	2,309,301	418,751	843,795	551,647
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	18,549	1,069	480	—
Deposits	—	67	—	—
Due To Other Funds	—	6,289	237	—
Interfund Loans Payable	—	—	—	—
Unearned Revenue	526	—	6	—
Policy Claims and Uninsured Liabilities	787	11,244	—	—
Contracts/Notes Payable	—	—	—	—
Revenue Bonds Payable	14,209	—	4,595	—
Total Current Liabilities	34,071	18,669	5,318	0
Noncurrent Liabilities:				
Accrued Liabilities	607	—	—	—
Unearned Revenue	1,748	—	—	—
Interfund Loans Payable	—	—	—	—
Policy Claims and Uninsured Liabilities	3,251	—	—	—
Contracts/Notes Payable	647,842	—	—	—
Revenue Bonds Payable	1,228,352	—	62,735	—
Arbitrage Liability	11,968	—	—	—
Total Noncurrent Liabilities	1,893,768	0	62,735	0
Total Liabilities	1,927,839	18,669	68,053	0
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	2,849	—	—	—
Restricted for:				
Unemployment Compensation and Insurance Programs	—	400,082	—	—
Loan Programs	310,364	—	366,119	—
Debt Service	—	—	165,779	—
Unrestricted (Deficit)	68,249	—	243,844	551,647
Total Net Assets	$ 381,462	$ 400,082	$ 775,742	$ 551,647

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

Business-type Activities – Enterprise Funds		Governmental Activities –
Nonmajor Enterprise Funds	Total	Internal Service Funds
$ 41,675	$ 707,580	$ 67,759
—	48,708	—
17,963	135,074	3,873
1,624	38,101	—
—	2,040	—
8,765	267,023	—
16,431	28,471	30,890
8	8	202
2	1,834	1,845
31,569	31,569	5,579
—	2,272	20
118,037	1,262,680	110,168
—	309,412	—
—	2,951	—
949	2,085	—
—	3,075	266
833	4,797	—
130,484	2,608,793	1,636
—	154,771	—
—	14,328	446
22,485	22,485	17
304	304	303
77,945	90,697	6,183
13,253	14,841	186,019
265	791	6,962
—	0	319
(24,451)	(28,412)	(120,332)
89,801	100,706	79,471
222,067	3,200,918	81,819
340,104	4,463,598	191,987
13,992	34,090	23,975
97	164	—
25,107	31,633	2,213
—	0	28,224
4,823	5,355	19
897	12,928	17,428
—	0	20
4,284	23,088	76
49,200	107,258	71,955
—	607	—
—	1,748	165
—	0	10,134
—	3,251	25,303
—	647,842	446
90,558	1,381,645	588
—	11,968	—
90,558	2,047,061	36,636
139,758	2,154,319	108,591
10,013	12,862	78,888
—	400,082	6,161
69,521	746,004	—
—	165,779	—
120,812	984,552	(1,653)
$ 200,346	$ 2,309,279	$ 83,396

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

For the Fiscal Year Ended June 30, 2011 (Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Student Assistance Programs	Unemployment Compensation Fund	Water Loan Programs	Community Impact Loan Fund
OPERATING REVENUES				
Sales and Charges for Services/Premiums	$ 5,851	$ 296,847	$ 106	$ —
Fees and Assessments	3,246	—	230	—
Interest on Notes/Mortgages	60,623	—	10,117	5,717
Federal Reinsurance and Allowances/Reimbursements	51,180	310,701	—	—
Miscellaneous	2,246	—	131	1,665
Total Operating Revenues	123,146	607,548	10,584	7,382
OPERATING EXPENSES				
Administration	3,558	—	—	—
Purchases, Materials, and Services for Resale	—	—	—	—
Grants	—	—	31,145	—
Rentals and Leases	—	—	—	—
Maintenance	—	—	—	—
Interest	24,307	—	—	—
Depreciation/Amortization	567	—	—	—
Student Loan Servicing and Related Expenses	12,754	—	—	—
Payment to Lenders for Guaranteed Claims	51,477	—	—	—
Benefit Claims and Unemployment Compensation	—	642,023	—	—
Supplies and Other Miscellaneous	759	—	4,794	65
Total Operating Expenses	93,422	642,023	35,939	65
Operating Income (Loss)	29,724	(34,475)	(25,355)	7,317
NONOPERATING REVENUES (EXPENSES)				
Investment Income	1,107	13,081	1,249	1,392
Federal Contracts and Grants	—	—	38,186	—
Gain (Loss) on Sale of Capital Assets	—	—	—	—
Tax Revenues	—	—	21,294	—
Interest Expense	—	—	(2,130)	—
Refunds Paid to Federal Government	—	—	—	—
Other Revenues (Expenses)	4,298	—	—	—
Total Nonoperating Revenues (Expenses)	5,405	13,081	58,599	1,392
Income (Loss) before Transfers	35,129	(21,394)	33,244	8,709
Transfers In	—	—	—	18,881
Transfers Out	—	(1,134)	(4,042)	—
Change in Net Assets	35,129	(22,528)	29,202	27,590
Net Assets – Beginning	346,333	422,610	746,540	524,057
Net Assets – Ending	$ 381,462	$ 400,082	$ 775,742	$ 551,647

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

Business-type Activities – Enterprise Funds		Governmental Activities – Internal Service Funds
Nonmajor Enterprise Funds	Total	
$ 292,022	$ 594,826	$ 288,647
4,066	7,542	—
3,005	79,462	—
—	361,881	—
563	4,605	78
299,656	1,048,316	288,725
32,580	36,138	100,668
169,029	169,029	78,118
652	31,797	—
2,038	2,038	1,532
3,130	3,130	22,691
—	24,307	—
2,261	2,828	16,649
—	12,754	—
—	51,477	—
1,251	643,274	11,179
10,693	16,311	51,455
221,634	993,083	282,292
78,022	55,233	6,433
340	17,169	441
3,780	41,966	273
(8)	(8)	394
525	21,819	—
(4,240)	(6,370)	(56)
—	0	(26)
—	4,298	793
397	78,874	1,819
78,419	134,107	8,252
5,444	24,325	39
(66,580)	(71,756)	(440)
17,283	86,676	7,851
183,063	2,222,603	75,545
$ 200,346	$ 2,309,279	$ 83,396

Statement Of Cash Flows
Proprietary Funds

For the Fiscal Year Ended June 30, 2011 (Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Student Assistance Programs	Unemployment Compensation Fund	Water Loan Programs	Community Impact Loan Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers/Loan Interest/Fees/Premiums	$ 59,594	$ 246,655	$ 12,915	$ 7,138
Receipts from Loan Maturities	233,436	—	52,004	24,968
Receipts Federal Reinsurance & Allowances/Reimburse	25,111	310,701	—	—
Receipts from State Customers	12,710	—	—	—
Student Loan Disbursements Received from Lenders	104,462	—	—	—
Student Loan Disbursements Sent to Schools/Lenders	(102,751)	—	—	—
Payments to Suppliers/Claims/Grants	(27,284)	(638,200)	(1,024)	—
Disbursements for Loans Receivable	47,670	—	(87,896)	(61,443)
Payments on Loan Guarantees	(56,129)	—	—	—
Payments for Employee Services and Benefits	(9,516)	—	—	—
Payments to State Suppliers and Grants	—	—	(34,986)	(65)
Payments of Sales, School Lunch, and Premium Taxes	—	—	—	—
Net Cash Provided (Used) by Operating Activities	287,303	(80,844)	(58,987)	(29,402)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	—	—	—	—
Repayments Under Interfund Loans	—	—	—	—
Receipts from Bonds, Notes, and Deposits	421,082	11	—	—
Payments of Bonds, Notes, Deposits, and Refunds	(726,709)	(6)	(294)	—
Interest Paid on Bonds, Notes, and Financing Costs	(34,260)	—	—	—
Federal Contracts and Grants and Other Revenues	—	—	31,448	—
Restricted Sales Tax	—	—	21,077	—
Transfers In from Other Funds	—	—	—	18,881
Transfers Out to Other Funds	—	(1,134)	(4,042)	—
Net Cash Provided (Used) by Noncapital Financing Activities	(339,887)	(1,129)	48,189	18,881
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	—	—	—	—
Repayments Under Interfund Loans	—	—	—	—
Proceeds from Bond and Note Debt Issuance	—	—	—	—
Proceeds from Disposition of Capital Assets	—	—	—	—
Federal Grants and Other Revenues	—	—	—	—
Principal Paid on Debt and Contract Maturities	—	—	—	—
Acquisition and Construction of Capital Assets	(688)	—	—	—
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	(688)	0	0	0
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the Sale and Maturity of Investments	1,076,735	—	—	—
Receipts of Interest and Dividends from Investments	1,121	13,081	515	1,392
Payments to Purchase Investments	(1,035,408)	—	—	—
Net Cash Provided (Used) by Investing Activities	42,448	13,081	515	1,392
Net Cash Provided (Used) – All Activities	(10,824)	(68,892)	(10,283)	(9,129)
Cash and Cash Equivalents – Beginning	92,371	375,682	120,576	176,404
Cash and Cash Equivalents – Ending	$ 81,547	$ 306,790	$ 110,293	$ 167,275

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

Business-type Activities – Enterprise Funds		Governmental Activities – Internal Service Funds
Nonmajor Enterprise Funds	Total	
$ 333,493	$ 659,795	$ 46,512
9,420	319,828	—
—	335,812	—
9,575	22,285	233,539
—	104,462	—
—	(102,751)	—
(182,590)	(849,098)	(124,310)
(16,943)	(118,612)	—
—	(56,129)	—
(29,843)	(39,359)	(100,503)
(4,005)	(39,056)	(39,913)
(45,283)	(45,283)	—
73,824	191,894	15,325
15,608	15,608	990
(18,379)	(18,379)	—
—	421,093	—
—	(727,009)	(18)
—	(34,260)	(23)
2,595	34,043	—
525	21,602	—
2,243	21,124	—
(64,555)	(69,731)	(280)
(61,963)	(335,909)	669
—	0	7,699
—	0	(56)
14,600	14,600	—
747	747	2,565
—	0	273
(13,732)	(13,732)	(73)
(937)	(1,625)	(24,522)
(4,650)	(4,650)	(19)
3,201	3,201	39
(2,025)	(2,025)	(19)
(2,796)	(3,484)	(14,113)
(5)	1,076,730	—
343	16,452	441
—	(1,035,408)	—
338	57,774	441
9,403	(89,725)	2,322
32,272	797,305	65,437
$ 41,675	$ 707,580	$ 67,759

Continues

Statement Of Cash Flows
Proprietary Funds

Continued

For the Fiscal Year Ended June 30, 2011 (Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Student Assistance Programs	**Unemployment Compensation Fund**	**Water Loan Programs**	**Community Impact Loan Fund**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ 29,724	$ (34,475)	$ (25,355)	$ 7,317
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation/Amortization Expense	567	—	—	—
Interest Expense for Noncapital and Capital Financing	22,278	—	—	—
Miscellaneous Gains, Losses, and Other Items	10,374	—	—	—
Net Changes in Assets and Liabilities:				
Accounts Receivable/Due From Other Funds	1,434	(45,020)	327	—
Notes/Accrued Interest Receivables	266,605	—	(33,885)	(36,719)
Inventories	—	—	—	—
Prepaid Items/Deferred Charges	(11)	—	—	—
Accrued Liabilities/Due to Other Funds	(41,097)	1,519	(74)	—
Unearned Revenue/Deposits	—	—	—	—
Notes Payable	—	—	—	—
Policy Claims Liabilities	(2,571)	(2,868)	—	—
Net Cash Provided (Used) by Operating Activities	$ 287,303	$ (80,844)	$ (58,987)	$ (29,402)
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	$ —	$ —	$ 235	$ 431
Contributed Capital Assets Transferred In (Out)	—	—	—	—
Total Noncash Investing, Capital, and Financing Activities	$ 0	$ 0	$ 235	$ 431

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

Business-type Activities – Enterprise Funds		Governmental Activities – Internal Service Funds
Nonmajor Enterprise Funds	Total	
$ 78,022	$ 55,233	$ 6,433
2,261	2,828	16,649
—	22,278	—
(81)	10,293	767
(1,540)	(44,799)	(9,035)
(7,752)	188,249	(336)
(177)	(177)	(953)
—	(11)	548
2,320	(37,332)	514
(126)	(126)	(96)
—	0	—
897	(4,542)	834
$ 73,824	$ 191,894	$ 15,325
$ 179	$ 845	$ 141
—	0	(141)
$ 179	$ 845	$ 0

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Fiduciary Fund Financial Statements

Pension and Other Employee Benefit Trust Funds

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

Investment Trust Fund

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

Private Purpose Trust Funds

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

Agency Funds

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

Nonmajor Component Units

Individual funds are presented by fund type beginning on page 186.

State of Utah

Statement Of Fiduciary Net Assets
Fiduciary Funds

June 30, 2011 (Expressed in Thousands)

	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS				
Cash and Cash Equivalents	$ 1,053,889	$ 752,353	$ 13,553	$ 173,929
Receivables:				
Accounts	145	—	7,738	10,221
Contributions	40,162	—	—	—
Investments	729,711	—	—	—
Accrued Assessments	—	—	3,406	—
Court Settlement	—	—	25,500	—
Due From Other Funds	3,157	—	4,246	253
Investments:				
Debt Securities	5,865,198	5,447,578	1,272,382	22,691
Equity Investments	9,362,737	—	3,221,643	—
Absolute Return	3,137,599	—	—	—
Private Equity	1,839,452	—	—	—
Real Estate	3,023,729	—	—	—
Mortgage Loans	6,845	—	—	—
Invested Securities Lending Collateral	1,256,870	—	—	—
Total Investments	24,492,430	5,447,578	4,494,025	22,691
Capital Assets:				
Land	1,780	—	271	—
Buildings and Improvements	11,555	—	10,715	—
Machinery and Equipment	4,120	—	1,097	—
Less Accumulated Depreciation	(16,595)	—	(3,343)	—
Total Capital Assets	860	0	8,740	0
Total Assets	26,320,354	6,199,931	4,557,208	$ 207,094
LIABILITIES				
Accounts Payable	922,679	—	2,621	$ —
Securities Lending Liability	1,256,870	—	—	—
Due To Other Funds	—	—	111	—
Due To Individuals, Organizations, and Other Governments	—	—	—	207,094
Unearned Revenue	—	—	253	—
Leave/Postemployment Benefits	13,543	—	—	—
Policy Claims Liabilities/Insurance Reserves	5,000	—	284,088	—
Real Estate Liabilities	985,577	—	—	—
Total Liabilities	3,183,669	0	287,073	$ 207,094
NET ASSETS				
Held in trust for:				
Pension Benefits	19,756,106	—	—	
Other Postemployment Benefits	123,931	—	—	
Defined Contribution	3,256,648	—	—	
Pool Participants	—	6,199,931	—	
Individuals, Organizations, and Other Governments	—	—	4,270,135	
Total Net Assets	$ 23,136,685	$ 6,199,931	$ 4,270,135	

Participant Account Balance Net Asset Valuation Factor 1.0060381

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, 2011 (Expressed in Thousands)

	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund	Private Purpose Trust Funds
ADDITIONS			
Contributions:			
Member	$ 322,861	$ —	$ 551,439
Employer	730,693	—	—
Court Fees and Fire Insurance Premiums	12,621	—	—
Total Contributions	1,066,175	0	551,439
Pool Participant Deposits	—	8,133,865	—
Investment Income:			
Net Increase (Decrease) in Fair Value of Investments	2,230,194	12,933	633,865
Interest, Dividends, and Other Investment Income	457,861	53,797	81,843
Less Investment Expenses	(52,706)	(308)	—
Net Investment Income	2,635,349	66,422	715,708
Transfers From Affiliated Systems	7,112	—	—
Other Additions:			
Escheats	—	—	13,245
Royalties and Rents	—	—	4,781
Fees, Assessments, and Revenues	—	—	41,954
Miscellaneous	—	—	6,222
Total Other	0	0	66,202
Total Additions	3,708,636	8,200,287	1,333,349
DEDUCTIONS			
Pension Benefits	1,028,130	—	—
Retiree Healthcare Benefits	32,981	—	—
Refunds/Plan Distributions	223,840	—	—
Earnings Distribution	—	53,489	—
Pool Participant Withdrawals	—	8,270,910	—
Transfers To Affiliated Systems	7,112	—	—
Trust Operating Expenses	—	—	28,305
Distributions and Benefit Payments	—	—	190,986
Administrative and General Expenses	17,730	—	17,523
Total Deductions	1,309,793	8,324,399	236,814
Change in Net Assets Held in Trust for:			
Pension Benefits	2,038,261	—	—
Other Postemployment Benefits	32,547	—	—
Defined Contributions	328,035	—	—
Pool Participants	—	(124,112)	—
Individuals, Organizations, and Other Governments	—	—	1,096,535
Net Assets – Beginning	20,737,842	6,324,043	3,173,600
Net Assets – Ending	$ 23,136,685	$ 6,199,931	$ 4,270,135

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

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Component Unit Financial Statements

Utah Housing Corporation

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

Public Employees Health Program

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

University of Utah and Utah State University

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

Nonmajor Component Units

Nonmajor component units are presented beginning on page 198.

Combining Statement Of Net Assets
Component Units

June 30, 2011 (Expressed in Thousands)

	Utah Housing Corporation	Public Employees Health Program	University of Utah	Utah State University
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 84,237	$ 15,308	$ 439,716	$ 30,766
Investments	216,087	59,075	369,648	8,310
Restricted Investments	47,870	—	—	—
Receivables:				
Accounts, net	—	37,811	326,289	76,340
Notes/Loans/Mortgages/Pledges, net	28,205	—	8,391	1,302
Accrued Interest	6,933	1,782	3,830	—
Due From Primary Government	—	—	8,241	—
Prepaid Items	1,462	7,276	—	2,255
Inventories	—	—	40,320	4,852
Deferred Charges	—	—	20,477	—
Total Current Assets	384,794	121,252	1,216,912	123,825
Noncurrent Assets:				
Restricted Investments	97,402	—	495,487	117,512
Accounts Receivables, net	—	—	—	597
Investments	173,453	210,518	705,801	196,133
Notes/Loans/Mortgages/Pledges Receivables, net	1,296,214	—	60,561	41,623
Deferred Charges	95,316	—	—	—
Other Assets	7,233	—	59,364	—
Capital Assets (net of Accumulated Depreciation)	6,057	220	1,867,630	581,138
Total Noncurrent Assets	1,675,675	210,738	3,188,843	937,003
Total Assets	2,060,469	331,990	4,405,755	1,060,828
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	44,949	7,066	169,434	43,781
Securities Lending Liability	—	25,283	—	—
Deposits	—	—	76,913	667
Due To Primary Government	—	—	24,899	2,098
Unearned Revenue	—	3,180	73,888	19,952
Current Portion of Long-term Liabilities (Note 10)	74,450	57,570	42,908	22,729
Total Current Liabilities	119,399	93,099	388,042	89,227
Noncurrent Liabilities:				
Accrued Liabilities	83,979	—	—	—
Unearned Revenue	7,790	—	—	6,900
Deposits	—	—	13,848	—
Long-term Liabilities (Note 10)	1,614,949	56,661	601,965	126,599
Total Noncurrent Liabilities	1,706,718	56,661	615,813	133,499
Total Liabilities	1,826,117	149,760	1,003,855	222,726
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	4,384	220	1,352,284	460,402
Restricted for:				
Nonexpendable:				
Higher Education	—	—	405,093	101,338
Expendable:				
Higher Education	—	—	547,255	176,079
Debt Service	169,210	—	—	—
Insurance Plans	—	182,010	—	—
Other	—	—	—	—
Unrestricted	60,758	—	1,097,268	100,283
Total Net Assets	$ 234,352	$ 182,230	$ 3,401,900	$ 838,102

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

Nonmajor Component Units	Total
$ 265,335	$ 835,362
70,884	724,004
—	47,870
37,850	478,290
9,355	47,253
220	12,765
1,014	9,255
4,899	15,892
13,913	59,085
382	20,859
403,852	2,250,635
85,662	796,063
2,867	3,464
199,304	1,485,209
33,787	1,432,185
—	95,316
5,100	71,697
1,087,992	3,543,037
1,414,712	7,426,971
1,818,564	9,677,606
38,626	303,856
—	25,283
1,842	79,422
12,241	39,238
30,161	127,181
25,170	222,827
108,040	797,807
78	84,057
5,829	20,519
2,278	16,126
136,230	2,536,404
144,415	2,657,106
252,455	3,454,913
978,907	2,796,197
110,746	617,177
135,632	858,966
—	169,210
—	182,010
44,553	44,553
296,271	1,554,580
$ 1,566,109	$ 6,222,693

Combining Statement Of Activities
Component Units

For the Fiscal Year Ended June 30, 2011 (Expressed in Thousands)

	Utah Housing Corporation	Public Employees Health Program	University of Utah	Utah State University
Expenses	$ 107,809	$ 545,850	$ 2,782,291	$ 548,350
Program Revenues:				
Charges for Services:				
Tuition and Fees	—	—	268,779	144,466
Scholarship Allowances	—	—	(32,854)	(55,492)
Sales, Services, and Other Revenues (net of University of Utah patient services allowance of $67,510)	95,699	564,985	1,913,914	76,231
Operating Grants and Contributions	12,575	16,733	497,871	249,945
Capital Grants and Contributions	—	—	39,462	21,326
Total Program Revenues	108,274	581,718	2,687,172	436,476
Net (Expenses) Revenues	465	35,868	(95,119)	(111,874)
General Revenues:				
State Appropriations	—	—	250,536	139,618
Unrestricted Investment Income	—	—	95,824	24,272
Permanent Endowments Contributions	—	—	19,187	4,007
Total General Revenues	0	0	365,547	167,897
Change in Net Assets	465	35,868	270,428	56,023
Net Assets – Beginning	233,887	146,362	3,131,472	720,347
Adjustment to Beginning Net Assets	—	—	—	61,732
Net Assets – Beginning as Adjusted	233,887	146,362	3,131,472	782,079
Net Assets – Ending	$ 234,352	$ 182,230	$ 3,401,900	$ 838,102

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

Nonmajor Component Units	Total
$ 1,070,183	$ 5,054,483
381,958	795,203
(103,254)	(191,600)
162,198	2,813,027
311,588	1,088,712
68,527	129,315
821,017	4,634,657
(249,166)	(419,826)
348,373	738,527
25,965	146,061
2,675	25,869
377,013	910,457
127,847	490,631
1,499,994	5,732,062
(61,732)	0
1,438,262	5,732,062
$ 1,566,109	$ 6,222,693

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

Except where noted below, the State's component units issue their own separate audited financial statements as special-purpose governments engaged only in business-type activities. These financial statements can be obtained from their respective administrative offices or from the Office of the Utah State Auditor, P.O. Box 142310, Salt Lake City, UT 84114.

Entities such as the local school districts, charter schools, and other local authorities of various kinds that may only partially meet the criteria for inclusion in this report have not been included. (The State's support of the public education system is reported in the Education 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 Utah Schools for the Deaf and Blind are included as component units due to the level of budget or day-to-day oversight provided by the State. The Governor-appointed board members of the Military Installation Development Authority, Heber Valley Historic Railroad Authority and Utah State Fair Corporation can be replaced at will.

The State'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.

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

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

Utah State Fair Corporation — This is a nonprofit public corporation that operates the State Fair Park and conducts the Utah State Fair and other various expositions and entertainment events. It receives state appropriations for operations and working capital.

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

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.

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

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

Related Organization (Excluded from Financial Statements)

Workers' Compensation Fund — This Fund is a nonprofit quasi-public corporation created by the Legislature for a public purpose that provides workers' compensation insurance to private and public employers. 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 not accounted for and reported in another fund.

- **Education Fund**. This special revenue fund accounts for all corporate taxes, income taxes, and revenues from taxes on intangible property that support public and higher education. Specific revenues that support public elementary and secondary schools in the State are also reported in the Education Fund.

- **Transportation Fund**. This special revenue fund accounts for dedicated highway user taxes, bond proceeds, fees, and federal funds associated with construction, maintenance, and repair of state highways and local roads.

- **Transportation Investment Fund**. This special revenue fund accounts for vehicle registration fees, sales and use taxes, bond proceeds, and federal funds used in the construction and reconstruction of specific highway projects. Projects designated as Centennial Highway or prioritized as critical highway needs are accounted for within this fund.

- **Trust Lands Fund**. This is a permanent fund that accounts for land grants and the sale of lands received from the federal *Enabling Act*. The principal in the fund is perpetual, with the earnings used primarily to support public education.

Nonmajor Governmental Funds — The State's nonmajor governmental funds include other special revenue funds, capital projects funds, and debt service funds. The nonmajor special revenue funds account for specific revenue sources that are restricted or committed to expenditures for specific purposes. Examples include tobacco settlement monies, environmental activities, crime victim reparations, debt collections, and rural development programs. The capital projects funds account for resources used for capital outlays including the acquisition, construction, or improvement of capital facilities other than those financed by proprietary funds or assets held in trust. The debt service funds account for resources used for the payment of interest and principal on general long-term debt obligations.

Proprietary Fund Financial Statements

The financial statements of the proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements described previously. Proprietary funds include both enterprise and internal service fund types. Enterprise funds report the activities for which fees are charged to external users for goods or services. Internal service funds account for goods and services provided primarily to other agencies or funds of the State, rather than to the general public.

Reporting for business-type activities and enterprise funds follow all GASB pronouncements, and all Financial Accounting Standards Board's (FASB) pronouncements issued on or before November 30, 1989, except those that conflict with a GASB pronouncement. The State has elected not to apply FASB pronouncements issued after November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition, such as subsidies and investment earnings, are reported as nonoperating.

Major Enterprise Funds — The State reports the following major enterprise funds in its proprietary fund statements:

- **Student Assistance Programs**. These programs guarantee the repayment of student loans made by participating lenders to eligible borrowers and service outstanding student loans.

- **Unemployment Compensation Fund**. This fund pays claims for unemployment to eligible recipients.

- **Water Loan Programs**. This fund provides loans to local governments, water districts, and other entities for the purpose of upgrading water storage facilities and other related structures.

- **Community Impact Loan Fund.** This fund provides loans to local governments to alleviate the social, economic, and public financial impacts resulting from the development of the State's natural resources.

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

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, general services, fleet operations, risk management, property management, and human resource management. In the government-

wide financial statements, internal service funds are included with governmental activities.

Fiduciary Fund Financial Statements

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

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

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

Private Purpose Trust Funds — These funds report resources of all other trust arrangements in which principal and income benefit individuals, private organizations or other governments. Examples include the Utah Navajo Royalties Holding 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), Utah Dairy Commission, and the Federal Health Insurance Pool (nonmajor enterprise funds), 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 (major enterprise fund) use a trustee for their long-term investing needs, and they consider any cash and cash equivalents held by their trustee as investments.

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

Investments (including cash equivalents) are under the control of the State Treasurer or other administrative bodies as determined by law. In certain instances, investments may be restricted by law or other legal instruments. Investments are presented at fair value. The fair value of investments is based on published prices and quotations from major investment brokers at current exchange rates, as available. For investments where no readily ascertainable fair value exists, management, in consultation with their investment advisors, has determined the fair values for the individual investments. Investments held as security deposits which are not held for investment purposes are carried at cost. The Utah Retirement Systems' (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 (major enterprise fund) monies are required by the Social Security Act to be invested in the U.S. Department of Treasury, Bureau of Public Debt Unemployment Trust Fund (BPDUTF), which is not registered with the SEC. The fair value of the position in the BPDUTF is the same as the value of the BPDUTF shares.

Utah Retirement Systems (defined benefit pension plans and defined contribution plans) had five types of derivative financial instruments at yearend: futures, currency forwards, options, swaps, and Synthetic Guaranteed Investment Contracts. Futures contracts are traded on organized exchanges to minimize credit risk. Currency forwards are entered into in order to hedge the exposure to changes in foreign currency exchange rates on foreign currency dominated portfolio holdings. Options give the right, but not the obligation, to buy (call) or sell (put) an asset at a preset price over a specified period. Interest rate swap agreements are entered into in an attempt to manage their exposure to interest rate risk. Interest rate risk represents the exposure to fair value losses arising from the future changes in prevailing market interest rates. Synthetic Guaranteed Investment Contracts are available to members in the Utah Retirement Systems Defined Contribution Plans. The Student Assistance Program (major proprietary fund) entered into an interest rate exchange (swap) agreement relating to some of its student loan revenue bonds. The Board accounts for the swap agreement as a fair value hedging derivative instrument to create a variable rate cost of funds that will be lower than the variable rate cost achievable in the cash bond market. Utah Housing Corporation (major component

unit) enters into various rate swap contracts as part of its overall funding strategy. The Corporation sells variable rate bonds, although to manage the inherent interest rate risk associated with variable rate debt, it enters into pay fixed, receive variable interest rate swap contracts. See Note 3 for additional information about derivatives.

Receivables

Accounts receivables in the governmental and business-type activities consist mainly of amounts due from the Federal Government, customers, and others. Receivables from the Federal Government are reasonably assured; accordingly, no allowance for uncollectible accounts has been established.

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

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

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

Inventories and Prepaid Items

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

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

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 (major enterprise fund) are primarily federal default fees charged at the time loan proceeds are disbursed and amortized over the estimated lives of the loans using an accelerated method of amortization beginning 36 months from the date the federal default fee is paid by the program.

Capital Assets

Capital assets, which include land and related assets, buildings, equipment, intangible assets (software), and infrastructure (roads, bridges, drainage systems, lighting systems, and similar items), are reported in the applicable governmental or business-type activities columns, or in the component units column on the government-wide Statement of Net Assets. Capital assets of proprietary funds and fiduciary funds are also recorded in their respective fund statements. Capital assets, with the exception of infrastructure and internally generated software, are defined by the State as assets, which cost $5 thousand or more when acquired and have an estimated useful life greater than one year. Infrastructure assets are capitalized if the cost is over $1 million. Internally generated software is capitalized if the cost is over $500 thousand. Purchased or constructed capital assets are recorded at cost or at estimated historical cost where historical cost is not available. Donated 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 assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

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

As provided by GASB standards, the State has elected to use the "modified approach" to account for infrastructure assets (i.e., roads and bridges) maintained by the State's Department of Transportation. This includes infrastructure acquired prior to fiscal year 1981. Under this approach, depreciation expense is not recorded and only improvements that 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 (major 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 (major enterprise fund) to keep the yield on student loans within a designated percentage of the interest cost of the related tax-exempt borrowing. One method of reducing this yield is to make yield reduction payments to the United States Treasury. Estimated yield reduction payments may be made by the end of the tenth year and every fifth year thereafter during the life of the bonds. Some State of Utah bonds may be exempt from the rebate requirements if they meet certain statutory exceptions per the regulations.

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, 2011, the total estimated arbitrage rebate liability in the Student Assistance Programs (major enterprise fund) was $11.968 million, of which $11.968 million represents yield reduction payments and there was no liability for non-purpose interest. Other arbitrage liabilities are immaterial.

Compensated Absences and Postemployment Benefits

Employees' vacation leave is accrued at a rate of four hours every two weeks for the first five years of employment, and grows to a rate of seven hours every two weeks after 20 years of employment. There is no requirement to use vacation leave, but a maximum of 320 hours may be carried forward at the beginning of each calendar year. Unused vacation leave is paid to employees upon termination. Employees who have a sick leave balance in excess of 144 hours at the beginning of a calendar year are eligible to "convert" up to 40 hours of sick leave if less than that amount is used during the year. Employees may use converted sick leave in place of annual leave. Any balance in converted sick is paid to employees upon termination. This converted sick leave program ends on January 1, 2014. The total liability of the governmental activities for compensated absences is recorded in the government-wide Statement of Net Assets as part of long-term liabilities. However, in accordance with GAAP, the liability is not recorded in the governmental funds financial statements. See Note 10 for additional information about the liability.

Employees earn sick leave at a rate of four hours for each two-week period, with no limit to the amount that can be accumulated. The State does not reimburse employees for unused sick leave upon termination unless employees are eligible for retirement or the sick leave is "converted". Sick leave is expended when used.

At retirement, for participating agencies, an employee receives 25 percent of the value of all unused accumulated sick leave as a mandatory employer contribution into a 401(k) account. Each day of remaining sick leave earned prior to January 1, 2006, may be used to participate in the State's Other Postemployment Benefit Plan (State Employees' OPEB Plan) to purchase health and life insurance coverage or Medicare supplemental insurance. Any remaining sick leave earned on or after January 1, 2006, is converted to a value (based on the higher of the employee's rate of pay at retirement or the average pay rate of retirees in the previous year) and placed in a Health Reimbursement Arrangement administered by Utah Retirement Systems. The Annual Required Contribution (ARC) needed to fund current and future liabilities of the State Employees' OPEB Plan is provided by charges to agency budgets. Payments of postemployment health and life insurance benefits to retirees are made from the State Employees' OPEB plan that is administered as a single-employer defined benefit healthcare plan. See Note 17 for additional information about the State's OPEB Plan administered as an irrevocable trust.

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

For administrative purposes, the State maintains compensated absences pools within the General Fund, Education Fund, and Transportation Fund. The ongoing payments from the pools are provided by charges to agency budgets as benefits are earned. Vacation leave taken as time off is paid from current budgets when used. Payment of leave balances at termination is made from the compensated absences pools. Proprietary funds, Utah Schools for the Deaf and the Blind, and private purpose trust funds of the primary government also participate in the pools and the 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 nonspendable, restricted, or unrestricted (committed, assigned, or unassigned). Restricted represents those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislature, such as an appropriation or legislation. Assigned fund balance is constrained by the Legislature's intent to be used for specific purposes, by directive of the Executive Appropriations Committee of the Legislature or in some cases by legislation. See Note 11 for additional information about fund balances.

The State maintains two stabilization accounts: (1) the General Fund Budget Reserve Account in the General Fund (the "Rainy Day Fund") reported as committed fund balance; and (2) the Education Budget Reserve Account in the Education Fund (the "Education Reserve") reported as restricted fund balance. The resources of both accounts may only be expended when specific non-routine budget shortfalls occur and upon appropriation by the Legislature. See Note 11 for additional information about the stabilization accounts.

F. **Revenues and Expenditures/Expenses**

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the State's general policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the State's general policy to spend committed resources first. However, the State has some programs that are funded by appropriations from both unrestricted resources and resources required by law to be deposited in a specific subfund for a specific purpose (which may include restricted resources and unrestricted-committed resources). In those instances, it is the State's policy to expend those resources proportionally based on the amounts appropriated from each source.

Grants

Federal grants and assistance awards made on the basis of entitlement periods are recorded as revenues when entitlement occurs. All federal reimbursement-type grants are recorded as revenues when the related allowable expenditures are incurred and all applicable eligibility requirements are met.

Federal grants include nonmonetary transactions for food and vaccine commodities. Commodities revenue and expenditures are valued at their federally reported value. Commodity inventories at yearend are immaterial. For the fiscal year ended June 30, 2011, the State reported revenue and expenditures of $25.435 million for commodities in the General Fund, and $18.258 million for commodities in the Education Fund (special revenue fund).

Investment Income

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

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

Retirement and Employee Benefit Costs

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

G. **Interfund Transactions**

Government-wide Financial Statements

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

and program revenues of the applicable functions. 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

Other Adjustments and Changes

During the 2010 General Session, the Legislature passed Senate Bill 69, *College of Eastern Utah Affiliation with Utah State University*, that establishes College of Eastern Utah as a comprehensive regional college of Utah State University. As a result of this legislative action, a reclassification of $61.732 million was made to reduce the beginning fund balance of the College of Eastern Utah, previously reported as a nonmajor component unit, and increase the beginning fund balance of Utah State University (major component unit). This change had no impact on governmental activities as reported on the prior year Statement of Activities.

During the 2011 General Session, the Legislature passed Senate Bill 130, *Surplus Property Amendments* that moves the state surplus property program to the Division of Purchasing and General Services. As a result of this legislative action, a reclassification of $446 thousand was made to reduce the beginning fund balance of Fleet Operations (internal service fund) and increase the beginning fund balance of General Services (internal service fund). This change had no impact on governmental activities as reported on the prior year Statement of Activities.

NOTE 3. DEPOSITS AND INVESTMENTS

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

A. **Primary Government**

Custodial Credit Risk — Deposits

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

Deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Deposits are not collateralized nor are they required to be by state statute. The deposits for the primary government at June 30, 2011, were $809.459 million. These deposits are exposed to custodial credit risk as follows:

- $66.526 million were exposed to custodial credit risk as uninsured and uncollateralized.
- Exposure to custodial credit risk cannot be determined for $321.417 million of the primary government deposits which are in an FDIC-Insured Savings account at Zions First National Bank (Bank) for Account Owners in the Utah Educational Savings Plan Trust (UESP) (private purpose trust). Contributions to and earnings on the FDIC-Insured Savings account are insured by the FDIC on a pass-through basis to each Account Owner up to the maximum amount set by federal law. The amount of FDIC insurance provided to an individual is based on the total of (1) the value of an Account Owner's investments in the UESP's FDIC-insured savings account plus (2) the value of other accounts held (if any) at the Bank, as determined by the Bank and by FDIC regulations. It is the Account Owners responsibility to determine how investments in the savings account would be aggregated with other investments at the Bank for purposes of FDIC insurance.

Investments

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

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

higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; and shares or certificates in a money market mutual fund as defined in the Act.

Statute allows certain funds acquired by gift, devise or bequest to be invested according to Rule 2 of the Money Management Council. Rule 2 allows the State to invest these funds in any of the above investments or in any of the following, subject to satisfying certain criteria: professionally managed pooled or commingled investment funds, or mutual funds which satisfy certain criteria; common stock, convertible preferred stock or convertible bonds; and corporate bonds or debentures. Currently, the Utah Education Savings Trust is the only entity required to comply with Rule 2.

The primary government's investments at June 30, 2011, 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.

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	$ 6,748	$ 4,696	$ 1,995	$ 57	$ —
U.S. Agencies	41,042	30,840	9,382	—	820
Corporate Debt	7,810,855	7,717,185	93,670	—	—
Negotiable Certificates of Deposit	290,886	290,886	—	—	—
Money Market Mutual Funds	915,000	915,000	—	—	—
Municipal/Public Bonds	3,036	—	—	859	2,177
Commercial Paper	710,889	710,889	—	—	—
Bond Mutual Funds *	1,253,264	—	—	1,253,264	—
Repurchase Agreements	5,695	5,695	—	—	—
Total Debt Securities Investments	11,037,415	$ 9,675,191	$ 105,047	$ 1,254,180	$ 2,997
Other Investments					
Equity Securities	10,037				
Equity Mutual Funds Securities:					
Domestic	3,545,006				
International	614,832				
U.S. Unemployment Trust Pool	303,634				
Real Estate Held for Investment Purposes	91,833				
Real Estate Joint Ventures	7,262				
Component Units Investment in Primary Government's Investment Pool	(655,896)				
Total Investments	$14,954,123				

- At June 30, 2011, the bond mutual funds had an average effective maturity of 7.4 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) – $2,531.397 million, 65 percent, in domestic equity mutual fund securities; $889.851 million, 22.8 percent, in bond mutual funds; $358.692 million, 9.2 percent, in international equity mutual fund securities; and $117.291 million, 3 percent, in the Utah Public Treasurer's Investment Fund.
- Trust Lands (permanent fund) – $609.178 million, 48 percent, in domestic equity mutual fund securities; $306.866 million, 24.2 percent, in bond mutual funds; $256.141 million, 20.2 percent, in international equity mutual fund securities; and $98.227 million, 7.7 percent in real estate.
- State Post-Retirement Benefits Trust (pension and other employee benefit trust funds) – $75.951 million, 62 percent, in domestic equity mutual fund securities; $38.6 million, 31.5 percent, in bond mutual funds; and $7.864 million, 6.4 percent, in the Utah Public Treasurer's Investment Fund.
- State Endowment Fund (special revenue fund) – $52.191 million, 43.9 percent, in domestic equity mutual fund securities; $48.742 million, 41 percent, in the Utah Public Treasurer's Investment Fund; and $17.946 million, 15.1 percent, in bond mutual funds.

- Student Assistance Programs (major enterprise fund) – $276.116 million, 63.6 percent, in domestic equity mutual fund securities; $157.01 million, 36.1 percent, in the Utah Public Treasurer's Investment Fund; and $1.38 million, 0.3 percent, in U.S. treasuries/agencies.

Utah Retirement Systems
(pension and other employee benefit trust funds)
Investments at Fair Value
At December 31, 2010
(Expressed in Thousands)

Investment Type	Defined Benefit	Defined Contribution	Total All Systems and Plans
Debt Securities – Domestic	$ 2,947,967	$ 1,420,243	$ 4,368,210
Debt Securities – International	785,312	—	785,312
Equity Securities – Domestic	4,297,293	832,632	5,129,925
Equity Securities – International	2,670,689	305,797	2,976,486
Short-term Securities Pools	1,056,365	5,389	1,061,754
Mortgage Loans:			
Real Estate Notes	6,845	—	6,845
Real Estate	3,023,729	—	3,023,729
Alternative Investments (Venture Capital)	1,839,452	—	1,839,452
Absolute Return	3,137,599	—	3,137,599
Mutual Fund – Domestic	—	582,895	582,895
Collective Investment Trust – International	—	36,378	36,378
Investments Held by Broker-dealers Under Securities Lending Program:			
U.S. Government and Agency Securities	489,025	—	489,025
Corporate Debt Securities – Domestic	87,909	—	87,909
Debt Securities – International	96,142	—	96,142
Equity Securities – Domestic	459,660	—	459,660
Equity Securities – International	93,578	—	93,578
Total Investments	20,991,565	3,183,334	24,174,899
Securities Lending Collateral Pool	1,256,870	—	1,256,870
Total Investments	$ 22,248,435	$ 3,183,334	$ 25,431,769

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 days – 13 months or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years. Funds that follow Rule 2 of the Money Management Council may not allow the dollar-weighted average maturity of fixed-income securities to exceed ten years.

The Utah Retirement Systems (URS) (pension and other employee benefit trust funds) manage their exposure to fair value loss arising from increasing interest rates by complying with the following policy:

- For domestic debt securities managers, an individual debt securities investment manager's portfolio shall have an effective duration between 75 and 125 percent of the effective duration of the appropriate index.
- The international debt securities investment managers shall maintain an effective duration of their portfolio between 50 and 150 percent of the appropriate index.

Duration is a measure of a debt investment's exposure to fair value changes arising from changes in interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price.

The URS compares an investment's effective duration against the Barclays Capital Aggregate Index for domestic debt securities and the Barclays Capital Global Aggregate Index for international debt securities, and the Barclays Capital Global Inflation Bond Index (USD hedged) for inflation-linked debt securities. The index range at December 31, 2010, was 3.74–6.23 for domestic debt securities, 2.85–8.55 for international debt securities and 7.97–11.95 for inflation-linked debt securities. At December 31, 2010, no individual debt security investment manager's portfolio was outside of the policy guidelines. At December 31, 2010, the following tables show the investments by investment type, amount, and the effective weighted duration.

Utah Retirement Systems
(pension and other employee benefit trust funds)
Debt Securities Investments, Domestic
At December 31, 2010
(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	$ 124,935	0.49	$ 18,323	1.26	$ 143,258
Commercial Mortgage-backed	100,660	2.73	131,179	2.72	231,839
Corporate Bonds	860,739	4.92	339,559	4.56	1,200,298
Fixed Income Derivatives – Futures	(680,645)	3.78	—	—	(680,645)
Fixed Income Futures	680,645	NA	—	—	680,645
Government Agencies	138,698	4.09	216,520	2.04	355,218
Government Bonds	643,595	6.84	43,783	0.26	687,378
Government Mortgage-backed Securities	1,227,975	3.44	313,055	1.98	1,541,030
Gov't Issued Commercial Mortgage-backed	299	4.62	—	—	299
Guaranteed Fixed Income	18,180	1.75	—	—	18,180
Index Linked Government Bonds	142,985	5.65	—	—	142,985
Municipal/Provincial Bonds	40,111	12.71	21,287	10.37	61,398
Non-government Backed C.M.O.s	229,695	1.78	—	—	229,695
Other Fixed Income	—	—	57,935	NA	57,935
Other Liabilities	(1,460)	NA	—	—	(1,460)
Other Options	(6,127)	NA	—	—	(6,127)
Swap Liabilities	(243)	NA	—	—	(243)
Swaps	4,859	NA	—	—	4,859
Treasury Inflation Protected Securities	—	—	14,483	4.05	14,483
Treasury Notes	—	—	255,158	4.32	255,158
Whole loan C.M.O.s	—	—	8,961	0.52	8,961
Total Debt Securities Investments, Domestic	$ 3,524,901	4.62	$ 1,420,243	2.94	$ 4,945,144

Utah Retirement Systems
(pension and other employee benefit trust funds)
Debt Securities Investments, International
At December 31, 2010
(Expressed in Thousands)

	Defined Benefit Plans	
Investment	**Fair Value**	**Effective Weighted Duration**
Asset backed securities	$ 2,112	1.06
Corporate Bonds	251,289	4.85
Fixed Income Derivative – Futures	(19,481)	6.29
Fixed Income Futures	19,481	NA
Government Agencies	39,595	2.82
Government Bonds	369,710	5.10
Government Fixed Income	1,537	1.15
Index Linked Government Bonds	186,112	8.03
Municipal/Provincial Bonds	17,991	3.75
Non-government Backed C.M.O.s	13,108	0.10
Total Debt Securities Investments, International	$ 881,454	5.39

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, 2011, 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	$ 41,042	$ 40,222	$ —	$ —	$ —
Corporate Debt	$ 7,810,855	$ 25,009	$ 1,251,790	$ 5,556,322	$ 977,734
Negotiable Certificates of Deposit	$ 290,886	$ —	$ 100,168	$ 190,455	$ —
Money Market Mutual Funds	$ 915,000	$ 75,000	$ —	$ —	$ —
Municipal/Public Bonds	$ 3,036	$ 1,340	$ 1,696	$ —	$ —
Commercial Paper	$ 710,889	$ —	$ —	$ —	$ —
Bond Mutual Funds	$ 1,253,264	$ —	$ —	$ —	$ —
Repurchase Agreements – Underlying:					
U.S. Treasuries	$ 560	$ —	$ —	$ —	$ —
U.S. Agencies	$ 5,135	$ 5,135	$ —	$ —	$ —

Continues Below

Debt Investments	Quality Ratings A1 *	Unrated
U.S. Agencies	$ —	$ 820
Corporate Debt	$ —	$ —
Negotiable Certificates of Deposit	$ —	$ 263
Money Market Mutual Funds	$ —	$ 840,000
Municipal/Public Bonds	$ —	$ —
Commercial Paper	$ 710,889	$ —
Bond Mutual Funds	$ —	$ 1,253,264
Repurchase Agreements – Underlying:		
U.S. Treasuries	$ —	$ 560
U.S. Agencies	$ —	$ —

***** A1 is Commercial Paper rating

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

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

The weighted quality rating average of the domestic debt securities, excluding pooled investments, at December 31, 2010, is AAA and the fair value of below grade investments is $341.495 million or 9.69 percent of the domestic portfolio. The weighted quality rating average of the international debt securities investments, at December 31, 2010, is AA+ and the fair value of below grade investments is $20.123 million or 2.28 percent of the international portfolio.

The following table presents the URS credit risk ratings as of December 31, 2010:

(Table on next page.)

Utah Retirement Systems
(pension and other employee benefit trust funds)
Debt Securities Investments at Fair Value
At December 31, 2010
(Expressed in Thousands)

	Defined Benefit Plans			Defined Contribution Plans	Total All Systems
Quality Rating	**Domestic**	**International**	**Total**	**Domestic**	**and Plans**
AAA	$ 1,157,191	$ 418,394	$ 1,575,585	$ 183,923	$ 1,759,508
AA+	100,439	15,329	115,768	5,340	121,108
AA	29,707	30,861	60,568	11,115	71,683
AA–	58,741	60,956	119,697	12,442	132,139
A+	52,419	116,183	168,602	58,246	226,848
A	177,753	72,120	249,873	24,909	274,782
A–	121,745	49,173	170,918	36,315	207,233
BBB+	100,210	23,117	123,327	129,681	253,008
BBB	67,988	38,534	106,522	27,640	134,162
BBB–	74,724	36,665	111,389	43,641	155,030
BB+	18,297	—	18,297	17,079	35,376
BB	16,618	—	16,618	1,418	18,036
BB–	18,864	11,703	30,567	13,141	43,708
B+	7,007	—	7,007	—	7,007
B	11,469	1,032	12,501	14,748	27,249
B–	41,430	4,915	46,345	22,886	69,231
CCC	38,472	—	38,472	—	38,472
CCC–	6,159	—	6,159	—	6,159
CC	6,779	—	6,779	—	6,779
D	4,643	—	4,643	—	4,643
NR	171,755	2,472	174,227	14,998	189,225
Total credit risk debt securities	2,282,410	881,454	3,163,864	617,522	3,781,386
U.S. Government and Agencies	1,242,491	—	1,242,491	802,721	2,045,212
Total debt securities investments	$ 3,524,901	$ 881,454	$ 4,406,355	$ 1,420,243	$ 5,826,598

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, 2011, 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 $5.695 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, 2010, the URS investments were registered in the name of URS and held by their custodians; however, there is $15.391 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 $92.87 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, 2011, with more than 5 percent of the total investments in a single issuer.

