# STATE OF UTAH

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Fiscal Year Ended June 30, 2004

# State Of Utah
# COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended June 30, 2004

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## CONSTITUTIONAL OFFICERS OF THE STATE OF UTAH

Olene S. Walker ..... Governor
Gayle F. McKeachnie ..... Lt. Governor
Auston G. Johnson, CPA ..... State Auditor
Edward T. Alter, CPA ..... State Treasurer
Mark L. Shurtleff ..... Attorney General
L. Alma "Al" Mansell ..... President of the Senate
Martin R. Stephens ..... Speaker of the House
Christine M. Durham ..... Chief Justice, Supreme Court

## OTHER STATE OFFICIALS

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

# State of Utah
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# State of Utah
# Department of Administrative Services
Division of Finance

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**Kim S. Oliver, CPA**
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November 12, 2004

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

It is our pleasure to present the 2004 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.

**The Report.** The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section contains a list of principal officials, this transmittal letter, and the state organization chart. The Financial Section contains the State Auditor's report; Management's Discussion and Analysis (MD&A); the Basic Financial Statements, which include the government-wide financial statements and fund financial statements for governmental funds, proprietary funds, and fiduciary funds, together with notes to the Basic Financial Statements; Required Supplementary Information, which includes budgetary comparison schedules and information about infrastructure assets; and Supplementary Information, which includes combining financial statements and schedules for individual funds. The Statistical Section provides a history of selected financial and demographic information.

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.

**Management's Discussion and Analysis (MD&A).** The discussion and analysis beginning on page 14 provides an overview and analysis of the State's Basic Financial Statements. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it.

**Internal Control.** The State's systems of internal control over assets recorded in the accounting system have been designed to provide reasonable, but not absolute, assurance of safeguarding assets against loss from unauthorized use or disposition and to ensure the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management.

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

Federal regulations also require the State to undergo an annual "Single Audit" in conformance with the Federal Single Audit Act of 1984, as amended, and the U.S. Office of Management and Budget Circular A–133, *Audits of State and Local Governments and Non-Profit Organizations*. Information related to the Single Audit, including the schedule of expenditures of federal awards, audit findings and recommendations, summary of prior audit findings, and the State Auditor's report, is issued in a separate report and will be available at a later date.

## PROFILE OF THE GOVERNMENT

**Structure.** As shown in the organizational chart on page 10, state government is divided into three separate branches: legislative, executive, and judicial. The duties of each branch are outlined in the *Constitution of Utah*, which can be amended only by a majority vote of the State's citizens, and in the *Utah Code*, which can be amended by the Legislature or by citizen initiatives. State government services provided to citizens include building and maintaining roads; providing public safety, health, and environmental protection services to protect the general welfare of the state's citizens; helping adults, children, and families through difficult times such as abuse, divorce, illness, death, and unemployment; fostering an attractive business climate to encourage economic growth; and protecting public lands and natural resources for conservation and recreational activities. The State also provides significant financial support to its higher education institutions, local governments, and school districts to help those entities meet the specific needs of their constituents.

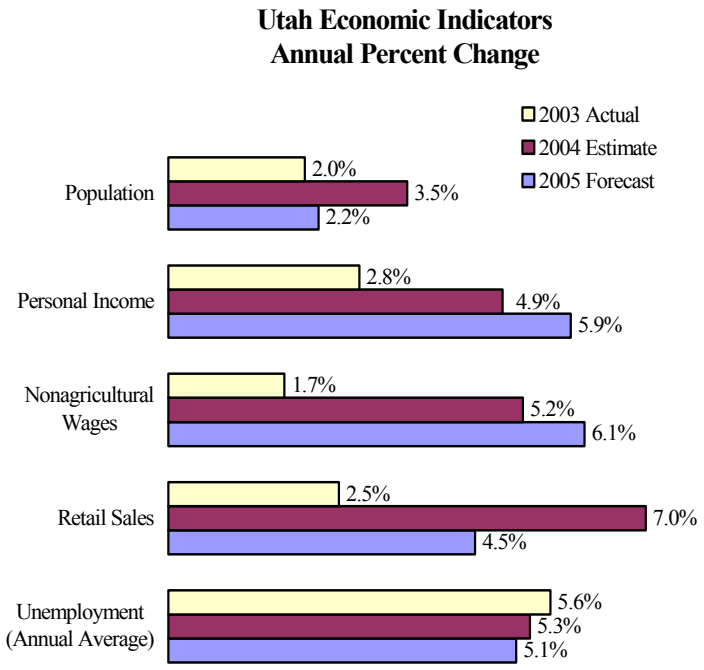
**Budgetary Control.** The *Constitution of Utah* requires that budgeted expenditures not exceed estimated revenues and other sources of funding, including beginning fund balances. Annually, the Governor is required to submit a balanced budget to the Legislature. The Legislature authorizes expenditures 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.