The Utah Retirement Systems debt securities investments had no single issuer investments at December 31, 2010, that exceed their diversified portfolio by sector and by issuer using the following guidelines:

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

Foreign Currency Risk — Investments

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

The Utah Educational Savings Plan Trust (private purpose trust) has $358.692 million and the Trust Lands (permanent fund) has $256.141 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, 2010
(Expressed in Thousands)

	Defined Benefit Plans				Defined Contribution Plans	Total All Systems
Currency	**Short-term**	**Debt**	**Equity**	**Total**	**Equity**	**and Plans**
American Depository Receipts (ADR) US dollar	$ —	$ 13,047	$ 723,847	$ 736,894	$ —	$ 736,894
Argentine peso	—	—	1,994	1,994	—	1,994
Australian dollar	868	33,117	80,849	114,834	17,224	132,058
Bahraini – US dollar	—	1,650	—	1,650	—	1,650
Bermuda – US dollar	—	2,117	—	2,117	—	2,117
Brazilian real	464	11,979	6,938	19,381	—	19,381
British pound sterling	7,717	184,216	357,294	549,227	28,882	578,109
Canadian dollar	3,942	47,052	126,839	177,833	6,725	184,558
Cayman Islands dollar	—	4,937	—	4,937	—	4,937
Chilean peso	—	1,533	—	1,533	—	1,533
Chinese yuan renminbi	—	—	33,669	33,669	—	33,669
Croatian kuna	—	5,442	—	5,442	—	5,442
Czech koruna	—	—	77	77	—	77
Danish krone	2	16,627	6,685	23,314	2,389	25,703
Euro	1,864	269,714	572,883	844,461	56,321	900,782
Hong Kong dollar	602	4,044	58,464	63,110	8,855	71,965
Hungarian forint	—	7,594	—	7,594	—	7,594
Icelandic krona	—	1,818	—	1,818	—	1,818
Indian rupee	83	2,961	10,591	13,635	—	13,635
Japanese yen	7,144	57,636	479,469	544,249	53,880	598,129
Kazakhstiana tenge	—	5,566	—	5,566	—	5,566
Korean won	—	21,873	40,942	62,815	—	62,815
Malaysian ringgit	—	25,785	8,225	34,010	—	34,010
Mauritian – US dollar	—	—	35	35	—	35
Mexican peso	—	29,468	—	29,468	—	29,468
Netherlands antillean gulden	—	—	2,824	2,824	—	2,824
New Israeli shekel	—	—	—	0	362	362
New Zealand dollar	3	—	694	697	98	795
Norwegian krone	—	2,653	9,337	11,990	4,216	16,206
Panamanian balboa	—	1,845	11,213	13,058	—	13,058
Philippines peso	—	—	1,214	1,214	—	1,214
Polish zloty	—	28,177	—	28,177	—	28,177
Qatari riyal	—	3,785	—	3,785	—	3,785
Russian Federation ruble	—	12,026	—	12,026	—	12,026
Singaporan dollar	21	26,299	23,656	49,976	1,774	51,750
Swedish krona	30	31,832	31,946	63,808	3,465	67,273
Swiss franc	—	20,647	167,808	188,455	17,834	206,289
Taiwanese new dollar	2,314	—	2,039	4,353	—	4,353
Thai baht	—	3,726	751	4,477	—	4,477
Turkish lira	—	—	838	838	—	838
United Arab Emirates dirham	—	2,288	3,146	5,434	—	5,434
Pooled International Investments	—	—	—	0	140,150	140,150
Total Securities Subject to Foreign Currency Risk	$ 25,054	$ 881,454	$ 2,764,267	$ 3,670,775	$ 342,175	$ 4,012,950

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, 2011, were $276.567 million. Of these, $244.885 million were exposed to custodial credit risk as uninsured and uncollateralized.

Investments

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

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

The component units' debt investments at June 30, 2011, are presented below.

Component Units Debt Securities Investments
(Expressed in Thousands)

		Investment Maturities (in years)				
Investment Type	**Fair Value**	**Less Than 1**	**1–5**	**6–10**	**11–20**	**More Than 20**
U.S. Treasuries	$ 476,905	$ 192,405	$ 283,283	$ 357	$ 860	$ —
Government National Mortgage Association	7	—	—	—	7	—
U.S. Agencies	846,146	201,657	253,938	33,489	293,597	63,465
Corporate Debt	225,812	74,988	88,757	52,937	9,130	—
Commercial Paper	15,625	15,625	—	—	—	—
Money Market Mutual Funds	470,089	470,089	—	—	—	—
Negotiable Certificates of Deposit	4,772	1,382	2,915	475	—	—
Municipal/Public Bonds	24,011	—	3,552	9,786	10,673	—
Repurchase Agreements	53,352	53,352	—	—	—	—
Guaranteed Investment Contracts	92,560	53	7,341	85,166	—	—
Bond Mutual Funds	205,157	154	61,241	142,417	1,345	—
Securities Lending Cash Collateral Pool	25,283	25,283	—	—	—	—
Utah Public Treasurer's Investment Fund	655,896	655,896	—	—	—	—
Total Debt Securities Investments	$ 3,095,615	$ 1,690,884	$ 701,027	$ 324,627	$ 315,612	$ 63,465

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, 2011, 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	$ 846,146	$ 838,880	$ —	$ 7,266	$ —
Corporate Debt	$ 225,812	$ 2,409	$ 47,598	$ 126,138	$ 34,041
Commercial Paper	$ 15,625	$ —	$ —	$ —	$ —
Money Market Mutual Funds	$ 470,089	$ 422,140	$ —	$ —	$ —
Negotiable Certificates of Deposit	$ 4,772	$ —	$ —	$ 2,915	$ —
Municipal/Public Bonds	$ 24,011	$ 13,102	$ 10,354	$ 474	$ —
Guaranteed Investment Contracts	$ 92,560	$ —	$ —	$ —	$ —
Bond Mutual Funds	$ 205,157	$ —	$ 1,612	$ 688	$ 95
Securities Lending Cash Collateral Pool	$ 25,283	$ —	$ —	$ —	$ —
Utah Public Treasurer's Investment Fund	$ 655,896	$ —	$ —	$ —	$ —
Repurchase Agreements – Underlying:					
U.S. Agencies	$ 29,312	$ 25,000	$ —	$ —	$ —
Money Market Mutual Funds	$ 24,039	$ —	$ —	$ —	$ —

Continues Below

Debt Investments	Quality Ratings BB	B	A1 *	Unrated
U.S. Agencies	$ —	$ —	$ —	$ —
Corporate Debt	$ 1,731	$ 470	$ —	$ 13,425
Commercial Paper	$ —	$ —	$ 15,625	$ —
Money Market Mutual Funds	$ —	$ —	$ —	$ 47,949
Negotiable Certificates of Deposit	$ —	$ —	$ —	$ 1,857
Municipal/Public Bonds	$ —	$ 81	$ —	$ —
Guaranteed Investment Contracts	$ —	$ —	$ —	$ 92,560
Bond Mutual Funds	$ 177	$ 576	$ —	$ 202,009
Securities Lending Cash Collateral Pool	$ —	$ —	$ —	$ 25,283
Utah Public Treasurer's Investment Fund	$ —	$ —	$ —	$ 655,896
Repurchase Agreements – Underlying:				
U.S. Agencies	$ —	$ —	$ —	$ 4,312
Money Market Mutual Funds	$ —	$ —	$ —	$ 24,039

***** 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, 2011, 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	$ 391,078
U.S. Agencies	$ 574,206
Corporate Debt	$ 7,076
Repurchase Agreements	$ 1,572
Equity Securities – Domestic	$ 5,037
Municipal/Public Bonds	$ 15,119

Counterparty's Trust Department or Agent	
U.S. Treasuries	$ 48,962
U.S. Agencies	$ 4,480
Corporate Debt	$ 65,584
Repurchase Agreements	$ 19,113

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, Government National Mortgage Association, CDC Guaranteed Investment Contracts, and Trinity. These investments are 11.21 percent, 17.74 percent, 6.04 percent and 6.82 percent, respectively, of the Corporation's total investments.

Public Employees Health Program's policy limits the amount that may be invested in any one issuer to between 2 and 5 percent, depending on the credit rating of the security. There is no limit to

investments in U.S. Government and Agency Securities. All investments are within policy limits.

The University of Utah held more than 5 percent in the Federal Home Loan Bank and the Federal Farm Credit Bank. This investment represents 20.3 percent and 5.7 percent, respectively, of the University's total investments.

Utah State University held more than 5 percent of total investments in securities of the Federal Farm Credit Bank, Federal Home Loan Bank and the Federal National Mortgage Association. These investments represent 12.3 percent, 16.1 percent and 19.4 percent, respectively, of the University's total investments.

Foreign Currency Risk — Investments

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The component units do not have a formal policy to limit foreign currency risk. Dixie State College of Utah's Foundation (nonmajor component unit) has $1.722 million invested in international equities and, as such, no currency denomination is presented.

C. Securities Lending

The Utah Retirement Systems (URS) (pension and other employee benefit trust funds) and the Public Employees Health Program (PEHP) (major 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 and 102 percent of the market value of the domestic securities on loan (respectively for URS and PEHP) and 104 percent of the market value of the international securities on loan (URS only), with a simultaneous agreement to return the collateral for the same securities in the future. For both state entities, their custodial bank is the agent for its securities lending program. Securities under loan are maintained in the financial records, and corresponding liabilities are recorded for market value of the collateral received.

At yearend, neither the Utah Retirement Systems nor Public Employees Health Program had any credit risk exposure to borrowers because the collateral exceeded the amount borrowed. The securities on loan at yearend for the entities were $1.226 billion and $24.767 million, respectively, and the collateral received for those securities on loan was $1.257 billion and $25.283 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. All derivatives are considered investments. The fair value of all derivative financial instruments is reported in the Statements of Fiduciary Net Assets–Pension and Other Employee Benefit Trust Funds. By policy, portfolio liabilities associated with investments shall be backed by cash equivalents or deliverable securities. URS does not have a policy regarding master netting arrangements. At December 31, 2010, URS had five types of derivative financial instruments: futures, currency forwards, options, swaps, and Synthetic Guaranteed Investment Contracts.

Futures represent commitments to purchase (asset) or sell (liability) securities at a future date and at a specified price. Futures contracts are traded on organized exchanges (exchange traded) thereby minimizing URS' credit risk. The net change in the futures contracts value is settled daily in cash with the exchanges. Net gains or losses resulting from the daily settlements are included with trading account securities gains or losses in the Statement of Changes in Fiduciary Net Assets. At December 31, 2010 and December 31, 2009, URS' investments had the following notional futures balances (expressed in thousands):

Futures	**2010 Notional Value**	**2009 Notional Value**
Cash and Cash Equivalent Derivatives:		
Long	$ —	$ 32,136
Short	—	(6,704)
Equity Derivatives:		
Long	810,942	363,221
Short	(539,318)	(189,853)
Fixed Income Derivatives:		
Long	230,455	150,237
Short	(930,580)	(392,587)
Total Futures	$ (428,501)	$ (43,550)

Currency forwards represent forward foreign exchange contracts that are entered into in order to hedge the exposure to changes in foreign currency exchange rates on the foreign currency dominated portfolio holdings. A forward foreign exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contracts and the closing of such contracts is included in net realized gains or losses on foreign currency related transactions. At December 31, 2010 and December 31, 2009, URS investments included the following currency forwards balances (expressed in thousands):

Currency Forwards	**2010 Fair Value**	**2009 Fair Value**
Forwards Subject to Foreign Currency Risk (pending foreign exchange sales):		
Defined Benefit Plans	$ 5,003	$ (2,862)
Defined Contribution Plans	(3)	(1)

Options represent or give buyers the right, but not the obligation, to buy (call) or sell (put) an asset at a preset price over a specified period. The option's price is usually a small percentage of the underlying asset's value. As a writer of financial options, URS receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. As a purchaser of financial options, URS pays a premium at the outset of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option. At December 31, 2010 and December 31, 2009, URS investments had the following options balances (expressed in thousands):

Options	**2010 Notional Market Value**	**2009 Notional Market Value**
Cash and Cash Equivalent:		
Call	$ —	$ (333)
Put	—	(209)
Equity:		
Call	—	(8)
Put	—	(271)
Fixed Income:		
Call	—	65
Put	—	—
Swaptions:		
Call	(4,132)	1,381
Put	(1,995)	(618)
Total Options	$ (6,127)	$ 7

URS has entered into various inflation and interest rate swap agreements in an attempt to manage their exposure to inflation and interest rate risk. Inflation risk represents the exposure to fair value losses arising from inflation, while interest rate risk represents the exposure to fair value losses arising from the future changes in prevailing market interest rates. Swaps represent an agreement between two or more parties to exchange sequences of cash flows over a period in the future. In the most common type of interest rate swap arrangement, one party agrees to pay fixed interest payments on designated dates to a counter party who, in turn, agrees to make return interest payments that float with some reference rate. In an inflation swap one party pays a fixed rate on a notional principle amount to a counterparty, who in turn agrees to make return payments associated with a floating rate linked to an inflation index. Most of the interest rate swaps were purchased in connection with variable real estate debt. Those interest rate swaps allowed URS to effectively convert most of their long-term variable interest rate credit facility loans into fixed interest rate loans, thereby mitigating some of their interest rate risk. All swap instruments contain collateral clauses. Gains and losses on swaps are determined based on market values and are recorded in the Statement of Changes in Fiduciary Net Assets. Swap market values are determined by an independent third party. At December 31, 2010 and December 31, 2009, URS investments had the swap market value balances as shown in the table below.

(Table on next page.)

Utah Retirement Systems
(pension and other employee benefit trust funds)
Interest Rate Swaps
December 31, 2010
(Expressed in Thousands)

	Outstanding Notional Amount*	URS Rate	Counterparty Rate	Maturity Date	2010 Fair Value	2009 Fair Value
Real Estate Portfolio						
Interest Rate Swaps:	$ 1,072,693	4.163 % – 5.464 %	One Month LIBOR**	2011–2021	$ (106,499)	$ (97,418)
Fixed Income Portfolio	$ 205,400	0.9375 % – 5.503 %	Three Month LIBOR**	2012–2040	$ 4,629	$ (8,667)
Interest Rate Swaps:	154,100	Three Month LIBOR**	3.416 % – 5.503 %	2012–2040	(38)	11,743
	5,010	USCPIU***	2.650 % – 2.940 %	2020–2030	25	—
Total Fixed Income Interest Rate Swaps	$ 364,510				$ 4,616	$ 3,076

* Base used to calculate interest
** London Interbank Offered Rate (LIBOR)
*** US CPI Urban Consumer Not Seasonally Adjusted Index (USCPIU)

Derivatives which are exchange traded are not subject to credit risk. No derivatives held are subject to custodial credit risk. The maximum loss that would be recognized at December 31, 2010, if all counterparties fail to perform as contracted is $787.493 million. The maximum exposure is reduced by $1.46 million in collateral held and $ 890.503 million of liabilities, resulting in no net exposure to credit risk. Credit ratings for the wrap contracts associated with the Synthetic Guaranteed Investment Contracts are noted below. At December 31, 2010, the counterparties' credit ratings for currency forwards, swaptions, and swaps are subject to credit risk.

Utah Retirement Systems
(pension and other employee benefit trust funds)
Credit Risk Derivatives at Fair Value
December 31, 2010
(Expressed in Thousands)

Quality Rating	Forwards	Options	Swaps	Total
AA	$ 384	$ —	$ (12,943)	$ (12,559)
AA–	492	—	—	492
A+	2,206	(2,632)	(155)	(581)
A	1,917	(3,495)	(88,785)	(90,363)
Total	$ 4,999	$ (6,127)	$ (101,883)	$ (103,011)

In the URS Defined Contribution Plans, members are able to participate in Synthetic Guaranteed Investment Contracts (SGICs). The SGICs are fully benefit responsive which means that URS is prohibited from assigning and selling the contract or its proceeds to a third party without the consent of the issuer. Prospective interest crediting rate adjustments are provided to plan participants. The SGICs provide assurance that the probability of future rate adjustments resulting in an interest crediting rate less than zero is remote. The underlying investments are high credit quality averaging AA– and therefore credit loss is remote. The terms of the SGICs require all plan participants to initiate transactions within the fund at contract value. The contract value is the fair value (cost plus accrued interest). The fair value of these contracts at December 31, 2010 is $863.573 million and the market value is $877.259 million. Credit ratings for the wrap contracts associated with the Synthetic Guaranteed Investment Contracts are also noted below.

(Table on next page.)

Utah Retirement Systems
(pension and other employee benefit trust funds)
Synthetic Guaranteed Investment Contracts Underlying Investments
December 31, 2010
(Expressed in Thousands)

	1–5 Year Government Credit		Intermediate Government Credit		Total Underlying Investments	
	Fair Value	Market Value	Fair Value	Market Value	Fair Value	Market Value
Asset Backed Securities	$ 3,547	$ 3,567	$ 1,209	$ 1,247	$ 4,756	$ 4,814
Agencies	154,594	155,461	59,916	61,796	214,509	217,257
Corporates	40,637	40,865	48,375	49,893	89,012	90,758
Mortgage Backed Securities	56,598	56,916	19,730	20,349	76,328	77,265
Private Placements	8,158	8,204	28,507	29,401	36,664	37,605
Treasuries	134,782	135,538	129,299	133,357	264,081	268,895
Commercial Mortgage Back Securities	93,080	93,603	28,714	29,615	121,794	123,218
Cash	15,302	15,388	29,785	30,720	45,087	46,108
Total	$ 506,698	$ 509,542	$ 345,535	$ 356,378	$ 852,231	$ 865,920

Utah Retirement Systems
(pension and other employee benefit trust funds)
Wrap Contracts
December 31, 2010
(Expressed in Thousands)

	Fair Value	Market Value	Rate	Duration	Quality Ratings
Issued Wrap Contracts	$ 852,233	$ 865,919	1.82% – 3.63%	2.48 – 3.67	AAA – A+
Repurchase	11,340	11,340	0.60%		
Total	$ 863,573	$ 877,259			

Student Assistance Program

The following are disclosures for derivative financial instruments held by Student Assistance Program (major proprietary fund).

Objective — In order to protect against the potential of rising interest rates on its variable rate debt, the Student Assistance Program Board entered into an interest rate exchange (swap) agreement relating to the Board's student loan revenue bonds, Series 2010 EE (the "Series 2010 Bonds") on December 21, 2010. The purpose of the swap is to create a variable rate cost of funds for the Series 2010 Bonds that will be lower than the variable rate cost achievable in the cash bond market. The Board accounts for the swap agreement as a fair value hedging derivative instrument and recognizes changes in fair values on the statement of net assets as an asset or liability with a related deferred inflow or outflow of resources respectively. The terms of the swap agreement include:

Trade Date:	December 21, 2010
Effective Date	December 30, 2010
Termination Date	November 1, 2030
Initial Notional Amount	$364,150,000
Board Pays Floating	3 Month LIBOR + 1.64905%
Counterparty Pays Fixed	Stepped fixed rates ranging from 4.664% to 5.000%
Payment Dates	The 1st day of May and November

(Notes continue on next page)

Changes in the fair value of the swap agreement and the ending fair value of the swap agreement are summarized below:

Student Assistance Program
Change in Fair Value
For Fiscal Years Ending June 30
(Expressed in Thousands)

Derivative	Fair Value at December 21, 2010	Change in Fair Value	Fair Value at June 30, 2011
Interest Rate Exchange.....	$ —	$ 1,136	$ 1,136

Swaps are not normally valued through exchange-type markets with easily accessible quotation systems and procedures. The fair market value was calculated using information obtained from generally recognized sources with respect to quotations, reporting of specific transactions and market conditions and based on accepted industry standards and methodologies.

Credit Risk — The risk of a change in the credit quality or credit rating of the Board and/or its counterparty. The counterparty's current ratings are "Aa1", "AA-" and "AA" by Moody's Investors Service, Standard & Poor's and Fitch Ratings, respectively.

The Board is exposed to credit risk on hedging derivative instruments that are in asset positions. To minimize its exposure to loss related to credit risk, it is the Board's policy to require counterparty collateral posting provisions in its non-exchange-traded hedging derivative instruments. These terms require full collateralization of the fair value of hedging derivative instruments in asset positions (net of the effect of applicable netting arrangements) should the counterparties' short-term and long-term credit ratings fall below "A-1" and "A," respectively, as issued by Standard & Poor's or below "Prime-1" and "A2," respectively, as issued by Moody's Investors Service. Collateral posted is to be in the form of cash, U.S. Treasury securities or agency securities held by a third-party custodian. The Board has never failed to access collateral when required.

It is the Board's policy to enter into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the nondefaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by, or owed to, the nondefaulting party.

Interest Rate Risk — The risk that the debt service costs associated with variable rate debt increases and negatively affects coverage ratios and cash flow margins. The Board is exposed to interest rate risk; as the 3 month LIBOR rate increases, the net payment on the swap agreement increases.

Basis Risk — The risk that arises when variable rates or prices of a swap agreement and a hedged item are based on different interest rate indexes. Because the swap agreement requires the Board to pay a variable rate to the counterparty and is receiving a fixed rate payment in return, basis risk is not applicable.

Termination Risk — The risk that the swap must be terminated prior to its stated final cash flow date. Purposes for termination include the deterioration of the Board's own credit, and the inability of the Board to obtain a replacement transaction with substantially similar terms. In such a circumstance, the Board would owe, or be owed, a termination payment. No termination events related to the swap agreement have occurred as of June 30, 2011.

Rollover Risk — The risk that the maturity of the swap contract is not coterminous with the maturity of the related bonds. The swap agreement and the underlying bonds have a final maturity date of November 1, 2030.

Utah Housing Corporation

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

Objective — In order to protect against the potential of rising interest rates on its variable rate debt, the Corporation has entered into 74 separate pay-fixed, receive-variable interest rate swaps as of June 30, 2011. Based on the assumption that the payments on the variable rate debt will be substantially offset by the receipts on the interest rate swaps, the net cost associated with the synthetic fixed rate structure over the life of the bonds will be less than what the Corporation would have paid had it issued 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, 2011, 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.

(Notes continue on next page)

Utah Housing Corporation
Interest Rate Swap Agreements
June 30, 2011
(Expressed in Thousands)

Outstanding Notional Amount	Effective Dates	Fixed Rate Paid by the Corporation	Variable Rate Received from Counterparty	Fair Values	Swap Termination Dates
$ 492,880	2008	3.920 % to 5.610 %	SIFMA* plus .27 %	$ (59,781)	2021 – 2030
124,000	2008	3.730 % to 4.253 %	SIFMA* plus .11 %	(14,566)	2026 – 2032
37,450	2008	3.713 % to 4.000 %	SIFMA* plus .08 %	(3,337)	2028 – 2032
14,000	2008	3.299 % to 3.299 %	SIFMA*	(984)	2023
26,345	2008	4.755 % to 7.470 %	LIBOR** plus .15 %	(2,459)	2012 – 2020
25,610	2008	5.301 % to 5.545 %	LIBOR** plus .01 %	(1,676)	2038
$ 720,285				$ (82,803)	

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

Fair Values — The fair values of swaps are a function of market interest rates and the remaining term on the swap contracts. The fair values of the swap contracts were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps. The Corporation has recorded the fair market value of its derivative investments on the financial statements and has evaluated and measured their effectiveness. All of the Corporation's derivative instruments were deemed to be effective, and the Corporation has deferred the changes in fair value for these derivatives and has reported them as deferred outflow of resources in non-current assets, and derivative instrument swap liability in non-current liabilities in the amount of $82.8 million as of June 30, 2011, compared to $95.1 million in the prior year, resulting in an overall increase in the change in fair value of $12.3 million.

Credit Risk — The Corporation executes derivative instruments interest rate swap transactions with two counterparties, Barclays Bank and Deutsche Bank. The credit ratings for each of the counterparties are Aa3/AA–. The Corporation's swap contracts do not require it to post collateral at anytime. The Corporation believes that the high credit rating by both parties will mitigate most credit risk associated with the derivatives' fair value. During the year ended June 30, 2009, the Corporation received a net gain of $8.903 million in connection with the replacement of their swaps. This net gain is represented in the financial statements as deferred revenue and is being amortized over the life of the swap agreements. The ability to acquire replacement swaps demonstrates a strong mitigating factor associated with credit and fair value risks.

Basis Risk — The Corporation's tax-exempt variable-rate bond coupon payments have historically been substantially the same as the SIFMA rate. Its taxable variable-rate bond coupon payments have historically been substantially the same as the LIBOR rate. At June 30, 2011, the weighted average interest rate on Corporation's variable-rate hedged debt is .09 percent, while the SIFMA swap index is .09 percent and the one month LIBOR is .19 percent. As the interest rate swaps pay a variable rate based on the SIFMA rate (tax-exempt debt), or the LIBOR rate (taxable debt), the Corporation therefore has limited exposure to basis risk except as disclosed under the Cross-over Risk.

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

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

Rollover Risk — The Corporation is exposed to rollover risk on swaps that mature or may be terminated prior to the maturity of the associated debt. When these swaps terminate, or in the case of the termination option, the Corporation will not realize the synthetic rate offered by the swaps on the underlying debt issues. As of June 30, 2011, the Corporation's swap termination dates ranged from 0 to 21 years prior to the maturity dates of the associated debt.

Forward Sales Contracts — Forward sales securities commitments and private sales commitments are utilized to hedge changes in fair value of mortgage loan inventory and commitments to originate mortgage loans. At June 30, 2011, the Corporation had executed eleven forward sales transactions with a $50.6 million notional amount and a $(243) thousand fair market value. The forward sales are scheduled to settle by September 21, 2011.

NOTE 4. INVESTMENT POOL

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

The PTIF is not registered with the SEC as an investment company and is not rated. The PTIF is authorized and regulated by the Utah Money Management Act, (*Utah Code* Title 51, Chapter 7*)*. The Act establishes the 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 may maintain an interest reserve to stabilize the monthly apportionment of interest. Any balance maintained in the interest reserve is reflected in the fair value valuation factor discussed below. The PTIF allocates income and issues statements on a monthly basis. Twice a year, at June 30 and December 31, which are the accounting periods for public entities, the investments are valued at fair value and participants are informed of the fair value valuation factor that enables them to adjust their statement balances to fair value.

The PTIF condensed financial statements, inclusive of external and internal participants along with the portfolio statistics for the fiscal year ended June 30, 2011, are as follows:

Public Treasurer's Investment Fund
Statement of Net Assets
June 30, 2011
(*Expressed in Thousands*)

Assets	
Cash and Cash Equivalents	$ 1,296,627
Investments	8,510,381
Total Assets	$ 9,807,008
Net Assets Consist of:	
External Participant Account Balances	$ 6,199,931
Internal Participant Account Balances:	
Primary Government	2,943,043
Component Units	660,322
Unrealized Gains/Losses	3,712
Net Assets	$ 9,807,008
Participant Account Balance Net Asset Valuation Factor	1.0060381

(Notes continue on next page)

Public Treasurer's Investment Fund
Statement of Changes in Net Assets
For the Fiscal Year Ended June 30, 2011
(*Expressed in Thousands*)

Additions	
Pool Participant Deposits	$ 11,468,415
Investment Income:	
Investment Earnings	71,415
Fair Value Increases (Decreases)	2,867
Total Investment Income	74,282
Less Administrative Expenses	(434)
Net Investment Income	73,848
Total Additions	11,542,263
Deductions	
Pool Participant Withdrawals	11,622,848
Earnings Distributions	70,981
Total Deductions	11,693,829
Net Increase/(Decrease) From Operations	(151,566)
Net Assets	
Beginning of Year	9,958,574
Net Assets – End of Year	$ 9,807,008

Public Treasurer's Investment Fund
Portfolio Statistics

June 30, 2011

	Range of Yields	Weighted Average Maturity
Money Market Mutual Funds	0.06 % – 0.52 %	1.00 days
Certificates of Deposit – Negotiable	0.29 % – 1.06 %	44.48 days
Certificates of Deposit – Nonnegotiable	0.25 % – 0.53 %	23.71 days
U.S. Agencies	0.50 % – 1.00 %	107.05 days
Corporate Bonds and Notes	0.26 % – 2.18 %	97.08 days
Commercial Paper	0.09 % – 0.51 %	18.26 days

June 30, 2011

	Weighted Average Yield	Average Adjusted Maturity
Total Investment Fund	0.56 %	80.56 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, 2011, were $12 million. Of those, $11 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, 2011, 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	$ 30,750	$ 30,750	$ —
Corporate Bonds and Notes	7,795,214	7,708,343	86,871
Negotiable Certificates of Deposit	290,623	290,623	—
Money Market Mutual Funds	915,000	915,000	—
Commercial Paper	708,516	708,516	—
	$ 9,740,103	$ 9,653,232	$ 86,871

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, 2011, were rated by Standard and Poor's and/or an equivalent nationally recognized statistical rating organization and the ratings are presented below using the Standard and Poor's rating scale.

(Notes continue on next page)

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

Debt Investments	Fair Value	Quality Ratings AAA	AA	A	BBB
U.S. Agencies	$ 30,750	$ 30,750	$ —	$ —	$ —
Corporate Bonds and Notes	$ 7,795,214	$ 25,009	$ 1,248,639	$ 5,406,974	$ 1,114,592
Negotiable Certificates of Deposit	$ 290,623	$ —	$ 100,168	$ 190,455	$ —
Money Market Mutual Funds	$ 915,000	$ 75,000	$ —	$ —	$ —
Commercial Paper	$ 708,516	$ —	$ —	$ —	$ —

Continues Below

Debt Investments	Quality Ratings A1 *	Not Rated
U.S. Agencies	$ —	$ —
Corporate Bonds and Notes	$ —	$ —
Negotiable Certificates of Deposit	$ —	$ —
Money Market Mutual Funds	$ —	$ 840,000
Commercial Paper	$ 708,516	$ —

***** 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, 2011, 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, 2011, consisted of the following (in thousands):

	Accounts Receivable					
	Federal	Customer	Other	Interest	Taxes	Notes/ Mortgages
Governmental Activities:						
General Fund	$ 241,218	$ 231,581	$ 19,952	$ 31	$ 225,320	$ 2,204
Education Fund	173,547	5	1,235	—	653,751	6,745
Transportation Fund	54,785	20,612	1,202	—	51,569	439
Transportation Investment Fund	—	—	—	—	14,510	—
Trust Lands	—	—	10,007	1,100	—	15,323
Nonmajor Funds	1,160	9,875	—	30	—	—
Internal Service Funds	127	3,746	—	—	—	1,636
Adjustments:						
Fiduciary Funds	—	—	111	—	—	—
Other	2,642	4,700	—	—	—	—
Total Receivables	473,479	270,519	32,507	1,161	945,150	26,347
Less Allowance for Uncollectibles:						
General Fund	—	(60,445)	—	—	(19,609)	(1,205)
Education Fund	—	—	—	—	(174,250)	—
Transportation Fund	—	—	(470)	—	(1,573)	—
Transportation Investment Fund	—	—	—	—	(1,607)	—
Receivables, net	$ 473,479	$ 210,074	$ 32,037	$ 1,161	$ 748,111	$ 25,142
Current Receivables	$ 473,479	$ 170,471	$ 24,456	$ 1,161	$ 649,698	$ 2,305
Noncurrent Receivables	—	39,603	7,581	—	98,413	22,837
Total Receivables, net	$ 473,479	$ 210,074	$ 32,037	$ 1,161	$ 748,111	$ 25,142
Business-type Activities:						
Student Assistance Programs	$ 5,602	$ 633	$ 1,655	$ 25,784	$ —	$ 1,806,318
Unemployment Compensation	3,418	163,353	—	—	—	—
Water Loan Programs	99	112	—	11,035	2,040	708,176
Community Impact Loan Fund	—	—	—	3,622	—	380,750
Nonmajor Funds	907	17,056	—	2,457	—	139,249
Total Receivables	10,026	181,154	1,655	42,898	2,040	3,034,493
Less Allowance for Uncollectibles:						
Student Assistance Programs	—	—	—	—	—	(3,906)
Unemployment Compensation	—	(54,810)	—	—	—	—
Receivables, net	$ 10,026	$ 126,344	$ 1,655	$ 42,898	$ 2,040	$ 3,030,587

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. 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.

Aggregated receivables for component units at June 30, 2011, were $1.890 billion for major component units and $84.079 million for nonmajor component units, net of an allowance for doubtful accounts of $204.492 million and $9.773 million, respectively.

NOTE 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of June 30, 2011, consisted of the following (in thousands):

	Salaries/ Benefits	Service Providers	Vendors/ Other	Government	Tax Refunds/ Credits	Interest	Total
Governmental Activities:							
General Fund	$ 63,650	$ 210,784	$ 32,183	$ 87,681	$ 6,694	$ —	$ 400,992
Education Fund	2,931	2,668	19,610	151,222	56,520	—	232,951
Transportation Fund	6,866	15,135	131,747	33,748	1,645	—	189,141
Nonmajor Funds	93	4	43,269	1,288	—	69,907	114,561
Internal Service Funds	6,524	—	17,447	—	—	4	23,975
Adjustments:							
Fiduciary Funds	—	—	—	7,647	—	—	7,647
Other	—	—	—	—	—	1,445	1,445
Total Governmental Activities	$ 80,064	$ 228,591	$ 244,256	$ 281,586	$ 64,859	$ 71,356	$ 970,712
Business-type Activities:							
Student Assistance Programs	$ 1,656	$ —	$ 4,912	$ 8,840	$ —	$ 3,748	$ 19,156
Unemployment Compensation	—	938	—	131	—	—	1,069
Water Loan Programs	—	—	480	—	—	—	480
Nonmajor Funds	2,318	48	11,058	—	—	568	13,992
Adjustments:							
Fiduciary Funds	—	—	—	9	—	—	9
Total Business-type Activities	$ 3,974	$ 986	$ 16,450	$ 8,980	$ 0	$ 4,316	$ 34,706

Accounts payable and accrued liability balances are an aggregation of amounts due to: (***1***) state employees for salaries/benefits; (***2***) service providers for childcare, job services and health services; (***3***) vendors and miscellaneous suppliers; (***4***) local and federal governments for services; (***5***) individuals and others as a result of tax overpayments or credits issued; and (***6***) interest due on bonds and other obligations.

Adjustments for fiduciary funds listed above represent amounts due to fiduciary funds that were reclassified as external payables on the government-wide Statement of Net 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, 2011, consisted of the following (in thousands):

Due to General Fund from:	
Education Fund	$ 249
Transportation Fund	1,184
Trust Lands Fund	6
Nonmajor Governmental Funds	2,608
Unemployment Compensation Fund	5,098
Water Loan Programs	216
Nonmajor Enterprise Funds	15,957
Internal Service Funds	1,724
Fiduciary Funds	73
Total due to General Fund from other funds	$ 27,115
Due to Education Fund from:	
General Fund	$ 293
Nonmajor Governmental Funds	52
Unemployment Compensation Fund	1,191
Total due to Education Fund from other funds	$ 1,536
Due to Transportation Fund from:	
General Fund	$ 92
Nonmajor Governmental Funds	14
Nonmajor Enterprise Funds	1
Internal Service Funds	186
Total due to Transportation Fund from other funds	$ 293
Due to Trust Lands Fund from Nonmajor Enterprise Funds	$ 8,763
Due to Nonmajor Governmental Funds from:	
General Fund	$ 3,818
Education Fund	162
Transportation Fund	24
Nonmajor Enterprise Funds	1
Internal Service Funds	274
Fiduciary Funds	29
Total due to Nonmajor Governmental Funds from other funds	$ 4,308
Due to Water Loan Programs from:	
General Fund	$ 431
Trust Lands Fund	19
Nonmajor Governmental Funds	11,590
Total due to Water Loan Programs from other funds	$ 12,040
Due to Nonmajor Enterprise Funds from:	
General Fund	$ 48
Transportation Fund	34
Nonmajor Governmental Funds	16,336
Water Loan Programs	12
Internal Service Funds	1
Total due to Nonmajor Enterprise Funds from other funds	$ 16,431
Due to Internal Service Funds from:	
General Fund	$ 21,637
Education Fund	327
Transportation Fund	8,111
Nonmajor Governmental Funds	393
Nonmajor Enterprise Funds	385
Internal Service Funds	28
Fiduciary Funds	9
Total due to Internal Service Funds from other funds	$ 30,890
Due to Fiduciary Funds from:	
General Fund	$ 3,130
Education Fund	58
Transportation Fund	448
Trust Lands Fund	162
Nonmajor Governmental Funds	3,849
Water Loan Programs	9
Total due to Fiduciary Funds from other funds	$ 7,656
Total Due to/Due froms	$ 109,032

These balances resulted from the time lags between the dates that: (***1***) interfund goods and services are provided or reimbursable expenditures occur; (***2***) transactions are recorded in the accounting system; and (***3***) payments between funds are made.

Interfund Loans

At June 30, 2011, interfund loans receivable/payable balances consist of $38.358 million revolving loans payable to the General Fund from Internal Service Funds. The balance payable to the General Fund from Internal Service Funds of $38.358 million includes $10.134 million that is not expected to be repaid within one year and is classified as nonspendable fund balance.

(Notes continue on next page.)

NOTE 8. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011, was as follows (in thousands):

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets Not Depreciated/Amortized:				
Land and Related Assets	$ 1,354,318	$ 193,727	$ (7,492)	$ 1,540,553
Infrastructure	10,063,774	864,267	(46,246)	10,881,795
Construction-In-Progress	1,133,392	1,307,228	(1,016,826)	1,423,794
Total Capital Assets Not Depreciated/Amortized	12,551,484	2,365,222	(1,070,564)	13,846,142
Capital Assets Depreciated/Amortized:				
Buildings and Improvements	1,706,205	105,990	(1,296)	1,810,899
Infrastructure	57,491	3,497	—	60,988
Machinery and Equipment	470,920	34,123	(19,003)	486,040
Intangible Assets-Software	148,765	18,476	(1,212)	166,029
Total Capital Assets Depreciated/Amortized	2,383,381	162,086	(21,511)	2,523,956
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements	(538,389)	(47,885)	878	(585,396)
Infrastructure	(17,937)	(2,133)	—	(20,070)
Machinery and Equipment	(320,844)	(28,282)	16,379	(332,747)
Intangible Assets-Software	(55,998)	(13,822)	1,174	(68,646)
Total Accumulated Depreciation/Amortization	(933,168)	(92,122)	18,431	(1,006,859)
Total Capital Assets Depreciated/Amortized, Net	1,450,213	69,964	(3,080)	1,517,097
Capital Assets, Net	$14,001,697	$2,435,186	$ (1,073,644)	$15,363,239
Business-type Activities:				
Capital Assets Not Depreciated/Amortized:				
Land and Related Assets	$ 21,573	$ 912	$ —	$ 22,485
Construction-In-Progress	5,678	—	(5,678)	—
Total Capital Assets Not Depreciated/Amortized	27,251	912	(5,678)	22,485
Capital Assets Depreciated/Amortized:				
Buildings and Improvements	69,330	21,460	(93)	90,697
Infrastructure	304	—	—	304
Machinery and Equipment	13,871	2,027	(1,057)	14,841
Intangible Assets-Software	229	562	—	791
Total Capital Assets Depreciated/Amortized	83,734	24,049	(1,150)	106,633
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements	(14,852)	(2,166)	6	(17,012)
Infrastructure	(80)	(6)	—	(86)
Machinery and Equipment	(11,487)	(598)	1,050	(11,035)
Intangible Assets-Software	(221)	(58)	—	(279)
Total Accumulated Depreciation/Amortization	(26,640)	(2,828)	1,056	(28,412)
Total Capital Assets Depreciated/Amortized, Net	57,094	21,221	(94)	78,221
Capital Assets, Net	$ 84,345	$ 22,133	$ (5,772)	$ 100,706

Construction-in-progress of governmental activities includes amounts for buildings the State is constructing for colleges and universities and other discrete component units that are funded by state appropriations or state bond proceeds. As the buildings are completed, the applicable amounts are deleted from construction-in-progress of governmental activities and "transferred" to the colleges and universities and other discrete component units. For fiscal year 2011, $61.787 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	$ 18,559
Human Services and Juvenile Justice Services	5,927
Corrections	5,796
Public Safety	8,193
Courts	5,350
Health and Environmental Quality	3,659
Higher Education	3
Employment and Family Services	8,116
Natural Resources	9,075
Community and Culture	370
Business, Labor, and Agriculture	978
Public Education	1,202
Transportation	8,245
Depreciation on capital assets of the State's internal service funds is charged to the various functions based on their usage of services provided	16,649
Total Depreciation Expense	$ 92,122

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 Depreciated/Amortized:						
Land and Related Assets	$ 1,472	$ —	$ 20,380	$ 34,226	$ 86,650	$ 142,728
Construction-In-Progress	—	—	410,041	5,510	27,473	443,024
Total Capital Assets Not Depreciated/ Amortized	1,472	0	430,421	39,736	114,123	585,752
Capital Assets Depreciated/Amortized:						
Building and Improvements	5,064	—	1,722,266	746,723	1,362,103	3,836,156
Infrastructure	—	—	228,210	—	24,343	252,553
Machinery and Equipment	1,995	1,465	954,987	230,189	190,418	1,379,054
Total Capital Assets Depreciated/Amortized	7,059	1,465	2,905,463	976,912	1,576,864	5,467,763
Less Total Accumulated Depreciation/ Amortization	(2,474)	(1,245)	(1,468,254)	(435,510)	(602,995)	(2,510,478)
Total Capital Assets Depreciated/ Amortized, Net	4,585	220	1,437,209	541,402	973,869	2,957,285
Discretely Presented Component Units – Capital Assets, Net	$ 6,057	$ 220	$ 1,867,630	$ 581,138	$1,087,992	$ 3,543,037

The State had long-term construction project commitments totaling $227.952 million at June 30, 2011. The following construction projects have remaining commitments:

Capital Projects Fund
Construction Project Commitments
(Expressed in Thousands)

Project	Description	Remaining Construction Commitments
08258750	U of U – Skaggs Pharmacy Research Building	$ 38,345
06297640	Dixie – Holland Centennial Commons	22,992
09217750	U of U – Honors Student Housing	20,409
10028750	U of U – Data Center Improvements	17,242
07310770	USU – Agriculture Building	16,929
09020790	UVU – Science/Health Science Building Addition	14,679
06272750	U of U – Eccles School of Business	13,324
10290700	Snow – Student Housing	12,915
06291750	U of U – USTAR Neuroscience & Biomedical Technology	11,211
09029750	U of U – Neuropsychiatric Institute	9,869
02243750	U of U – Museum of Natural History	6,103
09024670	SLCC – RRC New Media Building	5,808
09227640	Dixie – Campus ESCO Project	2,882
09229660	SLCC – RRC Campus ESCO Project	2,842
10013500	DNR – Interagency Fire Center	2,387
06292770	USTAR/USU – Life Sciences Research	1,920
09027790	UVU – Economic Development Building	1,526
10208100	Corrections – CUCF Perimeter Security	1,096
10301750	U of U – Multiple Building Automation	1,000
—	All Others	24,473
	Total Commitments	$ 227,952

(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 $1.743 million in principal and $1.287 million in interest for fiscal year 2011. As of June 30, 2011, the historical cost of the primary government's assets acquired through capital leases was $36.935 million of which $35.397 million was buildings and land and $1.538 million was equipment and other depreciable assets. As of June 30, 2011, the accumulated depreciation of the primary government's assets acquired through capital leases was $12.287 million of which $11.245 million was buildings and $1.042 million 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 2011 were $27.815 million for the primary government and $29.264 million for component units. For fiscal year 2010, the operating lease expenditures were $30.561 million for the primary government and $29.995 million for component units. Future minimum lease commitments for noncancellable operating leases and capital leases as of June 30, 2011, 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
2012	$ 20,854	$ 26,239	$ 47,093	$ 2,709	$ 23,625	$ 26,334
2013	17,066	26,329	43,395	2,664	19,992	22,656
2014	12,014	25,025	37,039	2,696	15,681	18,377
2015	7,758	25,157	32,915	2,727	12,900	15,627
2016	4,880	20,582	25,462	2,424	8,873	11,297
2017–2021	8,563	78,743	87,306	12,398	15,500	27,898
2022–2026	623	67,991	68,614	8,655	5,569	14,224
2027–2031	11	56,147	56,158	836	771	1,607
2032–2036	11	1,175	1,186	—	—	—
2037–2041	10	1,175	1,185	—	—	—
2042–2046	10	1,175	1,185	—	—	—
2047–2051	10	686	696	—	—	—
2052–2056	10	—	10	—	—	—
2057–2061	2	—	2	—	—	—
Total Future Minimum Lease Payments	$ 71,822	$ 330,424	$ 402,246	35,109	102,911	138,020
Less Amounts Representing Interest				(9,310)	(11,695)	(21,005)
Present Value of Future Minimum Lease Payments				$ 25,799	$ 91,216	$ 117,015

NOTE 10. LONG-TERM LIABILITIES

A. Changes in Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2011, 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	$ 2,299,300	$ 1,207,025	$ (377,435)	$ 3,128,890	$ 251,130
State Building Ownership Authority Lease Revenue Bonds	236,629	24,555	(40,804)	220,380	15,320
Net Unamortized Premiums	119,694	94,689	(52,380)	162,003	—
Deferred Amounts on Refunding	(7,080)	(29,933)	5,109	(31,904)	—
Capital Leases (Note 9)	27,542	—	(1,743)	25,799	1,529
Contracts/Notes Payable	484	—	(18)	466	20
Compensated Absences (Note 1) *	162,120	101,577	(81,154)	182,543	80,929
Claims	41,897	11,179	(10,345)	42,731	17,428
Pollution Remediation Obligation **	7,690	—	(607)	7,083	711
Net OPEB Obligation (Note 17)	5,693	1,793	(344)	7,142	—
Settlement Obligations ***	39,422	5,950	(6,446)	38,926	11,926
Total Governmental Long-term Liabilities	$ 2,933,391	$ 1,416,835	$ (566,167)	$ 3,784,059	$ 378,993
Business-type Activities					
Student Assistance Revenue Bonds	$ 1,388,922	$ 391,396	$ (561,928)	$ 1,218,390	$ 14,209
State Building Ownership Authority Lease Revenue Bonds	96,476	12,180	(16,211)	92,445	4,284
Water Loan Recapitalization Revenue Bonds	65,800	—	—	65,800	4,595
Net Unamortized Premiums	4,093	26,098	(1,099)	29,092	—
Deferred Amounts on Refunding	(221)	(863)	90	(994)	—
Contracts/Notes Payable	811,354	5,938	(169,450)	647,842	—
Claims and Uninsured Liabilities	19,105	640,567	(643,493)	16,179	12,928
Arbitrage Liability (Note 1)	50,214	—	(38,246)	11,968	—
Total Business-type Long-term Liabilities	$ 2,435,743	$ 1,075,316	$ (1,430,337)	$ 2,080,722	$ 36,016
Component Units					
Revenue Bonds	$ 2,324,371	$ 381,654	$ (352,102)	$ 2,353,923	$ 100,600
Net Unamortized Premiums/(Discounts)	2,773	273	(350)	2,696	(17)
Capital Leases/Contracts Payable (Notes 9 and 10)	76,366	40,993	(20,133)	97,226	22,914
Notes Payable	42,254	38,815	(3,412)	77,657	5,477
Claims	125,433	552,351	(560,155)	117,629	60,968
Leave/Termination Benefits (Note 1)	112,767	61,488	(64,155)	110,100	32,885
Total Component Unit Long-term Liabilities	$ 2,683,964	$ 1,075,574	$ (1,000,307)	$ 2,759,231	$ 222,827

* Compensated absences of governmental activities are liquidated in the General Fund, Education Fund, or Transportation Fund according to the applicable employing state agency. Claims liabilities of governmental activities are liquidated in the Risk Management Internal Service Fund.

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

*** Under the terms of the Final Settlement Agreement, the State agreed to pay $26 million to the Utah Navajo Royalties Holding Fund (private purpose trust fund) plus $7 million in court and legal fees. $1 million of this liability was paid during the fiscal year. The State has additional claims totaling $6.926 million, with some that need approval by the Governor, and approval and funding by the Legislature.

B. **General Obligation Bonds**

The State issues general obligation bonds to provide funds for acquisition, construction, and renovation of major capital facilities and for highway construction. In addition, general obligation bonds have been issued to refund general obligation bonds, revenue bonds, and capitalized leases. General obligation bonds are secured by the full faith and credit of the State. Debt service requirements are provided by legislative appropriation from the State's general tax revenues. As of June 30, 2011, the State had $97.156 million, $42.5 million, and $1.148 billion of authorized but unissued general obligation building, State land acquisition, and highway bond authorizations remaining, respectively.

During fiscal year 2011, the State issued $412.99 million Series 2010 A and $621.98 million Series 2010 B general obligation bonds. The proceeds were used to provide funds for certain highway projects and various other construction projects. In addition, the State issued $172.055 million Series 2010 C general obligation refunding bonds. The proceeds were used to advance refund portions of the 2004 B and 2009 A general obligation bonds.

General obligation bonds payable information is presented below:

General Obligation Bonds Payable
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2011
2002 A Highway/Capital Facility Issue	06/27/02	2003–2011	3.00 % to 5.25 %	$ 281,200	$ 6,325
2002 B Refunding Issue	07/31/02	2004–2012	3.00 % to 5.38 %	$ 253,100	116,620
2003 A Highway/Capital Facility Issue	06/26/03	2005–2013	2.00 % to 5.00 %	$ 407,405	122,975
2004 A Refunding Issue	03/02/04	2010–2016	4.00 % to 5.00 %	$ 314,775	275,465
2004 B Highway/Capital Facility Issue	07/01/04	2005–2015	4.75 % to 5.00 %	$ 140,635	46,000
2007 Highway/Capital Facility Issue	07/03/07	2008–2014	4.00 % to 5.00 %	$ 75,000	47,265
2009 A Highway Issue	03/17/09	2010–2019	2.00 % to 5.00 %	$ 394,360	221,045
2009 B Capital Facility Issue	05/19/09	2010–2015	4.00 %	$ 104,450	104,000
2009 C Highway/Capital Facility Issue	09/29/09	2011–2018	2.00 % to 5.00 %	$ 490,410	490,410
2009 D Highway Issue	09/29/09	2019, 2024	4.15 %, 4.55 %	$ 491,760	491,760
2010 A Highway/Capital Facility Issue	09/30/10	2011–2017	1.75 % to 5.00 %	$ 412,990	412,990
2010 B Highway Issue	09/30/10	2019–2025	3.19 % to 3.54 %	$ 621,980	621,980
2010 C Refunding Issue	10/21/10	2016–2019	4.00 % to 5.00 %	$ 172,055	172,055
Total General Obligation Bonds Outstanding					3,128,890
Plus Unamortized Bond Premium					156,992
Less Deferred Amount on Refunding					(29,768)
Total General Obligation Bonds Payable					$ 3,256,114

(*Notes continue on next page*.)

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

	Principal						
Fiscal Year	**2002A Highway/ Capital Facility**	**2002 B Refunding Bonds**	**2003 A Highway/ Capital Facility**	**2004 A Refunding Bonds**	**2004 B Highway/ Capital Facility**	**2007 Highway/ Capital Facility**	**2009A Highway Bonds**
2012	$ 6,325	$ 56,705	$ 15,100	$ 40,830	$ 30,600	$ 15,030	$ 23,680
2013	—	59,915	52,575	11,245	3,575	10,300	23,680
2014.	—	—	55,300	18,480	3,750	10,720	23,680
2015	—	—	—	73,595	3,950	11,215	23,680
2016	—	—	—	73,910	4,125	—	25,265
2017–2021	—	—	—	57,405	—	—	101,060
2022–2026	—	—	—	—	—	—	—
Total	$ 6,325	$ 116,620	$ 122,975	$ 275,465	$ 46,000	$ 47,265	$ 221,045

Continues Below

	Principal					
Fiscal Year	**2009B Capital Facility Bonds**	**2009C Highway/ Capital Bonds**	**2009D Highway Bonds**	**2010A Highway/ Capital Facility**	**2010B Highway Bonds**	**2010C Refunding Bonds**
2012	$ 19,175	$ 4,085	$ —	$ 39,600	$ —	$ —
2013	19,950	35,225	—	50,245	—	—
2014.	20,775	97,950	—	55,435	—	—
2015	21,600	71,545	—	58,035	—	—
2016	22,500	74,080	—	89,635	—	—
2017–2021	—	207,525	161,860	120,040	131,245	172,055
2022–2026	—	—	329,900	—	490,735	—
Total	$ 104,000	$ 490,410	$ 491,760	$ 412,990	$ 621,980	$ 172,055

Continues Below

Fiscal Year	**Total Principal Required**	**Total Interest Required**	**Total Amount Required**
2012	$ 251,130	$ 125,745	$ 376,875
2013	266,710	114,009	380,719
2014.	286,090	101,375	387,465
2015	263,620	88,820	352,440
2016	289,515	75,115	364,630
2017–2021	951,190	236,180	1,187,370
2022–2026	820,635	54,946	875,581
Total	$ 3,128,890	$ 796,190	$ 3,925,080

C. **Revenue Bonds**

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

Governmental Activities

The Utah State Building Ownership Authority (SBOA) has issued bonds for the purchase and construction of facilities to be leased to state agencies and other organizations. The bonds are secured by the facilities and repayment is made from lease income appropriated by the Legislature and is not considered pledged revenue of the State. The outstanding bonds payable at June 30, 2011 are reported as a long-term liability of the governmental activities, except for $92.738

million and $2.104 million, which are reported in the Alcoholic Beverage Control Fund and the Utah Correctional Industries Fund (nonmajor enterprise funds), respectively. These portions are reported as liabilities of the business-type activities on the government-wide statement of net assets.

Business-type Activities

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

The Student Assistance Programs include $421.611 million of fixed rate bonds and $139.3 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 $409 million and $272.65 million of bonds that are auctioned every 35 days.

The Student Assistance Program's 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 $136.3 million of outstanding student loan revenue bonds which are payable through 2039. 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 $58.212 million and $12.178 million, respectively.

The Student Assistance Program's bonds issued under the 1993 Trust Estate are limited obligations of the Board secured by and payable solely from the Trust Estate established by the Indenture. The bonds were issued to finance eligible student loans. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the bonds and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay $990.205 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 $519.434 million and $30.286 million, respectively.

The Student Assistance Program's bonds issued under the 2010 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 $108 million of outstanding student loan revenue bonds which are payable through 2048. 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 $1.48 million and $823 thousand, respectively.

The State's Water Loan Programs have issued recapitalization revenue bonds to provide additional capital for the State's revolving water resources loan programs. The bonds are secured by and repayments are made from the pledged principal and interest payments (pledged revenues) of specific revolving water resources loan funds. These pledged revenues will not be available for other purposes until the end of fiscal year 2023 when the bonds are completely paid off. Pledged revenues were projected to produce 150 percent of debt service requirements over the life of the bonds. The total principal and interest remaining to be paid on the bonds is $82.679 million. For the current year principal and interest paid and total repayments from pledged revenues were $2.424 million and $10.378 million, respectively. Of the bonds payable outstanding at June 30, 2011, $67.330 million are reported in the Water Loan Program Fund (major enterprise fund). These portions are reported as liabilities of the business-type activities on the government-wide statement of net assets.

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, 2011, is presented below.

(*Table continues on next page*.)

Pledged Revenue — Component Units
(Expressed in Thousands)

	Utah Housing Corporation	University of Utah	Utah State University	Nonmajor Component Units
Type of Revenue Pledged*	D	A, B, C	A, B	A
Amount of Pledged Revenue	$ 2,942,447	$ 675,197	$ 139,056	$ 130,489
Term of Commitment	Thru 2051	Thru 2036	Thru 2035	Thru 2040
Percent of Revenue Pledged	100.00 %	100.00 %	100.00 %	100.00 %
Current Year Pledged Revenue	$ 95,699	$ 127,598	$ 33,879	$ 15,194
Current Year Principal and Interest Paid	$ 369,730	$ 33,972	$ 8,034	$ 9,054

*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.

(*Notes continue on next page.*)

Revenue Bonds Payable — Primary Government
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2011
Governmental Activities					
SBOA Lease Revenue Bonds:					
Series 1992 A	07/15/92	1993–2011	5.30 % to 5.75 %	$ 26,200	$ 2,185
Series 1992 B	07/15/92	1994–2011	4.00 % to 6.00 %	$ 1,380	120
Series 1993 A	12/01/93	1995–2013	4.50 % to 5.25 %	$ 6,230	965
Series 1998 C	08/15/98	2000–2019	3.80 % to 5.50 %	$ 101,557	61,730
Series 2003	12/30/03	2005–2025	2.00 % to 5.00 %	$ 20,820	13,865
Series 2004 A	10/26/04	2005–2027	3.00 % to 5.25 %	$ 32,458	15,959
Series 2009 D	09/09/09	2014–2017	5.00 %	$ 12,125	12,125
Series 2009 E	09/09/09	2018–2030	4.62 % to 5.77 %	$ 89,470	89,470
Series 2010	11/30/10	2011–2024	2.00 % to 5.00 %	$ 24,555	23,961
Total Lease Revenue Bonds Outstanding					220,380
Plus Unamortized Bond Premium					5,011
Less Deferred Amount on Refunding					(2,136)
Total Lease Revenue Bonds Payable					$ 223,255

Continues Below

Revenue Bonds Payable — Primary Government
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2011
Business-type Activities					
Student Assistance Programs:					
1988 Trust Estate					
Student Loan Indentures	1994–2000	2015–2039	Variable	$ 184,500	$ 136,300
1993 Trust Estate					
Student Loan Indentures	1997–2010	2027–2046	Variable and Fixed	$1,365,655	966,065
2010 Trust Estate					
Student Loan Indentures	2010	2010–2048	Variable	$ 158,000	108,000
Office Facility Bond Fund	2002, 2004	2003–2024	4.00 % to 5.25 %	$ 11,780	8,025
Total Revenue Bonds Outstanding					1,218,390
Plus Unamortized Bond Premium					24,171
Total Revenue Bonds Payable					$ 1,242,561
SBOA Lease Revenue Bonds:					
Series 1998 C	08/15/98	2000–2019	3.80 % to 5.50 %	$ 3,543	$ 2,325
Series 2003	12/30/03	2005–2025	2.00 % to 5.00 %	$ 1,905	1,390
Series 2004 A	10/26/04	2005–2025	3.00 % to 5.25 %	$ 13,347	5,531
Series 2006 A	01/10/06	2006–2027	3.50 % to 5.00 %	$ 8,355	7,170
Series 2007 A	07/10/07	2009–2028	4.25 % to 5.00 %	$ 15,380	14,020
Series 2009 A	03/25/09	2011–2030	3.00 % to 5.00 %	$ 25,505	24,675
Series 2009 B	09/09/09	2012–2019	3.00 % to 5.00 %	$ 8,455	8,445
Series 2009 C	09/09/09	2024, 2029	5.29 %, 5.77 %	$ 16,715	16,715
Series 2010	11/30/10	2011–2024	2.00 % to 5.00 %	$ 12,180	12,174
Total Lease Revenue Bonds Outstanding					92,445
Plus Unamortized Bond Premium					3,391
Less Deferred Amount on Refunding					(994)
Total Lease Revenue Bonds Payable					$ 94,842

Continues Below

Revenue Bonds Payable — Primary Government
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2011
		Business-type Activities			
Water Loan Programs:					
Series 2010 A Revolving Loan Recapitalization Revenue Bonds.....	02/23/10	2011–2014	1.15 % to 2.57 %	$ 18,450	$ 18,450
Series 2010 B Revolving Loan Recapitalization Revenue Bonds.....	02/23/10	2014–2017	2.25 % to 5.00 %	$ 16,125	16,125
Series 2010 C Revolving Loan Recapitalization Revenue Bonds.....	02/23/10	2018–2022	4.19 % to 4.79 %	$ 31,225	31,225
Total Recapitalization Revenue Bonds Outstanding.....					65,800
Plus Unamortized Bond Premium.....					1,530
Total Recapitalization Revenue Bonds Payable.....					$ 67,330
Total Revenue/Lease Revenue/ Recapitalization Revenue Bonds Payable.....					$ 1,627,988

(*Notes continue on next page.*)

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

	Principal							
Fiscal Year	**1988 Trust Estate Student Loan Indentures**	**1993 Trust Estate Student Loan Indentures**	**2010 Trust Estate Student Loan Indentures**	**Office Facility Bond Fund**	**1992 A Utah State Building Ownership Authority**	**1992 B Utah State Building Ownership Authority**	**1993 A Utah State Building Ownership Authority**	**1998 C Utah State Building Ownership Authority**
2012	$ —	$ 9,800	$ —	$ 535	$ 2,185	$ 120	$ 470	$ 8,345
2013	—	15,465	—	555	—	—	495	8,805
2014	—	19,450	—	585	—	—	—	9,290
2015	31,300	20,500	—	610	—	—	—	8,850
2016	—	29,800	—	640	—	—	—	9,230
2017–2021	—	174,900	—	3,705	—	—	—	19,535
2022–2026	20,500	69,000	—	1,395	—	—	—	—
2027–2031	—	90,300	—	—	—	—	—	—
2032–2036	49,500	153,950	—	—	—	—	—	—
2037–2041	35,000	284,500	—	—	—	—	—	—
2042–2046	—	98,400	—	—	—	—	—	—
2047–2051	—	—	108,000	—	—	—	—	—
Total	$ 136,300	$ 966,065	$ 108,000	$ 8,025	$ 2,185	$ 120	$ 965	$ 64,055

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**	**2009 A Utah State Building Ownership Authority**	**2009 B Utah State Building Ownership Authority**	**2009C Utah State Building Ownership Authority**	**2009D Utah State Building Ownership Authority**
2012	$ 1,375	$ 2,665	$ 325	$ 565	$ 875	$ 900	$ —	$ —
2013	1,440	2,795	335	585	900	925	—	—
2014	835	2,945	350	610	925	975	—	1,300
2015	875	1,910	365	645	950	1,020	—	3,425
2016	900	2,010	380	665	975	1,075	—	3,605
2017–2021	5,115	5,375	2,140	3,820	5,650	3,550	2,675	3,795
2022–2026	4,715	3,080	2,670	4,840	7,200	—	8,040	—
2027–2031	—	710	605	2,290	7,200	—	6,000	—
2032–2036	—	—	—	—	—	—	—	—
2037–2041	—	—	—	—	—	—	—	—
2042–2046	—	—	—	—	—	—	—	—
2047–2051	—	—	—	—	—	—	—	—
Total	$ 15,255	$ 21,490	$ 7,170	$ 14,020	$ 24,675	$ 8,445	$ 16,715	$ 12,125

Continues Below

(*Table continues on next page*.)

	Principal				
Fiscal Year	**2009 E Utah State Building Ownership Authority**	**2010 Utah State Building Ownership Authority**	**2010 A Revolving Loan Recap Program**	**2010 B Revolving Loan Recap Program**	**2010 C Revolving Loan Recap Program**
2012	$ —	$ 1,480	$ 4,595	$ —	$ —
2013	—	1,545	4,660	—	—
2014	—	1,620	4,745	—	—
2015	—	2,880	4,450	410	—
2016	—	3,030	—	5,025	—
2017–2021	14,860	16,155	—	10,690	17,880
2022–2026	31,570	9,425	—	—	13,345
2027–2031	43,040	—	—	—	—
2032–2036	—	—	—	—	—
2037–2041	—	—	—	—	—
2042–2046	—	—	—	—	—
2047–2051	—	—	—	—	—
Total	$ 89,470	$ 36,135	$ 18,450	$ 16,125	$ 31,225

Continues Below

Fiscal Year	**Total Principal Required**	**Interest Required**	**Total Amount Required**
2012	$ 34,235	$ 40,011	$ 74,246
2013	38,505	38,587	77,092
2014	43,630	36,906	80,536
2015	78,190	34,577	112,767
2016	57,335	31,202	88,537
2017–2021	289,845	111,941	401,786
2022–2026	175,780	57,214	232,994
2027–2031	150,145	22,796	172,941
2032–2036	203,450	9,010	212,460
2037–2041	319,500	6,481	325,981
2042–2046	98,400	6,426	104,826
2047–2051	108,000	2,999	110,999
Total	$ 1,597,015	$ 398,150	$ 1,995,165

(*Notes continue on next page*.)

Revenue Bonds Payable — Component Units
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2011
Utah Housing Corporation Issues	1995–2011	2016–2051	Variable and 0.60 % to 8.00 %	$ 3,172,288	$ 1,688,797
University of Utah Revenue Bonds	1987–2011	2014–2036	Variable and 1.75 % to 6.75 %	$ 644,295	470,829
Utah State University Revenue Bonds	2002–2010	2002–2035	1.90 % to 5.25 %	$ 115,860	91,117
Nonmajor Component Units Revenue Bonds	2001–2010	2011–2040	1.65 % to 6.00 %	$ 120,887	103,180
Total Revenue Bonds Outstanding					2,353,923
Colleges and Universities Plus Unamortized Bond Premium					2,696
Total Revenue Bonds Payable					$ 2,356,619

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
2012	$ 73,848	$ 16,560	$ 4,617	$ 5,575	$ 100,600	$ 100,932	$ 201,532
2013	21,239	20,840	4,780	4,745	51,604	100,055	151,659
2014	23,516	21,265	4,972	5,290	55,043	97,057	152,100
2015	24,573	20,666	5,130	5,500	55,869	94,680	150,549
2016	26,648	21,488	4,813	5,380	58,329	154,555	212,884
2017–2021	179,251	117,841	19,025	23,315	339,432	392,964	732,396
2022–2026	268,297	120,926	18,530	19,190	426,943	299,573	726,516
2027–2031	340,113	110,688	18,110	19,325	488,236	204,280	692,516
2032–2036	393,544	20,555	11,140	11,985	437,224	110,041	547,265
2037–2041	225,296	—	—	2,875	228,171	33,246	261,417
2042–2046	60,916	—	—	—	60,916	7,230	68,146
2047–2051	29,115	—	—	—	29,115	1,779	30,894
2052–2056	22,441	—	—	—	22,441	25	22,466
Total	$ 1,688,797	$ 470,829	$ 91,117	$ 103,180	$ 2,353,923	$ 1,596,417	$ 3,950,340

D. **Conduit Debt Obligations**

Of the Utah Housing Corporation (major component unit) bonds outstanding, $374.969 million were issued as multi-family purchase bonds. Of those bonds, $352.959 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 (major 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, 2011, is $4 million.

The State Charter School Finance Authority (non-major 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, 2011, is $216.086 million in tax-exempt and $1.13 million in taxable conduit debt.

E. **Demand Bonds**

- The Student Assistance Programs had $31.3 million of demand bonds outstanding at June 30, 2011, 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 sufficient to pay the purchase price of bonds delivered to it. The Board pays quarterly fees to maintain the standby bond purchase agreements on the demand bonds.

  The Student Assistance Programs have a standby bond purchase agreement of $33.581 million expiring November 16, 2025 to support the Series 1995 L bonds of $31.3 million. The outstanding amount drawn at June 30, 2011 was $31.3 million.

  Under the terms of the liquidity facility, the interest on the 1988 Revenue Bond Fund bonds held in the liquidity facility are paid at the Bank Rate which is defined as the greater of the Federal Funds Rate plus 0.5 percent per annum, or the Prime Rate. The Bank Rate on the bonds increases by 1.25 percent if the bonds remain in the liquidity facility for more than 90 days. The Bank Rate for the year ended June 30, 2011 was 4.5 percent. The bonds are redeemable in semi-annual installments from available funds, provided that all of the unpaid principal amount of Bank Bonds shall be redeemed by the seventh anniversary of the Bank Purchase Date.

  As of June 30, 2011, there were insufficient clearing bids on all of the Student Assistance Program's 1988 Revenue Bond Fund bonds in which interest rates are set by auction procedure (ARCs). Interest on these bonds will be calculated at the maximum rate. In general, the Maximum Auction Rate means, for any taxable bond, a per annum interest rate on the ARCs which would result in the average interest rate on the ARCs not being in excess of, the lesser of the 91 day United States Treasury Bill Rate plus 1.2 percent or LIBOR plus 1.5 percent. For a tax exempt bond the Maximum Auction Rate means a per annum interest rate on the ARCs which would result in the average interest rate on the ARCs not being in excess of, the lesser of the After Tax Equivalent Rate plus 175 percent or the Kenny Index. The Maximum Auction Rate for the year ended June 30, 2011 ranged between 0 percent and 12.41 percent.

  As of June 30, 2011, there were insufficient clearing bids on all of the Student Assistance Program's 1993 Revenue Bond Fund bonds in which interest rates are set by auction procedure (ARCs). Interest on these bonds will be calculated at the maximum rate. In general, the Maximum Auction Rate means, for any taxable bond, a per annum interest rate on the ARCs which would result in the average interest rate on the ARCs not being in excess of, the lesser of the 91 day United States Treasury Bill Rate plus 1.2 percent or LIBOR plus 1.5 percent. For a tax exempt bond the Maximum Auction Rate means a per annum interest rate on the ARCs which would result in the average interest rate on the ARCs not being in excess of, the lesser of the After Tax Equivalent Rate plus 175 percent or the Kenny Index. The Maximum Auction Rate for the year ended June 30, 2011 ranged between 0 percent and 14.51 percent.

- The Utah Housing Corporation (major component unit) had $796.63 million of bonds outstanding at June 30, 2011, subject to purchase on the demand of the holder at a price equal to principal plus accrued interest, on delivery to the remarketing agent.

  In the event the variable rate bonds cannot be remarketed, the Corporation has entered into various irrevocable Standby Bond Purchase Agreements (Liquidity Facility) originally totaling $790.395 million and an outstanding commitment of $708.235 million. These Agreements provide funds to purchase the variable rate bonds that have been tendered and not remarketed. These liquidity providers receive a fee ranging from 12.5 to 80 basis points of the outstanding amount of the variable rate bonds paid on a quarterly basis. As of June 30, 2011, none of the original commitments were available for replacement of existing liquidity facilities or to issue new variable rate bonds.

- The University of Utah (major component unit) Series 1997 A bonds in the amount of $4 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, 2013. Through June 30, 2011, no funds have been drawn against the agreement. The interest requirement for the Series 1997 A Bonds is calculated using

an interest rate of 0.09 percent, which is the rate in effect as of June 30, 2011.

F. Defeased Bonds and Bond Refunding

The State issued on October 21, 2010, $172.055 million General Obligation Refunding Bonds Series 2010 C to advance refund $18.725 million and $149.650 million of Series 2004 B and 2009 A General Obligation Bonds, respectively. The principal amount of the refunding bonds and $35.537 million of original issue premium were paid to an escrow agent to be placed in an irrevocable trust account to provide for the debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Statement of Net Assets.

The advance refunding transaction resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $28.201 million. This difference, reported in the Statement of Net Assets as a deduction from bonds payable, is being charged to operations through fiscal year 2020, using the bonds outstanding method, which approximates the effective interest method. The refunding reduced the State's aggregate debt service payments by $28.733 million over 8 years and resulted in an economic gain (difference between the present values of the old and new debt service payments) of $14.159 million.

On November 30, 2010, the Utah State Building Ownership Authority issued $36.735 million of Lease Revenue Refunding Bonds Series 2010 to advance refund $5.35 million, $18.545 million, and $14.84 million of Series 2001 A, 2001 B, and 2004 A Lease Revenue Bonds, respectively. The principal amount of the refunding bonds and $5.782 million of original issue premium were paid to an escrow agent to be placed in an irrevocable trust account to provide for the debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Statement of Net Assets.

The advance refunding transaction resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $2.594 million. This difference, reported in the Statement of Net Assets as a deduction from bonds payable, is being charged to operations through fiscal year 2024, using the bonds outstanding method, which approximates the effective interest method. The refunding reduced the State's aggregate debt service payments by $4.121 million over 13 years and resulted in an economic gain (difference between the present values of the old and new debt service payments) of $2.946 million.

In prior years, the State defeased certain general obligation and revenue bonds by placing the proceeds of new bonds and other monies available for debt service in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Statement of Net Assets. At June 30, 2011, the total amount outstanding of defeased general obligation bonds was $354.86 million. At June 30, 2011, the total amount outstanding of defeased revenue bonds was $89.19 million.

On December 30, 2010, in the 1993 Trust Estate, the Student Assistance Programs issued $415.536 million of fixed rate Series 2010EE student loan revenue bonds at a premium for the purpose of refunding certain outstanding student loan revenue bonds in the 1988 and 1993 Trust Estates. The Board used proceeds from the financing to refund the 1988 C for $850 thousand and the Series 2005 W and X for $142.808 million. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $910 thousand. This difference reported as deferred bond issuance costs, will be amortized through October 2030 using the straight line method. The Board also used proceeds from the financing to refund the Series 1993 A for $35 million; Series 1998 G for $49.5 million; Series 2004 Z for $83.1 million; Series 2005 AA for $30.250 million; Series 2006 BB for $98.675 million; Series 2006 CC for $4.825 million; and Series 2006 DD for $30.025 million. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $1.933 million. The difference, reported as deferred bond issuance costs, will be amortized through October 2030 using the straight-line method.

The Program completed the refunding to manage its interest costs. The fixed rate Series 2010 EE bonds were made synthetic variable rate bonds through the issuance of a derivative instrument with an interest rate of LIBOR plus 1.65 percent. The range of potential savings from the refunding will vary depending on the actual interest costs incurred over the life of the Series 2010 EE bonds. Based upon a minimum rate of 1.65 percent, the Program would have an increase in cash outflow of $12.6 million with an economic loss (the difference between the present values of the old debt and new debt service payments) of $136.8 million. At the maximum rate of 25 percent, the Program would have a decrease in cash outflow of $1.02 billion with an economic loss of $188.2 million.

During fiscal year 2011, the University of Utah (major component unit) issued the Hospital Refunding Bonds Series 2011A in the amount of $20.145 million for the purpose of refunding the variable rate Hospital Revenue Refunding Bonds Series 2008. This refunding reduced the debt retirement period by five years but resulted in an addition to the University's aggregate debt service payments of $6.011 million and a present value economic loss of approximately $10.682 million.

During fiscal year 2011, Utah State University (major component unit) issued the Research Revenue Bonds Series 2010 in the amount of $11.7 million and a portion of the proceeds were used to refund a portion of the Research Revenue Bonds Series 2002A. This refunding resulted in an increase of $1.073 million in the net carrying amount of the refunded debt, a reduction in the future debt service payments of $619 thousand, and an economic gain of $576 thousand.

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, 2011, $94.654 million of college and university bonds outstanding are considered defeased.

G. Contracts Payable

Component unit capital leases/contracts payable include $6.012 million in life annuity contracts.

H. **Notes Payable**

In March 2009, the Student Assistance Programs began participating in the U.S. Department of Education (ED) Loan Participation Purchase Program, which was created under the "Ensuring Continued Access to Student Loans Act of 2008" (Pub. L. No. 110-227). The Loan Participation Purchase Program was created to assist lenders in obtaining financing for student loans during the 2009–2010 and 2010–2011 academic years. Under the Loan Participation Purchase Program, ED may purchase a 100 percent participation interest in student loans disbursed after May 1, 2009. ED advances to the lender a line of credit equal to the principal amount of the student loan. The pledged loans are serviced internally by the Loan Participation Purchase Program and administered by a custodian. On September 24, 2010, the outstanding line of credit in the amount of $69.887 million was paid in full.

On June 28, 2010, the Utah State Board of Regents Student Loan Purchase Program (Student Assistance Programs) entered into a long-term asset-backed commercial paper conduit funding note for the purpose of refunding certain outstanding student loan revenue bonds. In accordance with the financing agreement, the Board has pledged cash, cash equivalents, student loan receivable principal, accrued interest, interest subsidy and special allowance. In accordance with the financing agreement, the Board pledged cash and student loan receivable principal and accrued interest totaling $683.724 million at June 30, 2011. The Conduit Financing costs on the note are determined weekly by the Conduit lender and based on LIBOR plus other fees, costs and expenses of the Conduit lender. The weighted average cost of capital for the period ended June 30, 2011 was .72 percent, which included .26 percent of interest cost, .42 percent of liquidity fees and .04 percent of other administrative expenses. Debt service requirements to maturity on the Conduit as of June 30, 2011 are as follows: fiscal year 2012 has no principal amount but interest of $1.143 million due; fiscal year 2013 has no principal amount but interest of $1.143 million due; and fiscal year 2014 has principal of $647.842 million and interest of $619 thousand due, respectively.

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 20 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	**University of Utah**	**Utah State University**	**Nonmajor Component Units**	**Total Principal Required**	**Interest Required**	**Total Amount Required**
2012	$ 2,083	$ 2,149	$ 1,245	$ 5,477	$ 3,923	$ 9,400
2013	2,213	2,255	792	5,260	3,635	8,895
2014	2,350	2,034	393	4,777	3,387	8,164
2015	2,499	1,976	393	4,868	3,137	8,005
2016	2,659	2,060	503	5,222	2,875	8,097
2017–2021	14,355	9,551	4,344	28,250	10,539	38,789
2022–2026	12,486	3,380	926	16,792	4,073	20,865
2027–2031	6,794	—	217	7,011	487	7,498
Total	$ 45,439	$ 23,405	$ 8,813	$ 77,657	$ 32,056	$ 109,713

(*Notes continue on next page.*)

I. Debt Service Requirements for Derivatives

Business-type Activities

As explained in Note 3.D., the Student Assistance Program (major proprietary fund) Board had issued on December 30, 2010 the Series 2010 EE bonds for the purpose of refinancing certain outstanding bonds in the 1988 and 1993 indentures. As part of this issuance, the Board entered into an interest rate exchange (swap) agreement relating to the Board's student loan revenue bonds. The projected net cash flows of the swap agreement are summarized below. The principal, interest, and net swap interest are included in the debt service schedule presented on page 104 for the Student Assistance Program.

Student Assistance Program
Swap Payments and Associated Debt
For Fiscal Years Ending June 30
(Expressed in Thousands)

Fiscal	Counterparty Swap Payment			Interest Payments to	Total
Year	To	From	Net	Bondholders	Payments
2012	$ (6,900)	$ 16,984	$ 10,084	$ (16,984)	$ (6,900)
2013	(6,900)	16,984	10,084	(16,984)	(6,900)
2014	(6,654)	16,465	9,811	(16,465)	(6,654)
2015	(6,272)	15,659	9,387	(15,659)	(6,272)
2016	(5,767)	14,591	8,824	(14,591)	(5,767)
2017–2021	(18,302)	48,019	29,717	(48,019)	(18,302)
2022–2026	(6,984)	18,430	11,446	(18,430)	(6,984)
2027–2031	(1,812)	4,782	2,970	(4,782)	(1,812)
Total	$ (59,591)	$ 151,914	$ 92,323	$ (151,914)	$ (59,591)

Discrete Component Units

As explained in Note 3.D., Utah Housing Corporation (major component unit) had entered into 74 separate pay-fixed, receive-variable interest rate swaps as of June 30, 2011. Using rates as of June 30, 2011, 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 106 for Utah Housing Corporation.

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

Fiscal	Variable Rate Bonds		Interest Rate	
Year	Principal	Interest	Swaps – Net	Total
2012	$ 24,560	$ 618	$ 32,367	$ 57,545
2013	1,485	592	32,234	34,311
2014	2,220	590	32,144	34,954
2015	3,135	588	32,016	35,739
2016	4,400	586	31,840	36,826
2017–2021	61,055	2,824	153,064	216,943
2022–2026	106,305	2,464	133,049	241,818
2027–2031	187,020	1,870	99,441	288,331
2032–2036	224,145	950	48,131	273,226
2037–2041	93,910	151	6,758	100,819
Total	$ 708,235	$ 11,233	$ 601,044	$ 1,320,512

NOTE 11. GOVERNMENTAL FUND BALANCES, BUDGET STABILIZATION ACCOUNTS, AND NET ASSETS RESTRICTED BY ENABLING LEGISLATION

A. Governmental Fund Balances – Restricted, Committed and Assigned

The State's fund balances represent: (**1**) **Restricted Purposes,** which include balances that are legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; (**2**) **Committed Purposes**, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislature; **(3) Assigned Purposes**, which includes balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. A summary of the nature and purpose of these reserves by fund type at June 30, 2011, follows:

Governmental Fund Balances
(Expressed in Thousands)

	Restricted Purposes	Committed Purposes	Assigned Purposes
General Fund:			
Government Operations:			
Legislature	$ —	$ 5,376	$ —
Governor	650	21,990	—
Elected Officials	1	26,841	—
Administrative Services	200	9,438	—
Revenue Assessments and Collections	—	11,627	—
Human Services	—	12,407	—
Corrections	—	20,220	—
Public Safety	11,702	44,692	—
Courts	—	12,029	—
Health	170	13,754	—
Environmental Quality	1	6,503	—
Higher Education	—	725	—
Employment and Family Services	—	15,075	—
Natural Resources	16,222	38,851	—
Community and Culture	6	4,156	—
Business, Labor, and Agriculture	1	29,072	—
Budget Reserve (Rainy Day) Account	—	122,541	—
Industrial Assistance	—	35,696	—
Postemployment and Other Liabilities	—	—	155,443
Fiscal Year 2012 Appropriations:			
Line Item Appropriations	—	—	56,559
Other Purposes	2,570	14,547	—
Total	$ 31,523	$ 445,540	$ 212,002
Education Fund:			
Minimum School Program	$ 30,835	$ —	$ —
State Office of Education	41,844	—	—
School Building Program	15,984	—	—
School Land Interest	26,491	—	—
Education Budget Reserve Account	109,986	—	—
Postemployment and Other Liabilities	166,741	—	—
Fiscal Year 2012 Appropriations:			
Line Item Appropriations	47,572	—	—
Available for Appropriation	59,634	—	—
Other	1,347	—	—
Total	$ 500,434	$ 0	$ 0
Transportation Fund:			
Transportation – Construction/Maintenance	$ 82,325	$ 34,430	$ 1,634
Public Safety	11,378	—	—
Corridor Preservation	40,517	—	—
Aeronautical Programs	6,368	—	—
Postemployment and Other Liabilities	44,226	4,007	—
Total	$ 184,814	$ 38,437	$ 1,634

Continues Below

Governmental Fund Balances
(Expressed in Thousands)

	Restricted Purposes	Committed Purposes	Assigned Purposes
Transportation Investment Fund:			
Critical Highway Needs Program	$ 350,362	$ 133,981	$ —
Transportation Investment Projects	48,092	—	—
Centennial Highway Program	15,297	29,391	—
Other Liabilities	—	11,279	—
Total	$ 413,751	$ 174,651	$ 0
Non-major Governmental Funds:			
Capital Projects	$ 61,260	$ —	$ 163,754
Debt Service	2,880	—	9,318
State Endowment Fund	—	120,959	—
Environmental Reclamation	18,181	3,411	—
Rural Development	—	40,149	—
Other Purposes	10,271	12,671	31
Total	$ 92,592	$ 177,190	$ 173,103

B. **Budget Stabilization Accounts**

In accordance with Sections 63J–1–312 and 313 of the *Utah Code*, the State maintains the General Fund Budget Reserve Account in the General Fund (the "Rainy Day Fund") and an Education Fund Budget Reserve Account in the Education Fund (the "Education Reserve"). These stabilization balances can only be used to cover budget shortfalls when appropriated by the Legislature. State law requires 25 percent of any revenue surplus in the General Fund to be deposited in the Rainy Day Fund and 25 percent of any revenue surplus in the Education Fund to be deposited in the Education Reserve, in each case up to a statutory limit. State law limits the totals of the Rainy Day Fund and Education Reserve to 6 percent and 7 percent of appropriations from the General Fund and Education Fund, respectively, for the fiscal year in which the surplus occurred.

Historically, resources from the Rainy Day Fund or Education Reserve have only been expended during recessionary periods to cover overall budget shortfalls after other budgetary measures have been exhausted. Section 63J–1–217 of the *Utah Code* requires the State to maintain a balanced budget. If a revenue shortfall is expected, the Governor is required to direct state agencies to reduce commitments and expenditures by an amount proportionate to any revenue shortfall until the Legislature takes action to rectify the deficit. The Rainy Day Fund and the Education Reserve ended the year with balances of $122.5 million and $109.9 million, respectively. For the fiscal year ended June 30, 2011, $23.5 million was transferred into the Rainy Day Fund and $5 million was transferred into the Education Reserve as a result of a revenue surplus.

C. **Net Assets Restricted by Enabling Legislation**

The State's net assets restricted by enabling legislation represent resources which a party external to a government—such as citizens, public interest groups, or the judiciary—can compel the government to use only for the purpose specified by the legislation. The government-wide Statement of Net Assets reports $3.65 billion of restricted net assets, of which $7.3 million is restricted by enabling legislation.

(*Notes continue on next page*.)

NOTE 12. DEFICIT NET ASSETS AND FUND BALANCE

Funds reporting a deficit total net assets position at June 30, 2011, are (in thousands):

Private Purpose Trust Funds:	
Employers' Reinsurance	$ (64,545)
Petroleum Storage Tank	$ (16,842)

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, 2011, are (in thousands):

Internal Service Funds:	
General Services	$ (37)
Fleet Operations	$ (17,773)

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

NOTE 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, 2011, are as follows (in thousands):

	Transfers In:					
	Governmental Funds					
Transfers Out:	**General Fund**	**Education Fund**	**Transportation Fund**	**Transportation Investment Fund**	**Trust Lands Fund**	**Nonmajor Governmental Funds**
General Fund	$ —	$ 7,261	$ 56,825	$ —	$ 46	$ 202,505
Education Fund	256,031	—	—	—	—	47,432
Transportation Fund	43,964	—	—	78,397	—	22,980
Transportation Investment Fund	—	—	57,272	—	—	227,008
Nonmajor Governmental Funds	53,173	—	—	20	—	648
Unemployment Compensation	1,134	—	—	—	—	—
Water Loan Programs	4,042	—	—	—	—	—
Nonmajor Enterprise Funds	65,054	—	—	—	1,526	—
Internal Service Funds	280	—	—	—	—	—
Total Transfers In	$ 423,678	$ 7,261	$ 114,097	$ 78,417	$ 1,572	$ 500,573

Continues Below

	Transfers In:			
	Enterprise Funds			
	Community Impact Loan Fund	Nonmajor Enterprise Funds	Internal Service Funds	Total Transfers Out
Transfers Out:				
General Fund	$ 18,881	$ 5,444	$ 20	$ 290,982
Education Fund	—	—	—	303,463
Transportation Fund	—	—	—	145,341
Transportation Investment Fund	—	—	—	284,280
Nonmajor Governmental Funds	—	—	—	53,841
Unemployment Compensation	—	—	—	1,134
Water Loan Programs	—	—	—	4,042
Nonmajor Enterprise Funds	—	—	—	66,580
Internal Service Funds	—	—	19	299
Total Transfers In	$ 18,881	$ 5,444	$ 39	$ 1,149,962

Transfers from major governmental funds to nonmajor governmental funds are primarily for debt service expenditures and capital facility construction. Transfers from the General Fund to the Community Impact Loan Fund (major enterprise fund) are primarily mineral lease royalties used to make loans and grants to local governments. Transfers from nonmajor enterprise funds to the General Fund are mostly liquor profits from the Alcoholic Beverage Control Fund that are required by statute to be deposited in the General Fund. All other transfers are made to finance various programs as authorized by the Legislature.

During fiscal year 2011, the Legislature authorized transfers of $280 thousand from the Internal Service Funds to the General Fund to subsidize general fund revenues. A transfer of capital assets of $141 thousand from the Internal Service Funds to general government capital assets is not reflected in the above schedule of transfers. In addition, the Legislature authorized payments of $707 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.

- 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 $83.282 million plus attorneys' fees and interest and other cases where the amount of potential loss is undeterminable. Some portions of the amounts sought have been paid by the State or placed in escrow.

B. Contingencies

- The State receives a significant amount of funding from the federal government. Funds flowing from the federal government to the State are subject to changes to federal laws and appropriations. Based on the reported financial position of the federal government, including disclosures concerning fiscal sustainability, it is at least reasonably possible that events will occur in the near term that will significantly affect the flow of federal funds to the State. The State is taking action to identify and address the impact a significant reduction of federal funds will have on the programs and operations of the State including requiring contingency plans from state agencies.

- Financial and compliance audits (Single Audit) of federal grants, contracts, and agreements were conducted under the provisions of the Federal Office of Management and Budget's circulars. As a result of the audits, identified questioned costs are immaterial. In addition, program compliance audits by the federal government are conducted periodically; however, an estimate of any potential disallowances on these audits and findings on other audits on noncompliance cannot be estimated as to the potential liability. The Single Audit for the fiscal year ended June 30, 2011, will be available in November 2011.

- The Board of directors for the Utah Capital Investment

Corporation (an independent quasi-public nonprofit corporation) has been authorized to issue and use up to $300 million in contingent tax credit certificates to mobilize private investment and enhance the venture capital culture and infrastructure within the State. The certificates are structured so that no more than $20 million of contingent tax credits for each $100 million increment of contingent tax liability may be redeemable in any fiscal year. Under certain circumstances, the holder of a certificate is entitled to a refundable tax credit against tax liabilities imposed by Title 59, Chapter 7 Corporate Franchise and Income taxes, or Title 59, Chapter 10, Individual Income Tax Act.

- Management's estimated liability for the Petroleum Storage Tank Trust (private purpose trust fund) is highly sensitive to change based on the short period of historical data and the uncertainty in estimating costs. Since it is not possible to determine the occurrence date of a leak in an underground storage tank, it is not possible to estimate the number or the associated costs of leaks that have not been detected.

- The State is self-insured for liability claims up to $1 million and beyond the excess insurance policy limit of $10 million. The State is self-insured for individual property and casualty claims up to $1 million and up to $3.5 million in aggregate claims and beyond the excess insurance policy limit of $700 million per occurrence. According to an actuarial study and other known factors, $42.731 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 $2.526 billion principal amount of Guarantied Bonds outstanding at June 30, 2011. 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 $35.735 million from tobacco companies in fiscal year 2011 and expects to receive approximately $37.331 million in fiscal year 2012. 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, 2011, the Industrial Assistance Program of the General Fund had grant commitments of $11.628 million, contingent on participating companies meeting certain performance criteria.

- At June 30, 2011, the Economic Development Tax Increment Financing Incentive program (EDTIF) had long-term contract commitments for General Fund cash rebates of $108.031 million and Education Fund tax credits of $201.708 million. These cash rebates and tax credits are contingent on participating companies meeting certain economic development performance criteria.

- At June 30, 2011, the Motion Picture Incentive Program had $5.958 million in commitments for Education Fund tax credits, contingent on participating motion picture companies meeting certain within-the-state production criteria.

- Utah Retirement Systems (defined benefit pension plans and defined contribution plans) has at its yearend December 31, 2010, committed to fund certain private equity partnerships and real estate projects for an amount of $6.654 billion. Funding of $4.553 billion has been provided, leaving an unfunded commitment of $2.101 billion as of December 31, 2010, which will be funded over the next five years.

- As of June 30, 2011, 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 $31.075 million.

  The Utah Housing Corporation (major component unit) has one Revolving Credit Note in the amount of $3 million maturing on March 26, 2012. At June 30, 2011, the outstanding balance on this Revolving Credit Note was $2.098 million. The Revolving Credit Note bears interest at a calculated LIBOR rate advance with a minimum rate of 5.25 percent. The Revolving Credit Note balance initially consisted of three separate loans, as of June 30, 2011 two loans remained outstanding. The first loan, dated April 1, 2009 for $500 thousand with an interest rate of 5.25 percent was paid off during the year ended June 30, 2011. The second loan, dated June 26, 2008 for $450 thousand with an interest rate of 5.25 percent at June 30, 2011 was paid off subsequent to yearend. The third loan is dated November 24, 2008 for $1.648 million with an interest rate of 5.25 percent at June 30, 2011 was also paid off subsequent to yearend. The remaining two loans were due during the year ended June 30, 2012.

On July 15, 2010, the Corporation entered into a revolving credit agreement with a $150 million line of credit for the acquisition and financing of mortgage loans. This revolving credit agreement matured on July 14, 2011, but was renewed and extended through July 14, 2012. No balance was outstanding as of June 30, 2011. Interest paid on amounts drawn ranged from 0.853 – 1.125 percent was calculated at one month LIBOR plus 0.6 percent; with the one month LIBOR rate not to be less than 0.25 percent.

- At June 30, 2011, the enterprise funds had loan commitments of approximately $192.385 million and grant commitments of approximately $45.026 million.

- At June 30, 2011, the Utah Higher Education Assistance Authority Student Loan Guarantee Program (Student Assistance Programs, major enterprise fund) had guaranteed student loans outstanding with a current principal and interest balance of $1.804 billion.

  On March 30, 2010, the President signed into law H.R. 4872 – Health Care and Education Reconciliation Act of 2010, which terminated new loan originations in the Federal Family Education Loan Program (FFELP) on June 30, 2010. As of July 1, 2010, the Program does not originate or disburse student loans under FFELP.

  The Program sold eligible student loans to U.S. Department of Education (ED) under a Master Loan Sales Agreement as authorized by the "Ensuring Continued Access to Student Loans Act of 2008" (Pub. L. No. 110-227). Under this agreement, the Program may sell student loans to ED for a purchase price equal to the principal and accrued interest, reimbursement of the 1 percent lender origination fee, and payment of a $75 administrative fee per loan. At the date of sale, the ownership and servicing of the loans transfers to ED. During the fiscal year ended June 30, 2011, the Program sold loans to ED with a principal and accrued interest balance of $88.532 million and received $871 thousand for reimbursement of the 1 percent origination fee and $1.939 million for administrative cost reimbursement.

- At June 30, 2011, the Permanent Trust Lands Fund (permanent fund) had real estate commitments of $75 million, of which $52.451 million have been called, leaving a remaining commitment of $22.549 million.

- At June 30, 2011, the Utah Department of Transportation had construction and other contract commitments of $1.269 billion, of which $1.01 billion is for projects within the Transportation Investment Fund (major special revenue fund) and $259 million is for Transportation Fund (major special revenue fund) projects. These commitments will be funded with bonded debt and future appropriations.

- Under the terms of various limited partnership agreements approved by the Board of Trustees or by the University of Utah (major component unit) officers, the University is obligated to make periodic payments for advance commitments to venture capital and private equity investments. As of June 30, 2011, the University had committed, but not paid, a total of $20.138 million in funding for these alternative investments.

- Under the terms of various limited partnership agreements approved by the Board of Trustees or by the Utah State University (major component unit) officers, the University is obligated to make periodic payments for advance commitments to venture capital, natural resource, and private equity investments. As of June 30, 2011, the University had committed, but not paid, a total of $6.05 million in funding for these alternative investments.

NOTE 15. JOINT VENTURE

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

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

In fiscal year 1998 the State provided startup capital of $185 thousand. UCAN also may receive legal counsel from the Attorney General's Office at no cost. Contracts with state agencies are estimated to provide over 30 percent of UCAN's operating revenues.

UCAN had $4.05 million of revenue bonds outstanding at June 30, 2011. UCAN's debt is not a legal obligation of the State; however, if UCAN cannot meet its debt service requirements, state law allows the Governor to request an appropriation to restore the debt service reserve fund to its required level or to meet any principal or interest payment deficiency. The Legislature is not required to make any such appropriation, but if made, UCAN must repay the State within 18 months. To date, UCAN has never requested any such funding from the State and has had sufficient resources to cover its debt service and debt service reserve requirements.

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

The Utah Education Network (UEN) is a publicly funded consortium administered by the University of Utah (major component unit) supporting educational technology needs for Utah's public and higher education institutions, public libraries, and state agencies. UEN provides internet access for all Utah public middle schools, high schools, and higher education institutions. UEN also operates a fully interactive distance learning network interconnecting public schools and higher education institutions statewide. State appropriation support of UEN amounted to $18.49 million for the year ended June 30, 2011. UEN is not separately audited but is included in the audited financial statements of KUEN, a public broadcasting television station operated by the University. Copies of those statements can be obtained from KUEN's administrative offices.

NOTE 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 Title 49 of *Utah Code Annotated, 1953,* as amended. URS administers the pension systems and plans under the direction of the URS Board, which consists of the State Treasurer and six members appointed by the Governor. URS has a separate accounting system and prepares a separately issued financial report covering all retirement systems and deferred compensation plans it administers. URS maintains records and prepares separately issued financial statements using fund accounting principles and the accrual basis of accounting under which expenses, including benefits and refunds, are recorded when the liability is incurred. Revenues, including contributions, are recorded in the accounting period in which they are earned and become measurable. URS reports on a calendar yearend. The December 31, 2010, financial report has been included in this Comprehensive Annual Financial Report as a pension trust fund for the Utah Retirement Systems (URS) within the fiduciary funds. Copies of the separately issued financial report that include financial statements and required supplemental information may be obtained by writing to Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102, or by calling 1-800-365-8772.

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

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

Retirement benefits are specified by Title 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		5.00% first 10 years 2.25% second 10 years 1.00% over 20 years

*With actuarial reductions

Former governors at age 65 receive $1,240 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 $27.20 per month per year of service. Both the governors' and legislators' benefits are adjusted based on the Consumer Price Index (CPI), limited to 4 percent of the base benefit per year.

Death benefits for active and retired employees are in accordance with retirement statutes. Upon termination of employment, members of the systems may leave their retirement account intact for future benefits based on vesting qualification, or withdraw the accumulated funds in their individual member account and forfeit service credits and rights to future benefits upon which the contributions were based.

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

Participants
December 31, 2010

	Non-contributory System	Contributory System	Public Safety System	Fire-fighters System	Judges System	Governors and Legislative Retirement Plan
Number of participating:						
Employers	419	159	130	56	1	1
Members:						
Active	92,392	2,330	7,624	1,887	109	125
Terminated vested	31,834	1,286	2,401	131	6	76
Retirees and beneficiaries:						
Service benefits	36,139	4,762	4,002	1,067	115	220
Disability benefits	—	2	10	82	—	—

Employer contribution rates consist of (***1***) an amount for normal cost (the estimated amount necessary to finance benefits earned by the members during the current year) and (***2***) an amount for amortization of the unfunded, or excess funded actuarial accrued liability over a closed 24 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:						
2011	$ 3,246	$ 117,029	$ 36,439	$ 130	$ 3,475	$ 160,319
2010	$ 3,333	$ 103,548	$ 34,342	$ 81	$ 2,427	$ 143,731
2009	$ 3,692	$ 106,881	$ 33,711	$ 76	$ 1,980	$ 146,340
2008	$ 3,792	$ 101,591	$ 29,261	$ 75	$ 1,737	$ 136,456
2007	$ 3,874	$ 94,384	$ 27,208	$ 59	$ 1,238	$ 126,763
Component Units:						
Colleges and Universities:						
2011	$ 1,998	$ 45,449	$ 639	$ —	$ —	$ 48,086
2010	$ 1,905	$ 40,385	$ 639	$ —	$ —	$ 42,929
2009	$ 2,133	$ 42,026	$ 596	$ —	$ —	$ 44,755
2008	$ 2,160	$ 40,781	$ 498	$ —	$ —	$ 43,439
2007	$ 2,200	$ 39,016	$ 488	$ —	$ —	$ 41,704
Other:						
2011	$ 64	$ 4,083	$ —	$ —	$ —	$ 4,147
2010	$ 53	$ 3,580	$ —	$ —	$ —	$ 3,633
2009	$ 70	$ 3,483	$ —	$ —	$ —	$ 3,553
2008	$ 76	$ 2,938	$ —	$ —	$ —	$ 3,014
2007	$ 78	$ 2,722	$ —	$ —	$ —	$ 2,800
Total Primary Government and Component Units:						
2011	$ 5,308	$ 166,561	$ 37,078	$ 130	$ 3,475	$ 212,552
2010	$ 5,291	$ 147,513	$ 34,981	$ 81	$ 2,427	$ 190,293
2009	$ 5,895	$ 152,390	$ 34,307	$ 76	$ 1,980	$ 194,648
2008	$ 6,028	$ 145,310	$ 29,759	$ 75	$ 1,737	$ 182,909
2007	$ 6,152	$ 136,122	$ 27,696	$ 59	$ 1,238	$ 171,267

The following table summarizes contribution rates in effect at December 31, 2010:

Contribution Rates as a Percent of Covered Payroll

System	Member	Employer	Other
Contributory	6.00 %	9.36 % – 11.83 %	—
Noncontributory	—	13.37 % – 16.32 %	—
Public Safety:			
Contributory	10.50 % – 12.29 %	14.86 % – 23.22 %	—
Noncontributory	—	26.13 % – 36.31 %	—
Firefighters:			
Division A	15.05 %	1.72 %	11.87 %
Division B	16.18 %	—	11.87 %
Judges:			
Noncontributory	—	23.72 %	14.08 %
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 365 employers participating in the 401(k) Plan and 152 employers participating in the 457 Plan. There are 143,807 plan participants in the 401(k) Plan, 16,586 participants in the 457 Plan, 2,542 participants in the Roth IRA Plan, 595 participants in the Traditional IRA Plan, and 1,452 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 defined contribution 401(k), 457, 403(b), Roth and Traditional IRA Plans. For the 401(k) plan, the State and participating employers are required to contribute to employees who participate in the noncontributory retirement plan. The State contributes 1.5 percent of eligible employees' salaries which amount vests immediately. The amounts contributed to the 401(k) Plan during the year ended June 30, 2011, by employees and employers are as follows: for Primary Government, $33.471 million and $17.082 million; for Component Units – Colleges and Universities, $3.663 million and $4.465 million; for Component Units – Other, $969 thousand and $840 thousand; and the combined total for all is $38.103 million and $22.387 million, respectively. The amounts contributed by employees to the 457, Roth and Traditional IRA Plans (Primary Government) are $6.554 million, $1.3 million, and $60.654 thousand, respectively.

Employees of the University of Utah (major component unit) may also contribute to a 403(b) plan. For employees enrolled in the Hospital Retirement Plan and contribute to a 403(b) plan, the University matches up to 3 percent of an employee's contribution. Total University employee contributions to the 403(b) plans for the fiscal year were approximately $34.069 million.

Pension Receivables and Investments

Investments are presented at fair value. The fair value of investments is based on published market prices and quotations from major investment brokers at current exchange rates, as available. Many factors are considered in arriving at that value. Corporate debt securities are valued based on yields currently available on comparable securities of issuers with similar credit ratings. Mortgages have been valued on an amortized cost basis, which approximates market or fair value. The fair value of real estate investments has been estimated based on independent appraisals. 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 10 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 10 percent, approximately 4 percent are U.S. Government debt securities and 6 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	$ —	$ 321	$ 29	$ 632	$ —	$ —
Employer Contributions	34,977	575	3,422	—	133	—
Court Fees and Fire Insurance Premium	—	—	—	12	133	—
Investments	523,730	33,427	68,245	25,098	4,078	310
Total Receivables	$ 558,707	$ 34,323	$ 71,696	$ 25,742	$ 4,344	$ 310
Investments:						
Debt Securities	$ 3,523,869	$ 224,913	$ 459,175	$ 168,874	$ 27,438	$ 2,086
Equity Investments	6,014,899	383,903	783,771	288,251	46,834	3,562
Absolute Return	2,509,212	160,151	326,962	120,250	19,538	1,486
Private Equity	1,471,054	93,890	191,686	70,497	11,454	871
Real Estate	2,418,148	154,340	315,095	115,885	18,829	1,432
Mortgage Loans	5,475	349	713	262	43	3
Invested Securities Lending Collateral	1,005,149	64,154	130,975	48,170	7,827	595
Total Investments	$ 16,947,806	$ 1,081,700	$ 2,208,377	$ 812,189	$ 131,963	$ 10,035

Continues Below

	401(k) Plan	457 Plan	IRA Plans	Health Reimbursement Arrangement	Total December 31, 2010
Receivables:					
Member Contributions	$ —	$ —	$ —	$ —	$ 982
Employer Contributions	—	—	—	—	39,107
Court Fees and Fire Insurance Premium	—	—	—	—	145
Investments	67,606	6,314	—	903	729,711
Total Receivables	$ 67,606	$ 6,314	$ 0	$ 903	$ 769,945
Investments:					
Debt Securities	$ 1,258,542	$ 138,437	$ 23,264	$ —	$ 5,826,598
Equity Investments	1,561,853	172,346	23,503	—	9,278,922
Absolute Return	—	—	—	—	3,137,599
Private Equity	—	—	—	—	1,839,452
Real Estate	—	—	—	—	3,023,729
Mortgage Loans	—	—	—	—	6,845
Invested Securities Lending Collateral	—	—	—	—	1,256,870
Total Investments	$ 2,820,395	$ 310,783	$ 46,767	$ 0	$ 24,370,015

Actuarial Methods and Assumptions

The information contained in the Schedules of Funding Progress is based on the actuarial study dated January 1, 2010, and calendar year 2010 activity. The actuarial accrued liability is presented based on the report generated by that study, conducted by Gabriel, Roeder, Smith & Company. The actuarial value of assets for that date is based on a smoothed expected investment income rate. Beginning with the 2008 actuarial study, the investment rate of return assumption was changed from 8 percent to 7.75 percent. Investment income in excess or shortfall of the expected rate on fair value is smoothed over a five-year period with 20 percent of a year's excess or shortfall being recognized each year, beginning with the current year. All systems use the entry age actuarial cost method and the level percent of payroll amortization method except the Governors and Legislators plan which uses the level dollar amount amortization method. The remaining amortization period for all systems is open group, 24 years, closed 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 except for Judges, which is a compounding benefit. The adjustments are also limited to the actual CPI increase for the year with any unused 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, 2009	$ 1,097,711	$ 15,839,461	$ 2,017,576	$ 765,871	$ 126,120	$ 10,841
January 1, 2010	$ 1,116,736	$ 16,619,831	$ 2,137,027	$ 802,576	$ 131,491	$ 10,769
December 31, 2010	$ 1,090,313	$ 16,895,039	$ 2,194,016	$ 810,216	$ 131,869	$ 10,197
Actuarial Accrued Liability (AAL):						
January 1, 2009	$ 1,218,572	$ 18,306,590	$ 2,473,667	$ 776,622	$ 145,965	$ 10,982
January 1, 2010	$ 1,236,009	$ 19,384,503	$ 2,650,675	$ 833,844	$ 158,303	$ 11,305
December 31, 2010	$ 1,265,137	$ 20,544,827	$ 2,840,359	$ 883,635	$ 166,344	$ 11,356
Unfunded Actuarial Accrued Liability (UAAL):						
January 1, 2009	$ 120,861	$ 2,467,129	$ 456,091	$ 10,751	$ 19,845	$ 141
January 1, 2010	$ 119,273	$ 2,764,672	$ 513,648	$ 31,268	$ 26,812	$ 536
December 31, 2010	$ 174,824	$ 3,649,788	$ 646,343	$ 73,419	$ 34,475	$ 1,159
Funding Ratios:						
January 1, 2009	90.1 %	86.5 %	81.6 %	98.6 %	86.4 %	98.7 %
January 1, 2010	90.4 %	85.7 %	80.6 %	96.3 %	83.1 %	95.3 %
December 31, 2010	86.2 %	82.2 %	77.2 %	91.7 %	79.3 %	89.8 %
Annual Covered Payroll:						
January 1, 2009	$ 133,110	$ 3,871,636	$ 365,043	$ 102,252	$ 14,404	$ 910
January 1, 2010	$ 127,804	$ 3,955,040	$ 373,959	$ 107,625	$ 14,434	$ 910
December 31, 2010	$ 116,395	$ 3,888,179	$ 363,037	$ 105,275	$ 14,234	$ 910
UAAL as a Percent of Covered Payroll:						
January 1, 2009	90.8 %	63.7 %	124.9 %	10.5 %	137.8 %	15.5 %
January 1, 2010	93.3 %	69.9 %	137.4 %	29.1 %	185.8 %	58.9 %
December 31, 2010	150.2 %	93.9 %	178.0 %	69.7 %	242.2 %	127.4 %

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

Teachers Insurance and Annuity Association–College Retirement Equities Fund (TIAA–CREF) and Fidelity Investments, privately administered defined-contribution retirement plans, provides individual retirement fund contracts for each eligible participating employee. Eligible employees are mainly state college/university faculty and staff. Benefits to retired employees are generally based on the value of the individual contracts and the estimated life expectancy of the employee at retirement and are fully vested from the date of employment. The total current year required contribution and the amount paid is 14.2 percent of the employee's annual salary. The State has no further liability once annual contributions are made.

The total contribution made by the colleges and universities (component units) to the TIAA–CREF retirement system for June 30, 2011 and 2010, were $145.144 million and $138.905 million, respectively.

NOTE 17. OTHER POSTEMPLOYMENT BENEFITS

A. **State's Other Postemployment Benefit Plan**

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

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

Only state employees entitled to receive retirement benefits 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 eight hours of remaining unused accumulated sick leave earned *prior* to January 1, 2006, for one month of paid health and life insurance coverage up to age 65. After age 65, the employee may use any remaining unused accumulated sick leave, earned *prior* to January 1, 2006, to exchange for spouse health insurance to age 65, or Medicare supplemental insurance for the employee or spouse. In addition, any full-time employee of the Utah State Board of Education, who has attained at least five consecutive years of service with the agency, has the option of receiving postemployment health, dental, and life insurance coverage for up to five years or until the employee reaches age 65 regardless of their unused sick leave balance. Also, judges have their own retiree health coverage that is part of the Employees' OPEB Plan. As of December 31, 2010, the date of the latest actuarial valuation, approximately 5,872 retirees and their beneficiaries were receiving state post-retirement health and life insurance benefits, and an estimated 11,875 active state employees are eligible to receive future benefits under the State Employee OPEB Plan.

The contribution requirements of employees and the State are established and may be amended by the State Legislature. For retirees that participate in the State Employee OPEB Plan, health insurance premiums are paid 100 percent by the State for individuals that retired before July 1, 2000. Individuals retiring thereafter are required to contribute specified amounts monthly, ranging from 5 percent to 27 percent, toward the cost of health insurance premiums. For the year ended June 30, 2011, retirees contributed $1.466 million, or approximately 4.4 percent of total premiums, through their required contributions of $21.21 to $520.79 per month depending on the coverage (single, double, or family) and health plan selected.

The State Legislature currently plans to contribute amounts to the trust fund sufficient to fully fund the Annual Required Contribution (ARC), an actuarially determined rate in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The ARC of $43.819 million, from the December 31, 2008, actuarial valuation and used to establish the annual budget for fiscal year 2011, is 4.9 percent of annual covered payroll. There are no long-term contracts for contributions to the plan.

B. **Elected Officials' Other Postemployment Benefit Plan**

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

Only governors and legislators (elected officials) that retire after January 1, 1998 and have 4 or more years of service can elect to receive and apply for this benefit. To qualify for health coverage, elected officials must be between 62 and 65 years of age and either be active members at the time of retirement or have continued coverage with the program until the date of eligibility. To qualify for Medicare supplemental coverage an elected official must be at least 65 years of age. As established by 49–20–404(3) of the *Utah Code*, the State will pay 40 percent of the benefit cost for 4 years of service and up to 100 percent for ten or more years of service, for elected officials, and their spouses. As of December 31, 2010, the date of the latest actuarial valuation, approximately 44 retirees and

their beneficiaries were receiving health or Medicare supplemental coverage, and an estimated 169 active and former elected officials may receive future benefits for themselves and qualifying dependents under the Elected Officials' Other Postemployment Benefit Plan.

For the year ended June 30, 2011, the State paid the expected benefit payments of $344 thousand on a pay-as-you-go basis. Retirees that participate in the Elected Officials' OPEB Plan are required to contribute specified amounts monthly, ranging from $0 (for ten or more years of service) to $577.94 per month (for four years of service) depending on the coverage (single, double) and health plan selected.

The following table shows the components of the annual OPEB cost for the year, amount actually contributed to the plan, and changes in the net OPEB obligation for both the State Employees' and Elected Officials' OPEB plans for fiscal year 2011 (dollar amount in thousands):

	State Employees' OPEB Plan	Elected Officials' OPEB Plan
Annual required contribution	$ 43,819	$ 1,894
Interest on net OPEB obligation	—	228
Adjustment to annual required contribution	—	(329)
Annual OPEB cost (expense)	43,819	1,793
Contributions made	(43,819)	(344)
Increase in net OPEB obligation	0	1,449
Net OPEB obligation (asset) – Beginning of year	0	5,693
Net OPEB obligation – End of year	$ 0	$ 7,142

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for fiscal year 2011 and the two preceding years for both the State Employees' and Elected Officials' OPEB plans were as follows (dollar amount in thousands):

	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
State Employees' OPEB Plan:	6/30/2009	$ 53,491	100.00 %	$ 0
	6/30/2010	$ 43,819	100.00 %	$ 0
	6/30/2011	$ 43,819	100.00 %	$ 0
Elected Officials' OPEB Plan:	6/30/2009	$ 2,161	11.66 %	$ 3,918
	6/30/2010	$ 2,118	16.18 %	$ 5,693
	6/30/2011	$ 1,793	19.18 %	$ 7,142

The funded status of both the State Employees' and Elected Officials' OPEB plans as of December 31, 2010 was as follows (dollar amount in thousands):

	State Employees' OPEB Plan	Elected Officials' OPEB Plan
Actuarial accrued liability	$ 481,393	$ 21,990
Actuarial value of plan assets	106,605	—
Unfunded actuarial accrued liability (funding excess)	$ 374,788	$ 21,990
Funded ratio	22.1 %	0.0 %
Covered payroll	$ 589,817	$ 771
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	63.54 %	2,852.1 %

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

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

The actuarial methods and assumptions of both the State Employees' and Elected Officials' OPEB plans as of December 31, 2010 were as follows:

	State Employees' OPEB Plan	Elected Officials' OPEB Plan
Actuarial valuation date	12/31/2010	12/31/2010
Actuarial cost method	Projected Unit Credit	
Amortization method	Level Dollar Amount; Open	
Remaining amortization period	25 years	30 years
Asset valuation method	Fair Value	Fair Value
Actuarial assumptions:		
Investment rate of return	4.5 % discounted	4 % discounted
Healthcare inflation rate	9.5 % initial 4.5 % ultimate	

NOTE 18. RISK MANAGEMENT AND INSURANCE

It is the policy of the State of Utah to periodically assess the proper combination of commercial insurance and self-insurance to cover the risk of losses to which it may be exposed. This is accomplished by the State through the Risk Management (internal service fund) and the Public Employees Health Program (major component unit). The State is a major participant in these programs. The Risk Management Fund manages the general property, auto/physical damage, and liability risk of the State. The Public Employees Health Program manages the health insurance and long-term disability programs of the State. The University of Utah, Utah State University, Southern Utah University, Salt Lake Community College, and Utah Valley University (major and nonmajor component units) each maintain self-insurance funds to manage health/dental care. The University of Utah also maintains a self-insurance fund to manage medical malpractice liabilities.

The State has determined that the risk funds can economically and effectively manage the State's risks internally and have set aside assets for claim settlement. The risks are covered through reserves and commercial insurance for excessive losses. The State did not have any losses or settlements that exceeded the commercial excess insurance coverage for the fiscal year ended June 30, 2009. The State had property losses that exceeded the self-insured aggregate limit for the fiscal year ended June 30, 2010. However, these losses did not exceed the State's commercial excess insurance coverage. The State did not have any losses or settlements that exceeded the commercial excess insurance coverage for the fiscal year ended June 30, 2011. The risk funds service all claims for risk of loss to which the State is exposed, including general liability, property and casualty, auto/physical damage, group medical and dental, disability, and some environmental claims. They also service the general risk claims for all local school districts and many charter schools within the State. All funds, agencies, public schools, and public authorities of the State may participate in the State's Risk Management and Public Employees Health Programs. The risk funds allocate the cost of providing claims servicing, claims payment, and commercial insurance by charging a "premium" to each agency, public authority, or employee, based on each organization's estimated current year liability and property values. The reserve for liability losses is determined using an independent actuarial study based on past, current, and estimated loss experiences.

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

liabilities are recomputed periodically by actuaries to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Inflation is included in this calculation because reliance is based on historical data that reflects past inflation and other appropriate modifiers. The Risk Management claim liabilities reserves are reported using a discount rate of 3 percent. The Public Employees Health Program long-term disability benefit reserves are reported using discount rates between 4.00 and 7.75 percent. The primary government and the discrete component units of the State paid premiums to the Public Employees Health Program of $269.438 million and $29.979 million, respectively, for health and life insurance coverage in fiscal year 2011. In addition, the State Department of Health paid $256 thousand in premiums to the Public Employees Health Program for the Children's Health Insurance Program (CHIP). The Department of Health terminated their medical insurance for CHIP with the Public Employees Health Program effective June 30, 2010.

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, 2011, there are 294 state employees receiving benefits. The program is funded by paying premiums to the Public Employees Health Program (major component unit), where assets are set aside for future payments. For the fiscal year ended June 30, 2011, the primary government and the discrete component units of the State paid premiums of $5.268 million and $144 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, 2010 and June 30, 2011:

Changes in Claims Liabilities
(Expressed in Thousands)

	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
Risk Management:				
2010	$ 43,650	$ 11,321	$ (13,074)	$ 41,897
2011	$ 41,897	$ 11,179	$ (10,345)	$ 42,731
Public Employees Health Program:				
2010	$ 119,319	$ 549,337	$(546,268)	$ 122,388
2011	$ 122,388	$ 515,851	$(524,008)	$ 114,231
College and University Self-Insurance:				
2010	$ 52,903	$ 266,181	$(258,990)	$ 60,094
2011	$ 60,094	$ 278,115	$(279,627)	$ 58,582

NOTE 19. SUBSEQUENT EVENTS

Subsequent to June 30, 2011, the Permanent Trust Lands Fund (permanent fund) had real estate commitments of $15 million.

On July 6, 2011, the State issued $609.920 million of General Obligation Bonds Series 2011 A. Principal on the bonds is due annually commencing July 1, 2012 through July 1, 2026. Interest rates on the Series 2011 A bonds range from 3 percent to 5 percent, with a "true interest rate" of 2.77 percent after considering premium received upon the sale of the bonds. Proceeds of the bonds will be used for capital facilities and highway projects.

On October 25, 2011, the Utah State Building Ownership Authority (blended component unit) sold $5.25 million of Lease Revenue Bonds Series 2011. Principal on the bonds is due annually commencing May 15, 2012 through May 15, 2031. Interest rates on the Series 2011 bonds range from 2.13 percent to 4 percent with a "true interest rate" of 2.98 percent after considering premium received upon the sale of the bonds. Proceeds of the bonds will be used for capital facility projects.

Subsequent to June 30, 2011, the Student Loan Purchase Program (major enterprise fund) Board issued the Series 2011A Student Loan Revenue Bonds pursuant to a Trust Indenture and a First Supplemental Indenture of Trust in the amount of $143.52 million dated September 1, 2011. The Board also issued Series 2011-1 Student Loan Backed Notes under the authority of the 1993 General Student Loan Program Indenture, Eighteenth Supplemental

Indenture in the amount of $397 million dated September 1, 2011. The proceeds from the bond and note issuances, along with cash from the Trust Estates, were used to redeem bonds at a discount, which will result in an estimated gain on redemption totaling $31.119 million.

At the end of July 2011, Utah Valley University (non-major component unit) purchased land for $15 million. The University entered into a note payable agreement with the Utah Valley University Foundation for $3 million as part of the land purchase.

On August 11, 2011, Southern Utah University (non-major component unit) issued Series 2011 revenue refunding bonds in the amount of $8.285 million. The bond proceeds were used to refund the Series 2003 bonds originally issued for $10.06 million on February 1, 2003.

On July 28, 2011, the University of Utah (major component unit) issued $66.48 million of Hospital Revenue Bonds Series 2011B. Principal on the bonds is due annually commencing August 1, 2015 through August 1, 2031. Bond interest is due semiannually commencing February 1, 2012 at rates ranging from 3.35 percent to 5.00 percent. Proceeds from these bonds were used to acquire, construct, furnish and equip a multi-specialty out-patient care center in the southern part of the Salt Lake Valley.

Salt Lake Community College (non-major component unit) paid $9.9 million and was reimbursed $3 million by the State of Utah (appropriated funds in the 2011 Legislature) for the purchase of 90 acres of land in Herriman on July 14, 2011.

On July 18, 2011, Salt Lake Community College (non-major component unit) entered into a capital lease/purchase financing agreement for $4 million. The proceeds were used to finance an energy savings project the college is undertaking.

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REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule
General Fund

For the Fiscal Year Ended June 30, 2011 (Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Sales Tax	$ 1,574,611	$ 1,556,035	$ 1,601,399	$ 45,364
Licenses, Permits, and Fees:				
Insurance Fees	5,168	5,451	6,975	1,524
Court Fees	13,724	17,651	15,708	(1,943)
Other Licenses, Permits, and Fees	19,924	21,416	12,953	(8,463)
Investment Income	6,750	3,450	2,392	(1,058)
Miscellaneous Taxes and Other:				
Beer Tax	11,477	7,800	7,274	(526)
Cigarette and Tobacco Tax	86,372	104,856	118,223	13,367
Inheritance Tax	75	30	129	99
Insurance Premium Tax	87,500	79,286	75,892	(3,394)
Oil, Gas, and Mining Severance Tax	69,050	96,050	86,974	(9,076)
Taxpayer Rebates	(6,650)	(6,700)	(5,974)	726
Court Collections	3,426	3,659	4,174	515
Other Taxes	30,197	30,686	31,646	960
Miscellaneous Other	17,989	18,246	16,288	(1,958)
Total General Revenues	1,919,613	1,937,916	1,974,053	36,137
Department Specific Revenues				
Restricted Sales Tax	3,875	3,714	3,714	—
Federal Contracts and Grants	2,976,426	2,665,632	2,665,632	—
Departmental Collections	326,913	358,180	358,794	614
Higher Education Collections	447,814	567,787	567,787	—
Federal Mineral Lease	138,728	140,778	135,979	(4,799)
Investment Income	4,329	6,280	3,512	(2,768)
Miscellaneous	534,798	499,630	495,793	(3,837)
Total Department Specific Revenues	4,432,883	4,242,001	4,231,211	(10,790)
Total Revenues	6,352,496	6,179,917	6,205,264	25,347
Expenditures				
General Government	367,884	365,916	290,001	75,915
Human Services and Juvenile Justice Services	711,479	667,484	654,441	13,043
Corrections	257,322	257,741	236,018	21,723
Public Safety	250,374	239,727	202,390	37,337
Courts	132,035	131,906	128,796	3,110
Health and Environmental Quality	2,237,022	2,338,087	2,316,593	21,494
Higher Education – State Administration	72,982	49,561	48,836	725
Higher Education – Colleges and Universities	1,159,364	1,282,916	1,282,295	621
Employment and Family Services	671,328	725,359	719,554	5,805
Natural Resources	218,945	210,943	193,798	17,145
Community and Culture	263,643	155,999	151,664	4,335
Business, Labor, and Agriculture	129,393	99,526	86,532	12,994
Total Expenditures	6,471,771	6,525,165	6,310,918	214,247
Excess Revenues Over (Under) Expenditures	(119,275)	(345,248)	(105,654)	239,594
Other Financing Sources (Uses)				
Sale of Capital Assets	—	—	9	9
Transfers In	321,468	426,430	426,430	—
Transfers Out	(194,218)	(291,156)	(291,156)	—
Total Other Financing Sources (Uses)	127,250	135,274	135,283	9
Net Change in Fund Balance	7,975	(209,974)	29,629	239,603
Budgetary Fund Balance – Beginning	493,387	493,387	493,387	—
Budgetary Fund Balance – Ending	$ 501,362	$ 283,413	$ 523,016	$ 239,603

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, 2011 (Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Individual Income Tax	$ 2,263,950	$ 2,264,020	$ 2,315,630	$ 51,610
Corporate Tax	259,703	269,199	261,911	(7,288)
Miscellaneous Other	15,899	19,001	34,691	15,690
Total General Revenues	2,539,552	2,552,220	2,612,232	60,012
Department Specific Revenues				
Federal Contracts and Grants	392,514	634,795	634,795	—
Departmental Collections	3,416	6,922	6,922	—
Investment Income	23,500	22,896	27,546	4,650
Miscellaneous:				
School Lunch Tax	21,613	29,542	29,542	—
Driver Education Fee	3,956	5,032	5,032	—
Other	5,295	7,309	7,368	59
Total Department Specific Revenues	450,294	706,496	711,205	4,709
Total Revenues	2,989,846	3,258,716	3,323,437	64,721
Expenditures				
Public Education	3,479,549	3,108,423	3,035,227	73,196
Total Expenditures	3,479,549	3,108,423	3,035,227	73,196
Excess Revenues Over (Under) Expenditures	(489,703)	150,293	288,210	137,917
Other Financing Sources (Uses)				
Transfers In	3,974	7,261	7,261	—
Transfers Out	(312,164)	(303,463)	(303,463)	—
Total Other Financing Sources (Uses)	(308,190)	(296,202)	(296,202)	0
Net Change in Fund Balance	(797,893)	(145,909)	(7,992)	137,917
Budgetary Fund Balance – Beginning	341,686	341,686	341,686	—
Budgetary Fund Balance – Ending	$ (456,207)	$ 195,777	$ 333,694	$ 137,917

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, 2011 (Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Motor Fuel Tax	$ 241,000	$ 252,458	$ 252,501	$ 43
Special Fuel Tax	96,400	107,510	102,613	(4,897)
Licenses, Permits, and Fees:				
Motor Vehicle Registration Fees	35,811	31,546	35,110	3,564
Proportional Registration Fees	15,630	14,615	14,746	131
Temporary Permits	405	384	402	18
Special Transportation Permits	9,324	9,315	9,616	301
Highway Use Permits	8,733	11,085	11,120	35
Motor Vehicle Control Fees	4,714	4,306	4,552	246
Miscellaneous	2,338	1,913	2,212	299
Investment Income	3,559	200	191	(9)
Miscellaneous Other	1,500	2,500	3,997	1,497
Total General Revenues	419,414	435,832	437,060	1,228
Department Specific Revenues				
Restricted Sales and Aviation Fuel Taxes	62,026	61,260	68,632	7,372
Federal Contracts and Grants	181,598	293,018	293,018	—
Departmental Collections	62,949	83,934	82,592	(1,342)
Federal Aeronautics	40,000	51,191	51,003	(188)
Investment Income	380	380	469	89
Miscellaneous	20,550	91,011	91,867	856
Total Department Specific Revenues	367,503	580,794	587,581	6,787
Total Revenues	786,917	1,016,626	1,024,641	8,015
Expenditures				
Transportation	732,983	1,013,721	997,766	15,955
Total Expenditures	732,983	1,013,721	997,766	15,955
Excess Revenues Over (Under) Expenditures	53,934	2,905	26,875	23,970
Other Financing Sources (Uses)				
Sale of Capital Assets	500	912	14,607	13,695
Transfers In	61,861	114,097	114,097	—
Transfers Out	(43,964)	(145,341)	(145,341)	—
Total Other Financing Sources (Uses)	18,397	(30,332)	(16,637)	13,695
Net Change in Fund Balance	72,331	(27,427)	10,238	37,665
Budgetary Fund Balance – Beginning	176,935	176,935	176,935	—
Budgetary Fund Balance – Ending	$ 249,266	$ 149,508	$ 187,173	$ 37,665

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, 2011 (Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Sales Tax	$ 40,400	$ 40,300	$ 29,391	$ (10,909)
Motor Vehicle Registration Fees	75,200	73,700	70,573	(3,127)
Total General Revenues	115,600	114,000	99,964	(14,036)
Department Specific Revenues				
Restricted Sales Tax	100,416	99,103	99,035	(68)
Investment Income	5,000	5,000	5,411	411
Total Department Specific Revenues	105,416	104,103	104,446	343
Total Revenues	221,016	218,103	204,410	(13,693)
Expenditures				
Transportation	105,203	987,263	980,628	6,635
Total Expenditures	105,203	987,263	980,628	6,635
Excess Revenues Over (Under) Expenditures	115,813	(769,160)	(776,218)	(7,058)
Other Financing Sources (Uses)				
General Obligation Bonds Issued	—	—	992,000	992,000
Transfers In	78,396	78,417	78,417	—
Transfers Out	(60,227)	(284,280)	(284,280)	—
Total Other Financing Sources (Uses)	18,169	(205,863)	786,137	992,000
Net Change in Fund Balance	133,982	(975,023)	9,919	984,942
Budgetary Fund Balance – Beginning	567,205	567,205	567,205	—
Budgetary Fund Balance – Ending	$ 701,187	$ (407,818)	$ 577,124	$ 984,942

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, 2011 (Expressed in Thousands)

	General Fund	Education Fund	Transportation Fund	Transportation Investment Fund
Revenues				
Actual total revenues (budgetary basis)	$ 6,205,264	$ 3,323,437	$ 1,024,641	$ 204,410
Differences – Budget to GAAP:				
Intrafund revenues are budgetary revenues but are not revenues for financial reporting	(327,496)	(5,243)	(1,820)	—
Higher education and Utah Schools for the Deaf and the Blind collections are budgetary revenues but are not revenues for financial reporting	(577,137)	(5,648)	—	—
Change in revenue accrual for nonbudgetary Medicaid claims	(22,128)	—	—	—
Change in tax accruals designated by law for postemployment and other liabilities are revenues for financial reporting but not for budgetary reporting	26,224	(14,563)	(1,813)	(8,067)
Estimated federal receivables are recorded as revenues for financial reporting but not for budgetary reporting	—	34,750	—	—
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	$ 5,304,727	$ 3,332,733	$ 1,021,008	$ 196,343
Expenditures				
Actual total expenditures (budgetary basis)	$ 6,310,918	$ 3,035,227	$ 997,766	$ 980,628
Differences – Budget to GAAP:				
Intrafund expenditures for reimbursements are budgetary expenditures but are not expenditures for financial reporting	(327,496)	(5,243)	(1,820)	—
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	(577,137)	(5,648)	—	—
Certain budgetary transfers and other charges are reported as a reduction of expenditures for financial reporting	(2,578)	—	—	—
Leave/postemployment charges budgeted as expenditures when earned rather than when taken or due	6,731	115	1,694	—
Estimated federal liabilities are recorded as expenditures for financial reporting but not for budgetary reporting	—	34,750	—	—
Change in accrual for Medicaid incurred but not reported claims excluded from the budget by statute	(25,708)	—	—	—
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	$ 5,384,730	$ 3,059,201	$ 997,640	$ 980,628

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, 2011, and include nonlapsing carryforward balances from the prior fiscal year. Final budgets represent the original budget as amended by supplemental appropriations and related changes in revenue estimates, executive order reductions when applicable, and changes authorized or required by law when department-specific revenues either exceed or fall short of budgeted amounts.

Unexpended balances at yearend may: (***1***) lapse to unrestricted balances (committed, assigned, or unassigned) and be available for future appropriation; (***2***) lapse to restricted balances and be available for future appropriation restricted for specific purposes as defined by statute; or (***3***) be nonlapsing, which means balances are reported as either restricted or committed fund balance. The nonlapsing balances are considered automatically reappropriated as authorized by statute, by an *Appropriations Act*, or by limited encumbrances.

Budgetary Control

In September of each year, all agencies of the government submit requests for appropriations to the Governor's Office of 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 $1.143 million. 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, 2011, the State was $701.6 million below the appropriations limitation.

INFORMATION ABOUT THE STATE'S OTHER POSTEMPLOYMENT BENEFIT PLANS

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

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

The following factors contributed to changes in the elements presented below in the Schedule of Funding Progress for the State Employees' OPEB Plan from December 31, 2008 to December 31, 2010: ***(1)*** fully funding the Annual Required Contribution (ARC) over the last two fiscal years; ***(2)*** changes in benefit provisions that shifted increases in health care costs to employees and retirees; ***(3)*** using a discount rate of 4.5 percent (instead of 6 percent used in prior valuations) in order to more conservatively fund the ARC due to current market volatility; ***(4)*** an actuarial change in trend assumption for Medicare retirees; ***(5)*** actuarial experience; and ***(6)*** a reduction in Annual Covered Payroll due to fewer employees eligible to receive post-retirement health benefits.

The following schedules present the State of Utah's funding progress and required contributions for the State Post-Retirement Benefits Trust Fund from the recent actuarial valuation and the two preceding valuations (using the projected unit credit method):

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

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
December 31, 2006	$ 0	$ 669,617	$ 669,617	0.00 %	$ 748,096	89.51 %
December 31, 2008	$ 53,851	$ 446,601	$ 392,750	12.06 %	$ 901,245	43.58 %
December 31, 2010	$ 106,605	$ 481,393	$ 374,788	22.15 %	$ 589,817	63.54 %

State Employees' OPEB Plan
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 %
June 30, 2009	$ 53,491	100.00 %
June 30, 2010	$ 43,819	100.00 %
June 30, 2011	$ 43,819	100.00 %

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

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

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

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
December 31, 2008	$ 0	$ 24,515	$ 24,515	0.00 %	$ 866	2,830.8 %
December 31, 2010	$ 0	$ 21,990	$ 21,990	0.00 %	$ 771	2,852.1 %

(Required Supplementary Information continues on next page.)

INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

As allowed by GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, the State has adopted an alternative to reporting depreciation on roads and bridges (infrastructure assets) maintained by the Utah Department of Transportation (UDOT). This includes infrastructure acquired prior to fiscal year 1981. Under this alternative method, referred to as the "modified approach," infrastructure assets are not depreciated, and maintenance and preservation costs are expensed.

In order to utilize the modified approach, the State is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform and document replicable condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the State.
- Document that the infrastructure assets are being preserved approximately at, or above the condition level established by the State.

Roads

UDOT uses the Pavement Management System to determine the condition of 5,772 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 – 5.0) or "very poor" (ratings of 1.0 – 1.84) for the last three years:

Rating	2010	2009	2008
Fair or Better	59.1 %	60.0 %	61.0 %
Very Poor	14.7 %	13.1 %	13.9 %

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
2011	$ 249,071	$ 299,227
2010	$ 244,272	$ 349,451
2009	$ 296,443	$ 313,817
2008	$ 418,386	$ 292,585
2007	$ 212,911	$ 252,526

Bridges

UDOT uses the Structures Inventory System to monitor the condition of the 1,872 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	2011	2010	2009
Good	72.0 %	72.4 %	69.0 %
Poor	1.0 %	1.0 %	1.0 %

The following table presents the State's estimated amounts needed to maintain and preserve bridges at or above the established condition levels addressed above, and the amounts actually spent for each of the past five reporting periods (in thousands):

FISCAL YEAR	ESTIMATED SPENDING	ACTUAL SPENDING
2011	$ 43,954	$ 52,805
2010	$ 43,107	$ 61,668
2009	$ 52,314	$ 55,379
2008	$ 73,833	$ 51,633
2007	$ 37,573	$ 44,563

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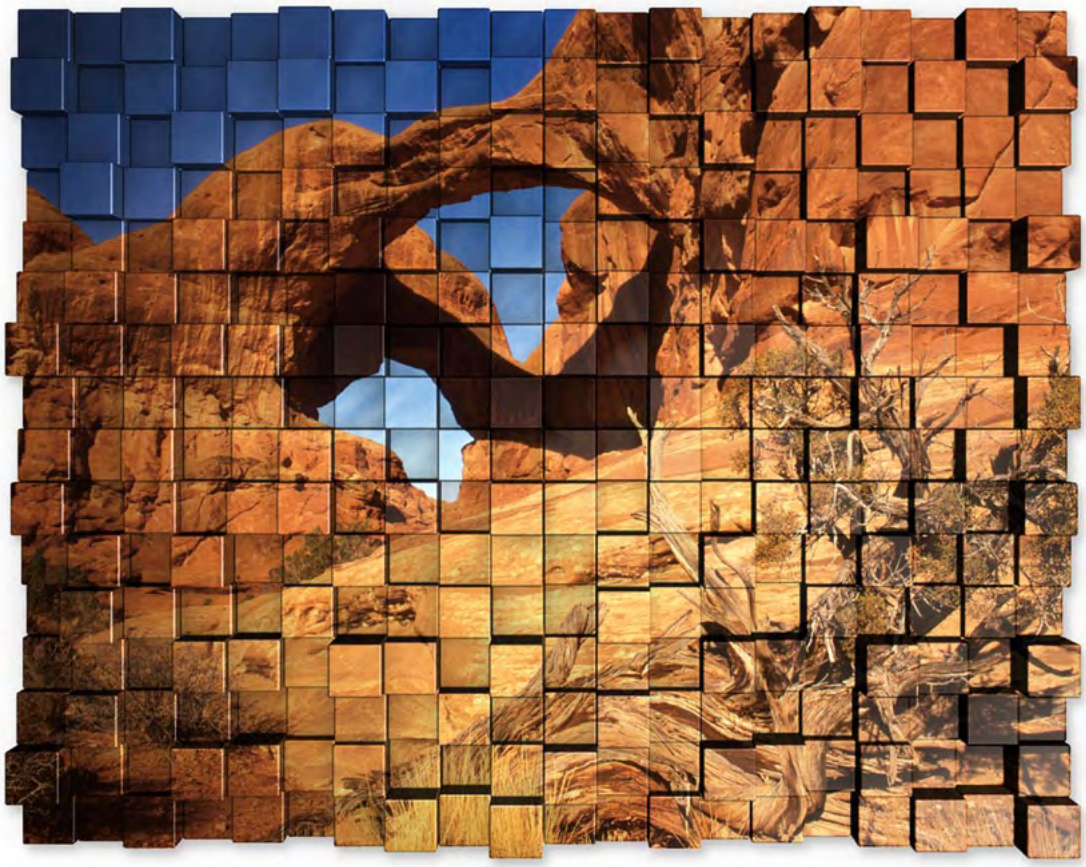

SUPPLEMENTARY INFORMATION

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Nonmajor Governmental Funds

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

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

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

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

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

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

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

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

Capital Projects | General Government
This fund accounts for resources used for capital outlays including the acquisition or construction of major capital facilities for use by the State and its component units. The fund receives financial resources from the proceeds of general obligation bonds, legislative appropriations, and intergovernmental revenues.

Capital Projects | State Building Ownership Authority *(Blended Component Unit)*
This fund accounts for resources used for capital outlays including the acquisition or construction of major capital facilities for use by various state agencies. The fund receives financial resources from the proceeds of lease revenue bonds issued by the Authority and the interest earned on the proceeds of the bonds.

Debt Service | General Government
This fund accounts for the payment of principal and interest on the State's general obligation bonds. The fund receives most of its financial resources from appropriations made by the Legislature.

Debt Service | State Building Ownership Authority *(Blended Component Unit)*
This fund accounts for the payment of principal and interest on lease revenue bonds issued by the Authority. The fund receives financial resources from rent payments made by various state agencies occupying the facilities owned by the Authority.

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2011 (Expressed in Thousands)

	Special Revenue			
	State Endowment	Environmental Reclamation	Crime Victim Reparation	Universal Telephone Services
ASSETS				
Cash and Cash Equivalents	$ 2,080	$ 815	$ 2,254	$ 1,058
Investments	118,879	20,999	4,165	—
Receivables:				
Accounts, net	—	1	—	—
Accrued Interest	—	—	—	—
Due From Other Funds	—	—	800	—
Due From Component Units	—	—	—	—
Total Assets	$ 120,959	$ 21,815	$ 7,219	$ 1,058
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	$ —	$ 223	$ 238	$ —
Due To Other Funds	—	—	1,600	127
Due To Component Units	—	—	—	—
Deferred Revenue	—	—	—	—
Total Liabilities	0	223	1,838	127
Fund Balances:				
Restricted	—	18,181	—	931
Committed	120,959	3,411	5,381	—
Assigned	—	—	—	—
Total Fund Balances	120,959	21,592	5,381	931
Total Liabilities and Fund Balances	$ 120,959	$ 21,815	$ 7,219	$ 1,058

Special Revenue				Capital Projects	
Consumer Education	Rural Development	State Capitol	Miscellaneous Special Revenue	General Government	State Building Ownership Authority
$ 526	$ 2,666	$ 657	$ —	$ 161,840	$ 314
2,967	42,595	1,269	10,406	39,594	40,266
15	—	—	11,019	—	—
—	—	—	—	—	19
27	—	25	44	3,412	—
—	—	—	—	37,553	—
$ 3,535	$ 45,261	$ 1,951	$ 21,469	$ 242,399	$ 40,599
$ 128	$ 1,264	$ 8	$ 990	$ 41,198	$ 606
80	3,848	8	758	389	7,548
—	—	—	—	—	8,241
—	—	27	8,295	2	—
208	5,112	43	10,043	41,589	16,395
—	—	1,106	8,234	38,180	23,080
3,327	40,149	802	3,161	—	—
—	—	—	31	162,630	1,124
3,327	40,149	1,908	11,426	200,810	24,204
$ 3,535	$ 45,261	$ 1,951	$ 21,469	$ 242,399	$ 40,599

Continues

Combining Balance Sheet
Nonmajor Governmental Funds

Continued

June 30, 2011 (Expressed in Thousands)

	Debt Service		Total
	General Government	State Building Ownership Authority	Nonmajor Governmental Funds
ASSETS			
Cash and Cash Equivalents	$ 82,260	$ 3,466	$ 257,936
Investments	570	16,282	297,992
Receivables:			
Accounts, net	—	—	11,035
Accrued Interest	5	6	30
Due From Other Funds	—	—	4,308
Due From Component Units	—	1,090	38,643
Total Assets	$ 82,835	$ 20,844	$ 609,944
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable and Accrued Liabilities	$ 69,836	$ 70	$ 114,561
Due To Other Funds	11,590	8,894	34,842
Due To Component Units	—	—	8,241
Deferred Revenue	1	1,090	9,415
Total Liabilities	81,427	10,054	167,059
Fund Balances:			
Restricted	—	2,880	92,592
Committed	—	—	177,190
Assigned	1,408	7,910	173,103
Total Fund Balances	1,408	10,790	442,885
Total Liabilities and Fund Balances	$ 82,835	$ 20,844	$ 609,944

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

For the Fiscal Year Ended June 30, 2011 (Expressed in Thousands)

	Special Revenue			
	State Endowment	Environmental Reclamation	Crime Victim Reparation	Universal Telephone Services
REVENUES				
Taxes:				
Sales and Use Tax	$ —	$ —	$ —	$ —
Other Taxes	—	—	—	—
Total Taxes	0	0	0	0
Other Revenues:				
Federal Contracts and Grants	—	—	2,743	—
Charges for Services	—	2,954	7,279	2,896
Intergovernmental	—	—	—	—
Investment Income	11,289	155	33	—
Miscellaneous and Other	2,943	—	—	—
Total Revenues	14,232	3,109	10,055	2,896
EXPENDITURES				
Current:				
General Government	—	—	6,553	—
Human Services and Juvenile Justice Services	—	—	—	—
Corrections	—	—	—	—
Public Safety	—	—	—	—
Health and Environmental Quality	—	3,714	—	—
Higher Education – Colleges and Universities	—	—	—	—
Employment and Family Services	—	—	—	—
Natural Resources	—	—	—	—
Community and Culture	—	—	—	—
Business, Labor, and Agriculture	—	17	—	6,425
Public Education	—	—	—	—
Transportation	—	—	—	—
Capital Outlay	—	—	—	—
Debt Service:				
Principal Retirement	—	—	—	—
Interest and Other Charges	—	—	—	—
Total Expenditures	0	3,731	6,553	6,425
Excess Revenues Over (Under) Expenditures	14,232	(622)	3,502	(3,529)
OTHER FINANCING SOURCES (USES)				
General Obligation Bonds Issued	—	—	—	—
Refunding Bonds Issued	—	—	—	—
Premium on Bonds Issued	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—
Transfers In	—	—	—	—
Transfers Out	—	(129)	(3,331)	—
Total Other Financing Sources (Uses)	0	(129)	(3,331)	0
Net Change in Fund Balances	14,232	(751)	171	(3,529)
Fund Balances – Beginning	106,727	22,343	5,210	4,460
Fund Balances – Ending	$ 120,959	$ 21,592	$ 5,381	$ 931

Special Revenue				Capital Projects	
Consumer Education	Rural Development	State Capitol	Miscellaneous Special Revenue	General Government	State Building Ownership Authority
$ —	$ —	$ —	$ 3,799	$ —	$ —
—	7,991	—	3	—	—
0	7,991	0	3,802	0	0
—	—	—	7,461	—	—
2,773	—	589	33,598	—	—
—	—	—	—	18,537	—
21	331	9	356	352	284
—	—	10	3,079	763	—
2,794	8,322	608	48,296	19,652	284
—	—	149	6,726	12,326	—
—	—	—	266	2,341	—
—	—	—	—	2,428	—
—	—	—	5,860	745	—
—	—	—	10	198	—
—	—	—	—	12,870	—
—	—	—	18	319	—
—	—	—	—	2,086	—
—	7,593	—	1,357	—	—
2,108	—	—	9	116	—
—	—	—	19	131	—
—	—	—	1	54	—
—	—	—	—	208,612	46,928
—	—	—	—	—	—
—	—	—	—	—	—
2,108	7,593	149	14,266	242,226	46,928
686	729	459	34,030	(222,574)	(46,644)
—	—	—	—	79,710	—
—	—	—	—	—	—
—	—	—	—	14,401	—
—	—	—	—	—	—
—	—	—	—	169,752	—
(1,069)	—	—	(32,866)	(2,809)	—
(1,069)	0	0	(32,866)	261,054	0
(383)	729	459	1,164	38,480	(46,644)
3,710	39,420	1,449	10,262	162,330	70,848
$ 3,327	$ 40,149	$ 1,908	$ 11,426	$ 200,810	$ 24,204

Continues

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

Continued

For the Fiscal Year Ended June 30, 2011 (Expressed in Thousands)

	Debt Service		Total
	General Government	State Building Ownership Authority	Nonmajor Governmental Funds
REVENUES			
Taxes:			
Sales and Use Tax	$ —	$ —	$ 3,799
Other Taxes	—	—	7,994
Total Taxes	0	0	11,793
Other Revenues:			
Federal Contracts and Grants	13,394	1,748	25,346
Charges for Services	—	—	50,089
Intergovernmental	—	—	18,537
Investment Income	(10)	55	12,875
Miscellaneous and Other	—	20,554	27,349
Total Revenues	13,384	22,357	145,989
EXPENDITURES			
Current:			
General Government	—	—	25,754
Human Services and Juvenile Justice Services	—	—	2,607
Corrections	—	—	2,428
Public Safety	—	—	6,605
Health and Environmental Quality	—	—	3,922
Higher Education – Colleges and Universities	—	—	12,870
Employment and Family Services	—	—	337
Natural Resources	—	—	2,086
Community and Culture	—	—	8,950
Business, Labor, and Agriculture	—	—	8,675
Public Education	—	—	150
Transportation	—	—	55
Capital Outlay	—	—	255,540
Debt Service:			
Principal Retirement	209,060	14,892	223,952
Interest and Other Charges	129,790	12,662	142,452
Total Expenditures	338,850	27,554	696,383
Excess Revenues Over (Under) Expenditures	(325,466)	(5,197)	(550,394)
OTHER FINANCING SOURCES (USES)			
General Obligation Bonds Issued	—	—	79,710
Refunding Bonds Issued	172,055	24,555	196,610
Premium on Bonds Issued	39,724	3,824	57,949
Payment to Refunded Bond Escrow Agent	(206,714)	(28,159)	(234,873)
Transfers In	330,598	223	500,573
Transfers Out	(13,637)	—	(53,841)
Total Other Financing Sources (Uses)	322,026	443	546,128
Net Change in Fund Balances	(3,440)	(4,754)	(4,266)
Fund Balances – Beginning	4,848	15,544	447,151
Fund Balances – Ending	$ 1,408	$ 10,790	$ 442,885

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State of Utah

Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

For the Fiscal Year Ended June 30, 2011 (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					
228	Senate	$ 2,652	$ —	$ —	$ 2,652
229	House	4,859	—	—	4,859
232	Printing	605	—	168	773
233	Research and General Counsel	9,143	—	—	9,143
234	Tax Review Commission	48	—	—	48
235	Constitutional Revision Commission	52	—	—	52
231	Fiscal Analyst	3,877	—	(68)	3,809
230	Auditor General	3,694	—	—	3,694
	Total Legislature	24,930	0	100	25,030
Elected Officials					
7	State Treasurer	$ 2,798	$ —	$ 445	$ 3,243
1	GOV – Administrative Office	5,779	135	1,013	6,927
3	GOV – Planning and Budget	4,765	647	64	5,476
1	GOV – Public Lands Litigation	1,000	—	—	1,000
—	GOV – Lt. Governor Character Education	30	—	—	30
5	GOV – Criminal and Juvenile Justice	10,031	13,773	73	23,877
—	GOV – Emergency and Contingency Fund	100	—	—	100
4	GOV – LaRay McAllister Program	2,926	—	—	2,926
88	GOV – Pete Suazo Athletic Commission	169	—	50	219
85	GOV – Economic Development Administration	5,057	221	—	5,278
86	GOV – Office of Tourism	18,693	—	224	18,917
87	GOV – Business Development	10,015	252	—	10,267
—	GOV – Industrial Assistance Fund	1,920	—	—	1,920
89	U STAR	31,246	17,116	5	48,367
8	Attorney General	28,477	2,140	19,048	49,665
—	AG – Contract Attorneys	1,063	—	581	1,644
11	AG – Prosecution Council	685	—	226	911
12	AG – Domestic Violence	78	—	—	78
10	AG – Children's Justice Centers	3,306	186	348	3,840
6	State Auditor	3,702	—	1,647	5,349
	Total Elected Officials	131,840	34,470	23,724	190,034
Government Operations					
31	Capitol Preservation Board	$ 3,713	$ —	$ —	$ 3,713
32	Department of Administrative Services	18,329	49	2,044	20,422
38	DAS – Post Conviction Indigent Defense Fund	248	—	—	248
37	DAS – Finance Mandated	29,449	—	—	29,449
39	DAS – Judicial Conduct Commission	285	—	—	285
71	Tax Commission – Administration	63,086	521	13,917	77,524
—	TAX – License Plates Production	2,865	—	1,693	4,558
74	TAX – Liquor Profit Distribution	5,597	—	—	5,597
73	DAS – Rural Health Care	555	—	—	555
45	Human Resource Management	3,874	—	165	4,039
47	Career Service Review Board	244	—	—	244
48	DTS Chief Information Officer	560	76	—	636

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward	Line Item #
$ 1,927	$ —	$ 2	$ 723	228
3,407	—	2	1,450	229
723	—	—	50	232
7,851	—	—	1,292	233
45	—	—	3	234
50	—	—	2	235
2,460	—	—	1,349	231
3,187	—	—	507	230
19,650	0	4	5,376	
$ 2,777	$ 178	$ 38	$ 250	7
5,565	—	—	1,362	1
3,705	—	—	1,771	3
—	—	—	1,000	1
29	1	—	—	—
21,074	—	416	2,387	5
1	—	—	99	—
1,074	—	—	1,852	4
169	—	—	50	88
4,655	25	—	598	85
11,929	158	—	6,830	86
6,725	226	—	3,316	87
1,920	—	—	—	—
26,665	—	—	21,702	89
45,726	—	70	3,869	8
1,593	—	—	51	—
802	—	6	103	11
78	—	—	—	12
3,434	—	—	406	10
4,889	—	—	460	6
142,810	588	530	46,106	
$ 3,713	$ —	$ —	$ —	31
18,388	—	—	2,034	32
168	—	—	80	38
19,906	—	8,103	1,440	37
227	—	—	58	39
69,784	—	1,078	6,662	71
1,915	—	—	2,643	—
5,597	—	—	—	74
219	—	336	—	73
3,313	218	—	508	45
230	—	—	14	47
630	—	—	6	48

Continues

Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

Continued

For the Fiscal Year Ended June 30, 2011 (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)					
49	DTS Automated Geographic Reference Center	2,319	195	1,068	3,582
	Total Government Operations	131,124	841	18,887	150,852
	Total General Government	$ 287,894	$ 35,311	$ 42,711	$ 365,916
HUMAN SERVICES					
106	Department of Human Services	$ 7,489	$ 6,648	$ 1,195	$ 15,332
107	Substance Abuse and Mental Health	84,805	24,662	17,128	126,595
108	Services for People with Disabilities	44,953	1,415	153,086	199,454
109	Recovery Services	13,709	28,507	5,260	47,476
110	Child and Family Services	117,720	43,690	(2,608)	158,802
18	Juvenile Justice Services	91,383	2,767	2,841	96,991
111	Aging and Adult Services	12,364	10,767	(297)	22,834
	Total Human Services	$ 372,423	$ 118,456	$ 176,605	$ 667,484
CORRECTIONS					
Department of Corrections					
13	Corrections – Programs and Operations	$ 197,450	$ 923	$ 4,455	$ 202,828
14	DOC Medical Services	27,717	—	476	28,193
16	Jail Contracting	22,786	20	—	22,806
	Total Department of Corrections	247,953	943	4,931	253,827
Board of Pardons and Parole					
17	Board of Pardons and Parole	$ 3,913	$ —	$ 1	$ 3,914
	Total Board of Pardons and Parole	3,913	0	1	3,914
	Total Corrections	$ 251,866	$ 943	$ 4,932	$ 257,741
PUBLIC SAFETY					
Department of Public Safety					
24	Programs and Operations	$ 95,092	$ 2,332	$ 20,755	$ 118,179
25	Emergency Services and Homeland Security	2,368	27,324	700	30,392
—	Emergency and Disaster Management	3,000	—	—	3,000
26	Peace Officer's Standards and Training	3,837	—	37	3,874
27	Liquor Law Enforcement	2,320	—	—	2,320
28	Driver License	37,527	847	54	38,428
29	Highway Safety	653	5,170	219	6,042
	Total Department of Public Safety	144,797	35,673	21,765	202,235
Utah National Guard					
210	Utah National Guard Administration	$ 5,664	$ 30,524	$ (33)	$ 36,155
	Total Utah National Guard	5,664	30,524	(33)	36,155
Department of Veteran's Affairs					
211	Veteran's Affairs	$ 947	$ 187	$ 203	$ 1,337
	Total Department of Veteran's Affairs	947	187	203	1,337
	Total Public Safety	$ 151,408	$ 66,384	$ 21,935	$ 239,727

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward	Line Item #
3,451	—	105	26	49
127,541	218	9,622	13,471	
$ 290,001	$ 806	$ 10,156	$ 64,953	
$ 15,275	$ 57	$ —	$ —	106
126,196	104	45	250	107
199,381	—	—	73	108
45,973	1,503	—	—	109
150,973	—	20	7,809	110
94,107	—	—	2,884	18
22,536	268	21	9	111
$ 654,441	$ 1,932	$ 86	$ 11,025	
$ 183,710	$ —	$ 1,685	$ 17,433	13
26,895	—	—	1,298	14
21,775	—	—	1,031	16
232,380	0	1,685	19,762	
$ 3,638	$ —	$ —	$ 276	17
3,638	0	0	276	
$ 236,018	$ 0	$ 1,685	$ 20,038	
$ 97,595	$ —	$ 2,442	$ 18,142	24
28,963	—	1,416	13	25
—	—	22	2,978	—
3,398	—	62	414	26
1,287	—	—	1,033	27
27,659	—	—	10,769	28
6,042	—	—	—	29
164,944	0	3,942	33,349	
$ 36,115	$ —	$ —	$ 40	210
36,115	0	0	40	
$ 1,331	$ —	$ —	$ 6	211
1,331	0	0	6	
$ 202,390	$ 0	$ 3,942	$ 33,395	

Continues

Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

Continued

For the Fiscal Year Ended June 30, 2011 (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					
19	Judicial Council	$ 100,939	$ 600	$ 2,562	$ 104,101
20	Grand Jury	1	—	—	1
21	Contracts and Leases	19,929	—	253	20,182
22	Jury and Witness Fees	934	—	13	947
23	Guardian Ad Litem	6,463	—	212	6,675
	Total State Courts	$ 128,266	$ 600	$ 3,040	$ 131,906
HEALTH and ENVIRONMENTAL QUALITY					
95	Department of Health	$ 5,758	$ 8,649	$ 2,886	$ 17,293
97	Disease Control and Prevention	18,851	25,932	11,479	56,262
96	Community and Family Health Services	16,863	83,634	22,431	122,928
101	Health Care Financing	5,899	55,246	43,215	104,360
102	Medical Manditory Services	239,465	786,320	5,270	1,031,055
103	Medicaid Optional Services	92,031	563,513	192,905	848,449
—	Medicaid MIS Replacement	3,000	1,858	—	4,858
99	Local Health Department	2,122	—	—	2,122
104	Children's Health Insurance Program	14,589	55,523	2,204	72,316
—	Workforce Assistance	340	13	—	353
—	Medicaid Sanctions	1,083	—	—	1,083
—	Commodities	—	25,435	—	25,435
212	Environmental Quality	21,872	19,599	10,102	51,573
	Total Health and Environmental Quality	$ 421,873	$ 1,625,722	$ 290,492	$ 2,338,087
HIGHER EDUCATION					
152	Board of Regents	$ 2,694	$ 1,988	$ —	$ 4,682
154	REG - Student Support	1,596	—	—	1,596
156	REG – Economic Development	356	—	—	356
153	REG – Student Assistance	15,373	—	—	15,373
155	REG – Technology	7,324	—	—	7,324
—	REG – Cluster Acceleration Partnership	—	—	90	90
112	U of U – Education and General	202,048	6,825	192,686	401,559
113	U of U – Educationally Disadvantaged	649	—	—	649
114	U of U – School of Medicine	19,729	—	17,078	36,807
115	U of U – University Hospital	4,341	—	—	4,341
116	U of U – Regional Dental Education	503	—	264	767
120	U of U – Tele Health Network	434	—	—	434
117	U of U – Public Service	2,044	—	—	2,044
118	U of U – Statewide TV Administration	2,284	—	—	2,284

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward	Line Item #
$ 100,437	$ —	$ 1,267	$ 2,397	19
1	—	—	—	20
19,953	—	—	229	21
2,090	—	—	(1,143)	22
6,315	—	—	360	23
$ 128,796	$ 0	$ 1,267	$ 1,843	
$ 16,939	$ 189	$ 75	$ 90	95
54,714	76	1,047	425	97
121,658	130	50	1,090	96
104,320	—	—	40	101
1,027,500	—	2,981	574	102
841,373	—	66	7,010	103
2,369	—	—	2,489	—
2,122	—	—	—	99
71,358	—	309	649	104
140	—	—	213	—
—	—	—	1,083	—
25,435	—	—	—	—
48,665	—	2,749	159	212
$ 2,316,593	$ 395	$ 7,277	$ 13,822	
$ 4,682	$ —	$ —	$ —	152
1,596	—	—	—	154
356	—	—	—	156
15,373	—	—	—	153
7,324	—	—	—	155
90	—	—	—	—
400,974	—	585	—	112
649	—	—	—	113
36,807	—	—	—	114
4,341	—	—	—	115
767	—	—	—	116
434	—	—	—	120
2,044	—	—	—	117
2,284	—	—	—	118

Continues

Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

Continued

For the Fiscal Year Ended June 30, 2011 (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)					
121	U of U – Occupational Health	150	—	—	150
—	U of U – Poison Control Center	—	—	2,393	2,393
122	USU – Education and General	86,585	21,942	66,669	175,196
123	USU – Educationally Disadvantaged	236	—	—	236
128	USU – Water Research Laboratory	4,892	—	—	4,892
129	USU – Agricultural Experiment Station	11,564	2,811	—	14,375
130	USU – Cooperative Extension Service	11,546	1,918	80	13,544
124	USU – Uintah Basin CEC	3,783	—	2,075	5,858
125	USU – Southeastern Utah CEC	693	—	872	1,565
145	USU – CEU Education and General	11,653	354	2,963	14,970
146	USU – CEU Educationally Disadvantaged	105	—	—	105
147	USU – CEU Career and Technical Education	1,331	—	18	1,349
148	USU – CEU Prehistoric Museum	256	—	—	256
149	USU – San Juan Center	2,157	—	1,229	3,386
126	USU – Brigham City CEC	2,468	—	19,365	21,833
127	USU – Tooele CEC	2,385	—	7,634	10,019
131	Weber – Education and General	60,854	1,886	53,819	116,559
132	Weber – Educationally Disadvantaged	344	—	—	344
133	SUU – Education and General	28,834	860	30,376	60,070
134	SUU – Educationally Disadvantaged	90	—	3	93
135	SUU – Shakespeare Festival	22	—	—	22
136	SUU – Rural Development	96	—	—	96
139	Snow College – Education and General	17,575	416	7,872	25,863
140	Snow College – Educationally Disadvantaged	32	—	—	32
141	Snow College Applied Technology	1,264	—	—	1,264
142	Dixie – Education and General	20,136	517	21,206	41,859
143	Dixie – Educationally Disadvantaged	25	—	—	25
144	Dixie – Zion Park Amphitheatre	51	—	19	70
137	UVU – Education and General	57,819	2,044	88,318	148,181
138	UVU – Educationally Disadvantaged	158	—	—	158
149	SLCC – Education and General	55,954	1,818	56,203	113,975
150	SLCC – Educationally Disadvantaged	178	—	—	178
151	SLCC – Skill Center	5,832	—	1,265	7,097
157	Utah College of Applied Technology	4,746	28	—	4,774
158	UCAT Bridgerland	8,593	221	—	8,814
159	UCAT Davis	8,980	276	—	9,256
162	UCAT Ogden/Weber	10,116	230	—	10,346
165	UCAT Uintah Basin	4,743	123	—	4,866
161	UCAT Mountainlands	4,698	95	—	4,793
163	UCAT Southwest	2,164	42	—	2,206
160	UCAT Dixie	1,967	49	—	2,016
164	UCAT Tooele	947	—	—	947
166	Utah Education Network	18,491	—	—	18,491
173	Medical Education Council	1,247	—	402	1,649
	Total Higher Education	$ 715,135	$ 44,443	$ 572,899	$ 1,332,477

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward	Line Item #
150	—	—	—	121
2,393	—	—	—	—
175,196	—	—	—	122
236	—	—	—	123
4,856	—	36	—	128
14,375	—	—	—	129
13,544	—	—	—	130
5,858	—	—	—	124
1,565	—	—	—	125
14,970	—	—	—	145
105	—	—	—	146
1,349	—	—	—	147
256	—	—	—	148
3,386	—	—	—	149
21,833	—	—	—	126
10,019	—	—	—	127
116,559	—	—	—	131
344	—	—	—	132
60,070	—	—	—	133
93	—	—	—	134
22	—	—	—	135
96	—	—	—	136
25,863	—	—	—	139
32	—	—	—	140
1,264	—	—	—	141
41,859	—	—	—	142
25	—	—	—	143
70	—	—	—	144
148,181	—	—	—	137
158	—	—	—	138
113,975	—	—	—	149
178	—	—	—	150
7,097	—	—	—	151
4,774	—	—	—	157
8,814	—	—	—	158
9,256	—	—	—	159
10,346	—	—	—	162
4,866	—	—	—	165
4,793	—	—	—	161
2,206	—	—	—	163
2,016	—	—	—	160
947	—	—	—	164
18,491	—	—	—	166
924	—	—	725	173
$ 1,331,131	$ 0	$ 621	$ 725	

Continues

Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

Continued

For the Fiscal Year Ended June 30, 2011 (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	$ —	$ 388,018	$ —	$ 388,018
54	Department of Workforce Services	66,103	222,326	27,599	316,028
—	Unemployment Insurance	165	20,755	393	21,313
	Total Workforce Services	$ 66,268	$ 631,099	$ 27,992	$ 725,359
NATURAL RESOURCES					
168	Department of Natural Resources	$ 3,274	$ —	$ —	$ 3,274
170	Rent, Utilities, and Fixtures	1,621	—	—	1,621
172	Forestry, Fire, and State Lands	10,066	5,984	8,047	24,097
173	Oil, Gas, and Mining	6,231	5,455	179	11,865
174	Wildlife Resources	38,237	14,488	281	53,006
169	Species Protection	602	—	2,450	3,052
171	Watershed Development	2,134	—	500	2,634
—	Contributed Research	—	—	1,611	1,611
—	Cooperative Environmental Studies	—	6,514	6,619	13,133
180	Parks and Recreation	29,795	1,110	655	31,560
181	Parks and Recreation – Capital Development	7,869	2,991	647	11,507
182	Utah Geological Survey	7,662	24,859	1,275	33,796
183	Water Resources	5,503	—	150	5,653
179	Wildlife Resources – Capital Development	2,604	693	—	3,297
185	Water Rights	7,330	73	1,335	8,738
186	Public Lands Policy Office	2,099	—	—	2,099
	Total Natural Resources	$ 125,027	$ 62,167	$ 23,749	$ 210,943
COMMUNITY AND CULTURE					
75	Community and Culture	$ 3,771	$ —	$ —	$ 3,771
81	Indian Affairs	258	—	1	259
77	State History	2,204	838	77	3,119
—	Historical Society	182	—	92	274
78	Fine Arts	4,579	695	2,278	7,552
79	Museum Services	310	—	—	310
80	State Library	4,717	1,869	1,943	8,529
82	Community Development	8,405	67,979	3,727	80,111
83	Community Development Capital	51,029	—	—	51,029
84	Zoos	1,009	—	—	1,009
—	Housing Loans	36	—	—	36
	Total Community and Culture	$ 76,500	$ 71,381	$ 8,118	$ 155,999

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward	Line Item #
$ 388,018	$ —	$ —	$ —	—
310,223	1,336	—	4,469	54
21,313	—	—	—	—
$ 719,554	$ 1,336	$ 0	$ 4,469	
$ 3,039	$ 10	$ —	$ 225	168
1,621	—	—	—	170
21,626	—	—	2,471	172
9,925	—	446	1,494	173
50,246	28	2,732	—	174
2,896	—	156	—	169
1,954	—	—	680	171
1,611	—	—	—	—
13,133	—	—	—	—
30,711	95	274	480	180
6,125	—	—	5,382	181
32,701	62	262	771	182
5,483	—	92	78	183
3,025	63	209	—	179
8,287	—	—	451	185
1,415	87	197	400	186
$ 193,798	$ 345	$ 4,368	$ 12,432	
$ 3,122	$ 40	$ —	$ 609	75
209	—	—	50	81
3,014	105	—	—	77
162	—	—	112	—
4,610	—	—	2,942	78
310	—	—	—	79
8,254	—	—	275	80
79,909	77	100	25	82
51,029	—	—	—	83
1,009	—	—	—	84
36	—	—	—	—
$ 151,664	$ 222	$ 100	$ 4,013	

Continues

Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

Continued

For the Fiscal Year Ended June 30, 2011 (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					
188	Department of Agriculture and Food	$ 11,400	$ 5,349	$ 4,852	$ 21,601
189	AGR – Building Operations	305	—	—	305
190	AGR – Utah State Fair	675	—	—	675
191	AGR – Predatory Animal Control	1,515	—	525	2,040
—	AGR – Invasive Species Mitigation	380	—	—	380
194	AGR – Rangeland Improvement	2,588	—	—	2,588
192	AGR – Resource Conservation	1,562	—	1	1,563
57	Labor Commission	9,593	2,374	25	11,992
60	Department of Commerce	23,164	260	535	23,959
—	COM Building Inspector Training	832	—	216	1,048
61	COM/Public Utilities – Professional Services	1,762	—	—	1,762
62	COM/Consumer Services – Professional Services	2,546	—	—	2,546
63	Financial Institutions	5,969	—	—	5,969
64	Insurance Department	7,316	172	2,117	9,605
65	Comprehensive Health Insurance Pool	8,075	—	—	8,075
66	Bail Bond Program	23	—	—	23
67	Title Insurance Program	80	—	—	80
68	Public Service Commission	1,959	1,022	122	3,103
—	PSC – Speech and Hearing Impaired	1,114	—	1,098	2,212
	Total Business, Labor, and Agriculture	$ 80,858	$ 9,177	$ 9,491	$ 99,526
TOTAL GENERAL FUND					
	Total Expenditures	$ 2,677,518	$ 2,665,683	$ 1,181,964	$ 6,525,165

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward	Line Item #
$ 20,041	$ —	$ 102	$ 1,458	188
305	—	—	—	189
675	—	—	—	190
1,473	—	367	200	191
380	—	—	—	—
1,502	—	—	1,086	194
1,536	—	—	27	192
11,390	6	596	—	57
21,455	—	965	1,539	60
278	—	—	770	—
438	450	—	874	61
495	1,000	—	1,051	62
5,761	—	208	—	63
8,448	83	708	366	64
8,075	—	—	—	65
—	—	23	—	66
78	2	—	—	67
3,051	—	17	35	68
1,151	—	—	1,061	—
$ 86,532	$ 1,541	$ 2,986	$ 8,467	
$ 6,310,918	$ 6,577	$ 32,488	$ 175,182	

Detail Schedule of Expenditures—Budget and Actual Comparison
Education Fund, Transportation Fund, Transportation Investment Fund, and Debt Service Funds

For the Fiscal Year Ended June 30, 2011 (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
EDUCATION FUND					
Office of Education					
199	State Office of Education	$ 37,716	$ 339,868	$ 6,299	$ 383,883
55	State Office of Rehabilitation	17,676	57,313	1,096	76,085
203	Child Nutrition	149	134,591	29,542	164,282
204	Fine Arts Outreach	2,787	—	—	2,787
205	Educational Contracts	3,138	—	—	3,138
201	Charter School Board	576	3,547	—	4,123
206	Science Outreach	1,742	—	—	1,742
202	Educator Licensing	2,173	—	—	2,173
200	Initiative Programs	11,242	—	—	11,242
11	Basic School Program	1,656,082	81,128	—	1,737,210
12	Related to Basic Programs	593,887	—	—	593,887
13	Voted and Board Leeway Programs	57,928	—	—	57,928
14	School Building Programs	14,500	—	147	14,647
—	Teacher Salary Supplement	4,139	—	—	4,139
—	Commodities	—	18,258	—	18,258
—	Indirect Cost Pool	188	—	4,309	4,497
	Total Office of Education	2,403,923	634,705	41,393	3,080,021
Schools for the Deaf and the Blind					
9	Schools for the Deaf and the Blind	$ 22,754	$ 90	$ 5,058	$ 27,902
217	Institutional Council	—	—	500	500
	Total Schools for the Deaf and the Blind	22,754	90	5,558	28,402
	Total Education Fund	$ 2,426,677	$ 634,795	$ 46,951	$ 3,108,423
TRANSPORTATION FUND					
215	Support Services	$ 27,121	$ 2,599	$ —	$ 29,720
216	Engineering Services	16,582	12,624	1,365	30,571
217	Maintenance Management	126,307	8,590	1,995	136,892
218	Construction Management	108,675	266,180	111,521	486,376
219	Region Management	22,101	2,837	1,539	26,477
220	Equipment Management	53	—	29,231	29,284
221	Aeronautics	7,307	188	51,380	58,875
222	B and C Roads	123,901	—	—	123,901
223	Safe Sidewalk Construction	907	—	—	907
224	Mineral Lease	55,191	—	—	55,191
—	Corridor Preservation	23,296	—	—	23,296
—	Tollway	1,642	—	—	1,642
—	Counties of the 1st and 2nd Class	5,781	—	—	5,781
—	Highway Projects Within Counties	1,313	—	—	1,313
—	Nonappropriated	—	—	3,495	3,495
	Total Transportation Fund	$ 520,177	$ 293,018	$ 200,526	$ 1,013,721
TRANSPORTATION INVESTMENT FUND					
225	Centennial Highway Program	$ 694,462	$ —	$ 19	$ 694,481
226	Critical Highway Needs	292,782	—	—	292,782
	Total Transportation Investment Fund	$ 987,244	$ 0	$ 19	$ 987,263
DEBT SERVICE FUNDS					
52	General Government	$ 333,807	$ 13,394	$ 6,451	$ 353,652
52	State Building Ownership Authority	15,767	1,748	20,829	38,344
	Total Debt Service Funds	$ 349,574	$ 15,142	$ 27,280	$ 391,996

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward	Line Item #
$ 373,197	$ —	$ 50	$ 10,636	199
76,085	—	—	—	55
164,273	—	—	9	203
2,787	—	—	—	204
3,021	—	—	117	205
4,123	—	—	—	201
1,742	—	—	—	206
1,627	—	546	—	202
9,593	—	—	1,649	200
1,706,375	—	—	30,835	11
581,184	—	—	12,703	12
41,424	—	—	16,504	13
14,500	147	—	—	14
4,139	—	—	—	—
18,258	—	—	—	—
4,497	—	—	—	—
3,006,825	147	596	72,453	
$ 27,902	$ —	$ —	$ —	9
500	—	—	—	217
28,402	0	0	0	
$ 3,035,227	$ 147	$ 596	$ 72,453	
$ 28,890	$ 630	$ —	$ 200	215
30,333	38	—	200	216
134,454	438	—	2,000	217
478,621	4,801	2,954	—	218
25,718	559	—	200	219
29,282	2	—	—	220
57,838	—	1,037	—	221
123,901	—	—	—	222
387	—	—	520	223
55,191	—	—	—	224
23,296	—	—	—	—
1,642	—	—	—	—
5,781	—	—	—	—
1,313	—	—	—	—
1,119	2,376	—	—	—
$ 997,766	$ 8,844	$ 3,991	$ 3,120	
$ 687,846	$ 6,635	$ —	$ —	225
292,782	—	—	—	226
$ 980,628	$ 6,635	$ 0	$ 0	
$ 338,850	$ 13,394	$ —	$ 1,408	52
27,554	—	—	10,790	52
$ 366,404	$ 13,394	$ 0	$ 12,198	

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Nonmajor Enterprise Funds

Housing Loan Programs
These programs provide loans or grants to low income or special needs individuals for construction, rehabilitation, or purchase of single or multi-family housing. Funds are provided from federal funds, loan repayments, appropriations, and interest earnings.

Agriculture Loan Fund
This fund is comprised of two separate revolving loan programs: the Agriculture Resource Development Loan Fund and the Rural Rehabilitation Fund. Both programs issue farm loans for soil and water conservation projects and the rehabilitation of rural areas within the State.

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

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

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

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

Utah Correctional Industries (UCI)
UCI was established to provide work training opportunities for inmates of the Utah State Prison. UCI manufactures and sells such items as license plates, furniture, highway signs, dairy and meat products, and provides printing and other miscellaneous products and services. Funding comes from charges for products and services.

State Trust Lands Administration
This agency manages the assets of the Trust Lands permanent fund. Its objective is to maximize the growth of principal and income production for the beneficiaries.

Utah Dairy Commission
The purpose of the Commission is to promote the use of dairy products. Its operations are comprised of promotion, advertising, research, and nutritional education regarding dairy products. Funding consists primarily of fees from milk producers.

Federal Health Insurance Pool
The Federal Health Insurance Pool is a temporary high risk health insurance program enacted by Section 1101(b) of the Patient Protection and Affordable Care Act, Public Law 111-148, (the Affordable Care Act) known as the "Pre-Existing Condition Insurance Plan" or PCIP. The PCIP program provides health insurance coverage to uninsured individuals with pre-existing conditions who have been without insurance for at least six months. Ongoing operating costs are recovered through federal contract and premium charges.

Combining Statement Of Net Assets
Nonmajor Enterprise Funds

June 30, 2011 (Expressed in Thousands)

	Housing Loan Programs	Agriculture Loan Fund	Energy Efficiency Fund	Petroleum Storage Tank Loan Fund
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 8,532	$ 6,051	$ 4,601	$ 5,632
Receivables:				
Accounts, net	9	—	—	—
Accrued Interest	972	629	1	1
Notes/Loans/Mortgages, net	3,405	4,536	43	36
Due From Other Funds	—	1	—	—
Due From Component Units	—	—	—	—
Prepaid Items	—	—	—	—
Inventories	—	—	—	—
Total Current Assets	12,918	11,217	4,645	5,669
Noncurrent Assets:				
Investments	766	—	—	—
Accrued Interest Receivable	833	—	—	—
Notes/Loans/Mortgages Receivables, net	87,852	39,697	1,150	238
Capital Assets:				
Land	—	—	—	—
Infrastructure	—	—	—	—
Buildings and Improvements	—	—	—	—
Machinery and Equipment	—	20	—	—
Intangible Assets–Software	—	—	—	—
Construction in Progress	—	—	—	—
Less Accumulated Depreciation	—	(20)	—	—
Total Capital Assets	0	0	0	0
Total Noncurrent Assets	89,451	39,697	1,150	238
Total Assets	102,369	50,914	5,795	5,907
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	324	23	320	—
Deposits	97	—	—	—
Due To Other Funds	120	1	—	—
Unearned Revenue	—	—	—	—
Policy Claims Liabilities	—	—	—	—
Revenue Bonds Payable	—	—	—	—
Total Current Liabilities	541	24	320	0
Noncurrent Liabilities:				
Revenue Bonds Payable	—	—	—	—
Total Noncurrent Liabilities	0	0	0	0
Total Liabilities	541	24	320	0
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	—	—	—	—
Restricted for:				
Loan Programs	61,320	4,257	—	—
Unrestricted	40,508	46,633	5,475	5,907
Total Net Assets	$ 101,828	$ 50,890	$ 5,475	$ 5,907

Transportation Infrastructure Loan Fund	Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Federal Health Insurance Pool	Total Nonmajor Enterprise Funds
$ 1,631	$ 137	$ 928	$ 13,625	$ 520	$ 18	$ 41,675
—	3,535	833	12,459	223	904	17,963
21	—	—	—	—	—	1,624
745	—	—	—	—	—	8,765
—	16,311	81	38	—	—	16,431
—	—	—	8	—	—	8
—	—	—	—	2	—	2
—	30,389	1,153	—	27	—	31,569
2,397	50,372	2,995	26,130	772	922	118,037
—	—	—	—	183	—	949
—	—	—	—	—	—	833
1,547	—	—	—	—	—	130,484
—	22,190	—	263	32	—	22,485
—	—	304	—	—	—	304
—	73,626	3,943	233	143	—	77,945
—	8,938	3,128	1,105	62	—	13,253
—	208	57	—	—	—	265
—	—	—	—	—	—	—
—	(20,112)	(3,078)	(1,097)	(144)	—	(24,451)
0	84,850	4,354	504	93	0	89,801
1,547	84,850	4,354	504	276	0	222,067
3,944	135,222	7,349	26,634	1,048	922	340,104
—	11,124	1,474	682	30	15	13,992
—	—	—	—	—	—	97
—	15,792	73	9,121	—	—	25,107
—	1,229	—	3,584	—	10	4,823
—	—	—	—	—	897	897
—	4,151	133	—	—	—	4,284
0	32,296	1,680	13,387	30	922	49,200
—	88,587	1,971	—	—	—	90,558
0	88,587	1,971	0	0	0	90,558
0	120,883	3,651	13,387	30	922	139,758
—	7,142	2,274	504	93	—	10,013
3,944	—	—	—	—	—	69,521
—	7,197	1,424	12,743	925	—	120,812
$ 3,944	$ 14,339	$ 3,698	$ 13,247	$ 1,018	$ 0	$ 200,346

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

For the Fiscal Year Ended June 30, 2011 (Expressed in Thousands)

	Housing Loan Programs	Agriculture Loan Fund	Energy Efficiency Fund	Petroleum Storage Tank Loan Fund
OPERATING REVENUES				
Sales and Charges for Services/Premiums	$ —	$ —	$ —	$ —
Fees and Assessments	—	—	—	1
Interest on Notes/Mortgages	1,556	1,323	27	5
Miscellaneous	193	2	—	—
Total Operating Revenues	1,749	1,325	27	6
OPERATING EXPENSES				
Administration	393	352	—	—
Purchases, Materials, and Services for Resale	—	—	—	—
Grants	320	—	332	—
Rentals and Leases	—	4	—	—
Maintenance	—	—	—	—
Depreciation/Amortization	—	—	—	—
Benefit Claims	—	—	—	—
Miscellaneous Other:				
Data Processing	—	6	—	—
Supplies	—	3	—	—
Utilities	—	3	—	—
Advertising and Other	287	5	—	—
Total Operating Expenses	1,000	373	332	0
Operating Income (Loss)	749	952	(305)	6
NONOPERATING REVENUES (EXPENSES)				
Investment Income	41	27	9	41
Federal Contracts and Grants	2,227	—	—	—
Gain (Loss) on Sale of Capital Assets	—	—	—	—
Tax Revenues	—	525	—	—
Interest Expense	—	—	—	—
Other Revenues (Expenses)	—	—	—	—
Total Nonoperating Revenues (Expenses)	2,268	552	9	41
Income (Loss) before Transfers	3,017	1,504	(296)	47
Transfers In	2,243	—	—	—
Transfers Out	—	(561)	(39)	(115)
Change in Net Assets	5,260	943	(335)	(68)
Net Assets – Beginning	96,568	49,947	5,810	5,975
Net Assets – Ending	$ 101,828	$ 50,890	$ 5,475	$ 5,907

Transportation Infrastructure Loan Fund	Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Federal Health Insurance Pool	Total Nonmajor Enterprise Funds
$ —	$ 250,241	$ 20,376	$ 21,264	$ 30	$ 111	$ 292,022
—	1,675	—	37	2,353	—	4,066
94	—	—	—	—	—	3,005
—	309	—	—	59	—	563
94	252,225	20,376	21,301	2,442	111	299,656
—	18,271	6,431	6,461	584	88	32,580
—	157,372	11,576	—	81	—	169,029
—	—	—	—	—	—	652
—	912	329	793	—	—	2,038
—	2,523	491	116	—	—	3,130
—	2,025	205	22	9	—	2,261
—	—	—	—	—	1,251	1,251
—	1,960	229	844	—	—	3,039
—	472	441	107	—	—	1,023
—	440	96	99	—	—	638
—	2,270	517	1,083	1,831	—	5,993
0	186,245	20,315	9,525	2,505	1,339	221,634
94	65,980	61	11,776	(63)	(1,228)	78,022
12	137	—	66	7	—	340
—	325	—	—	—	1,228	3,780
—	—	(8)	—	—	—	(8)
—	—	—	—	—	—	525
—	(4,128)	(112)	—	—	—	(4,240)
—	—	—	—	—	—	—
12	(3,666)	(120)	66	7	1,228	397
106	62,314	(59)	11,842	(56)	0	78,419
—	3,201	—	—	—	—	5,444
—	(64,339)	—	(1,526)	—	—	(66,580)
106	1,176	(59)	10,316	(56)	0	17,283
3,838	13,163	3,757	2,931	1,074	—	183,063
$ 3,944	$ 14,339	$ 3,698	$ 13,247	$ 1,018	$ 0	$ 200,346

Combining Statement Of Cash Flows
Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2011 (Expressed in Thousands)

	Housing Loan Programs	Agriculture Loan Fund	Energy Efficiency Fund	Petroleum Storage Tank Loan Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers/Loan Interest/Fees/Premiums	$ 1,507	$ 1,323	$ 93	$ 5
Receipts from Loan Maturities	3,202	5,483	—	—
Receipts from State Customers	—	2	—	—
Payments to Suppliers/Claims/Grants	(249)	41	(332)	33
Disbursements for Loans Receivable	(7,986)	(7,988)	(727)	(242)
Payments for Employee Services and Benefits	—	(357)	—	—
Payments to State Suppliers	(660)	(25)	320	—
Payments of Sales, School Lunch, and Premium Taxes	—	—	—	—
Net Cash Provided (Used) by Operating Activities	(4,186)	(1,521)	(646)	(204)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	—	—	—	—
Repayments Under Interfund Loans	—	—	—	—
Federal Contracts and Grants and Other Revenues	2,265	—	—	—
Restricted Sales Tax	—	525	—	—
Transfers In from Other Funds	2,243	—	—	—
Transfers Out to Other Funds	—	(561)	(39)	(115)
Net Cash Provided (Used) by Noncapital Financing Activities	4,508	(36)	(39)	(115)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Bond and Note Debt Issuance/Grants	—	—	—	—
Proceeds from Disposition of Capital Assets	—	—	—	—
Principal Paid on Debt and Contract Maturities	—	—	—	—
Acquisition and Construction of Capital Assets	—	—	—	—
Interest Paid on Bonds, Notes, and Capital Leases	—	—	—	—
Transfers In from Other Funds	—	—	—	—
Transfers Out to Other Funds	—	—	—	—
Net Cash Provided (Used) by Capital and Related Financing Activities	0	0	0	0
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the Sale and Maturity of Investments	—	—	—	—
Receipts of Interest and Dividends from Investments	41	27	9	40
Net Cash Provided (Used) by Investing Activities	41	27	9	40
Net Cash Provided (Used) – All Activities	363	(1,530)	(676)	(279)
Cash and Cash Equivalents – Beginning	8,169	7,581	5,277	5,911
Cash and Cash Equivalents – Ending	$ 8,532	$ 6,051	$ 4,601	$ 5,632

Transportation Infrastructure Loan Fund	Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Federal Health Insurance Pool	Total Nonmajor Enterprise Funds
$ 73	$ 296,109	$ 11,231	$ 20,615	$ 2,422	$ 115	$ 333,493
735	—	—	—	—	—	9,420
—	—	9,573	—	—	—	9,575
—	(166,219)	(10,725)	(2,800)	(1,912)	(427)	(182,590)
—	—	—	—	—	—	(16,943)
—	(16,021)	(6,451)	(6,430)	(584)	—	(29,843)
—	(1,112)	(2,448)	(80)	—	—	(4,005)
—	(45,283)	—	—	—	—	(45,283)
808	67,474	1,180	11,305	(74)	(312)	73,824
—	15,608	—	—	—	—	15,608
—	(18,379)	—	—	—	—	(18,379)
—	—	—	—	—	330	2,595
—	—	—	—	—	—	525
—	—	—	—	—	—	2,243
—	(62,314)	—	(1,526)	—	—	(64,555)
0	(65,085)	0	(1,526)	0	330	(61,963)
—	14,600	—	—	—	—	14,600
—	—	747	—	—	—	747
—	(13,602)	(130)	—	—	—	(13,732)
—	(146)	(769)	—	(22)	—	(937)
—	(4,550)	(100)	—	—	—	(4,650)
—	3,201	—	—	—	—	3,201
—	(2,025)	—	—	—	—	(2,025)
0	(2,522)	(252)	0	(22)	0	(2,796)
—	—	—	—	(5)	—	(5)
12	137	—	66	11	—	343
12	137	0	66	6	0	338
820	4	928	9,845	(90)	18	9,403
811	133	—	3,780	610	—	32,272
$ 1,631	$ 137	$ 928	$ 13,625	$ 520	$ 18	$ 41,675

Continues

Combining Statement Of Cash Flows
Nonmajor Enterprise Funds

Continued

For the Fiscal Year Ended June 30, 2011 (Expressed in Thousands)

	Housing Loan Programs	Agriculture Loan Fund	Energy Efficiency Fund	Petroleum Storage Tank Loan Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ 749	$ 952	$ (305)	$ 6
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation/Amortization Expense	—	—	—	—
Miscellaneous Gains, Losses, and Other Items	—	—	—	—
Net Changes in Assets and Liabilities:				
Accounts Receivable/Due From Other Funds	6	1	—	—
Notes/Accrued Interest Receivables	(5,131)	(2,464)	(661)	(210)
Inventories	—	—	—	—
Prepaid Items	—	—	—	—
Accrued Liabilities/Due to Other Funds	190	(10)	320	—
Unearned Revenue/Deposits	—	—	—	—
Policy Claims Liabilities	—	—	—	—
Net Cash Provided (Used) by Operating Activities	$ (4,186)	$ (1,521)	$ (646)	$ (204)
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	$ 21	$ 26	$ 27	$ 33
Total Noncash Investing, Capital, and Financing Activities	$ 21	$ 26	$ 27	$ 33

Transportation Infrastructure Loan Fund	Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Federal Health Insurance Pool	Total Nonmajor Enterprise Funds
$ 94	$ 65,980	$ 61	$ 11,776	$ (63)	$ (1,228)	$ 78,022
—	2,025	205	22	9	—	2,261
—	(81)	—	—	—	—	(81)
—	(1,399)	428	(550)	(20)	(6)	(1,540)
714	—	—	—	—	—	(7,752)
—	(479)	302	—	—	—	(177)
—	—	—	—	—	—	—
—	1,428	184	193	—	15	2,320
—	—	—	(136)	—	10	(126)
—	—	—	—	—	897	897
$ 808	$ 67,474	$ 1,180	$ 11,305	$ (74)	$ (312)	$ 73,824
$ 6	$ —	$ —	$ 66	$ —	$ —	$ 179
$ 6	$ 0	$ 0	$ 66	$ 0	$ 0	$ 179

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Internal Service Funds

Technology Services

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

General Services

This fund is used to manage cooperative purchasing contracts and provide printing and mailing services in addition to surplus property 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 and fuel dispensing 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. This fund is also used to account for the State's facility energy efficiency program.

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, 2011 (Expressed in Thousands)

	Technology Services	General Services	Fleet Operations	Risk Management
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ —	$ 1,338	$ 93	$ 55,269
Receivables:				
Accounts, net	349	1,404	2,110	—
Due From Other Funds	19,200	2,778	8,023	585
Due From Component Units	—	14	23	5
Prepaid Items	1,680	165	—	—
Inventories	235	1,233	4,111	—
Deferred Charges	—	—	—	—
Total Current Assets	21,464	6,932	14,360	55,859
Noncurrent Assets:				
Prepaid Items	—	16	—	250
Notes/Loans/Mortgages Receivables, net	—	—	—	1,636
Deferred Charges	—	—	—	—
Capital Assets:				
Land	17	—	—	—
Infrastructure	303	—	—	—
Buildings and Improvements	4,611	1,379	193	—
Machinery and Equipment	59,906	11,539	113,929	—
Intangible Assets–Software	6,538	120	200	62
Construction in Progress	319	—	—	—
Less Accumulated Depreciation	(56,627)	(8,911)	(54,136)	—
Total Capital Assets	15,067	4,127	60,186	62
Total Noncurrent Assets	15,067	4,143	60,186	1,948
Total Assets	36,531	11,075	74,546	57,807
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	13,037	2,921	5,042	607
Due To Other Funds	246	129	55	1,598
Interfund Loans Payable	6,432	2,032	19,760	—
Unearned Revenue	—	19	—	—
Policy Claims Liabilities	—	—	—	17,428
Contracts/Notes Payable	—	—	—	—
Revenue Bonds Payable	—	76	—	—
Total Current Liabilities	19,715	5,177	24,857	19,633
Noncurrent Liabilities:				
Unearned Revenue	—	—	—	165
Interfund Loans Payable	1,055	1,803	7,276	—
Policy Claims Liabilities	—	—	—	25,303
Contracts/Notes Payable	—	—	—	—
Revenue Bonds Payable	—	588	—	—
Total Noncurrent Liabilities	1,055	2,391	7,276	25,468
Total Liabilities	20,770	7,568	32,133	45,101
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	15,067	3,544	60,186	62
Restricted for:				
Insurance Programs	—	—	—	6,161
Unrestricted (Deficit)	694	(37)	(17,773)	6,483
Total Net Assets	$ 15,761	$ 3,507	$ 42,413	$ 12,706

Property Management	Human Resource Management	Total
$ 7,481	$ 3,578	$ 67,759
10	—	3,873
300	4	30,890
160	—	202
—	—	1,845
—	—	5,579
20	—	20
7,971	3,582	110,168
—	—	266
—	—	1,636
446	—	446
—	—	17
—	—	303
—	—	6,183
645	—	186,019
—	42	6,962
—	—	319
(616)	(42)	(120,332)
29	0	79,471
475	0	81,819
8,446	3,582	191,987
2,070	298	23,975
38	147	2,213
—	—	28,224
—	—	19
—	—	17,428
20	—	20
—	—	76
2,128	445	71,955
—	—	165
—	—	10,134
—	—	25,303
446	—	446
—	—	588
446	0	36,636
2,574	445	108,591
29	—	78,888
—	—	6,161
5,843	3,137	(1,653)
$ 5,872	$ 3,137	$ 83,396

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

For the Fiscal Year Ended June 30, 2011 (Expressed in Thousands)

	Technology Services	General Services	Fleet Operations	Risk Management
OPERATING REVENUES				
Charges for Services/Premiums	$ 133,389	$ 18,818	$ 62,172	$ 36,792
Miscellaneous	—	76	2	—
Total Operating Revenues	133,389	18,894	62,174	36,792
OPERATING EXPENSES				
Administration	75,191	3,735	1,897	2,596
Materials and Services for Resale	14,921	11,047	33,755	18,395
Rentals and Leases	360	253	370	30
Maintenance	487	422	14,044	1
Depreciation/Amortization	5,941	1,671	8,997	—
Benefit Claims	—	—	—	11,179
Miscellaneous Other:				
Data Processing	32,671	104	576	315
Supplies	216	81	149	110
Utilities	523	32	382	20
Advertising and Other	1,801	615	950	1,699
Total Operating Expenses	132,111	17,960	61,120	34,345
Operating Income (Loss)	1,278	934	1,054	2,447
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	—	—	—	426
Federal Grants	—	—	273	—
Gain (Loss) on Sale of Capital Assets	—	10	384	—
Interest Expense	—	(33)	—	—
Refunds Paid to Federal Government	—	(3)	—	(2)
Other Revenues (Expenses)	—	(17)	—	810
Total Nonoperating Revenues (Expenses)	0	(43)	657	1,234
Income (Loss) before Transfers	1,278	891	1,711	3,681
Transfers In	—	—	39	—
Transfers Out	—	—	(141)	(19)
Change in Net Assets	1,278	891	1,609	3,662
Net Assets – Beginning	14,483	2,170	41,250	9,044
Adjustment to Beginning Net Assets	—	446	(446)	—
Net Assets – Beginning as Adjusted	14,483	2,616	40,804	9,044
Net Assets – Ending	$ 15,761	$ 3,507	$ 42,413	$ 12,706

Property Management	Human Resource Management	Total
$ 27,222	$ 10,254	$ 288,647
—	—	78
27,222	10,254	288,725
7,862	9,387	100,668
—	—	78,118
512	7	1,532
7,737	—	22,691
26	14	16,649
—	—	11,179
402	550	34,618
145	63	764
8,495	90	9,542
1,040	426	6,531
26,219	10,537	282,292
1,003	(283)	6,433
15	—	441
—	—	273
—	—	394
(23)	—	(56)
(21)	—	(26)
—	—	793
(29)	0	1,819
974	(283)	8,252
—	—	39
(280)	—	(440)
694	(283)	7,851
5,178	3,420	75,545
—	—	0
5,178	3,420	75,545
$ 5,872	$ 3,137	$ 83,396

Combining Statement Of Cash Flows
Internal Service Funds

For the Fiscal Year Ended June 30, 2011 (Expressed in Thousands)

	Technology Services	General Services	Fleet Operations	Risk Management
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers/Loan Interest/Fees/Premiums	$ 1,792	$ 2,139	$ 21,233	$ 19,475
Receipts from State Customers	127,745	15,505	37,067	17,878
Payments to Suppliers/Claims/Grants	(44,207)	(11,824)	(21,562)	(28,229)
Payments for Employee Services and Benefits	(75,153)	(3,687)	(1,917)	(2,576)
Payments to State Suppliers and Grants	(5,267)	—	(28,594)	(5,137)
Net Cash Provided (Used) by Operating Activities	4,910	2,133	6,227	1,411
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	990	—	—	—
Payments of Bonds, Notes, Deposits, and Refunds	—	—	—	—
Interest Paid on Bonds, Notes, and Financing Costs	—	—	—	—
Transfers Out to Other Funds	—	—	—	—
Net Cash Provided (Used) by Noncapital Financing Activities	990	0	0	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	—	103	7,596	—
Repayments Under Interfund Loans	(56)	—	—	—
Proceeds from Disposition of Capital Assets	—	53	2,512	—
Federal Grants and Other Revenues	—	—	273	—
Principal Paid on Debt and Contract Maturities	—	(73)	—	—
Acquisition and Construction of Capital Assets	(6,074)	(1,760)	(16,626)	(62)
Interest Paid on Bonds, Notes, and Capital Leases	—	(19)	—	—
Transfers In from Other Funds	—	—	39	—
Transfers Out to Other Funds	—	—	—	(19)
Net Cash Provided (Used) by Capital and Related Financing Activities	(6,130)	(1,696)	(6,206)	(81)
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts of Interest and Dividends from Investments	—	—	—	426
Net Cash Provided (Used) by Investing Activities	0	0	0	426
Net Cash Provided (Used) – All Activities	(230)	437	21	1,756
Cash and Cash Equivalents – Beginning	230	616	357	53,513
Adjustment to Beginning Cash and Cash Equivalents	—	285	(285)	—
Cash and Cash Equivalents – Ending	$ 0	$ 1,338	$ 93	$ 55,269

Property Management	Human Resource Management	Total
$ 1,675	$ 198	$ 46,512
25,291	10,053	233,539
(18,177)	(311)	(124,310)
(7,812)	(9,358)	(100,503)
—	(915)	(39,913)
977	(333)	15,325
—	—	990
(18)	—	(18)
(23)	—	(23)
(280)	—	(280)
(321)	0	669
—	—	7,699
—	—	(56)
—	—	2,565
—	—	273
—	—	(73)
—	—	(24,522)
—	—	(19)
—	—	39
—	—	(19)
0	0	(14,113)
15	—	441
15	0	441
671	(333)	2,322
6,810	3,911	65,437
—	—	—
$ 7,481	$ 3,578	$ 67,759

Continues

Combining Statement Of Cash Flows
Internal Service Funds

Continued

For the Fiscal Year Ended June 30, 2011 (Expressed in Thousands)

	Technology Services	General Services	Fleet Operations	Risk Management
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ 1,278	$ 934	$ 1,054	$ 2,447
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation/Amortization Expense	5,941	1,671	8,997	—
Miscellaneous Gains, Losses, and Other Items	—	(20)	—	808
Net Changes in Assets and Liabilities:				
Accounts Receivable/Due From Other Funds	(3,852)	(1,252)	(3,765)	87
Notes/Accrued Interest Receivables	—	—	—	(336)
Inventories	260	(370)	(843)	—
Prepaid Items/Deferred Charges	529	1	—	—
Accrued Liabilities/Due to Other Funds	754	1,150	893	(2,429)
Unearned Revenue/Deposits	—	19	(109)	—
Notes Payable	—	—	—	—
Policy Claims Liabilities	—	—	—	834
Net Cash Provided (Used) by Operating Activities	$ 4,910	$ 2,133	$ 6,227	$ 1,411
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	$ —	$ —	$ —	$ 137
Contributed Capital Assets Transferred In (Out)	—	—	(141)	—
Total Noncash Investing, Capital, and Financing Activities	$ 0	$ 0	$ (141)	$ 137

Property Management	Human Resource Management	Total
$ 1,003	$ (283)	$ 6,433
26	14	16,649
(21)	—	767
(250)	(3)	(9,035)
—	—	(336)
—	—	(953)
18	—	548
207	(61)	514
(6)	—	(96)
—	—	—
—	—	834
$ 977	$ (333)	$ 15,325
$ 4	$ —	$ 141
—	—	(141)
$ 4	$ 0	$ 0

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Fiduciary Funds

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

Defined Benefit Pension Plans and Defined Contribution Plans

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

State Post-Retirement Benefits Trust Fund

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

PRIVATE PURPOSE TRUST FUNDS

Utah Navajo Royalties Holding

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

Unclaimed Property Trust

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

Employers' Reinsurance Trust

This fund primarily provides compensation to individuals injured from industrial accidents or occupational diseases occurring on or before June 30, 1994, where the injury is of a permanent nature and workers' compensation benefits have expired. Revenues come from assessments on insurance premiums and court-ordered penalties. The net 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, 2011 (Expressed in Thousands)

	Pension Trust			
	Non-Contributory System	Contributory System	Public Safety System	Fire-fighters System
ASSETS				
Cash and Cash Equivalents	$ 835,561	$ 53,312	$ 108,855	$ 40,030
Receivables:				
Member Contributions	—	321	29	632
Employer Contributions	34,977	575	3,422	—
Court Fees and Fire Insurance Premiums	—	—	—	12
Investments	523,730	33,427	68,245	25,098
Total Receivables	558,707	34,323	71,696	25,742
Due From Other Funds	—	—	—	—
Investments:				
Debt Securities	3,523,869	224,913	459,175	168,874
Equity Investments	6,014,899	383,903	783,771	288,251
Absolute Return	2,509,212	160,151	326,962	120,250
Private Equity	1,471,054	93,890	191,686	70,497
Real Estate	2,418,148	154,340	315,095	115,885
Mortgage Loans	5,475	349	713	262
Invested Securities Lending Collateral	1,005,149	64,154	130,975	48,170
Total Investments	16,947,806	1,081,700	2,208,377	812,189
Capital Assets:				
Land	1,423	91	187	69
Buildings and Improvements	9,245	591	1,209	443
Machinery and Equipment	3,296	211	431	158
Less Accumulated Depreciation	(13,276)	(849)	(1,737)	(637)
Total Capital Assets	688	44	90	33
Total Assets	18,342,762	1,169,379	2,389,018	877,994
LIABILITIES				
Accounts Payable	733,926	46,821	95,589	35,155
Securities Lending Liability	1,005,149	64,154	130,975	48,170
Leave/Postemployment Benefits	9,293	594	1,210	445
Insurance Reserves	3,999	255	521	192
Real Estate Liabilities	788,190	50,307	102,704	37,772
Total Liabilities	2,540,557	162,131	330,999	121,734
NET ASSETS				
Held in trust for:				
Pension Benefits	15,802,205	1,007,248	2,058,019	756,260
Other Postemployment Benefits	—	—	—	—
Defined Contribution	—	—	—	—
Total Net Assets	$ 15,802,205	$ 1,007,248	$ 2,058,019	$ 756,260

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
$ 6,505	$ 495	$ 3,389	$ 42	$ 102	$ 5,389	$ 209	$ 1,053,889
—	—	—	—	—	—	—	982
133	—	—	—	—	—	73	39,180
133	—	—	—	—	—	—	145
4,078	310	67,606	6,314	—	903	—	729,711
4,344	310	67,606	6,314	0	903	73	770,018
—	—	—	—	—	—	3,157	3,157
27,438	2,086	1,258,542	138,437	23,264	—	38,600	5,865,198
46,834	3,562	1,561,853	172,346	23,503	—	83,815	9,362,737
19,538	1,486	—	—	—	—	—	3,137,599
11,454	871	—	—	—	—	—	1,839,452
18,829	1,432	—	—	—	—	—	3,023,729
43	3	—	—	—	—	—	6,845
7,827	595	—	—	—	—	—	1,256,870
131,963	10,035	2,820,395	310,783	46,767	0	122,415	24,492,430
10	—	—	—	—	—	—	1,780
67	—	—	—	—	—	—	11,555
24	—	—	—	—	—	—	4,120
(96)	—	—	—	—	—	—	(16,595)
5	0	0	0	0	0	0	860
142,817	10,840	2,891,390	317,139	46,869	6,292	125,854	26,320,354
5,712	434	4,713	265	47	17	—	922,679
7,827	595	—	—	—	—	—	1,256,870
72	6	—	—	—	—	1,923	13,543
31	2	—	—	—	—	—	5,000
6,138	466	—	—	—	—	—	985,577
19,780	1,503	4,713	265	47	17	1,923	3,183,669
123,037	9,337	—	—	—	—	—	19,756,106
—	—	—	—	—	—	123,931	123,931
—	—	2,886,677	316,874	46,822	6,275	—	3,256,648
$ 123,037	$ 9,337	$ 2,886,677	$ 316,874	$ 46,822	$ 6,275	$ 123,931	$ 23,136,685

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

For the Fiscal Year Ended June 30, 2011 (Expressed in Thousands)

	Pension Trust			
	Non-Contributory System	Contributory System	Public Safety System	Fire-fighters System
ADDITIONS				
Contributions:				
Member	$ 33,528	$ 10,299	$ 1,713	$ 14,112
Employer	564,154	11,851	103,586	238
Court Fees and Fire Insurance Premiums	—	—	—	10,677
Total Contributions	597,682	22,150	105,299	25,027
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments	1,538,942	100,187	199,465	73,700
Interest, Dividends, and Other Investment Income	361,330	23,524	46,832	17,304
Less Investment Expenses	(39,296)	(2,558)	(5,094)	(1,882)
Net Investment Income	1,860,976	121,153	241,203	89,122
Transfers From Affiliated Systems	—	—	4,248	1,784
Total Additions	2,458,658	143,303	350,750	115,933
DEDUCTIONS				
Retirement Benefits	661,718	50,823	96,330	32,487
Cost of Living Benefits	132,086	16,389	19,068	8,242
Supplemental Retirement Benefits	—	353	433	401
Retiree Healthcare Benefits	—	—	—	—
Refunds/Plan Distributions	3,620	1,632	512	401
Administrative Expenses	8,389	535	1,146	361
Transfers To Affiliated Systems	3,202	3,910	—	—
Total Deductions	809,015	73,642	117,489	41,892
Change in Net Assets Held in Trust for:				
Pension Benefits	1,649,643	69,661	233,261	74,041
Other Postemployment Benefits	—	—	—	—
Defined Contribution	—	—	—	—
Net Assets – Beginning	14,152,562	937,587	1,824,758	682,219
Net Assets – Ending	$ 15,802,205	$ 1,007,248	$ 2,058,019	$ 756,260

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
$ —	$ —	$ 222,474	$ 26,522	$ 14,213	$ —	$ —	$ 322,861
2,771	—	—	—	—	4,274	43,819	730,693
1,944	—	—	—	—	—	—	12,621
4,715	0	222,474	26,522	14,213	4,274	43,819	1,066,175
12,071	944	253,881	27,664	3,568	11	19,761	2,230,194
2,834	222	3,566	301	—	—	1,948	457,861
(308)	(24)	(3,158)	(337)	(49)	—	—	(52,706)
14,597	1,142	254,289	27,628	3,519	11	21,709	2,635,349
1,078	2	—	—	—	—	—	7,112
20,390	1,144	476,763	54,150	17,732	4,285	65,528	3,708,636
7,317	625	—	—	—	—	—	849,300
1,693	165	—	—	—	—	—	177,643
—	—	—	—	—	—	—	1,187
—	—	—	—	—	—	32,981	32,981
—	5	190,963	20,184	5,536	987	—	223,840
69	5	6,410	711	93	11	—	17,730
—	—	—	—	—	—	—	7,112
9,079	800	197,373	20,895	5,629	998	32,981	1,309,793
11,311	344	—	—	—	—	—	2,038,261
—	—	—	—	—	—	32,547	32,547
—	—	279,390	33,255	12,103	3,287	—	328,035
111,726	8,993	2,607,287	283,619	34,719	2,988	91,384	20,737,842
$ 123,037	$ 9,337	$ 2,886,677	$ 316,874	$ 46,822	$ 6,275	$ 123,931	$ 23,136,685

Combining Statement Of Fiduciary Net Assets
Private Purpose Trust Funds

June 30, 2011 (Expressed in Thousands)

	Utah Navajo Royalties Holding	Unclaimed Property Trust	Employers' Reinsurance Trust	Petroleum Storage Tank Trust
ASSETS				
Cash and Cash Equivalents	$ 427	$ —	$ 3,428	$ 702
Receivables:				
Accounts	2,798	—	4,934	6
Accrued Assessments	—	—	3,406	—
Court Settlement	25,500	—	—	—
Due From Other Funds	3,849	—	—	—
Investments:				
Debt Securities	13,173	50,359	176,321	14,847
Equity Investments	101	10,037	—	—
Total Investments	13,274	60,396	176,321	14,847
Capital Assets:				
Land	271	—	—	—
Buildings and Improvements	10,715	—	—	—
Machinery and Equipment	173	—	—	—
Less Accumulated Depreciation	(2,612)	—	—	—
Total Capital Assets	8,547	0	0	0
Total Assets	54,395	60,396	188,089	15,555
LIABILITIES				
Accounts Payable	378	32	349	242
Due To Other Funds	7	—	99	—
Unearned Revenue	—	—	—	253
Policy Claims Liabilities	—	—	252,186	31,902
Total Liabilities	385	32	252,634	32,397
NET ASSETS				
Held in trust for:				
Individuals, Organizations, and Other Governments	54,010	60,364	(64,545)	(16,842)
Total Net Assets	$ 54,010	$ 60,364	$ (64,545)	$ (16,842)

Utah Educational Savings Plan Trust	Miscellaneous Restricted Trust	Total
$ 1,008	$ 7,988	$ 13,553
—	—	7,738
—	—	3,406
—	—	25,500
—	397	4,246
1,007,142	10,540	1,272,382
3,211,505	—	3,221,643
4,218,647	10,540	4,494,025
—	—	271
—	—	10,715
924	—	1,097
(731)	—	(3,343)
193	0	8,740
4,219,848	18,925	4,557,208
482	1,138	2,621
—	5	111
—	—	253
—	—	284,088
482	1,143	287,073
4,219,366	17,782	4,270,135
$ 4,219,366	$ 17,782	$ 4,270,135

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

For the Fiscal Year Ended June 30, 2011 (Expressed in Thousands)

	Utah Navajo Royalties Holding	Unclaimed Property Trust	Employers' Reinsurance Trust	Petroleum Storage Tank Trust
ADDITIONS				
Contributions:				
Member	$ —	$ —	$ —	$ —
Total Contributions	0	0	0	0
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments	33	194	367	36
Interest, Dividends, and Other Investment Income	71	344	941	76
Total Investment Income	104	538	1,308	112
Other Additions:				
Escheats	—	13,245	—	—
Royalties and Rents	4,781	—	—	—
Fees, Assessments, and Revenues	34	—	15,420	4,851
Court Settlement / Miscellaneous	—	—	174	—
Total Other	4,815	13,245	15,594	4,851
Total Additions	4,919	13,783	16,902	4,963
DEDUCTIONS				
Trust Operating Expenses	339	—	—	2,253
Distributions and Benefit Payments	—	6,391	31,989	—
Administrative and General Expenses	1,923	3,975	2,644	1,313
Total Deductions	2,262	10,366	34,633	3,566
Change in Net Assets Held in Trust for:				
Individuals, Organizations, and Other Governments	2,657	3,417	(17,731)	1,397
Net Assets – Beginning	51,353	56,947	(46,814)	(18,239)
Net Assets – Ending	$ 54,010	$ 60,364	$ (64,545)	$ (16,842)

Utah Educational Savings Plan Trust	Miscellaneous Restricted Trust	Total
$ 540,105	$ 11,334	$ 551,439
540,105	11,334	551,439
633,214	21	633,865
80,357	54	81,843
713,571	75	715,708
—	—	13,245
—	—	4,781
—	21,649	41,954
11	6,037	6,222
11	27,686	66,202
1,253,687	39,095	1,333,349
—	25,713	28,305
141,232	11,374	190,986
5,338	2,330	17,523
146,570	39,417	236,814
1,107,117	(322)	1,096,535
3,112,249	18,104	3,173,600
$ 4,219,366	$ 17,782	$ 4,270,135

Combining Statement Of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2011 (Expressed in Thousands)

	Taxes and Social Security	County and Local Collections	State Courts	Deposits, Suspense, and Miscellaneous	Total
ASSETS					
Cash and Cash Equivalents	$ 12	$ 116,068	$ 36,254	$ 21,595	$ 173,929
Accounts Receivable	—	5	—	10,216	10,221
Due From Other Funds	—	—	—	253	253
Investments:					
Debt Securities	—	5	—	22,686	22,691
Total Investments	0	5	0	22,686	22,691
Total Assets	$ 12	$ 116,078	$ 36,254	$ 54,750	$ 207,094
LIABILITIES					
Due To Individuals, Organizations, and Other Governments	$ 12	$ 116,078	$ 36,254	$ 54,750	$ 207,094
Total Liabilities	$ 12	$ 116,078	$ 36,254	$ 54,750	$ 207,094

Combining Statement Of Changes In Assets And Liabilities Agency Funds

For the Fiscal Year Ended June 30, 2011 (Expressed in Thousands)

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
TAXES AND SOCIAL SECURITY				
Assets				
Cash and Cash Equivalents	$ —	$ 220,666	$ 220,654	$ 12
Receivables:				
Accounts	301	—	301	—
Due From Other Funds	23	—	23	—
Total Assets	$ 324	$ 220,666	$ 220,978	$ 12
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 324	$ 220,712	$ 221,024	$ 12
Total Liabilities	$ 324	$ 220,712	$ 221,024	$ 12
COUNTY AND LOCAL COLLECTIONS				
Assets				
Cash and Cash Equivalents	$ 115,585	$ 1,233,472	$ 1,232,989	$ 116,068
Investments	48	3,523	3,566	5
Receivables:				
Accounts Receivable	17	5	17	5
Total Assets	$ 115,650	$ 1,237,000	$ 1,236,572	$ 116,078
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 115,650	$ 1,245,403	$ 1,244,975	$ 116,078
Total Liabilities	$ 115,650	$ 1,245,403	$ 1,244,975	$ 116,078
STATE COURTS				
Assets				
Cash and Cash Equivalents	$ 38,795	$ 130,551	$ 133,092	$ 36,254
Total Assets	$ 38,795	$ 130,551	$ 133,092	$ 36,254
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 38,795	$ 94,047	$ 96,588	36,254
Total Liabilities	$ 38,795	$ 94,047	$ 96,588	$ 36,254
DEPOSITS, SUSPENSE, AND MISCELLANEOUS				
Assets				
Cash and Cash Equivalents	$ 19,793	$ 716,576	$ 714,774	$ 21,595
Investments	23,359	138,056	138,729	22,686
Receivables:				
Accounts Receivable	9,287	1,530	601	10,216
Due From Other Funds	172	253	172	253
Total Assets	$ 52,611	$ 856,415	$ 854,276	$ 54,750
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 52,611	$ 607,852	$ 605,713	$ 54,750
Total Liabilities	$ 52,611	$ 607,852	$ 605,713	$ 54,750
TOTAL — ALL AGENCY FUNDS				
Assets				
Cash and Cash Equivalents	$ 174,173	$ 2,301,265	$ 2,301,509	$ 173,929
Investments	23,407	141,579	142,295	22,691
Receivables:				
Accounts Receivable	9,605	1,535	919	10,221
Due From Other Funds	195	253	195	253
Total Assets	$ 207,380	$ 2,444,632	$ 2,444,918	$ 207,094
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 207,380	$ 2,168,014	$ 2,168,300	$ 207,094
Total Liabilities	$ 207,380	$ 2,168,014	$ 2,168,300	$ 207,094

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Nonmajor Component Units

Comprehensive Health Insurance Pool

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

Utah Schools for the Deaf and the Blind

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

Military Installation Development Authority

This Authority is an independent, nonprofit entity whose purpose is to provide for the development and improvement of project areas near military installations throughout the State. Operations are funded through service charges, project revenue, and state appropriations.

Heber Valley Historic Railroad Authority

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

Utah State Fair Corporation

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

Colleges and Universities

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

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

Combining Statement Of Net Assets
Nonmajor Component Units

June 30, 2011 (Expressed in Thousands)

	Comprehensive Health Insurance Pool	Utah Schools for the Deaf and the Blind	Military Installation Development Authority	Heber Valley Historic Railroad Authority	Utah State Fair Corporation
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 26,884	$ 268	$ —	$ —	$ 1,349
Investments	—	—	—	—	—
Receivables:					
Accounts, net	61	969	3,074	51	102
Notes/Loans/Mortgages/Pledges, net	—	—	—	—	—
Accrued Interest	—	—	—	—	—
Due From Primary Government	—	1,014	—	—	—
Prepaid Items	—	—	—	—	53
Inventories	—	—	—	43	—
Deferred Charges	—	—	—	—	—
Total Current Assets	26,945	2,251	3,074	94	1,504
Noncurrent Assets:					
Restricted Investments	—	—	7,887	—	—
Accounts Receivables, net	—	—	—	—	—
Investments	—	—	—	—	—
Notes/Loans/Mortgages/Pledges Receivables, net	—	—	—	—	—
Other Assets	—	—	—	—	—
Capital Assets (net of Accumulated Depreciation)	—	14,575	8	2,474	731
Total Noncurrent Assets	0	14,575	7,895	2,474	731
Total Assets	26,945	16,826	10,969	2,568	2,235
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	345	1,917	1,593	271	353
Deposits	—	—	—	—	—
Due To Primary Government	—	435	—	—	—
Unearned Revenue	425	41	—	—	98
Current Portion of Long-term Liabilities	3,398	—	—	244	25
Total Current Liabilities	4,168	2,393	1,593	515	476
Noncurrent Liabilities:					
Accrued Liabilities	—	—	—	—	—
Unearned Revenue	—	—	—	—	—
Deposits	—	—	—	—	—
Long-term Liabilities	—	—	—	265	51
Total Noncurrent Liabilities	0	0	0	265	51
Total Liabilities	4,168	2,393	1,593	780	527
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	—	14,575	8	2,474	654
Restricted for:					
Nonexpendable:					
Higher Education	—	—	—	—	—
Expendable:					
Higher Education	—	—	—	—	—
Other	—	—	8,005	—	54
Unrestricted (Deficit)	22,777	(142)	1,363	(686)	1,000
Total Net Assets	$ 22,777	$ 14,433	$ 9,376	$ 1,788	$ 1,708

Weber State University	Southern Utah University	Salt Lake Community College	Utah Valley University	Dixie State College of Utah	Snow College	Utah College of Applied Technology	Total Nonmajor Component Units
$ 37,279	$ 21,059	$ 31,009	$ 102,029	$ 21,157	$ 8,602	$ 15,699	$ 265,335
134	10,474	56,461	—	—	2,005	1,810	70,884
5,774	4,327	10,702	4,285	1,613	1,883	5,009	37,850
2,336	362	469	4,925	386	597	280	9,355
164	—	—	—	—	56	—	220
—	—	—	—	—	—	—	1,014
169	4,077	14	345	21	18	202	4,899
2,874	807	3,022	3,863	1,259	305	1,740	13,913
370	—	—	—	—	12	—	382
49,100	41,106	101,677	115,447	24,436	13,478	24,740	403,852
10,260	10,594	6,651	20,457	5,226	24,167	420	85,662
1,451	—	—	1,416	—	—	—	2,867
144,206	6,790	19,888	—	20,340	7,177	903	199,304
14,039	2,427	4,367	9,343	2,677	737	197	33,787
—	706	297	3,793	—	304	—	5,100
207,124	139,180	169,669	223,852	92,481	88,633	149,265	1,087,992
377,080	159,697	200,872	258,861	120,724	121,018	150,785	1,414,712
426,180	200,803	302,549	374,308	145,160	134,496	175,525	1,818,564
2,660	3,232	11,344	8,946	541	3,373	4,051	38,626
—	658	—	600	203	305	76	1,842
3,654	1,153	2,533	1,415	1,998	1,053	—	12,241
5,916	4,874	7,653	8,649	872	471	1,162	30,161
4,256	3,016	4,989	5,559	1,905	574	1,204	25,170
16,486	12,933	26,519	25,169	5,519	5,776	6,493	108,040
—	—	—	—	20	—	58	78
—	—	—	5,829	—	—	—	5,829
—	—	1,875	—	—	65	338	2,278
49,322	22,176	7,984	17,559	13,986	18,620	6,267	136,230
49,322	22,176	9,859	23,388	14,006	18,685	6,663	144,415
65,808	35,109	36,378	48,557	19,525	24,461	13,156	252,455
160,433	117,457	163,731	206,321	82,557	86,109	144,588	978,907
57,710	12,414	3,674	12,278	18,275	5,546	849	110,746
92,691	11,105	15,825	—	7,058	3,931	5,022	135,632
—	—	—	36,494	—	—	—	44,553
49,538	24,718	82,941	70,658	17,745	14,449	11,910	296,271
$ 360,372	$ 165,694	$ 266,171	$ 325,751	$ 125,635	$ 110,035	$ 162,369	$ 1,566,109

Combining Statement Of Activities
Nonmajor Component Units

For the Fiscal Year Ended June 30, 2011 (Expressed in Thousands)

	Comprehensive Health Insurance Pool	Utah Schools for the Deaf and the Blind	Military Installation Development Authority	Heber Valley Historic Railroad Authority	Utah State Fair Corporation
Expenses	$ 38,340	$ 29,466	$ 16,557	$ 1,910	$ 4,148
Program Revenues:					
Charges for Services:					
Tuition and Fees	—	—	—	—	—
Scholarship Allowances	—	—	—	—	—
Sales, Services, and Other Revenues	23,063	5,058	17,357	2,070	3,630
Operating Grants and Contributions	1,794	720	—	—	—
Capital Grants and Contributions	—	—	—	—	—
Total Program Revenues	24,857	5,778	17,357	2,070	3,630
Net (Expenses) Revenues	(13,483)	(23,688)	800	160	(518)
General Revenues:					
State Appropriations	8,075	22,754	—	—	707
Unrestricted Investment Income	199	4	47	—	—
Permanent Endowments Contributions	—	—	—	—	—
Total General Revenues	8,274	22,758	47	0	707
Change in Net Assets	(5,209)	(930)	847	160	189
Net Assets – Beginning	27,986	15,363	8,529	1,628	1,519
Adjustment to Beginning Net Assets	—	—			—
Net Assets – Beginning as Adjusted	27,986	15,363	8,529	1,628	1,519
Net Assets – Ending	$ 22,777	$ 14,433	$ 9,376	$ 1,788	$ 1,708

Weber State University	Southern Utah University	Salt Lake Community College	Utah Valley University	Dixie State College of Utah	College of Eastern Utah Transferred to Utah State University	Snow College	Utah College of Applied Technology	Total Nonmajor Component Units
$ 207,079	$ 107,826	$ 203,636	$ 256,062	$ 77,348	$ —	$ 43,021	$ 84,790	$ 1,070,183
95,673	42,378	60,396	126,404	33,322	—	10,744	13,041	381,958
(45,401)	(13,455)	(1,819)	(28,647)	(7,947)	—	(4,160)	(1,825)	(103,254)
20,300	20,423	24,394	24,971	7,785	—	4,771	8,376	162,198
83,363	29,914	57,761	87,885	24,158	—	9,647	16,346	311,588
4,681	15,080	744	4,068	296	—	211	43,447	68,527
158,616	94,340	141,476	214,681	57,614	0	21,213	79,385	821,017
(48,463)	(13,486)	(62,160)	(41,381)	(19,734)	0	(21,808)	(5,405)	(249,166)
61,198	29,450	63,953	61,824	21,181	—	36,012	43,219	348,373
16,655	1,837	2,062	3,083	2,018	—	—	60	25,965
1,054	856	—	566	98	—	101	—	2,675
78,907	32,143	66,015	65,473	23,297	0	36,113	43,279	377,013
30,444	18,657	3,855	24,092	3,563	0	14,305	37,874	127,847
329,928	147,037	262,316	301,659	122,072	61,732	95,730	124,495	1,499,994
—			—	—	(61,732)	—	—	(61,732)
329,928	147,037	262,316	301,659	122,072	—	95,730	124,495	1,438,262
$ 360,372	$ 165,694	$ 266,171	$ 325,751	$ 125,635	$ 0	$ 110,035	$ 162,369	$ 1,566,109

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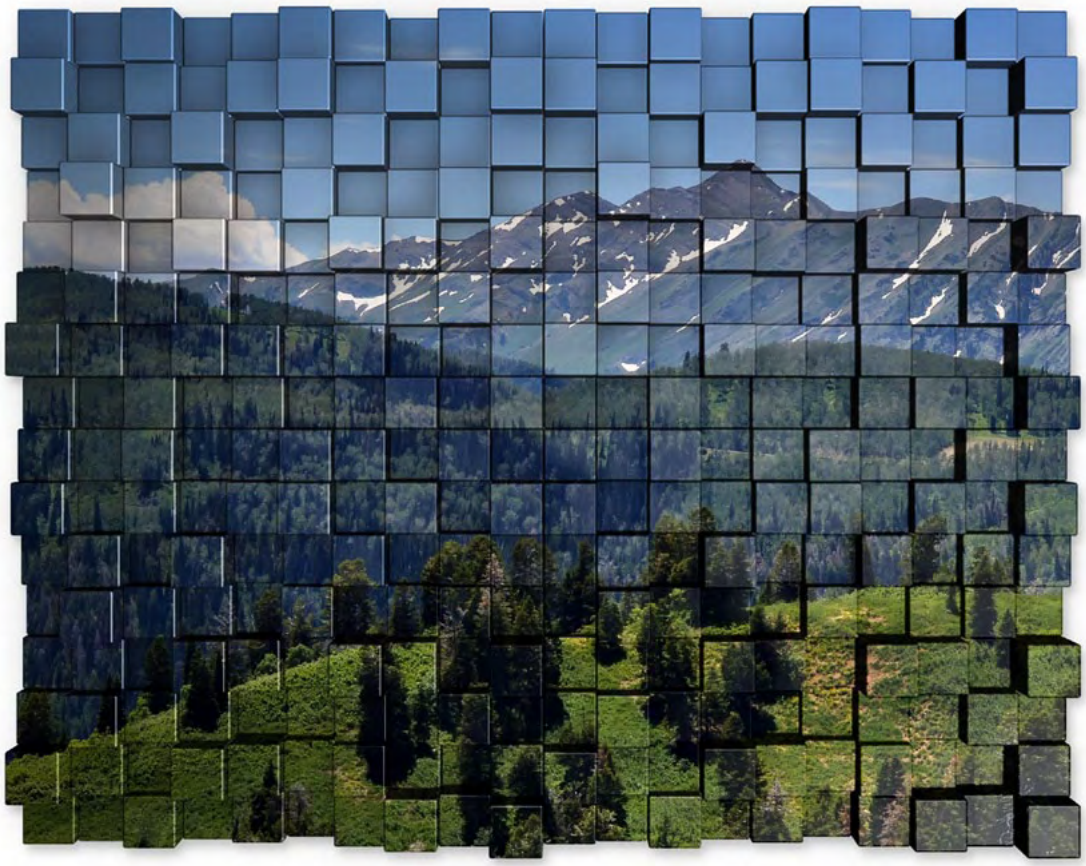

STATISTICAL SECTION

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Statistical Section

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

Financial Trends Information

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

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Schedule A–2	Changes in Net Assets	208
Schedule A–3	Fund Balances — Governmental Funds	212
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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.

Schedule B–1	Revenue Base	216
Schedule B–2	Revenue Payers by Industry — Taxable Sales, Services, and Use Tax Purchases	218
Schedule B–3	Revenue Payers — Personal Income Tax	219
Schedule B–4	Personal Income Tax Rates	220

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	222
Schedule C–2	Other Long-Term Liabilities	224
Schedule C–3	Legal Debt Margin	226
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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.

Schedule D–1	Demographic and Economic Indicators	229
Schedule D–2	Principal Employers	230
Schedule D–3	Composition of Labor Force	232
Schedule D–4	Public Education Student Enrollment (K–12)	234
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Operating Information

These schedules offer operating data to help the reader understand how the information in the State's financial report relates to the services it provides and the activities it performs.

Schedule E–1	Full-Time Equivalent State Employees by Function	236
Schedule E–2	Operating Indicators by Function	238
Schedule E–3	Capital Asset Statistics by Function	240

Other Information

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

Schedule F–1	Expenditures — Historical and Constant Dollars	242
Schedule F–2	Per Capita Expenditures — Historical and Constant Dollars	243

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

State of Utah

Net Assets by Component

Last Ten 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: This schedule has been restated for prior period adjustments. Adjustments were made to the fiscal year and the preceding fiscal year in which the prior period adjustment was identified.

[1] From fiscal years 2004 to 2007, governmental activities' restricted and unrestricted net assets increased due to higher tax revenues from a strengthening economy. In fiscal years 2008 to 2010, governmental activities' restricted net assets decreased as the economy slowed and tax revenues declined.

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

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

Fiscal Year					
2006	**2007**	**2008**	**2009**	**2010**	**2011**
$ 8,719,751	$ 9,465,667	$ 10,447,357	$ 11,277,630	$ 12,005,321	$ 12,414,589
2,379,269	3,043,599	2,618,556	2,349,499	2,009,168	2,337,607
856,207	1,163,548	1,169,342	689,052	895,517	1,055,226
11,955,227	13,672,814	14,235,255	14,316,181	14,910,006	15,807,422
32,068	13,008	13,837	13,751	13,061	12,862
1,139,691	1,334,737	1,434,828	1,269,006	1,272,090	1,311,865
893,118	971,435	1,037,893	1,080,231	937,452	984,552
2,064,877	2,319,180	2,486,558	2,362,988	2,222,603	2,309,279
8,751,819	9,478,675	10,461,194	11,291,381	12,018,382	12,427,451
3,518,960	4,378,336	4,053,384	3,618,505	3,281,258	3,649,472
1,749,325	2,134,983	2,207,235	1,769,283	1,832,969	2,039,778
$ 14,020,104	$ 15,991,994	$ 16,721,813	$ 16,679,169	$ 17,132,609	$ 18,116,701

Changes in Net Assets
Last Ten 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 Juvenile Justice Services	539,028	538,492	576,276	573,154
Corrections	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 Juvenile Justice Services	13,304	17,182	11,918	13,193
Corrections	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

Fiscal Year					
2006	**2007**	**2008**	**2009**	**2010**	**2011**
$ 289,749	$ 328,779	$ 385,331	$ 390,373	$ 383,925	$ 402,543
595,337	634,265	679,920	700,307	669,169	648,456
208,922	237,305	255,319	254,980	238,902	243,616
182,042	172,912	191,910	189,069	184,197	204,627
109,180	115,811	125,587	123,209	118,577	123,604
1,635,544	1,620,936	1,649,209	1,812,067	1,875,775	2,001,233
810,228	824,503	912,998	997,218	837,479	828,660
405,845	393,938	423,122	514,915	672,852	707,019
133,441	174,711	159,955	174,730	166,749	187,164
84,843	108,110	132,687	139,840	177,823	159,755
90,573	92,441	95,563	101,995	96,895	94,397
2,321,139	2,548,391	2,959,311	3,033,574	3,007,905	3,058,046
640,251	702,833	850,387	819,833	744,638	772,243
70,345	64,019	58,851	52,070	87,393	104,887
7,577,439	8,018,954	8,880,150	9,304,180	9,262,279	9,536,250
121,067	156,111	257,537	154,794	169,808	140,794
11,073	10,889	10,840	13,359	12,851	12,140
4,483	4,624	5,332	5,211	6,520	5,988
32,777	43,806	49,247	51,475	53,504	55,394
47,330	46,158	46,517	48,957	77,953	57,959
98,296	84,938	65,666	64,328	88,504	150,763
115	235	31	32,981	419	90
8,492	3,532	7,413	8,067	(2,715)	10,476
50,308	45,367	64,407	71,266	70,780	73,645
5,368	4,833	5,278	3,632	5,030	5,804
64,098	63,240	68,622	65,376	74,400	67,582
85,867	69,471	100,919	79,462	73,962	71,757
175,821	199,277	251,562	288,205	314,906	305,685
2,744,231	2,769,644	2,658,284	3,177,737	3,865,150	4,079,907
100,519	122,939	144,867	145,353	204,237	109,669
3,549,845	3,625,064	3,736,522	4,210,203	5,015,309	5,147,653
(4,027,594)	(4,393,890)	(5,143,628)	(5,093,977)	(4,246,970)	(4,388,597)
1,921,048	2,131,958	2,006,926	1,762,745	1,735,023	1,812,271
2,496,911	2,667,207	2,435,059	2,336,528	2,027,884	2,384,025
379,801	412,720	409,794	252,095	272,535	226,726
356,176	353,107	350,426	337,395	340,568	355,042
316,980	320,204	333,545	354,982	328,703	397,908
46,856	89,795	63,947	29,267	5,575	7,480
46,084	52,139	26,980	15,583	10,927	19,727
—	—	—	—	—	—
31,999	37,569	41,659	46,375	35,288	35,403
—	—	—	—	—	—
(19,013)	46,778	37,733	38,953	55,845	47,431
—	—	—	—	—	—
5,576,842	6,111,477	5,706,069	5,173,923	4,812,348	5,286,013
1,549,248	1,717,587	562,441	79,946	565,378	897,416

Continues

Changes in Net Assets
Last Ten Fiscal Years

(Accrual Basis of Accounting) (Expressed in Thousands)

	Fiscal Year			
	2002	2003	2004	2005
BUSINESS-TYPE ACTIVITIES				
Expenses				
Student Assistance Programs	$ 79,666	$ 86,995	$ 82,406	$ 95,495
Unemployment Compensation [4]	272,924	307,834	242,828	142,632
Water Loan Programs	6,181	7,074	6,730	8,648
Community and Economic Loan Programs	1,382	1,482	1,199	1,160
Liquor Retail Sales	100,455	101,747	106,515	114,897
Other Business-type Activities	20,757	20,477	23,450	25,317
Total Expenses	481,365	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
Community and Economic Loan Programs	4,642	4,964	5,344	5,245
Liquor Retail Sales	132,994	134,810	143,634	153,004
Other Business-type Activities	22,067	22,574	27,401	30,865
Operating Grants and Contributions	163,584	130,235	92,141	65,173
Total Program Revenues	492,866	483,373	508,969	572,756
Net Program Revenue (Expense) — Business-type Activities	11,501	(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)	7,581	(61,081)	51,070	194,114
Total Primary Government Change in Net Assets	$ (154,483)	$ (14,167)	$ 668,073	$ 1,012,195

Notes: 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 ten fiscal years due to rising Medicaid program costs.

[2] Public education expenses continue to increase for both enrollment growth and benefit-related costs for educators.

[3] From fiscal years 2005 to 2007, general tax revenues, specifically sales and use taxes, individual income taxes, and corporate taxes, increased significantly compared to prior years due to Utah's continued economic improvement. In fiscal years 2008 to 2010, general tax revenues declined due to the recessionary economy.

Fiscal Year					
2006	**2007**	**2008**	**2009**	**2010**	**2011**
$ 152,895	$ 174,220	$ 164,411	$ 144,007	$ 156,754	$ 93,422
102,476	97,692	148,424	489,925	872,826	642,023
6,560	13,042	10,477	12,900	31,971	38,069
1,570	1,136	2,310	2,349	2,166	1,770
126,114	143,721	160,635	168,844	180,401	190,373
27,581	31,404	33,417	35,635	30,886	33,796
417,196	461,215	519,674	853,660	1,275,004	999,453
112,960	126,498	117,246	89,805	109,804	71,966
253,809	219,690	157,624	144,383	170,224	296,847
10,715	10,634	12,135	12,234	13,875	10,584
5,394	5,876	6,524	7,838	9,033	10,583
173,400	195,276	219,801	228,474	238,767	252,225
32,826	39,753	44,140	49,437	41,527	44,230
109,140	138,252	143,853	214,876	546,840	421,016
698,244	735,979	701,323	747,047	1,130,070	1,107,451
281,048	274,764	181,649	(106,613)	(144,934)	107,998
14,875	25,440	23,462	22,976	22,206	21,819
—	—	—	—	—	—
308	—	—	—	—	—
—	877	—	—	38,188	4,290
—	—	—	—	—	—
19,013	(46,778)	(37,733)	(38,953)	(55,845)	(47,431)
—	—	—	—	—	—
34,196	(20,461)	(14,271)	(15,977)	4,549	(21,322)
315,244	254,303	167,378	(122,590)	(140,385)	86,676
$ 1,864,492	$ 1,971,890	$ 729,819	$ (42,644)	$ 424,993	$ 984,092

[4] From fiscal years 2003 to 2007 unemployment compensation expenses decreased, reflecting Utah's improved employment. However, beginning in fiscal year 2008 and continuing in fiscal year 2010, unemployment compensation expenses increased significantly as the economy continued to weaken at a faster pace than in prior years.

Fund Balances — Governmental Funds

Last Ten Fiscal Years

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

	Fiscal Year			
	2002	**2003**	**2004**	**2005**
General Fund				
Nonspendable:				
Long-term Portion of Interfund Loans Receivable	$ —	$ —	$ —	$ —
Inventories	—	—	—	—
Restricted	—	—	—	—
Committed	—	—	—	—
Assigned	—	—	—	—
Unassigned	—	—	—	—
Total General Fund	0	0	0	0
All Other Governmental Funds				
Nonspendable:				
Inventories	$ —	$ —	$ —	$ —
Permanent Fund Principal	—	—	—	—
Restricted	—	—	—	—
Committed	—	—	—	—
Assigned [1]	—	—	—	—
Total All Other Governmental Funds	0	0	0	0
Total Fund Balances — Governmental Funds	$ 0	$ 0	$ 0	$ 0
General Fund				
Reserved [2]	$ 221,474	$ 230,980	$ 214,063	$ 262,360
Unreserved [3]	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 [4]	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: Beginning fiscal year 2010, the fund balance categories were reclassified as a result of implementing GASB Statement 54. Fund balance has not been restated for prior years.

This schedule has been restated for prior period adjustments. Adjustments were made to the fiscal year and the preceding fiscal year in which the prior period adjustment was identified.

[1] In fiscal year 2011, the assigned fund balance within other governmental funds increased as more funding was available for capital projects.

[2] In fiscal year 2009, general fund reserved fund balances decreased due to less reserves available as a result of the slowing economy.

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

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

Fiscal Year					
2006	**2007**	**2008**	**2009**	**2010**	**2011**
$ —	$ —	$ —	$ —	$ 2,861	$ 10,134
—	—	—	—	411	538
—	—	—	—	35,171	31,523
—	—	—	—	371,354	445,540
—	—	—	—	222,963	212,002
—	—	—	—	14,884	609
0	0	0	0	647,644	700,346
$ —	$ —	$ —	$ —	$ 11,646	$ 10,523
—	—	—	—	1,066,568	1,355,565
—	—	—	—	1,333,776	1,191,591
—	—	—	—	347,254	390,278
—	—	—	—	92,806	174,737
0	0	0	0	2,852,050	3,122,694
$ 0	$ 0	$ 0	$ 0	$ 3,499,694	$ 3,823,040
$ 300,497	$ 411,600	$ 470,800	$ 305,224	$ —	$ —
568,639	667,972	394,068	327,467	—	—
869,136	1,079,572	864,868	632,691	0	0
1,286,583	1,558,607	1,867,469	1,892,734	—	—
1,096,485	1,473,424	975,035	807,356	—	—
(93,248)	(107,624)	57,027	(13,219)	—	—
14,332	17,801	20,801	5,210	—	—
2,304,152	2,942,208	2,920,332	2,692,081	0	0
$ 3,173,288	$ 4,021,780	$ 3,785,200	$ 3,324,772	$ 0	$ 0

Changes in Fund Balances — Governmental Funds

Last Ten Fiscal Years

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

	Fiscal Year			
	2002	**2003**	**2004**	**2005**
Revenues				
Sales and Use Tax [1]	$ 1,473,479	$ 1,481,823	$ 1,553,909	$ 1,699,636
Individual Income Tax [1]	1,584,546	1,587,520	1,706,774	1,946,593
Corporate Tax [1]	124,561	161,129	165,893	209,304
Motor and Special Fuels Tax	321,682	321,370	327,838	336,417
Other Taxes	201,583	213,618	234,774	275,715
Federal Contracts and Grants [2]	1,856,477	2,049,922	2,295,428	2,366,786
Charges for Services/Royalties	256,213	244,527	286,879	330,998
Licenses, Permits, and Fees	98,632	101,529	103,635	121,382
Federal Mineral Lease	30,527	47,307	67,216	82,704
Federal Aeronautics	31,026	18,791	25,821	34,416
Intergovernmental	7,611	8,463	11,395	4,104
Investment Income [3]	(10,347)	34,626	69,314	71,538
Miscellaneous and Other	176,895	193,448	204,331	231,708
Total Revenues	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 Juvenile Justice Services	531,290	533,898	553,136	576,871
Corrections	185,471	179,115	188,951	198,030
Public Safety	150,715	125,517	150,353	163,072
Courts	107,255	98,784	102,302	107,807
Health and Environmental Quality [4]	1,058,291	1,175,092	1,342,903	1,461,618
Higher Education–State Administration	42,155	34,891	32,827	39,121
Higher Education–Colleges and Universities	610,837	597,477	614,922	637,087
Employment and Family Services	321,154	363,116	394,926	417,037
Natural Resources	121,072	134,247	121,461	123,195
Community and Culture	91,014	91,986	89,051	87,621
Business, Labor, and Agriculture	63,940	66,382	72,124	85,115
Public Education [5]	1,998,450	1,979,880	2,033,259	2,168,896
Transportation [6]	848,617	756,634	811,088	832,285
Capital Outlay	112,569	205,861	173,869	139,488
Debt Service — Principal Retirement	104,298	109,653	124,498	183,911
Debt Service — Interest and Other Charges	70,890	79,367	87,462	89,768
Total Expenditures	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 [6]	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: Legislative action created the Governor's Office of Economic Development in fiscal year 2006. This action moved activity from the community and culture function to the general government function.

This schedule has been restated for prior period adjustments. Adjustments were made to the fiscal year and the preceding fiscal year in which the prior period adjustment was identified.

[1] From fiscal years 2005 to 2007, tax revenues, specifically sales and use taxes, individual income taxes, and corporate taxes, increased significantly compared to prior years due to Utah's continued economic improvement. In fiscal year 2009, tax revenues decreased significantly as the economy slowed. Sales and use tax diversions along with a reduction in the sales tax rate also contributed to this decrease.

Fiscal Year					
2006	**2007**	**2008**	**2009**	**2010**	**2011**
$ 1,915,600	$ 2,109,732	$ 2,031,239	$ 1,761,224	$ 1,733,412	$ 1,812,011
2,324,365	2,589,252	2,560,394	2,340,400	2,124,173	2,332,562
379,624	411,929	410,586	249,177	266,961	230,888
344,902	366,446	357,664	337,529	341,196	352,918
316,994	320,204	333,542	354,713	328,753	397,248
2,524,022	2,480,016	2,574,585	3,207,110	3,713,771	3,626,354
405,013	412,411	468,451	463,248	463,436	528,568
113,684	120,349	121,882	128,212	179,947	188,998
156,851	145,985	134,404	172,642	129,377	135,979
37,521	44,074	68,193	34,141	39,752	51,003
9,109	23,332	12,884	9,446	28,659	18,537
116,215	240,988	46,716	(132,523)	118,541	274,797
239,901	261,617	373,047	382,614	356,004	332,722
8,883,801	9,526,335	9,493,587	9,307,933	9,823,982	10,282,585
239,838	268,775	319,389	325,076	313,981	316,440
593,392	627,598	677,234	701,099	667,192	646,411
205,310	229,198	251,216	255,448	235,411	238,090
179,622	172,427	196,008	213,038	199,731	207,426
114,111	119,650	131,261	129,125	136,373	128,676
1,634,619	1,620,400	1,648,841	1,812,488	1,873,264	2,008,356
43,505	49,064	64,587	60,224	52,084	48,836
675,267	708,063	793,283	782,650	734,440	718,026
413,380	406,532	432,955	519,741	673,329	703,786
140,592	171,014	174,120	178,306	161,640	189,430
85,231	108,592	132,413	140,453	178,258	160,338
89,255	91,162	96,072	101,966	96,579	93,149
2,322,871	2,547,421	2,960,873	3,035,519	3,002,318	3,059,351
975,565	1,221,371	1,472,208	1,694,811	2,016,427	1,978,323
170,748	196,126	193,733	196,204	235,499	255,540
152,746	159,862	193,292	180,613	189,041	223,952
82,690	75,149	139,883	64,675	113,876	142,452
8,118,742	8,772,404	9,877,368	10,391,436	10,879,443	11,118,582
765,059	753,931	(383,781)	(1,083,503)	(1,055,461)	(835,997)
—	—	75,000	498,810	982,170	1,034,970
—	—	—	—	101,595	—
—	—	—	—	—	196,610
—	—	1,557	45,445	65,853	94,689
—	—	—	—	—	—
—	—	—	—	—	(234,873)
—	—	2,131	2,010	11,122	—
50,679	47,193	30,824	28,035	13,966	20,256
935,723	3,721,041	4,550,400	3,606,534	929,044	1,125,598
(952,798)	(3,674,615)	(4,512,711)	(3,557,759)	(873,367)	(1,077,907)
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
33,604	93,619	147,201	623,075	1,230,383	1,159,343
$ 798,663	$ 847,550	$ (236,580)	$ (460,428)	$ 174,922	$ 323,346
3.11 %	2.95 %	3.72 %	2.66 %	3.28 %	3.83 %

[2] In fiscal years 2009 and 2010, federal contracts and grants increased in part due to funding provided by the American Recovery and Reinvestment Act.

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

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

[5] Public education expenditures continue to increase for both enrollment growth and benefit-related costs for educators.

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

Revenue Base

Last Ten Calendar Years

(Expressed in Thousands)

	Calendar Year			
	2001	**2002**	**2003**	**2004**
Taxable Sales, Services, and Use Tax Purchases				
Agriculture, Forestry, and Fishing	$ 35,596	$ 37,667	$ 41,251	$ 44,957
Mining	207,660	157,344	141,246	195,448
Construction	368,364	315,095	305,795	368,876
Manufacturing	1,587,075	1,369,021	1,392,412	1,691,533
Transportation	144,106	96,434	89,823	128,218
Communications and Utilities	2,966,872	2,963,647	2,833,309	3,080,330
Wholesale Trade	3,278,275	3,099,989	3,105,001	3,611,473
Retail	18,472,120	19,049,964	19,559,540	21,013,848
Finance, Insurance, and Real Estate	442,357	457,361	390,057	355,012
Services	4,267,008	4,157,216	4,005,676	4,179,256
Public Administration	67,043	77,846	93,453	83,973
Prior Period Payments and Refunds	589,713	730,567	602,479	557,951
Total Taxable Sales, Services and Use Tax Purchases	$ 32,426,189	$ 32,512,151	$ 32,560,042	$ 35,310,875
State Sales Tax Rate	4.75 %	4.75 %	4.75 %	4.75 %
Personal Income by Industry				
Federal Civilian	$ 2,195,659	$ 2,424,092	$ 2,492,786	$ 2,653,711
Federal Military	493,952	629,657	774,489	822,440
State and Local Government	5,839,454	6,082,386	6,445,482	6,673,566
Forestry, Fishing, and Related Activities	47,132	43,010	47,103	52,897
Mining	524,221	496,049	506,149	619,763
Utilities	411,806	463,345	352,674	376,006
Construction	3,892,746	4,067,291	3,994,736	4,336,227
Manufacturing	5,721,981	5,498,653	5,878,018	6,199,153
Wholesale Trade	2,200,430	2,169,930	2,214,233	2,401,466
Retail Trade	3,744,325	3,830,801	4,014,382	4,319,308
Transportation and Warehousing	2,230,040	2,172,067	2,261,435	2,431,034
Information	1,653,453	1,549,854	1,585,367	1,671,777
Financial, Insurance, Real Estate, Rental, and Leasing	3,791,007	3,959,156	4,046,606	4,262,738
Services	14,876,864	15,455,411	15,711,546	16,939,639
Farm Earnings	314,976	197,208	225,678	317,046
Other [1]	10,565,715	10,834,273	10,934,160	11,375,826
Total Personal Income	$ 58,503,761	$ 59,873,183	$ 61,484,844	$ 65,452,597
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					
2005	**2006**	**2007**	**2008**	**2009**	**2010**
$ 69,102	$ 75,432	$ 73,621	$ 69,067	$ 63,464	$ 65,270
284,634	407,292	477,342	913,227	606,168	760,065
512,075	711,035	792,084	651,069	574,524	607,492
2,027,777	2,507,326	2,678,207	2,452,251	2,023,844	1,934,301
171,898	201,036	205,763	165,864	114,824	111,054
3,248,719	3,557,949	3,591,019	3,606,457	3,938,145	3,799,335
4,265,754	5,087,766	5,318,425	4,770,063	3,749,825	3,613,568
22,897,441	25,784,902	27,428,307	27,373,277	26,377,469	24,287,556
384,754	412,926	429,446	408,388	344,745	284,765
4,747,385	5,261,263	5,689,281	6,413,609	5,993,237	5,585,519
106,941	114,007	116,614	242,975	263,901	197,152
524,772	674,846	889,925	294,293	359,249	281,880
$ 39,241,252	$ 44,795,780	$ 47,690,034	$ 47,360,540	$ 44,409,395	$ 41,527,957
4.75 %	4.75 %	4.75 %	4.65 %	4.70 %	4.70 %
$ 2,828,004	$ 3,000,038	$ 3,136,970	$ 3,137,898	$ 3,272,529	$ 3,276,155
916,809	897,529	911,267	955,925	1,059,587	1,085,733
7,051,503	7,480,210	7,994,668	8,601,328	8,953,756	8,931,455
52,739	60,473	68,862	69,248	69,525	74,673
742,685	991,905	1,071,608	1,372,671	1,154,874	1,178,460
395,148	470,178	454,072	478,941	493,123	503,149
4,898,246	5,802,670	6,366,934	5,589,204	4,511,276	4,290,042
6,515,083	7,094,929	7,603,852	7,986,808	7,530,789	7,751,683
2,644,323	2,910,463	3,219,149	3,304,991	3,120,635	3,136,040
4,547,285	4,991,846	5,414,830	5,239,245	4,968,114	5,057,805
2,623,687	2,727,491	3,025,714	2,927,804	2,789,690	2,828,848
1,877,289	1,848,632	1,855,191	1,914,102	1,896,615	2,010,979
4,645,983	5,085,088	5,180,794	5,135,195	5,079,357	4,923,542
18,166,572	20,219,576	21,817,272	22,873,354	22,769,460	23,515,718
286,894	166,993	197,116	246,093	117,193	153,244
13,337,726	14,630,380	16,787,369	18,959,432	20,160,724	21,372,554
$ 71,529,976	$ 78,378,401	$ 85,105,668	$ 88,792,239	$ 87,947,247	$ 90,090,080
7.00 %	6.98 %	6.98 %	5.00 %	5.00 %	5.00 %

Revenue Payers by Industry — Taxable Sales, Services, and Use Tax Purchases

Schedule B–2

Most Current Calendar Year and Historical Comparison

(Expressed in Thousands)

	Calendar Year 2001		Calendar Year 2010	
	Taxable Sales and Purchases	**Percent of Total**	**Taxable Sales and Purchases**	**Percent of Total**
Agriculture, Forestry, and Fishing	$ 35,596	0.1 %	$ 65,270	0.2 %
Mining	207,660	0.6 %	760,065	1.8 %
Construction	368,364	1.1 %	607,492	1.4 %
Manufacturing	1,587,075	4.9 %	1,934,301	4.6 %
Transportation	144,106	0.4 %	111,054	0.3 %
Communications and Utilities	2,966,872	9.2 %	3,799,335	9.1 %
Wholesale Trade	3,278,275	10.1 %	3,613,568	8.7 %
Retail	18,472,120	57.0 %	24,287,556	58.5 %
Finance, Insurance, and Real Estate	442,357	1.4 %	284,765	0.7 %
Services	4,267,008	13.2 %	5,585,519	13.5 %
Public Administration	67,043	0.2 %	197,152	0.5 %
Prior Period Payments, Refunds	589,713	1.8 %	281,880	0.7 %
Total Taxable Sales, Services, and Use Tax Purchases	$ 32,426,189	100.0 %	$ 41,527,957	100.0 %
State Sales Tax Rates	4.75 % except 2.00 % for Communications and Utilities		4.70 % except 2.00 % for Communications and Utilities	

Source: Utah State Tax Commission

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue. The most current period available for taxable sales, services, and use tax purchases is calendar year 2010.

Revenue Payers — Personal Income Tax

Schedule B–3

Most Current Calendar Year and Historical Comparison

(Dollars Expressed in Thousands)

	Calendar Year 2000				Calendar Year 2009			
	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	188,834	21.4 %	$ 5,438	0.4 %	163,078	16.1 %	$ 1,083	0.1 %
$10,001–20,000	153,881	17.5 %	40,771	2.6 %	155,658	15.4 %	20,396	1.1 %
$20,001–30,000	122,568	13.9 %	81,218	5.2 %	135,872	13.4 %	58,432	3.1 %
$30,001–40,000	94,425	10.7 %	106,392	6.8 %	107,335	10.6 %	90,399	4.9 %
$40,001–50,000	77,488	8.8 %	126,349	8.1 %	85,796	8.5 %	112,329	6.0 %
$50,001–75,000	129,878	14.8 %	324,946	20.9 %	159,013	15.7 %	341,595	18.3 %
$75,001–100,000	57,588	6.6 %	218,567	14.1 %	95,814	9.5 %	324,602	17.4 %
$100,001–250,000	47,039	5.3 %	311,008	20.0 %	97,161	9.6 %	588,540	31.6 %
Over $250,000	9,018	1.0 %	340,632	21.9 %	12,253	1.2 %	325,962	17.5 %
Total	880,719	100.0 %	$ 1,555,321	100.0 %	1,011,980	100.0 %	$ 1,863,338	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 2009.

Personal Income Tax Rates

Schedule B–4

Last Ten Calendar Years

	Calendar Year		
	2001 to 2005	**2006 to 2007** [1] [2]	**2008 to 2010** [3]
	Single and Married Filing Separately		
Tax Rate	2.30 %	2.30 %	—
Taxable Income Levels	$0–863	$0–1,000	—
Tax Rate	3.30 %	3.30 %	—
Taxable Income Levels	$864–1,726	$1,001–2,000	—
Tax Rate	4.20 %	4.20 %	—
Taxable Income Levels	$1,727–2,588	$2,001–3,000	—
Tax Rate	5.20 %	5.20 %	—
Taxable Income Levels	$2,589–3,450	$3,001–4,000	—
Tax Rate	6.00 %	6.00 %	—
Taxable Income Levels	$3,451–4,313	$4,001–5,500	—
Tax Rate	7.00 %	6.98 %	—
Taxable Income Levels	Over $4,313	Over $5,500	—
FlatTax Rate	—	5.35 %	5.00 %
	Married Filing Joint, Head of Household, and Qualifying Widow(er)		
Tax Rate	2.30 %	2.30 %	—
Taxable Income Levels	$0–1,726	$0–2,000	—
Tax Rate	3.30 %	3.30 %	—
Taxable Income Levels	$1,727–3,450	$2,001–4,000	—
Tax Rate	4.20 %	4.20 %	—
Taxable Income Levels	$3,451–5,176	$4,001–6,000	—
Tax Rate	5.20 %	5.20 %	—
Taxable Income Levels	$5,177–6,900	$6,001–8,000	—
Tax Rate	6.00 %	6.00 %	—
Taxable Income Levels	$6,901–8,626	$8,001–11,000	—
Tax Rate	7.00 %	6.98 %	—
Taxable Income Levels	Over $8,626	Over $11,000	—
FlatTax Rate	—	5.35 %	5.00 %

Source: Utah State Tax Commission

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

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

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

[3] The Legislature passed a single tax rate for all taxpayers beginning with calendar year 2008.

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Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

(Expressed in Millions)

	Fiscal Year			
	2002	**2003**	**2004**	**2005**
Governmental Activities				
General Obligation Bonds	$ 1,498	$ 1,714	$ 1,589	$ 1,588
State Building Ownership Authority Lease Revenue Bonds	346	335	339	312
Capital Leases	12	13	23	21
Contacts/Notes Payable	—	—	—	8
Total Governmental Activities	1,856	2,062	1,951	1,929
Business-type Activities				
Student Assistance Revenue Bonds	1,227	1,311	1,398	1,545
State Building Ownership Authority Lease Revenue Bonds	23	23	24	31
Water Loan Recapitalization Revenue Bonds	4	3	1	—
Contacts/Notes Payable	—	—	—	—
Total Business-type Activities	1,254	1,337	1,423	1,576
Total Primary Government [1]	$ 3,110	$ 3,399	$ 3,374	$ 3,505
Debt as a Percentage of Personal Income [1]	5.35 %	5.72 %	5.31 %	5.03 %
Amount of Debt Per Capita (expressed in dollars)	$ 1,319	$ 1,408	$ 1,367	$ 1,376
Net General Obligation Bonded Debt				
General Obligation Bonds	$ 1,498	$ 1,714	$ 1,589	$ 1,588
Less: Restricted Debt Service Funds	(6)	—	—	—
Net General Obligation Bonded Debt	$ 1,492	$ 1,714	$ 1,589	$ 1,588
Net General Obligation Bonded Debt as a Percentage of Taxable Property Value [2]	1.24 %	1.37 %	1.23 %	1.17 %
Amount of Net General Obligation Bonded Debt Per Capita (expressed in dollars) [1]	$ 633	$ 710	$ 644	$ 623

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: Debt includes principal, premiums, discounts, and deferred amounts on refundings.

[1] Ratios are calculated using personal income and population data. See Schedule D–1 for personal income and population data. During 2010 and 2011, the State issued just under $1 billion in General Obligation bonds to take advantage of historically low interest rates and ease budget constraints for highway and building construction projects.

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

Fiscal Year					
2006	**2007**	**2008**	**2009**	**2010**	**2011**
$ 1,437	$ 1,284	$ 1,198	$ 1,563	$ 2,410	$ 3,256
296	275	162	149	239	223
20	18	19	19	28	26
8	7	1	1	—	—
1,761	1,584	1,380	1,732	2,677	3,505
2,138	2,138	2,165	2,235	1,389	1,243
38	37	51	75	98	95
—	—	—	—	68	67
—	—	—	297	811	648
2,176	2,175	2,216	2,607	2,366	2,053
$ 3,937	$ 3,759	$ 3,596	$ 4,339	$ 5,043	$ 5,558
5.21 %	4.44 %	4.04 %	4.93 %	5.59 %	5.82 %
$ 1,506	$ 1,392	$ 1,304	$ 1,586	$ 1,817	$ 1,973
$ 1,437	$ 1,284	$ 1,198	$ 1,563	$ 2,410	$ 3,256
—	—	—	—	—	—
$ 1,437	$ 1,284	$ 1,198	$ 1,563	$ 2,410	$ 3,256
0.99 %	0.76 %	0.59 %	0.70 %	1.13 %	1.59 %
$ 550	$ 476	$ 434	$ 571	$ 868	$ 1,156

Other Long-Term Liabilities
Last Ten Fiscal Years

(Expressed in Thousands)

	Fiscal Year			
	2002	**2003**	**2004**	**2005**
Governmental Activities				
General Obligation Bonds [4]	$ 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 Amounts on Refunding	—	(14,038)	(26,966)	(25,361)
Capital Leases	15,026	12,846	22,902	20,931
Contracts/Notes Payable [1]	—	—	—	8,527
Compensated Absences [2]	135,541	134,746	139,594	140,029
Postemployment Benefits [3]	213,633	216,442	240,538	—
Claims	126,709	43,659	40,423	44,673
Pollution Remediation Obligation [1]	—	—	—	—
Arbitrage Liability	99	103	—	—
Net Other Post Employment Benefit Obligation	—	—	—	—
Settlement Obligations	—	—	—	—
Total Governmental Activities	2,335,428	2,456,410	2,371,186	2,113,602
Business-type Activities				
Student Assistance Revenue Bonds	1,227,325	1,310,965	1,397,460	1,544,830
State Building Ownership Authority Lease Revenue Bonds	22,858	22,341	23,330	30,672
Water Loan Recapitalization Revenue Bonds	4,135	2,640	1,060	—
Net Unamortized Premiums	269	265	237	1,061
Deferred Amounts on Refunding	—	—	—	(464)
Capital Leases	96	—	—	—
Contracts/Notes Payable [5]	—	—	—	—
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 2008 the Pollution Remediation Obligation is no longer reported in the financial statements as part of Contracts Payable under Governmental Activites. This obligation is now being reported as Pollution Remediation Obligation per the implementation of Governmental Accounting Standards Board (GASB) Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations.*

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

[3] Beginning in 2005 the Postemployment Benefits liability is no longer reported in the financial statements in preparation for the implementation of Governmental Accounting Standards Board (GASB) Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions.*

[4] In 2010 and 2011, the State elected to issue bonds for highway and building construction projects to take advantage of historically low interest rates and ease budget constraints.

[5] During 2010, the Student Assistance Programs began participating in the U.S. Department of Education Loan Participation Purchase Program. The program was created to assist lenders in obtaining financing for student loans during 2008-2010 academic years.

Fiscal Year					
2006	**2007**	**2008**	**2009**	**2010**	**2011**
$ 1,377,390	$ 1,237,170	$ 1,161,510	$ 1,492,620	$ 2,299,300	$ 3,128,890
293,226	273,538	161,614	148,654	236,629	220,380
83,347	66,581	51,011	80,962	119,694	162,003
(21,546)	(17,732)	(13,621)	(10,151)	(7,080)	(31,904)
19,644	18,228	18,769	19,210	27,542	25,799
7,936	6,941	559	512	484	466
148,762	185,630	186,581	162,689	162,120	182,543
—	—	—	—	—	—
46,725	44,755	41,285	43,650	41,897	42,731
—	—	7,842	7,687	7,690	7,083
—	109	—	—	—	—
—	—	—	3,918	5,693	7,142
—	—	—	—	39,422	38,926
1,955,484	1,815,220	1,615,550	1,949,751	2,933,391	3,784,059
2,138,085	2,137,655	2,165,180	2,235,322	1,388,922	1,218,390
37,814	36,552	50,246	73,676	96,476	92,445
—	—	—	—	65,800	65,800
988	879	1,117	1,491	4,093	29,092
(415)	(365)	(318)	(267)	(221)	(994)
—	—	—	—	—	—
—	—	—	297,381	811,354	647,842
4,960	4,678	5,786	14,941	19,105	16,179
67,845	72,487	65,945	57,782	50,214	11,968
2,249,277	2,251,886	2,287,956	2,680,326	2,435,743	2,080,722
$ 4,204,761	$ 4,067,106	$ 3,903,506	$ 4,630,077	$ 5,369,134	$ 5,864,781

Legal Debt Margin
Last Ten Fiscal Years

(Expressed in Millions)

	Fiscal Year			
	2002	**2003**	**2004**	**2005**
Taxable Property, Taxable Value [1]	$ 120,332	$ 125,437	$ 129,345	$ 135,827
Taxable Property, Fair Market Value [1]	$ 163,186	$ 170,776	$ 176,541	$ 185,620
Debt Limit (Fair Market Value times 1.5%)	1.50%	1.50%	1.50%	1.50%
Debt Limit Amount	2,448	2,562	2,648	2,784
Net General Obligation Bonded Debt [2]	1,498	1,714	1,589	1,588
Legal Debt Margin	$ 950	$ 848	$ 1,059	$ 1,196
Net General Obligation Bonded Debt As a Percentage of the Debt Limit Amount	61.19 %	66.90 %	60.01 %	57.04 %

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, 2010, are used for fiscal year 2011.

[2] During 2010 and 2011, the State issued General Obligation bonds to take advantage of low interest rates and ease budget constraints.

Statutory Debt Limit
Last Ten Fiscal Years

(Expressed in Thousands)

	Fiscal Year			
	2002	**2003**	**2004**	**2005**
Appropriations Limitation Amount	$ 4,176,703	$ 4,150,684	$ 1,856,205	$ 1,956,584
Limit (Appropriations Limitation Amount times applicable percentage) [1]	20.00%	20.00%	45.00%	45.00%
Statutory Debt Limit Amount	835,341	830,137	835,292	880,463
Net General Obligation Bonded Debt	1,498,371	1,713,755	1,588,810	1,587,804
Less: Exempt Highway Construction Bonds	(1,000,450)	(1,020,049)	(980,811)	(957,093)
Net General Obligation Bonded Debt Subject to Statutory Debt Limit	497,921	693,706	607,999	630,711
Additional General Obligation Debt Incurring Capacity	$ 337,420	$ 136,431	$ 227,293	$ 249,752

Source: Utah State Administrative Services, Division of Finance.

Note: 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					
2006	**2007**	**2008**	**2009**	**2010**	**2011**
$ 144,519	$ 168,812	$ 201,774	$ 224,689	$ 212,423	$ 205,284
$ 198,983	$ 233,013	$ 282,176	$ 311,525	$ 291,460	$ 280,846
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
2,985	3,495	4,233	4,673	4,372	4,213
1,437	1,284	1,198	1,563	2,410	3,256
$ 1,548	$ 2,211	$ 3,035	$ 3,110	$ 1,962	$ 957
48.14 %	36.74 %	28.30 %	33.45 %	55.12 %	77.28 %

Schedule C–4

Fiscal Year					
2006	**2007**	**2008**	**2009**	**2010**	**2011**
$ 2,099,609	$ 2,276,693	$ 2,477,629	$ 2,515,576	$ 2,657,135	$ 2,849,469
45.00%	45.00%	45.00%	45.00%	45.00%	45.00%
944,824	1,024,512	1,114,933	1,132,009	1,195,711	1,282,261
1,436,845	1,284,023	1,198,172	1,562,815	2,409,939	3,256,114
(877,979)	(790,567)	(763,583)	(1,079,270)	(1,860,685)	(2,698,330)
558,866	493,456	434,589	483,545	549,254	557,784
$ 385,958	$ 531,056	$ 680,344	$ 648,464	$ 646,457	$ 724,477

Pledged Revenue Bond Coverage

Schedule C–5

Last Ten Fiscal Years

(Expressed in Thousands)

Fiscal Year	Gross Revenues [1]	Less Operating Expenses [2]	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage [3]
Water Loan Programs [5]						
2011	$ 10,584	$ 35,939	$ (25,355)	$ —	$ 2,424	(10.46)
2010	$ 13,875	$ 31,213	$ (17,338)	$ —	$ 862	(20.11)
2009	$ —	$ —	$ —	$ —	$ —	—
2008	$ —	$ —	$ —	$ —	$ —	—
2007	$ —	$ —	$ —	$ —	$ —	—
2006	$ —	$ —	$ —	$ —	$ —	—
2005	$ 9,796	$ 8,611	$ 1,185	$ 1,060	$ 37	1.08
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 [4]						
2011	$ 27,188	$ (20,137) [6]	$ 47,325	$ 557,894	$ 20,655	0.08
2010	$ 70,616	$ 42,470	$ 28,146	$ 966,668	$ 35,967	0.03
2009	$ 84,465	$ 25,658	$ 58,807	$ 121,358	$ 62,839	0.32
2008	$ 129,255	$ 19,682	$ 109,573	$ 72,145	$ 98,154	0.64
2007	$ 146,108	$ 33,211	$ 112,897	$ 430	$ 97,729	1.15
2006	$ 118,044	$ 37,810	$ 80,234	$ 40,420	$ 64,807	0.76
2005	$ 83,093	$ 31,944	$ 51,149	$ 3,710	$ 33,404	1.38
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.

[1] Revenues for Water Loan Programs are primarily interest on revolving loan receivables. Revenues for Student Assistance Programs are primarily interest on student loans and federal allowances.

[2] Operating Expenses do not include interest, depreciation, or amortization expenses.

[3] Coverage equals net available revenue divided by debt service.

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

[5] Between years 2006 and 2009, the State did not issue any water loan recapilatization bonds. Current year revenues were insufficent to cover program expenses for fiscal years 2010 and 2011.

[6] During 2011, the Student Assistance Programs had a substantial decrease in its provision for interest arbitrage rebate of $37.2 million on its 1988 and 1993 revenue bonds.

Demographic and Economic Indicators — Schedule D–1

Last Ten Calendar Years

Calendar Year	Population (in Thousands) Utah Number	Utah Change	U.S. Number	U.S. Change	Unemployment Rate Utah	U.S.	Utah Net Migration
2002	2,358	2.3 %	288,126	1.0 %	5.8 %	5.8 %	17,299
2003	2,414	2.4 %	290,796	0.9 %	5.7 %	6.0 %	18,568
2004	2,469	2.3 %	293,638	1.0 %	5.0 %	5.5 %	18,367
2005	2,547	3.2 %	296,507	1.0 %	4.2 %	5.1 %	40,647
2006	2,615	2.7 %	299,200	0.9 %	3.0 %	4.6 %	28,730
2007	2,700	3.3 %	302,040	0.9 %	2.7 %	4.6 %	44,252
2008	2,758	2.1 %	304,992	1.0 %	3.7 %	5.8 %	16,648
2009	2,735	(0.8) %	307,800	0.9 %	7.1 %	9.3 %	3,700
2010	2,775	1.5 %	310,800	1.0 %	8.0 %	9.6 %	800
2011 (est.)	2,817	1.5 %	313,800	1.0 %	8.0 %	9.1 %	3,500

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
2002	$ 58,172	2.8 %	$ 8,881,900	1.8 %	$ 24,670	0.5 %	$ 30,826	0.8 %
2003	$ 59,412	2.1 %	$ 9,163,600	3.2 %	$ 24,611	(0.2)%	$ 31,512	2.2 %
2004	$ 63,565	7.0 %	$ 9,727,200	6.2 %	$ 25,745	4.6 %	$ 33,127	5.1 %
2005	$ 69,744	9.7 %	$ 10,269,750	5.6 %	$ 27,383	6.4 %	$ 34,636	4.6 %
2006	$ 75,598	8.4 %	$ 10,993,900	7.1 %	$ 28,909	5.6 %	$ 36,744	6.1 %
2007	$ 84,709	12.1 %	$ 11,894,000	8.2 %	$ 31,374	8.5 %	$ 39,379	7.2 %
2008	$ 88,902	4.9 %	$ 12,391,000	4.2 %	$ 32,234	2.7 %	$ 40,627	3.2 %
2009	$ 87,947	(1.1)%	$ 11,930,000	(3.7)%	$ 32,156	(0.2)%	$ 38,759	(4.6)%
2010	$ 90,161	2.5 %	$ 12,374,000	3.7 %	$ 32,490	1.0 %	$ 39,813	2.7 %
2011 (est.)	$ 95,577	6.0 %	$ 13,008,000	5.1 %	$ 33,929	4.4 %	$ 41,453	4.1 %

Source: Population—Utah Population Estimates Committee at July 1 each year. The 2011 estimate is from the Utah Revenue Assumption Committee.

Source: Unemployment Rate—Utah Department of Workforce Services. The 2011 estimate is from the Utah Revenue Assumption Committee.

Source: Utah Net Migration—Utah Population Estimates Committee at July 1 each year. The 2011 estimate is from the Utah Revenue Assumption Committee.

Source: Personal Income—U.S. Department of Commerce, Bureau of Economic Analysis, and Utah Department of Workforce Services. The 2011 estimate is from the Utah Revenue Assumption Committee.

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

Principal Employers

Schedule D–2

Most Current Calendar Year and Historical Comparison

	Calendar Year 2001			Calendar Year 2010		
Entity Name	**Number of Employees**	**Rank**	**Percent of All Employees**	**Number of Employees**	**Rank**	**Percent of All Employees**
Intermountain Health Care (IHC)	20,000 +	2	2.0 %	20,000 +	1	2.2 %
University of Utah (includes Hospital)	15,000 – 19,999	3	1.6 %	20,000 +	2	2.0 %
State of Utah	20,000 +	1	2.0 %	20,000 +	3	1.9 %
Brigham Young University	15,000 – 19,999	4	1.6 %	15,000 – 19,999	4	1.5 %
Wal-Mart Stores	7,000 – 9,999	7	0.8 %	15,000 – 19,999	5	1.5 %
Hill Air Force Base	10,000 – 14,999	5	1.1 %	10,000 – 14,999	6	1.0 %
Granite School District	7,000 – 9,999	8	0.7 %	7,000 – 9,999	7	0.8 %
Utah State University				7,000 – 9,999	8	0.8 %
Davis County School District	5,000 – 6,999	10	0.6 %	7,000 – 9,999	9	0.7 %
Alpine School District				5,000 – 6,999	10	0.6 %
Jordan School District	7,000 – 9,999	6	0.8 %			
Convergys	7,000 – 9,999	9	0.7 %			
Total Employees of Principal Employers	132,500		11.9 %	164,000		13.0 %

Source: Utah Department of Workforce Services.

Note: Number of employees is based on a calendar year average.

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State of Utah

Composition of Labor Force
Last Ten Calendar Years

	Calendar Year			
	2001	**2002**	**2003**	**2004**
Nonagricultural Jobs				
Government	190,117	195,246	196,537	198,877
Mining	7,209	6,880	6,670	7,083
Construction	71,620	67,838	67,599	72,631
Manufacturing	122,092	113,873	112,291	114,765
Trade, Transportation, and Utilities	219,954	216,032	213,970	219,212
Information	33,514	31,004	30,016	30,272
Financial Activity	62,214	63,352	64,674	65,040
Professional and Business Services	136,646	131,912	131,910	138,220
Education and Health Services	109,520	113,696	118,379	123,282
Leisure and Hospitality	98,328	100,943	99,634	102,031
Other Services	30,471	32,970	32,451	32,915
Total Nonagricultural Jobs	1,081,685	1,073,746	1,074,131	1,104,328
Civilian Labor Force	1,159,433	1,181,691	1,207,436	1,237,055
Total Employed	1,108,547	1,113,645	1,139,129	1,174,797
Unemployed	50,886	68,046	68,307	62,258
Unemployment Rate	4.4 %	5.8 %	5.7 %	5.0 %

Source: Utah Department of Workforce Services and the Utah Revenue Assumption Committee.

Calendar Year					
2005	**2006**	**2007**	**2008**	**2009**	**2010**
202,307	204,483	206,868	211,710	214,679	216,828
8,473	10,024	11,034	12,506	10,694	10,442
81,685	95,164	103,450	90,469	70,492	65,223
117,246	123,064	127,695	125,852	112,879	111,075
225,938	234,797	245,672	247,978	234,098	229,108
32,105	32,541	32,448	30,747	29,570	29,276
67,583	71,469	74,739	74,050	71,092	67,981
146,704	154,834	161,022	162,194	149,532	152,335
128,605	134,410	139,991	146,617	150,866	155,001
104,223	108,477	112,821	114,813	110,859	110,662
33,451	34,651	35,542	35,534	34,028	33,625
1,148,320	1,203,914	1,251,282	1,252,470	1,188,789	1,181,556
1,276,378	1,318,473	1,356,550	1,368,182	1,383,202	1,371,148
1,223,248	1,279,453	1,319,784	1,317,082	1,285,134	1,262,083
53,130	39,020	36,766	51,100	98,068	109,065
4.2 %	3.0 %	2.7 %	3.7 %	7.1 %	8.0 %

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

	Academic Year			
	2001–02	**2002–03**	**2003–04**	**2004–05**
Elementary	259,328	262,168	266,666	273,163
Secondary	218,473	218,975	220,272	222,519
Total All Grades	477,801	481,143	486,938	495,682

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			
	2002–03	**2003–04**	**2004–05**	**2005–06**
University of Utah	29,992	29,936	30,479	30,558
Utah State University [1]	22,848	23,474	23,908	23,107
Weber State University	18,654	19,167	18,875	18,334
Southern Utah University	5,881	6,048	6,672	6,859
Salt Lake Community College	23,873	24,154	25,711	25,551
Utah Valley University	23,609	23,803	24,149	24,487
Dixie State College of Utah [2]	7,473	7,682	8,564	9,114
College of Eastern Utah	2,646	2,692	2,471	2,179
Snow College	3,768	4,036	4,108	4,113
Utah College of Applied Technology	37,660	35,549	25,817	25,199
Total All Institutions	176,404	176,541	170,754	169,501

Source: Utah State Board of Regents

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

[1] Includes USU-Eastern (formerly College of Eastern Utah) beginning in 2011-12.
[2] Dixie State College of Utah included summer term headcounts for academic years prior to 2006–07.

Schedule D–4

Academic Year					
2005–06	**2006–07**	**2007–08**	**2008–09**	**2009–10**	**2010–11**
283,972	294,202	303,807	314,676	322,704	329,111
226,040	229,801	233,846	236,694	240,569	247,134
510,012	524,003	537,653	551,370	563,273	576,245

Schedule D–5

Academic Year					
2006–07	**2007–08**	**2008–09**	**2009–10**	**2010–11**	**2011–12**
30,511	29,797	30,228	31,407	30,833	31,673
23,623	24,421	23,925	25,065	25,767	28,994
18,642	18,306	21,674	23,331	24,126	25,483
7,029	7,057	7,516	8,066	8,024	7,750
25,129	25,144	29,866	33,774	33,983	33,167
23,305	23,840	26,696	28,765	32,670	33,395
5,967	5,944	6,443	7,911	8,755	9,086
2,220	2,444	2,082	2,173	2,634	—
4,179	3,745	3,798	4,368	4,386	4,465
19,389	19,595	20,321	18,831	18,476	15,873
159,994	160,293	172,549	183,691	189,654	189,886

Full-Time Equivalent State Employees by Function
Last Ten Fiscal Years

	Fiscal Year			
	2002	**2003**	**2004**	**2005**
General Government				
Government Operations [1]	1,344	1,297	1,295	1,292
Tax Commission	872	835	846	844
All Other	145	144	127	132
Human Services and Juvenile Justice Services	4,706	4,543	4,630	4,697
Corrections	2,253	2,159	2,228	2,234
Public Safety				
Department of Public Safety	1,171	1,166	1,211	1,182
Utah National Guard	223	227	252	245
State Courts	1,125	1,053	1,056	1,073
Health and Environmental Quality				
Department of Health	1,189	1,207	1,271	1,289
Department of Environmental Quality	416	408	397	403
Employment and Family Services	1,850	1,889	1,993	1,999
Natural Resources	1,219	1,215	1,266	1,273
Community and Culture [1]	297	267	262	251
Business, Labor, and Agriculture	701	701	703	712
Education				
Public Education Support	1,066	1,055	1,088	1,129
Higher Education Support	160	147	154	177
Transportation	1,951	1,871	1,829	1,762
Total Full-time Equivalent State Employees	20,688	20,184	20,608	20,694

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					
2006	**2007**	**2008**	**2009**	**2010**	**2011**
1,345	2,074	2,114	2,084	2,018	1,976
852	764	777	763	723	719
147	152	157	154	157	152
4,644	4,521	4,546	4,464	4,155	3,935
2,319	2,316	2,377	2,439	2,271	2,243
1,159	1,151	1,153	1,202	1,218	1,241
247	246	237	239	196	214
1,077	1,077	1,112	1,096	1,068	1,042
1,295	1,231	991	988	950	937
406	382	385	383	384	376
1,931	1,729	2,030	2,062	2,066	2,041
1,319	1,304	1,330	1,361	1,350	1,361
188	187	188	191	193	190
716	706	722	715	691	686
1,176	1,159	1,168	1,178	1,170	1,137
200	230	223	205	171	—
1,768	1,691	1,716	1,685	1,637	1,612
20,789	20,920	21,226	21,209	20,418	19,862

Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year			
	2002	**2003**	**2004**	**2005**
General Government				
Government Operations				
Construction Projects Managed	757	886	844	782
Tax Commission				
Percent of Data Managed Electronically	27.3 %	33.5 %	42.1 %	48.3 %
Number of Returns Filed Electronically	263,337	325,077	409,249	482,443
Motor Vehicle Registrations (in thousands)	2,464	2,524	2,657	2,732
Human Services and Juvenile Justice Services				
Food Stamp Recipients [1]	160,180	186,074	211,480	225,685
Percent of Population	6.8 %	7.7 %	8.6 %	8.9 %
Juveniles, Daily Average in Justice System Placement	1,231	1,208	1,203	1,239
Rate of Recommitment to Juvenile Custody	9.8 %	10.3 %	9.4 %	7.3 %
Corrections				
Incarcerated Offenders [1]	5,434	5,687	5,875	6,148
Supervised Offenders [1]	11,392	11,514	11,519	11,798
Utah Incarceration Rate (per 100,000 population)	233	240	246	240
US Incarceration Rate (per 100,000 population)	476	482	486	488
State Courts [2]				
State Court Filings	342,794	313,340	294,376	300,049
State Court Dispositions	338,551	323,235	317,015	339,664
Health				
Children's Health Insurance Program Enrollment	24,674	24,854	28,443	28,924
Medicaid Eligible (unduplicated)	249,447	249,745	276,813	286,983
Percent of Population	10.6 %	10.3 %	11.2 %	11.3 %
Employment and Family Services				
Individuals Registered for Employment	263,218	259,914	256,934	266,105
Percent Who Entered Employment	62 %	62 %	61 %	66 %
Natural Resources				
Hatchery Fish, Pounds Raised	810,513	887,546	930,071	893,497
Hunting and Fishing Licenses Sold (in thousands) [1] [3]	373,381	360,285	366,256	366,341
State Park Visitations (in thousands)	5,640	4,573	4,414	4,299
Business, Labor, and Agriculture				
Department of Commerce				
Licenses and Registrations Issued [4]	251,982	250,295	257,140	262,216
Department of Agriculture and Food				
Dairy Farm Inspections	1,453	1,145	1,087	1,089
Pounds of Turkey Inspected and Graded (in thousands)	88,989	88,780	69,371	92,650
Gas Pumps and Scales Inspected	21,602	23,913	22,510	37,892
Higher Education				
Number of Certificates and Degrees Awarded	25,026	25,999	30,801	30,093
Transportation				
Percent of Roads Which are Deficient (see page 136) [1]	6.6 %	6.4 %	6.2 %	6.3 %
Vehicles Weighed or Inspected (in thousands)	5,647	5,462	5,456	5,528

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 2011 is an estimate.

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

Fiscal Year					
2006	**2007**	**2008**	**2009**	**2010**	**2011**
828	909	946	841	847	898
54.4 %	58.9 %	62.9 %	65.3 %	70.5 %	77.0 %
565,851	640,365	725,293	748,879	777,485	863,907
2,818	2,955	2,779	2,759	2,681	2,583
230,288	214,164	224,313	293,151	363,714	394,170
8.8 %	7.9 %	8.1 %	10.7 %	13.1 %	14.0 %
1,128	1,150	1,132	1,105	1,023	946
9.5 %	6.8 %	7.3 %	7.2 %	8.3 %	6.9 %
6,325	6,502	6,489	6,521	6,692	N/A
12,158	11,521	12,519	12,423	12,702	N/A
240	246	232	232	232	N/A
497	445	509	504	502	N/A
283,724	275,020	270,684	369,830	367,541	348,548
263,703	240,180	225,362	369,772	341,626	312,953
35,259	31,998	32,101	38,036	41,503	38,498
287,559	274,710	267,378	298,372	325,204	340,805
11.0 %	10.2 %	9.7 %	10.9 %	11.7 %	12.1 %
250,855	202,642	211,906	283,692	317,998	316,703
70 %	72 %	74 %	71 %	59 %	56 %
1,062,512	993,323	964,630	1,106,719	1,334,782	1,240,499
415,066	438,286	599,691	607,875	598,474	661,239
4,532	4,676	4,549	4,624	4,620	4,821
291,162	309,106	314,894	321,943	308,717	315,238
1,054	769	718	743	667	N/A
88,544	85,954	81,945	55,685	77,257	N/A
26,394	21,423	19,631	22,216	15,548	21,499
30,463	30,182	33,608	26,990	28,639	30,199
11.3 %	12.4 %	13.9 %	13.1 %	14.7 %	N/A
5,796	6,358	6,278	4,790	4,686	4,622

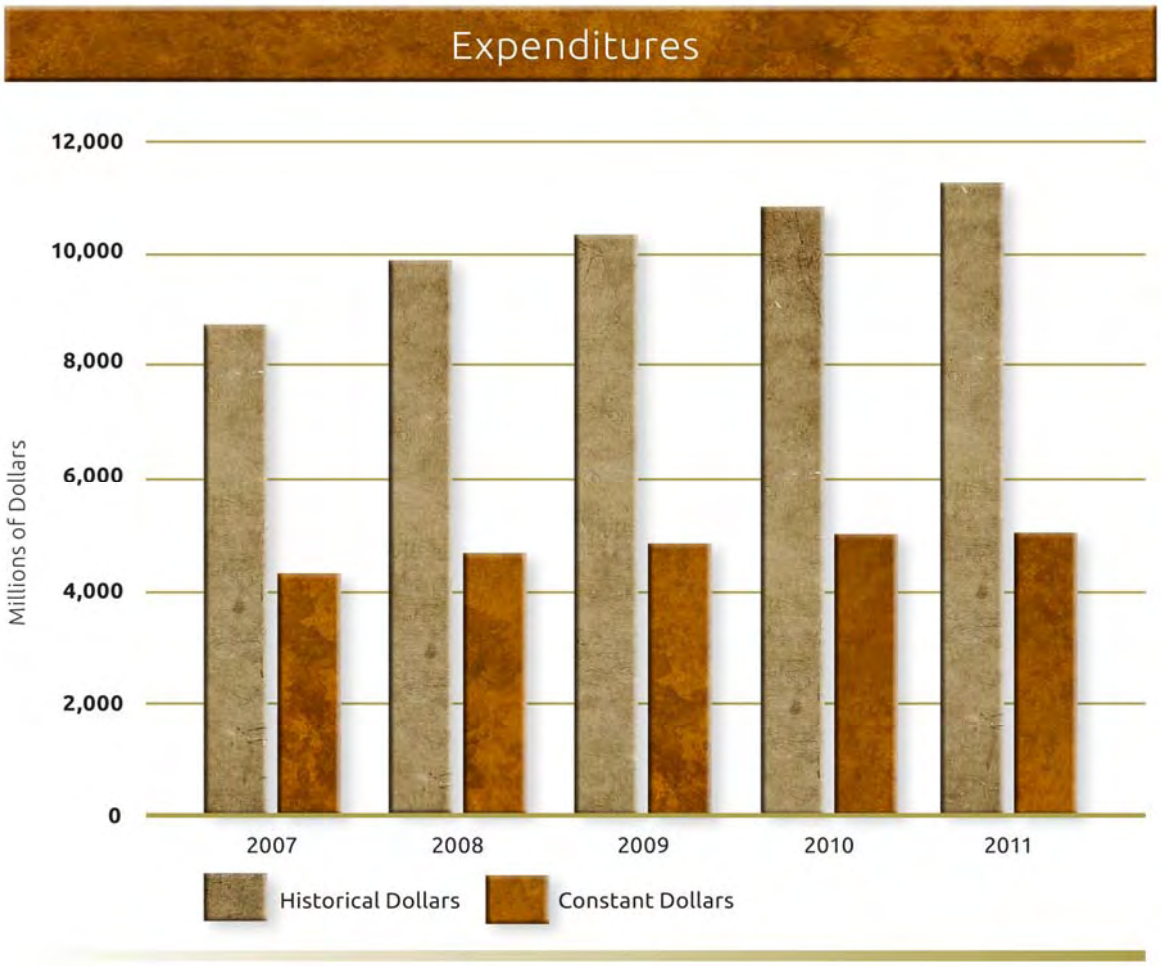
Capital Asset Statistics by Function
Last Ten Fiscal Years

	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 Juvenile Justice Services				
Data Processing Equipment and Software	78	81	84	86
Corrections				
Data Processing Equipment and Software	186	183	185	188
Security and Surveillance Equipment	44	44	43	41
Public Safety				
Department of Public Safety				
Vehicles	29	21	22	28
Data Processing Equipment and Software	189	95	117	129
Medical and Lab Equipment	187	109	116	122
Utah National Guard				
Buildings	198	199	201	202
State Courts				
Data Processing Equipment and Software	146	148	151	80
Audio Visual Equipment	107	141	163	188
Health and Environmental Quality				
Department of Health				
Data Processing Equipment and Software	285	276	214	229
Medical and Lab Equipment	152	159	172	189
Department of Environmental Quality				
Monitoring and Lab Equipment	238	250	247	279
Employment and Family Services				
Department of Workforce Services				
Data Processing Equipment and Software	235	226	289	351
Natural Resources				
Division of Parks and Recreation				
State Parks	39	39	39	40
Buildings	527	562	634	626
Vehicles	216	239	248	258
Division of Wildlife Resources				
Wildlife Management Areas	87	87	87	87
Fish Hatcheries	11	11	11	11
Buildings	166	185	192	167
Vehicles	89	93	107	117
Business, Labor, and Agriculture				
Data Processing Equipment and Software	98	94	91	100
Monitoring and Lab Equipment	88	90	101	107
Transportation				
Highway Center Line Miles	5,855	5,799	5,733	5,724
Buildings	297	299	308	315
Vehicles	742	693	701	737
Heavy Equipment	1,827	1,892	1,991	2,158

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

Fiscal Year					
2006	**2007**	**2008**	**2009**	**2010**	**2011**
319	288	289	290	299	305
7,376	7,376	7,437	7,256	7,266	7,323
2,179	2,156	2,302	2,448	2,437	2,541
1,011	948	1,020	994	1,003	1,065
75	72	61	45	64	52
192	189	230	219	226	218
40	43	52	55	59	59
35	28	28	28	34	34
135	121	127	182	200	222
133	140	146	147	174	184
204	192	192	193	206	213
85	86	95	95	105	64
190	190	191	190	192	192
215	216	211	216	147	143
204	203	228	218	257	287
295	304	313	327	316	349
370	424	458	464	449	422
42	42	42	42	42	43
622	642	667	681	684	719
269	296	292	315	329	333
87	87	87	92	92	92
11	11	11	11	11	11
167	164	165	163	166	175
136	142	189	193	208	212
94	94	99	91	94	97
108	107	106	106	105	108
5,680	5,777	5,754	5,699	5,753	5,772
336	343	345	358	361	386
770	812	832	832	824	838
2,346	2,462	2,543	2,544	2,538	2,549

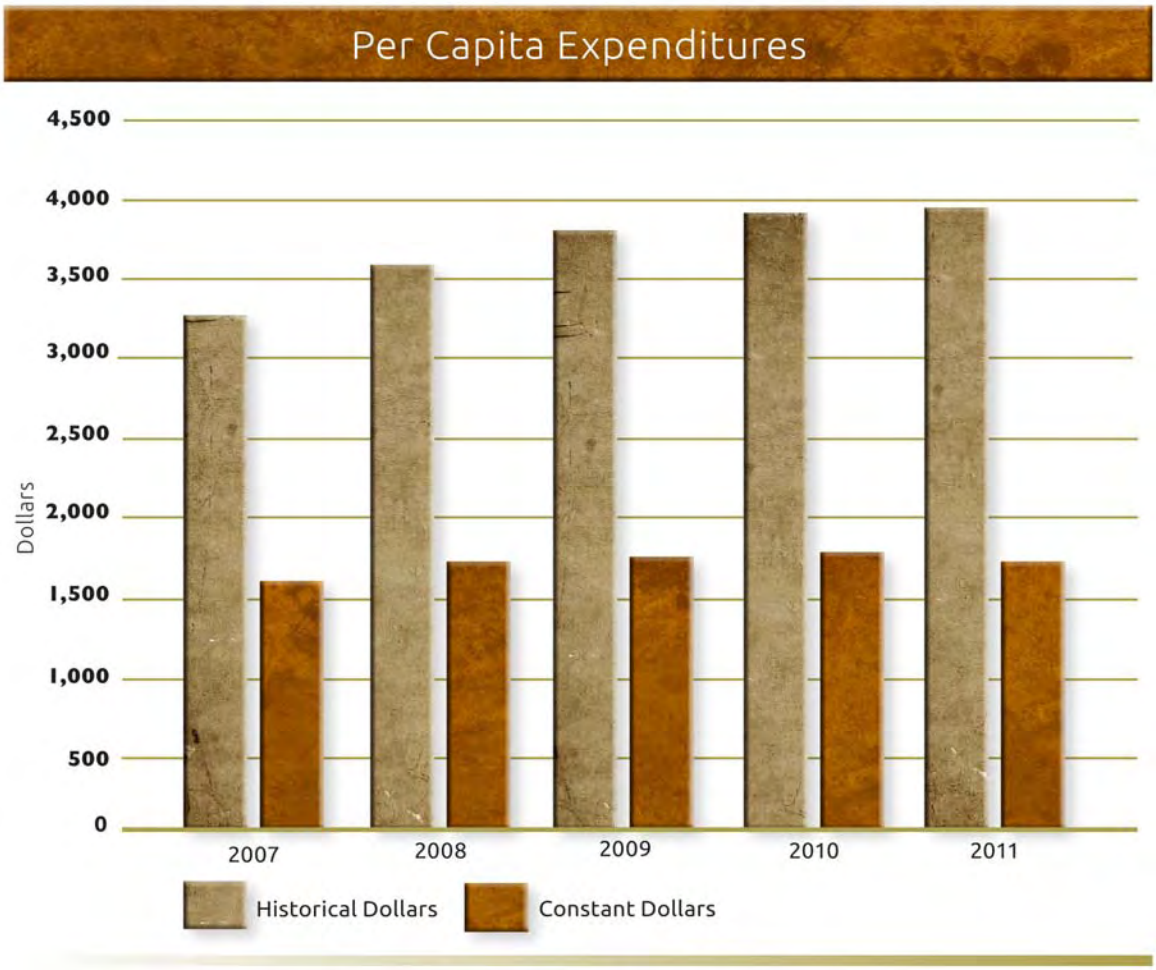
Expenditures — Historical and Constant Dollars **Schedule F–1**
All Governmental Fund Types
Last Five Fiscal Years



Fiscal Year	Historical Dollars (in Millions)	Historical Dollars Change	Constant Dollars (in Millions)	Constant Dollars Change
2007	$ 8,772	8.0 %	$ 4,297	5.3 %
2008	$ 9,877	12.6 %	$ 4,666	8.6 %
2009	$ 10,391	5.2 %	$ 4,842	3.8 %
2010	$ 10,879	4.7 %	$ 5,024	3.8 %
2011	$ 11,119	2.2 %	$ 5,029	0.1 %

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

Per Capita Expenditures — Historical and Constant Dollars **Schedule F–2**
All Governmental Fund Types
Last Five Fiscal Years



Fiscal Year	Per Capita Expenditures			
	Historical Dollars		Constant Dollars	
		Change		Change
2007	$ 3,249	4.6 %	$ 1,592	2.1 %
2008	$ 3,581	10.2 %	$ 1,692	6.3 %
2009	$ 3,799	6.1 %	$ 1,770	4.6 %
2010	$ 3,920	3.2 %	$ 1,810	2.3 %
2011	$ 3,947	0.7 %	$ 1,785	(1.4)%

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

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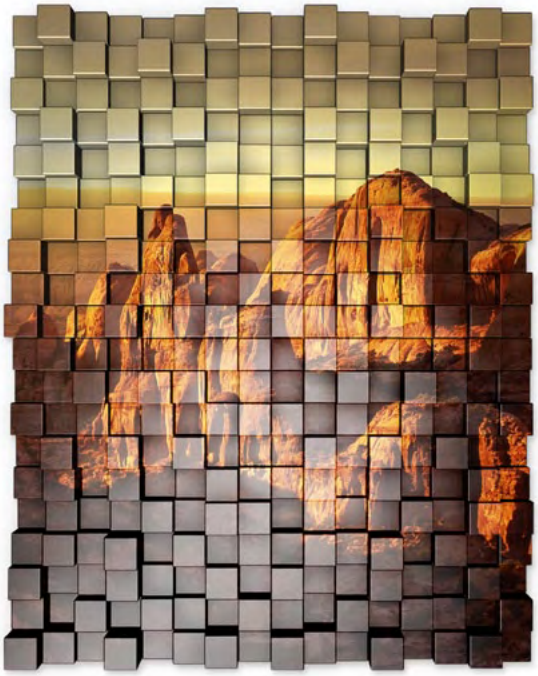
2011



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APPENDIX B

ADDITIONAL DEBT AND FINANCIAL INFORMATION REGARDING THE STATE BUILDING OWNERSHIP AUTHORITY

State Building Ownership Authority

Generally. For a general discussion regarding the State Building Ownership Authority (the "Authority") see "DEBT STRUCTURE OF THE STATE OF UTAH—State Building Ownership Authority" in the body of the OFFICIAL STATEMENT.

Legal Borrowing Debt Capacity. The Authority may not issue any bonds or other obligations under the Building Ownership Act (as defined herein) in an amount which would exceed the difference between (i) the total outstanding indebtedness of the State (exclusive of certain State highway bonds specified under the Building Ownership Act) and (ii) 1.5% of the fair market value of the taxable property of the State. Under this formula, the Authority's debt capacity is reduced as non–excluded State general obligation bonds are issued. As of October 3, 2012 (the anticipated delivery date of the 2012 Bonds), the legal debt limit and additional debt incurring capacity of the Authority are calculated as follows:

Fair market value of ad valorem taxable property (1)	$263,825,160,095
Fees in lieu of ad valorem taxable property (2)	10,981,111,283
Total fair market value of taxable property (1)	$274,806,271,378
1.5% debt limit amount	$4,122,094,071
Less: outstanding State general obligation debt (net) (3)	(3,393,409,169)
Less: Authority's outstanding lease revenue bonds (net) (3)	(302,595,528)
Plus: statutorily exempt State general obligation highway debt (net) (3)	2,894,054,313
Authority's estimated additional debt incurring capacity	$3,320,143,687

(1) Based on 2011 taxable values. See "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Property Tax Matters–Taxable Value Compared with Fair Market Value of All Taxable Property in the State" above.

(2) Based on 2011 "age based" values. For purposes of calculating debt incurring capacity only, the value of all motor vehicles and state–assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) is added to the fair market value of the taxable property in the State.

(3) Includes unamortized original issue bond premium and deferred amount on refunding that was treated as principal for purposes of calculating the applicable constitutional and statutory debt limits as of October 3, 2012.

The State's Limited Lease Obligation. The Building Ownership 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 the 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 Bonds Outstanding. Under the State Facilities Master Lease Program, no debt service reserve fund is created for any bonds issued under the Indenture of Trust, Assignment of State Facilities Master Lease Agreement and Security Agreement, dated as of September 1, 1994, as amended and supplemented (the "Authority Indenture") between the Authority and Wells Fargo Bank, N.A., as trustee, and the State Facilities Master Lease Agreement, dated as of September 1, 1994, as amended and supplemented, between the Authority and the State acting through DFCM. *Under this program, all bonds are issued on a parity basis and are cross–collateralized by the facilities*

subject to the lien of the Authority Indenture and the respective Mortgage, Security Agreement and Assignment of Rent.

Bonds issued under the State Facilities Master Lease Program are not classified as State Moral Obligation Bonds as defined in "DEBT STRUCTURE OF THE STATE OF UTAH—State Moral Obligation Bonds" in the body of the OFFICIAL STATEMENT. However, such bonds are considered to be State Lease Revenue Bonds.

As of October 3, 2012, the Authority has the following State Lease Revenue Bonds outstanding under the State Facilities Master Lease Program and other separate stand–alone legal documents:

Issued (On a Parity Basis) Under the State Facilities Master Lease Program

Series (1)	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2011	Various purposes	$ 5,250,000	May 15, 2031	$ 5,025,000
2010	Refunding	36,735,000	May 15, 2024	34,655,000
2009E (2)	Huntsman Hospital (BABs)	89,470,000	May 15, 2030	89,470,000
2009D.....	Huntsman Hospital	12,125,000	May 15, 2017	12,125,000
2009C (2)	DABC Warehouse (BABs)	16,715,000	May 15, 2029	16,715,000
2009B.....	DABC Warehouse	8,445,000	May 15, 2019	7,545,000
2009A.....	DABC Facilities	25,505,000	May 15, 2030	23,800,000
2007A (3).....	DABC/UCI Facilities	15,380,000	May 15, 2028	13,455,000
2006A.....	DABC Facilities	8,355,000	May 15, 2027	6,845,000
2004A (4).....	Refunding/various purposes	45,805,000	May 15, 2027	18,825,000
2003	Refunding/various purposes	22,725,000	May 15, 2025	13,880,000
1998C (5) (6).....	Refunding	105,100,000	May 15, 2019	55,710,000
Total principal amount of outstanding State Facilities Master Lease Program Bonds				$298,050,000

(1) All bonds rated "Aa1" by Moody's and "AA+" by S&P, as of the date of this OFFICIAL STATEMENT. No municipal bond rating has been requested from Fitch Ratings.
(2) Issued as federally taxable, 35% issuer subsidy, "Build America Bonds".
(3) These bonds are insured by National Public Finance Guarantee Corp., as of the date of this OFFICIAL STATEMENT.
(4) Portions of this bond issue have been refunded by the Series 2010 Bonds.
(5) These bonds are insured by Assured Guaranty Municipal Corp.
(6) Portions of this bond issue (principal amounts maturing 2013 through 2019, in the total aggregate amounts of $2,925,000 and $4,515,000, totaling $7,440,000) have been legally defeased by separate irrevocable escrow accounts, which accounts were funded from available cash on hand.

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 series of bonds.

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	$495,000

(1) Rated "Aa1" by Moody's, and "AA+" by S&P, as of the date of this OFFICIAL STATEMENT. No municipal bond rating has been requested from Fitch.

Summary

Total State Facilities Master Lease Program Bonds	$298,050,000
Total Authority's other bonds	495,000
Total State Lease Revenue Bonds (1)	$298,545,000

(1) For accounting purposes, the total unamortized bond premium is $6,602,789 and the total deferred amount on refunding is $2,552,261 as of October 3, 2012, which together with current debt outstanding of $298,545,000, results in total outstanding net direct debt of $302,595,528.

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

The Authority may issue approximately $45 million in lease revenue refunding bonds in November 2012.

Under existing legislative authorization, the Authority has approximately $10.5 million (for capital projects from a 2000 authorization) and $1.9 million (for the Sevier County courts building from a 2012 authorization) of remaining bonding authority 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 2011 $5,250,000		Series 2010 $36,735,000		Series 2009E $89,470,000		Series 2009D $12,125,000		Series 2009C $16,715,000		Series 2009B $8,445,000		Series 2009A $25,505,000	
June 30	Principal	Interest	Principal	Interest	Principal	Interest (2)	Principal	Interest	Principal	Interest (2)	Principal	Interest	Principal	Interest
2013	$ 350,000	$ 139,081	$ 1,545,000	$ 1,732,750	$ 0	$ 4,992,885	$ 0	$ 606,250	$ 0	$ 929,780	$ 925,000	$ 377,250	$ 900,000	$ 1,134,250
2014	365,000	130,331	1,620,000	1,655,500	0	4,992,885	1,300,000	606,250	0	929,780	975,000	331,000	925,000	1,107,250
2015	370,000	122,119	2,880,000	1,574,500	0	4,992,885	3,425,000	541,250	0	929,780	1,020,000	282,250	950,000	1,079,500
2016	380,000	114,256	3,030,000	1,430,500	0	4,992,885	3,605,000	370,000	0	929,780	1,075,000	231,250	975,000	1,041,500
2017	385,000	105,706	3,175,000	1,279,000	0	4,992,885	3,795,000	189,750	0	929,780	1,125,000	177,500	1,025,000	1,002,500
2018	395,000	97,044	3,330,000	1,120,250	4,010,000	4,992,885	–	–	0	929,780	1,185,000	121,250	1,075,000	951,250
2019	405,000	87,169	3,510,000	953,750	0	4,807,463	–	–	0	929,780	1,240,000	62,000	1,125,000	897,500
2020	415,000	75,019	2,995,000	778,250	5,295,000	4,807,463	–	–	1,305,000 (5)	929,780	–	–	1,175,000	841,250
2021	430,000	64,644	3,145,000	628,500	5,555,000	4,539,853	–	–	1,370,000 (5)	860,693	–	–	1,250,000	782,500
2022	440,000	52,819	3,275,000	471,250	5,830,000	4,248,549	–	–	1,445,000 (5)	788,165	–	–	1,300,000	720,000
2023	455,000	39,619	3,445,000	307,500	5,395,000	3,936,994	–	–	1,520,000 (5)	711,667	–	–	1,375,000	655,000
2024	70,000 (3)	25,400	2,705,000	135,250	5,695,000	3,643,290	–	–	1,605,000 (5)	631,198	–	–	1,450,000	586,250
2025	70,000 (3)	22,600	–	–	6,015,000 (4)	3,327,559	–	–	1,685,000 (6)	546,230	–	–	1,500,000	513,750
2026	75,000 (3)	19,800	–	–	8,635,000 (4)	2,980,614	–	–	1,785,000 (6)	449,039	–	–	1,575,000	438,750
2027	80,000 (3)	16,800	–	–	9,145,000 (4)	2,482,547	–	–	1,890,000 (6)	346,080	–	–	1,675,000	360,000
2028	80,000 (3)	13,600	–	–	10,665,000 (4)	1,955,064	–	–	1,995,000 (6)	237,065	–	–	1,750,000 (7)	276,250
2029	85,000 (3)	10,400	–	–	11,285,000 (4)	1,339,906	–	–	2,115,000 (6)	121,993	–	–	1,850,000 (7)	188,750
2030	85,000 (3)	7,000	–	–	11,945,000 (4)	688,988	–	–	–	–	–	–	1,925,000 (7)	96,250
2031	90,000 (3)	3,600	–	–	–	–	–	–	–	–	–	–	–	–
Totals	$ 5,025,000	$ 1,147,006	$ 34,655,000	$ 12,067,000	$ 89,470,000	$ 68,715,598	$ 12,125,000	$ 2,313,500	$ 16,715,000	$ 12,130,370	$ 7,545,000	$ 1,582,500	$ 23,800,000	$ 12,672,500

Fiscal Year Ending	Series 2007A $15,380,000		Series 2006A $8,355,000		Series 2004A $45,805,000		Series 2003 $22,725,000		Series 1998C $105,100,000	
June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal (15)	Interest
2013	$ 585,000	$ 643,500	$ 335,000	$ 295,678	$ 2,795,000	$ 935,213	$ 1,440,000	$ 594,780	$ 8,805,000	$ 3,064,050
2014	610,000	618,638	350,000	282,278	2,945,000	795,463	835,000	537,180	9,290,000	2,579,775
2015	645,000	592,713	365,000	268,278	1,910,000	648,213 (14)	875,000	503,780	8,850,000	2,068,825
2016	665,000	563,688	380,000	253,678	2,010,000	552,713 (14)	900,000	468,780	9,230,000 (16)	1,582,075
2017	695,000	533,763	395,000	238,478	2,110,000	452,213 (14)	940,000	432,780	9,130,000 (16)	1,074,425
2018	735,000	502,488	410,000	222,678	1,090,000	346,713 (14)	980,000	394,240	8,295,000 (16)	572,275
2019	760,000	471,250	425,000	205,663	800,000	292,213 (14)	1,020,000	353,080	2,110,000 (16)	116,050
2020	795,000 (8)	438,000	445,000	187,600	845,000	252,213 (14)	1,065,000	310,240	–	–
2021	835,000 (8)	398,250	465,000	168,688	530,000	207,850 (14)	1,110,000	264,978	–	–
2022	880,000 (9)	356,500	485,000	145,438	0	180,025 (14)	1,160,000	216,415	–	–
2023	915,000 (9)	312,500	510,000	122,400	0	180,025 (14)	1,210,000	165,375	–	–
2024	965,000 (10)	266,750	535,000 (12)	96,900	0	180,025 (14)	1,265,000	110,925	–	–
2025	1,015,000 (10)	218,500	560,000 (12)	74,163	1,830,000 (13)	180,025	1,080,000	54,000	–	–
2026	1,065,000 (11)	167,750	580,000 (12)	50,363	1,250,000 (13)	93,100	–	–	–	–
2027	1,115,000 (11)	114,500	605,000 (12)	25,713	710,000 (13)	33,725	–	–	–	–
2028	1,175,000 (11)	58,750	–	–	–	–	–	–	–	–
2029	–	–	–	–	–	–	–	–	–	–
2030	–	–	–	–	–	–	–	–	–	–
2031	–	–	–	–	–	–	–	–	–	–
Totals	$ 13,455,000	$ 6,257,538	$ 6,845,000	$ 2,637,990	$ 18,825,000	$ 5,329,725	$ 13,880,000	$ 4,406,553	$ 55,710,000	$ 11,057,475

(1) These tables reflect the Authority's debt service schedule for its lease revenue bonds for the Fiscal Year shown. This information is based on payments (cash basis) falling due in that particular Fiscal Year.
(2) Issued as federally taxable "Build America Bonds." **Does not reflect a 35% federal interest rate subsidy**.
(3) Mandatory sinking fund payments from a $635,000, 4%, term bond due May 15, 2031.
(4) Mandatory sinking fund payments from a $57,690,000, 5.768%, term bond due May 15, 2030.
(5) Mandatory sinking fund payments from a $7,245,000, 5.294%, term bond due May 15, 2024.
(6) Mandatory sinking fund payments from a $9,470,000, 5.768%, term bond due May 15, 2029.
(7) Mandatory sinking fund payments from a $5,525,000, 5%, term bond due May 15, 2030.
(8) Mandatory sinking fund payments from a $1,630,000, 5%, term bond due May 15, 2021.
(9) Mandatory sinking fund payments from a $1,795,000, 5%, term bond due May 15, 2023.
(10) Mandatory sinking fund payments from a $1,980,000, 5%, term bond due May 15, 2025.
(11) Mandatory sinking fund payments from a $3,355,000, 5%, term bond due May 15, 2028.
(12) Mandatory sinking fund payments from a $2,280,000, 4.25%, term bond due May 15, 2027.
(13) Mandatory sinking fund payments from a $3,790,000, 4.75%, term bond due May 15, 2027.
(14) Certain principal maturites and interest have been refunded by the 2010 Bonds.
(15) Remaining principal after portions of certain principal amounts maturing May 15, 2013 through May 15, 2019 have been legally defeased by separate irrevocable escrow accounts.
(16) Mandatory sinking fund payments from a $28,765,000, 5.50%, term bond due May 15, 2019.

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

Fiscal Year Ending June 30	*Issued Under Stand Alone Legal Documents* Series 1993A; $6,230,000 Principal	Interest	Total Debt Service
2013	$ 495,000 (2)	$ 25,988	$ 520,988
2014	–	–	–
2015	–	–	–
2016	–	–	–
2017	–	–	–
2018	–	–	–
2019	–	–	–
2020	–	–	–
2021	–	–	–
2022	–	–	–
2023	–	–	–
2024	–	–	–
2025	–	–	–
2026	–	–	–
2027	–	–	–
2028	–	–	–
2029	–	–	–
2030	–	–	–
2031	–	–	–
Totals	$ 495,000	$ 25,988	$ 520,988

Fiscal Year Ending June 30	Total Bonds Issued: State Facilities Master Lease Program Total Principal	Total Interest (3)	Total Debt Service	Stand Alone Legal Documents Total Principal	Total Interest	Total Debt Service	Total All Lease Obligations Total Principal	Total Interest (3)	Total Debt Service
2013	$ 17,680,000	$ 15,445,466	$ 33,125,466	$ 495,000	$ 25,988	$ 520,988	$ 18,175,000	$ 15,471,454	$ 33,646,454
2014	19,215,000	14,566,329	33,781,329	–	–	–	19,215,000	14,566,329	33,781,329
2015	21,290,000	13,604,091	34,894,091	–	–	–	21,290,000	13,604,091	34,894,091
2016	22,250,000	12,531,104	34,781,104	–	–	–	22,250,000	12,531,104	34,781,104
2017	22,775,000	11,408,779	34,183,779	–	–	–	22,775,000	11,408,779	34,183,779
2018	21,505,000	10,250,851	31,755,851	–	–	–	21,505,000	10,250,851	31,755,851
2019	11,395,000	9,175,916	20,570,916	–	–	–	11,395,000	9,175,916	20,570,916
2020	14,335,000	8,619,814	22,954,814	–	–	–	14,335,000	8,619,814	22,954,814
2021	14,690,000	7,915,955	22,605,955	–	–	–	14,690,000	7,915,955	22,605,955
2022	14,815,000	7,179,161	21,994,161	–	–	–	14,815,000	7,179,161	21,994,161
2023	14,825,000	6,431,080	21,256,080	–	–	–	14,825,000	6,431,080	21,256,080
2024	14,290,000	5,675,988	19,965,988	–	–	–	14,290,000	5,675,988	19,965,988
2025	13,755,000	4,936,826	18,691,826	–	–	–	13,755,000	4,936,826	18,691,826
2026	14,965,000	4,199,415	19,164,415	–	–	–	14,965,000	4,199,415	19,164,415
2027	15,220,000	3,379,365	18,599,365	–	–	–	15,220,000	3,379,365	18,599,365
2028	15,665,000	2,540,728	18,205,728	–	–	–	15,665,000	2,540,728	18,205,728
2029	15,335,000	1,661,050	16,996,050	–	–	–	15,335,000	1,661,050	16,996,050
2030	13,955,000	792,238	14,747,238	–	–	–	13,955,000	792,238	14,747,238
2031	90,000	3,600	93,600	–	–	–	90,000	3,600	93,600
Totals	$298,050,000	$140,317,755	$438,367,755	$ 495,000	$ 25,988	$ 520,988	$298,545,000	$140,343,743	$438,888,743

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

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

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

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APPENDIX C

DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING THE STATE OF UTAH

General Information

This appendix has been summarized from information which is contained in the *Economic Outlook 2012* (the "Economic Outlook 2012"); the *Economic Report to the Governor* (the "2011 ERG"); and from other reliable sources. *Additionally, the Governor's Office of Planning and Budget ("GOPB") has updated certain sections contained in this appendix with the latest information available.* The Economic Outlook 2012 and the 2011 ERG is prepared by the Demographic and Economic Analysis Section of the GOPB. Among other functions, the GOPB is to serve as the lead agency for the U.S. Census Bureau's State Data Center Program. Much of the economic data in the Economic Outlook 2012 and the 2011 ERG have been generated by members of the State Council of Economic Advisors. A complete copy of the Economic Outlook 2012 and the 2011 ERG may be obtained on the internet or by contacting GOPB; 801.538.1027 | f 801.538.1547 | governor.utah.gov.

Geographic Information

On January 4, 1896, the State became the 45th state of the United States of America (the "U.S."). Ranking 13th among the states in total area, the State contains approximately 84,900 square miles. It ranges in elevation from a low of 2,200 feet above sea level in the south, to a high of 13,500 feet above sea level in the northern mountains. The State is located in an arid region (precipitation ranks as the 2nd lowest in the nation, behind Nevada). Home to deserts, plateaus, the Great Basin and the Rocky Mountains, the state is known for its scenic beauty and the diversity of its outdoor recreation areas. As of April 2001, land ownership in the State was distributed as 63.9% federal, 10.1% State, and 26% other (American Indian reservation, municipal, state sovereign lands, and private).

Demographics

The State's 2011 total population estimate was 2,817,222. This represents a population increase of 53,337 people or 1.9% from 2010, ranking the State third among states and the District of Columbia in population growth by percentage. The State grew at a rate more than twice that of the rest of nation from 2010 to 2011. The State's unique characteristics of a high fertility rate and low mortality rate consistently contribute to strong natural increase, the difference between births and deaths. The State continues to have a distinctive demographic profile that includes the nation's youngest population, highest fertility rate, largest household size, and low mortality rates.

2012 Outlook. The State will continue experience population growth at a rate higher than most states in 2012 on account of strong natural increase in addition to in–migration. Natural increase (births less deaths) is anticipated to add 39,000 people to the states' population. While net in–migration has slowed since the peak of the economic expansion, state's net migration is projected to remain positive at 5,000 people.

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State Population

Year	Population	% Change From Prior Period
2011 Estimate	2,817,222	1.9%
2010 Census	2,763,885	23.8
2000 Census	2,233,169	29.6
1990 Census	1,722,850	17.9
1980 Census	1,461,037	37.9
1970 Census	1,059,273	18.9
1960 Census	890,627	29.3
1950 Census	688,862	25.2
1940 Census	550,310	8.4
1930 Census	507,847	13.0
1920 Census	449,396	20.4
1910 Census	373,351	34.9

(Source: U.S. Bureau of the Census.)

Components of Population Change in the State

Year	Births	Deaths	Natural Increase	Net In-Migration	Population Change
2011	51,734	14,787	36,947	2,313	39,260
2010	52,781	14,206	38,575	4,750	43,325
2009	54,658	13,873	40,785	(57)	40,728
2008	55,483	13,941	41,542	13,064	54,606
2007	54,345	13,967	40,378	19,851	60,229
2006	52,507	13,496	39,011	32,262	71,273
2005	50,581	13,163	37,418	39,001	76,419
2004	50,673	13,501	37,172	20,893	58,065
2003	49,669	13,041	36,628	3,481	40,109
2002	48,171	12,929	35,242	4,599	39,841

(Source: GOPB.)

Significant Characteristics of the State's Population

Category	Ranking (1)	Comments
Population growth (2010 to 2011)	3rd (1.9% growth rate)	out of 50 states
State population (July 1, 2011)	34th	out of 50 states and DC
Pre–school age (under five years old)	1st	9.5%
School age (five to 17)	1st	22.0%
Working age (18 to 64)	51st	59.5%
Retirement age (over age 65)	49th	9.0%
Median age (July 1, 2011)	1st	29.5 years
Dependency ratio (July 1, 2011)	1st	67.9 per 100 of working age
Fertility rate (2009)	1st	2.47 births/woman

(1) Rankings are from most favorable to least favorable, highest to lowest. Rankings are based on the most current national data available for all states, includes the District of Columbia in some cases.

Significant Characteristics of the State's Population–continued

Category	Ranking (1)	Comments
Death rate (2009)	50th	5.1 deaths/1,000 population
Life expectancy (2000)	3rd	78.6 years
Urban status	9th	88.3% urban
Household size (2010)	1st	3.13 persons

(1) Rankings are from most favorable to least favorable, highest to lowest. Rankings are based on the most current national data available for all states, includes the District of Columbia in some cases.

(Source: 2011 Economic Outlook and GOPB.)

Employment, Wages And Labor Force

The State's economy has been on the mend throughout 2011. Several economic variables support this view, the most prominent being employment growth just below 3.0% at the end of 2011. Most indicators are pointing to a continuation of economic growth into 2012. It would probably take a strong negative national setback to throw this trend off course.

The State's current employment growth is largely being driven by positive demographic factors. Labor force–age population grew by approximately 110,000 since the recession began in late 2007 and the States' overall payroll employment count was down 40,000 during the same time. The disparity between labor force growth and payroll–employment contraction generates commerce that leads to employment growth. The State was near the top in state–rankings of percentage employment growth at the end of 2011.

The State's major metropolitan areas are leading in the growth, even the hard–hit Washington County (St. George City) area is expanding again, although slowly. Utah and Davis counties are making the strongest rebound with employment growth over 4.0%. Gains in Salt Lake County are a bit more tempered, up 2.0%, but a bigger employment base requires larger numeric gains to match Utah and Davis County growth percentages. The rural counties are showing more delay in economic growth from the changing economy, with employment up in some counties, down in others.

2012 Outlook. The State employment situation is not expected to alter much during 2012. Employment growth for the year is estimated to be 2.7%. This mirrors the State employment growth situation as of late 2011, so the economy will continue to generate new jobs as the year progresses, but the pace is not expected to accelerate. A boost from the construction and housing industries would be welcomed to help foster this growth higher, but any significant lift from those industries is not anticipated for 2012. The estimated employment growth for 2012 would bring the State employment levels just shy of their pre–recession peak in 2007. Labor force growth that occurred across that interval would still need to be employed; thus the unemployment rate is expected to remain at 6.7%.

Current Unemployment Rates (seasonally adjusted)

Current Unemployment Rate	State	U.S.
July 2012	6.0%	8.3%
July 2011	6.8	9.1

(Source: Utah Department of Workforce Services.)

Average Annual Employment and Unemployment Rate for Utah and the United States

Year	Utah Civilian Labor Force	Utah Total Employed	Unemployment Rate Utah	Unemployment Rate U.S.	Utah Unemployment Rate as % of U.S. Rate
2012 (f)	1,395,735	1,302,617	6.7%	9.0%	74.4%
2011 (e)	1,380,900	1,274,000	7.7	9.0	85.6
2010	1,378,900	1,268,000	8.0	9.6	83.3
2009	1,383,202	1,285,134	7.1	9.3	76.3
2008	1,368,182	1,317,082	3.7	5.8	63.8
2007	1,356,550	1,319,784	2.7	4.6	58.7
2006	1,318,473	1,279,453	3.0	4.6	65.2
2005	1,268,075	1,214,150	4.3	5.1	84.3
2004	1,203,459	1,140,498	5.2	5.5	95.0
2003	1,188,279	1,121,088	5.7	6.0	94.2
2002	1,174,582	1,107,379	5.7	5.8	98.3
2001	1,153,387	1,103,028	4.4	4.8	91.7
2000	1,133,870	1,095,657	3.4	4.0	85.0
1999	1,120,591	1,080,441	3.6	4.2	85.7
1998	1,101,972	1,061,282	3.7	4.5	82.2

(f) forecast; (e) estimate.

(Source: Utah Department of Workforce Services; GOPB)

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Employment

Utah Labor Force, Nonagricultural Jobs, and Wages

	2012(f)	2011(e)	2010	2009	2008	2007	% Change 2011–12	% Change 2010–11	% Change 2009–10	% Change 2008–09	% Change 2007–08
Civilian labor force	1,395,735	1,380,900	1,378,900	1,383,202	1,368,182	1,356,550	1.1	0.1	(0.3)	1.1	0.9
Employed persons	1,302,617	1,274,000	1,268,000	1,285,134	1,317,082	1,319,784	2.2	0.5	(1.3)	(2.4)	(0.2)
Unemployed persons	93,118	106,900	110,900	98,068	51,100	36,766	(12.9)	(3.6)	13.1	91.9	39.0
Unemployment rate (%)	6.7	7.7	8.0	7.1	3.7	2.7	–	–	–	–	–
U.S. unemployment rate (%)	9.0	9.0	9.6	9.3	5.8	4.6	–	–	–	–	–
Total nonfarm jobs	1,241,300	1,208,500	1,181,519	1,188,736	1,252,470	1,251,282	2.7	2.3	(0.6)	(5.1)	0.1
Mining	12,200	11,500	10,442	10,694	12,506	11,034	6.1	10.1	(2.4)	(14.5)	13.3
Construction	68,300	65,700	65,237	70,492	90,469	103,450	4.0	0.7	(7.5)	(22.1)	(12.5)
Manufacturing	116,200	113,300	111,080	112,874	125,852	127,695	2.6	2.0	(1.6)	(10.3)	(1.4)
Trade, transportation, utilities	237,300	233,600	229,128	234,097	247,978	245,672	1.6	2.0	(2.1)	(5.6)	0.9
Information	30,300	29,500	29,268	29,558	30,747	32,448	2.7	0.8	(1.0)	(3.9)	(5.2)
Financial activity	70,500	68,800	67,998	71,075	74,050	74,739	2.5	1.2	(4.3)	(4.0)	(0.9)
Professional and business services	166,000	157,700	152,374	149,517	162,194	161,022	5.3	3.5	1.9	(7.8)	0.7
Education and health services	165,100	160,200	155,019	150,874	146,617	139,991	3.1	3.3	2.7	2.9	4.7
Leisure and hospitality	116,600	114,000	110,675	110,852	114,813	112,821	2.3	3.0	(0.2)	(3.4)	1.8
Other services	34,800	34,000	33,630	34,024	35,534	35,542	2.4	1.1	(1.2)	(4.2)	(0.0)
Government	224,000	220,200	216,668	214,679	211,710	206,868	1.7	1.6	0.9	1.4	2.3
Goods–producing	196,700	190,500	186,759	194,060	228,827	242,179	3.3	2.0	(3.8)	(15.2)	(5.5)
Service–producing	1,044,600	1,018,000	994,760	994,676	1,023,643	1,009,103	2.6	2.3	0.0	(2.8)	1.4
% Service–producing	84.2%	84.2%	84.2%	83.7%	81.7%	80.6%	–	–	–	–	–
U.S. nonagricultural job growth	1.1%	1.0%	(0.7)%	(4.3)%	(0.6)%	1.1%	–	–	–	–	–
Total nonagricultural wages (millions)	$50,980	$48,111	$45,684	$45,242	$46,913	$45,691	6.0	5.3	1.0	(3.6)	2.7
Average annual wage	$41,070	$39,811	$38,665	$38,059	$37,456	$36,515	3.2	3.0	1.6	1.6	2.6
Average monthly wage	$3,422	$3,318	$3,222	$3,172	$3,121	$3,043	3.1	3.0	1.6	1.6	2.6
Establishments (first quarter)	82,800	80,600	80,419	83,263	85,492	84,957	2.7	0.2	(3.4)	(2.6)	0.6

(f) forecast; (e) estimated.

(Source: Utah Deparment of Employment Services, Economic Outlook 2011 and GOPB. June 2011)

Largest Nonagricultural Employers (1)

Employer	Business	Employee Range
Intermountain Health Care	Healthcare	20,000+
University of Utah (including Hospital)	Higher education	20,000+
State of Utah	State government	20,000+
Brigham Young University	Higher education	15,000–20,000
Wal–Mart Stores	Department store	15,000–20,000
Hill Air Force Base	Military installation	10,000–15,000
Davis School District	Public education	7,000–10,000
Granite School District	Public education	7,000–10,000
Utah State University	Higher education	7,000–10,000
Alpine School District	Public education	5,000–7,000
Jordan School District.	Public education	5,000–7,000
Kroger Group Cooperative	Retail stores	5,000–7,000
Salt Lake County	County government	5,000–7,000
U.S. Department of Treasury	Federal government	5,000–7,000
U.S. Postal Service	Mail distribution	5,000–7,000
Canyons School District.	Public education	4,000–5,000
ATK Launch Systems	Aerospace manufacturing	4,000–5,000
Zions Bank	Banking	4,000–5,000
Convergys	Telemarketing	3,000–4,000
Delta Airlines Inc.	Air transportation	3,000–4,000
Home Depot	Building supply store	3,000–4,000
L3 Communications	Electronic manufacturing	3,000–4,000
Nebo School District	Public education	3,000–4,000
Salt Lake City	Local government	3,000–4,000
Salt Lake City School District	Public education	3,000–4,000
SkyWest Airlines	Air transportation	3,000–4,000
SOS Temporary Services	Temporary help services	3,000–4,000
United Parcel Service	Courier service	3,000–4,000
Utah Valley State College	Higher education	3,000–4,000
Weber County School District	Public education	3,000–4,000
Wells Fargo Bank N.A.	Banking	3,000–4,000
Autoliv	Motor vehicle manufacturing	2,000–3,000
ARUP	Medical laboratory	2,000–3,000
CenturyLink	Telecommunications	2,000–3,000
Costco Wholesale	Retail warehouse club	2,000–3,000
Discover Products	Consumer loans	2,000–3,000
Fresh Markets	Grocery stores	2,000–3,000
National Benefit Services	Office administration	2,000–3,000
Larry H. Miller	Hospitality/motor vehicle dealer	2,000–3,000
Sizzler Platter	Restaurants	2,000–3,000
Salt Lake Community College	Higher education	2,000–3,000
Department of Veteran's Affairs	Federal government	2,000–3,000
Washington County School District	Public education	2,000–3,000
Weber State University	Higher education	2,000–3,000

(1) The most current information is as of 2010. Includes those firms with 2,000 to 3,000 and more employees. The Church of Jesus Christ of Latter–day Saints Church remains one of the State's largest employers; however, the Church does not disclose employment numbers.

(Source: Utah Department of Workforce Services; 2011 ERG.)

For the State's presentation of principal employers as of Calendar Year 2001 and 2010 see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2011–Statistical Section–Schedule D–2. Principal Employers" (page 230).

Personal Income

The State's estimated 2010 total personal income was approximately $32,473, up 1.8% from the 2009 level of $31,886. The State's total personal income was only 81.3% of the national total personal income ($39,945) in 2010. The State's total personal income remains weak against the national average as a result of two factors: (i) the State's average wages are generally below the national average due to the youth of the State's labor force and (ii) the State's population is the nation's youngest and its household size is the largest. As a result, State's low total personal income reflects the relatively larger proportion of non–wage earners in the denominator.

The State's 2010 per capita personal income was $32,473 ranking the State 49th among the 50 states and Washington, D.C. The State has a low per capita personal income because of its above average family size and young population. During the 1970s, the State per capita personal income ranged between 82.5% and 85.7% of the nation's per capita personal income. However, from 1977 to 1989, it dropped 10 percentage points to 75.8%. The State per capita personal income as a percent of national per capita personal income reached a recent high of 82% in 2001 and has since fluctuated around 80%, currently standing at 81.3% for 2010.

2012 Outlook. The State's total personal income is expected to increase by 5.4% in 2011, much stronger growth compared to the 2.4% increase in 2010. The 2011 increase in personal income was led by strong wage growth, 4.9%. All sources of income except interest income were positive in 2011.

Moving into 2012 as the economy continues to recover, State personal income is expected to increase by 4.7%, 1.6% above the anticipated U.S. increase. Strong wage growth (6%) and continued growth in proprietorship income (4.3%) is expected in 2012. Income from interest is forecast to fall 1.16%, as the Federal Reserve keeps interest rates at low levels through 2012. Growth in rental income is expected to slow, with only 1.3% growth, as the housing market starts to recover and renting starts to become less attractive. Continued growth in dividend income (9.7%) and transfer payments (3.3%) is expected in 2012. Per capita personal income is forecast to increase 5.7% in 2012.

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Total Personal Income ($ In Thousands)

Year	Utah Amount	Utah % Change	United States Amount	United States % Change
2012 (f)	$99,418	4.7%	$13,567,233	3.1%
2011 (e)	94,955	5.4	13,156,606	5.0
2010	90,090	2.4	12,530,101	3.0
2009	87,947	(1.1)	12,168,161	(1.7)
2008	88,901	4.4	12,379,745	4.0
2007	85,116	8.6	11,899,853	5.7
2006	78,378	9.6	11,256,516	7.4
2005	71,530	9.3	10,476,669	5.5
2004	65,453	6.5	9,928,790	6.0
2003	61,485	2.7	9,369,072	3.5
2000	55,025	–	8554866	–
1995	37,795	–	6,194,245	–
1990	25,704	–	4,831,282	–

(f) forecast; (e) estimate.

(Source: U.S. Department of Commerce, Bureau of Economic Analysis ("BEA"); GOPB.)

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Components of the State's Total Personal Income

	(in millions)					% change	% change	% change	% change
	2010	2009	2008	2007	2006	2009–10	2008–09	2007–08	2006–07
Personal income	$90,160	$86,839	$88,792	$85,106	$78,378	3.8	(2.2)	4.3	8.6
Earnings by place of work	70,187	98,208	69,833	68,318	63,748	(28.5)	40.6	2.2	7.2
less: Contributions for government social insurance	7,927	7,725	8,011	7,778	7,271	2.6	(3.6)	3.0	7.0
plus: Adjustment for residence	3	11	37	37	43	(72.7)	(70.3)	0.0	(14.0)
equals: Net earnings by place of residence	62,263	60,494	61,858	60,577	56,520	2.9	(2.2)	2.1	7.2
plus: Dividends, interest, and rent	14,915	14,302	16,613	15,156	13,227	4.3	(13.9)	9.6	14.6
plus: Personal current transfer receipts	12,983	12,042	10,322	9,373	8,631	7.8	16.7	10.1	8.6
Components of earnings:									
Wage and salary disbursements	49,828	48,994	50,697	49,392	45,155	1.7	(3.4)	2.6	9.4
Supplements to wages and salaries	12,773	12,519	12,261	11,659	11,123	2.0	2.1	5.2	4.8
Proprietors' income	7,584	6,695	6,875	7,268	7,470	13.3	(2.6)	(5.4)	(2.7)
Farm proprietors' income	2	(108)	59	2	(1)	(101.9)	(283.1)	2,850.0	(300.0)
nonfarm proprietors' income	7,584	6,803	6,815	7,265	7,471	11.5	(0.2)	(6.2)	(2.8)
Earnings by industry:									
Farm earnings	206	106	246	197	167	94.3	(56.9)	24.9	18.0
Nonfarm earnings	69,980	68,102	69,587	68,121	63,581	2.8	(2.1)	2.2	7.1
Private earnings	56,433	54,775	56,891	56,079	52,203	3.0	(3.7)	1.4	7.4
Forestry, fishing, related activities, and other	60	56	69	69	60,473	7.1	(18.8)	0.0	(99.9)
Mining	940	906	1,373	1,072	992	3.8	(34.0)	28.1	8.1
Utilities	518	501	479	454	470	3.4	4.6	5.5	(3.4)
Construction	4,851	4,880	5,589	6,367	5,803	(0.6)	(12.7)	(12.2)	9.7
Manufacturing	7,523	7,242	7,897	7,604	7,095	3.9	(8.3)	3.9	7.2
Wholesale trade	3,146	3,148	3,305	3,219	2,910	(0.1)	(4.8)	2.7	10.6
Retail trade	5,353	5,249	5,239	5,415	4,992	2.0	0.2	(3.3)	8.5
Transportation and warehousing	2,873	2,819	2,928	3,026	2,728	1.9	(3.7)	(3.2)	10.9
Information	1,931	1,837	1,914	1,855	1,849	5.1	(4.0)	3.2	0.3
Finance and insurance	4,208	4,162	3,944	3,978	3,722	1.1	5.5	(0.9)	6.9
Real estate and rental and leasing	1,371	1,271	1,191	1,203	1,363	7.9	6.7	(1.0)	(11.7)
Professional, scientific and technical services	5,862	5,741	6,032	5,651	5,162	2.1	(4.8)	6.7	9.5
Management of companies and enterprises	1,629	1,516	1,492	1,479	1,365	7.5	1.6	0.9	8.4
Administrative and waste services	2,694	2,505	2,674	2,693	2,441	7.5	(6.3)	(0.7)	10.3
Educational services	1,340	1,254	1,190	1,119	1,040	6.9	5.4	6.3	7.6
Health care and social assistance	6,194	6,040	5,697	5,279	4,982	2.5	6.0	7.9	6.0
Arts, entertainment and recreation	594	567	579	592	551	4.8	(2.1)	(2.2)	7.4
Accommodations and food services	2,019	1,876	2,021	1,983	1,807	7.6	(7.2)	1.9	9.7
Other services, except public administration	3,329	3,205	3,188	3,022	2,871	3.9	0.5	5.5	5.3
Government and government enterprises	13,547	13,327	12,695	12,043	11,378	1.7	5.0	5.4	5.8
Federal, civilian	3,423	3,269	3,138	3,137	3,000	4.7	4.2	0.0	4.6
Military	1,066	1,060	956	911	898	0.6	10.9	4.9	1.4
State government	4,120	4,070	8,601	7,995	7,480	1.2	(52.7)	7.6	6.9
Local government	4,938	4,928	–	–	–	0.2	–	–	–

(Source: BEA.)

Per Capita Personal Income

Year	Income Per Capita Utah	Income Per Capita U.S.	Annual % Change Utah	Annual % Change U.S.	Utah as a % of U.S.
2012 (f)	$38,129	$44,383	5.7%	3.1%	85.9%
2011 (e)	36,073	43,039	10.7	6.0	83.8
2010	32,595	40,584	6.0	4.5	80.3
2009	30,758	38,845	(5.6)	(4.5)	79.2
2008	32,596	40,673	2.0	3.1	80.1
2007	31,953	39,458	5.3	4.7	81.0
2006	30,335	37,698	6.0	6.4	80.5
2005	28,616	35,424	6.6	4.6	80.8
2004	26,837	33,881	3.9	5.0	79.2
2003	25,835	32,271	0.7	2.6	80.1
2000	24,517	30,318	–	–	80.9
1995	18,765	23,262	–	–	80.7
1990	14,847	19,354	–	–	76.7
1985	11,926	14,637	–	–	81.5
1980	8,492	10,091	–	–	84.2

(f) forecast; (e) estimate.

(Source: BEA and GOPB.)

Gross Domestic Product

Gross Domestic Product ("GDP") is the value of final goods and services produced by the labor and property located in a geographic area. GDP is gross output less intermediate inputs, and as such it measures the economic activity within an area.

Total Gross Domestic Product (millions of current dollars)

Year	Utah Amount	Utah % Change	United States Amount	United States % Change
2010	$114,538	2.9%	$14,551,782	3.8%
2009	111,301	(0.9)	14,014,849	(1.8)
2008	112,353	3.3	14,270,462	2.2
2007	108,815	8.3	13,969,323	4.9
2006	100,466	10.7	13,310,937	6.0
2005	90,748	9.8	12,554,538	6.5
2004	82,616	6.2	11,788,909	6.5
2003	77,809	4.3	11,067,759	4.7
2002	74,568	3.0	10,572,388	3.5
2001	72,384	4.2	10,218,019	3.4

(Source: BEA.)

Gross Taxable Sales

Taxable sales are comprised of three major components: retail trade, business investments and utility taxable sales, and taxable services. In 2011, total taxable sales in State increased by 5.6% to an estimated $46.8 billion. After three years of decline in taxable sales, 2011 was the first year of positive change.

Retail trade taxable sales were an estimated $26.3 billion in 2011, an increase of 4.8% from 2010. Retail taxable sales represent 56.1% of taxable sales. Business investment and utility taxable sales were an estimated $12.6 billion in 2011, an increase of 7.7% from 2010. These sales represent 26.9% of taxable sales. Taxable services were estimated at $6.8 billion for 2011, an 8.8% increase over 2010. Taxable sales represent 14.5% of all taxable sales.

2012 Outlook. Total taxable sales are expected to increase by 4.3%, from $46.8 billion to $48.8 billion, between 2011 and 2012. Retail trade is projected to grow by 5.9% in 2012. Business investment and utility taxable sales are expected to grow another 2.3% in 2012. Taxable services are expected to increase by 3.2% in 2012. The economy is expected to continue on a slow path to recovery as the credit market becomes less and less tight and both investor and consumer confidence continues to grow.

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Gross Taxable Sales

(millions of dollars)

Calendar Year	Retail Sales	% Change	Business Investment Purchases	% Change	Taxable Services	% Change	All Other	% Change	Total Gross Taxable Sales	% Change
2012 (f)….	$27,804	5.9 %	$12,856	2.3 %	$6,973	3.2 %	$1,170	(2.3) %	$ 48,803	4.3 %
2011 (e)….	26,255	4.8 %	12,567	7.7 %	6,757	8.8 %	1,197	(11.3) %	46,776	5.6 %
2010……	25,061	(2.1)	11,667	5.4	6,213	(2.0)	1,350	(3.6)	44,291	(0.3)
2009……	25,600	(3.4)	11,071	(12.3)	6,338	(7.1)	1,400	(1.5)	44,409	(6.2)
2008……	26,489	(0.1)	12,628	(3.9)	6,822	11.5	1,422	(26.4)	47,361	(0.7)
2007……	26,504	6.1	13,136	4.7	6,119	7.9	1,931	19.9	47,690	6.5
2006……	24,969	12.7	12,546	18.6	5,670	10.4	1,610	17.3	44,795	14.2
2005……	22,155	8.9	10,579	16.0	5,135	13.3	1,372	5.1	39,241	11.1
2004……	20,351	8.2	9,121	15.3	4,534	3.1	1,305	(9.8)	35,311	8.4
2003……	18,808	2.5	7,909	(1.6)	4,396	(4.7)	1,447	(3.7)	32,560	0.1

(f) forecast; (e) estimate.

(Source: Utah State Tax Commission.)

Tax Collections

General and Education Fund ("GF/EF") revenue for Fiscal Year 2011 increased 11.1% over Fiscal Year 2010. For Fiscal Year 2011, total collections reached $4,658.5 million, $464.9 million more than prior year collections of $4,193.6 million. The increase in revenue is attributable to an improving economy, temporary policy changes with earmarked funds, and a tax increase on tobacco products. This is the first time revenues have increased since Fiscal Year 2007, having declined 1.8%, 12.5%, and 8.1% in the prior three fiscal years, respectively.

Compared to forecast expectations, GF/EF collections in Fiscal Year 2011 were $97.7 million in surplus, a 2.3% difference. Revenue was expected to rise $368.0 million or 8.8% in Fiscal Year 2010; collections actually rose $465.7 million or 11.1%.

The outlook for tax collections in Fiscal Year 2012 is positive, with expected collections of $4,753.5 million. A growing economy, partially offset by a shift in the earmarking of funds is expected to produce an extra $95.0 million in GF/EF tax collections, a 2.0% increase. This is $73.3 million higher than forecast in the 2011 General Legislative Session. General Fund collections are expected to fall $17.8 million or 0.9%. Education Fund collections are expected to grow $112.8 million or 4.3%.

Fiscal Year 2011 Tax Collections. Tax collections in the GF/EF reached $4,658.5 million in Fiscal Year 2011, an increase of $464.9 million or 11.1% over prior year. The General Fund rose to $2,046.3 million, a gain of $264.9 million or 14.9%. The Education Fund rose to $2,612.2 million, a gain of $200.0 million or 8.3%.

The General Fund was 43.9% of all collections, and the Education Fund the balance at 56.1%. Individual income tax collections were $2,298.2 million and represent 49.3% of all collections. Sales and use tax collections were $1,601.4 million and were 34.4% of collections. All other General Fund collections were $444.9 million and represent 9.5% of collections. All other Education Fund collections were $314.1 million and represent 6.7% of collections.

2011 Revenue Forecast. The first consensus forecast for Fiscal Year 2011, in November 2009 was for tax collections of $4,410.7 million, a 4.5% increase over prior year. Months later, in early 2010, the forecast predicted $4,361.1 million a rise of $141.0 million or 3.3%. After realizing Fiscal Year 2010 revenue at $4,193.6 million, a $26.5 million revenue deficit, the Fiscal Year 2011 revenue forecast was increased $176.1 million to $4,537.1 million or 8.2% almost entirely due to policy changes enacted in the 2010 General Legislative Session. The last consensus revenue forecast in February 2011, with four months until the end of Fiscal Year 2011, raised the revenue forecast $25.1 million to $4,562.3 million or growth of 8.8%. Actual tax collections for Fiscal Year 2011 exceeded this estimate by $97.7 million, growing 11.1% instead of 8.8%.

2011 Legislation Impacting Tax Collections. During the 2011 General Legislative Session, several bills impacting tax collections were enacted. A major policy change from the prior session, House Bill 438, shifted $113 million in sales tax earmarked for transportation spending back to the General Fund for Fiscal Year 2011 only. Though it appears the sales tax is forecast to fall $39.4 million or 2.5%, due to the shifting earmark it is actually growing near 5%. Further earmarking of the sales tax was enacted with Senate Bill 229. Starting in Fiscal Year 2013, this bill earmarks 30% of the future growth in state collected sales tax to the Centennial Highway Fund. The current forecast places this additional earmark at $60.0 million in Fiscal Year 2013. Total earmarks are expected to reach $401.6 million in Fiscal Year 2013, just over 20% of expected total sales tax collections.

2012 Revenue Forecast. The initial forecast for Fiscal Year 2012, in November 2010 was for tax collections of $4,629.4 million, 2.0% higher than prior year. Months later, in early 2011, the consensus forecast was revised up $47.4 million to $4,676.8 million or growth of 2.5%. Projected policy changes from 2011 legislation did not substantively affect the forecast (total impacts being estimated at $3.3 million). In

November 2011, with Fiscal Year 2011 revenue realized at $4,658.5 million or 11.1% growth, and a continued economic recovery, tax collections in Fiscal Year 2012 were forecast to grow to $4,753.5 million or 2.0%, an increase of $95.0 million.

Historical/Projected Tax Collections within the General Fund, Education Fund and Transportation Fund

($ In Thousands)

	Fiscal Year			
	Forecast 2012	2011	2010	2009
General Fund:				
Sales and use tax	$1,562,000	$1,601,400	$1,402,670	$1,547,473
Beer, cigarette, and tobacco	127,800	125,500	58,700	60,600
Insurance premiums	79,600	75,900	80,000	83,000
Other	77,200	72,300	80,300	54,400
Oil and gas severance tax	66,600	59,900	56,200	71,000
Liquor profits	65,900	62,300	58,400	59,700
Metal severance tax	26,900	27,100	20,900	14,600
Cable/satellite excise tax	25,900	25,400	25,300	24,800
Investment income	2,800	2,400	5,300	25,100
Inheritance tax	100	100	100	300
Property and energy credit	(6,300)	(6,000)	(6,400)	(6,200)
Subtotal General Fund revenues	2,028,500	2,046,300	1,781,400	1,934,600
Education Fund:				
Individual income tax	2,435,900	2,298,200	2,104,600	2,319,600
Corporation tax	254,400	260,700	258,400	255,400
Mineral production withholding	28,100	26,700	24,600	32,500
Other	6,600	26,600	24,600	19,300
Subtotal Education Fund revenues	2,725,000	2,612,200	2,412,200	2,626,800
Total General Fund and Education Fund revenues	$4,753,500	$4,658,500	$4,193,600	$4,561,400
% change over previous year	2.0%	11.1%	(8.1)%	(12.5)%
Transportation Fund:				
Motor fuel tax	$251,900	$252,500	$243,300	$235,500
Special fuel tax	106,900	102,600	94,400	101,200
Other	81,200	80,700	73,600	85,400
Total Transportation Fund revenues	$440,000	$435,800	$411,400	$422,100
% change over previous year	1.0%	5.9%	(2.5)%	(5.4)%
Total Mineral Lease payments	$153,600	$152,800	$147,200	$189,100
% change over previous year	0.5%	3.8%	(22.2)%	25.8%
Total revenues	$5,347,100	$5,247,100	$4,752,200	$5,172,700
% change over previous year	1.9%	10.4%	(8.1)%	(11.0)%

(Sources: GOPB's Consensus Forecast.)

Construction

The value of permit authorized construction in the State in 2011 was estimated at $3.5 billion, slightly higher than the $3.3 billion in 2010. In inflation–adjusted dollars, the value of authorized construction last

year was at the lowest level since 1992. The 6% increase in 2011 reverses four consecutive years of decline. In constant 2011 dollars all three major construction sectors improved in 2011. Residential value was up 4.1%, nonresidential value was up 18.9%, and additions, alterations and repairs were up 4.2%.

In terms of residential units, the numbers were lower in 2011 than in 2010. The estimate for 2011 was 8,700 units, 6.5% below 2010. This year will mark six consecutive years of decline in residential units. The State's longest previous residential contraction was five years (1978–1982). During the peak year of 2005 permits were issued for 28,825 units compared to 8,700 six years later, a decline of 69% for total residential units, which includes apartment, condominiums and single–family homes. The decline has been more severe for single–family homes, which have dropped from 20,912 in 2005 to an estimated 4,800 units in 2011, a decline of 77%.

2012 Outlook. After a residential construction value contraction of five years, the State saw growth with an increase from $1.67 billion in 2010 to $1.74 billion in 2011, and the growth is expected to continue in 2012. The number of permits issued for residential units should increase by 14.9% in 2012 to 10,000 units with a construction value of $2.0 billion. On the nonresidential side, the value of permit authorized nonresidential construction is projected to remain at $1.1 billion in 2012.

Permit–Authorized Construction ($ In Millions)

		Construction Value			
Year	Total Units	Residential	Nonresidential	Renovations	Total Valuation
2012 (f)	10,000	$2,000.0	$1,100.0	$700.0	$3,800.0
2011 (e)	8,700	1,735.0	1,100.0	700.0	3,535.0
2010	9,344	1,667.0	925.1	672.0	3,264.1
2009	10,488	1,674.0	1,054.3	660.1	3,388.4
2008	10,603	1,877.0	1,919.1	791.1	4,587.2
2007	20,539	3,963.2	2,051.0	979.7	6,993.9
2006	26,322	4,955.5	1,588.0	865.3	7,408.8
2005	28,285	4,662.6	1,217.8	707.6	6,588.0
2004	24,293	3,552.6	1,089.9	476.0	5,118.5
2003	22,836	3,046.4	1,017.4	497.0	4,560.8
2002	19,941	2,491.9	897.0	393.0	3,781.9
2001	19,675	2,352.7	970.0	562.8	3,885.5

(forecast); (e) estimate.

(Source: Economic Outlook 2011 and GOPB.)

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APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon the delivery of the Bonds, Chapman and Cutler LLP, Bond Counsel, proposes to issue their final approving opinion in substantially the following form:

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED CLOSING DATE]

Re: $37,350,000
State of Utah
General Obligation and Refunding Bonds
Series 2012A

We hereby certify that we have examined certified copy of the proceedings of the State Bonding Commission of the State of Utah (the *"Commission"*) taken on July 30, 2012 and on September 18, 2012, including the resolutions adopted by the Commission on each of those days (collectively, the *"Bond Resolution"*) authorizing the issuance by the State of Utah (the *"State"*) of its General Obligation and Refunding Bonds, Series 2012A (the *"2012 Bonds"*), in the amount of $37,350,000, dated as of the date hereof, being in fully-registered form, in denominations of $5,000 and any whole multiple thereof, due on July 1 of each of the years, in the amounts and bearing interest as follows:

MATURITY (JULY 1)	PRINCIPAL AMOUNT	INTEREST RATES
2014	$ 130,000	4.00%
2015	6,025,000	4.00
2016	3,050,000	5.00
2017	28,145,000	5.00

The 2012 Bonds are not subject to redemption prior to maturity. We are of the opinion that such proceedings show lawful authority for the issuance of the 2012 Bonds under the laws of the State of Utah now in force.

We further certify that we have examined the form of bond prescribed in the proceedings authorizing the issuance of the 2012 Bonds and find the same in due form of law. In our opinion, the 2012 Bonds, to the amount named, are valid and legally binding upon the State, and all taxable property in the State is subject to the levy of taxes to pay the same without limitation as to rate or amount. It is to be understood that the rights of the owners of the 2012 Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that enforcement of the rights of the owners of the 2012 Bonds may also be subject to the exercise of judicial discretion in appropriate cases.

It is our opinion that, subject to the State's compliance with certain covenants, under present law, interest on the 2012 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the *"Code"*), but is taken into account in computing an adjustment used in determining the federal alternative minimum tax

for certain corporations. Failure to comply with certain of such State covenants could cause interest on the 2012 Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the 2012 Bonds. Ownership of the 2012 Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the 2012 Bonds. In rendering our opinion on tax exemption, we have relied on the mathematical computation of the yield on the 2012 Bonds and the yield on certain investments by Grant Thornton LLP, Certified Public Accountants.

It is also our opinion that under the existing laws of the State of Utah, as presently enacted and construed, interest on the 2012 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. No opinion is expressed with respect to any other taxes imposed by the State of Utah or any political subdivision thereof. Ownership of the 2012 Bonds may result in other state and local tax consequences to certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the 2012 Bonds.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the 2012 Bonds.

In rendering this opinion, we have relied upon certifications of the State with respect to certain material facts within the State's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX E

PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING
for the purpose of providing
continuing disclosure information
under section (b)(5) of rule 15c2-12

October 3, 2012

This Continuing Disclosure Undertaking (the "Agreement") is executed and delivered by the State of Utah (the "State") in connection with the issuance of the State's $37,350,000 General Obligation Bonds, Series 2012A (the "Bonds"). The Bonds are being issued pursuant to resolutions adopted by the State Bonding Commission (the "Commission") on July 30, 2012 and September 18, 2012 (collectively, the "Resolution").

In consideration of the issuance of the Bonds by the State and the purchase of such Bonds by the beneficial owners thereof, the State covenants and agrees as follows:

Section 1. Purpose of This Agreement. This Agreement is executed and delivered by the State as of the date set forth above, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The State represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds.

Section 2. Definitions. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

"Annual Financial Information" means the financial information and operating data described in Exhibit A.

"Annual Financial Information Disclosure" means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

"Audited Financial Statements" means the audited financial statements of the State prepared pursuant to the standards and as described in Exhibit A.

"Business Day" means any day, other than a day on which banks located in New York, New York or the city in which the principal office of the Paying Agent is located are required or authorized by law or executive order to close, or on which the New York Stock Exchange is closed.

"Commission" means the Securities and Exchange Commission.

"Dissemination Agent" means any agent designated as such in writing by the State and which has filed with the State a written acceptance of such designation, and such agent's successors and assigns.

"EMMA" means the MSRB's Electronic Municipal Market Access system for municipal securities disclosure or any other electronic format or system prescribed by the MSRB for purposes of the Rule.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Material Event" means the occurrence of any of the Events with respect to the Bonds set forth in Exhibit B-1, or any of the events set forth in Exhibit B-2 with respect to the Bonds that is material, as materiality is interpreted under the Exchange Act.

"Material Events Disclosure" means dissemination of a notice of a Material Event as set forth in Section 5.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means each broker, dealer, or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

"Rule" means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

"Undertaking" means the obligations of the State pursuant to Sections 4 and 5.

Section 3. CUSIP Number/Final Official Statement. The CUSIP Numbers of the Bonds are as set forth below:

Date of Maturity	Amount	Interest Rate	CUSIP Number
7/1/2014	$130,000	4.00%	917542 TA 0
7/1/2015	6,025,000	4.00	917542 TB 8
7/1/2016	3,050,000	4.00	917542 TC 6
7/1/2017	28,145,000	4.00	917542 TD 4

The Final Official Statement relating to the Bonds is dated September 18, 2012 (the "Final Official Statement"). The State will include the CUSIP Numbers in all disclosure described in Sections 4 and 5 of this Agreement.

Section 4. Annual Financial Information Disclosure. Subject to Section 8 of this Agreement, the State hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in Exhibit A) to EMMA in an electronic format and by such time so that such entity receives the information by the dates specified.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the State will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

Section 5. Material Events Disclosure. Subject to Section 8 of this Agreement, the State hereby covenants that it will disseminate in a timely manner, but in any case not more than ten (10) Business Days after the occurrence of the Material Event, Material Events Disclosure to EMMA in an electronic format.

Section 6. Consequences of Failure of the State to Provide Information. The State shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the State to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the State to comply with its obligations under this Agreement. The beneficial owners of 25% or more in principal amount of the Bonds outstanding may challenge the adequacy of the information provided under this Agreement and seek specific performance by court order to cause the State to provide the information as required by this Agreement. A default under this Agreement shall not be deemed a default under the Resolution, and the sole remedy under this Agreement in the event of any failure of the State to comply with this Agreement shall be an action to compel performance.

Section 7. Amendments; Waiver. Notwithstanding any other provision of this Agreement, the State may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including, without limitation, pursuant to a "no-action" letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the State, or type of business conducted;

(b) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the State (such as Bond Counsel) at the time of the amendment.

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Material Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the State shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

Section 8. Termination of Undertaking. The Undertaking of the State shall be terminated hereunder if the State shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Resolution. The State shall give notice to EMMA in a timely manner if this Section is applicable.

Section 9. Dissemination Agent. The State may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 10. Additional Information. Nothing in this Agreement shall be deemed to prevent the State from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Material Event, in addition to that which is required by this Agreement. If the State chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Agreement, the State shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Material Event.

Section 11. Beneficiaries. This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the State, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

Section 12. Recordkeeping. The State shall maintain records of all Annual Financial Information Disclosure and Material Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

Section 13. Assignment. The State shall not transfer its obligations under the Resolution unless the transferee agrees to assume all obligations of the State under this Agreement or to execute an Undertaking under the Rule.

Section 14. Governing Law. This Agreement shall be governed by the laws of the State of Utah.

DATED as of the day and year first above written.

STATE OF UTAH

By:_____

Richard K. Ellis, State Treasurer
Utah State Capital Complex
350 North State Street, Suite C-180
Salt Lake City, Utah 84114-2315

EXHIBIT A

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

"Annual Financial Information" means financial information and operating data for the most recently ended fiscal year generally consistent with and of the type contained in the Official Statement under the headings: "DEBT STRUCTURE OF THE STATE OF UTAH" and "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH."

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA. The State shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be provided to EMMA not later than the January 15 following the end of the State's fiscal year, which currently ends on June 30, beginning with the fiscal year ending June 30, 2012. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included.

Audited Financial Statements will be prepared in conformity with generally accepted accounting principals as prescribed by the Governmental Accounting Standards Board, or any successor thereto. Audited Financial Statements will be provided to EMMA within 30 days after availability to the State.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the State will disseminate a notice of such change as required by Section 4.

EXHIBIT B-1

EVENTS WITH RESPECT TO THE BONDS FOR WHICH MATERIAL EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies.

2. Unscheduled draws on debt service reserves reflecting financial difficulties.

3. Unscheduled draws on credit enhancements reflecting financial difficulties.

4. Substitution of credit or liquidity providers, or their failure to perform.

5. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds.

6. Defeasances.

7. Tender offers.

8. Bankruptcy, insolvency, receivership or similar proceedings.

9. Rating changes.

EXHIBIT B-2

EVENTS WITH RESPECT TO THE BONDS FOR WHICH MATERIAL EVENTS DISCLOSURE IS REQUIRED, IF MATERIAL

1. Mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated persons or their termination.

2. Appointment of a successor or additional trustee or the change of the name of a trustee.

3. Non-payment related defaults.

4. Modifications to the rights of the owners of the Bonds.

5. Bond calls.

6. Release, substitution or sale of property securing repayment of the Bonds.

APPENDIX F

BOOK–ENTRY SYSTEM

DTC, the world's largest securities depository, is a limited–purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non–U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post–trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book–entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non–U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly–owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non–U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at dtcc.com.

Purchases of 2012 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2012 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2012 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2012 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2012 Bonds, except in the event that use of the book–entry system for the 2012 Bonds is discontinued.

To facilitate subsequent transfers, all 2012 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2012 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2012 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2012 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2012 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2012 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2012 Bond documents. For example, Beneficial Owners of 2012 Bonds may wish to ascertain that the nominee holding the 2012 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial

Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2012 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2012 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Distributions and dividend payments on the 2012 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the State or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the State or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2012 Bonds at any time by giving reasonable notice to the State or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 2012 Bond certificates are required to be printed and delivered.

The State may decide to discontinue use of the system of book–entry–only transfers through DTC (or a successor securities depository). In that event, 2012 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book–entry system has been obtained from sources that the State believes to be reliable, but the State takes no responsibility for the accuracy thereof.

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