**Spending Limitation.** The State has an appropriation limitation statute that limits the growth in the combined appropriations from the General Fund and from income tax revenues for higher education to the relative growth in population and inflation. The appropriations limit was recently revised by the 2004 Legislature as more fully explained in the notes to Required Supplementary Information on page 111. For the fiscal year ended June 30, 2004, the State was $149.8 million below the appropriations limitation. The State is currently below the fiscal year 2005 appropriations limitation by $126.9 million.

## ECONOMIC CONDITIONS AND OUTLOOK

**Economy.** Nationally, corporate before-tax profits increased 15.4 percent in 2003 and are expected to rise 13 percent through the end of 2004 as the economy continues to improve. The national unemployment rate is expected to drop to 5.6 percent in 2004 and 5.4 percent in 2005, down from 6.0 percent in 2003. Utah's economic indicators have resembled national trends, although the State is recovering faster than the nation from the recent economic downturn.

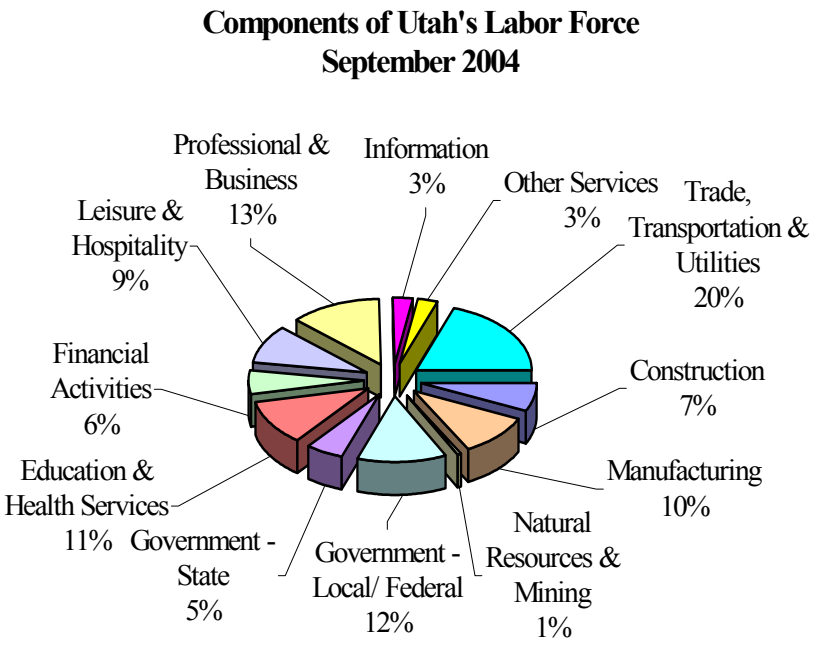
Utah's unemployment rate is expected to continue its decline, from 5.6 percent in 2003, to 5.3 percent in 2004, and to 5.1 percent in 2005. With the continuing drop in unemployment, personal income and nonagricultural wages are expected to increase 5.9 percent and 6.1 percent, respectively, in 2005. Retail sales are estimated to grow 7.0 percent in 2004, and 4.5 percent in 2005. In 2003, the value of home construction reached an all-time high of $3.0 billion. Housing is expected to increase even higher in 2004 to $3.5 billion. It is also expected to remain strong during 2005; at near record highs as low interest rates continue to drive construction. Utah is expected to have a net in-migration in 2004 of 17,600. Utah has had net in-migration for the past 14 years, and this trend is expected to continue in 2005 as well.




Source: Council of Economic Advisors

**Industries.** Utah's nonagricultural employment is expected to increase 2.6 percent in 2004. From September of 2003 to September 2004, every industry experienced positive employment growth including natural resources and mining (9.0 percent), construction (7.3 percent), professional and business services (6.4 percent), education and health services (3.7 percent), trade, transportation and utilities (2.5 percent), leisure and hospitality (2.5 percent), manufacturing (2.4 percent), information (1.7 percent), state government (1.5 percent), other services (1.2 percent), financial activities (0.9 percent), and local and federal government (0.8 percent). Financial activities jobs increased only slightly from this time last year, when historically low interest rates spurred on a large number of real estate and mortgage transactions. Some industries that had contracted over the past few years are now reversing that trend and expanding. The trade, transportation, and utilities industry added 5,300 jobs; a majority of these are attributable to the retail trade, which added 2,900 new jobs. Leisure and hospitality added 2,500 jobs, and manufacturing added approximately 2,700 jobs. Leisure and hospitality has been aided by a strengthening national economy and an easing of travel fears related to the September 11, 2001 tragedy. Manufacturing has been helped by a falling dollar against foreign currencies, making our manufactured goods more affordable on the world market.

**Outlook.** Utah's economy is expected to continue to improve in the near term. The State's industrial structure continues to be well balanced and diversified with a broad base of businesses and a solid technology and transportation infrastructure. Combined with continued population growth and a young and highly educated workforce, the State is positioned well for positive long-term economic growth.




## MAJOR INITIATIVES

**Public Education.** With an expected influx of approximately 145,000 new students over the next ten years, finding adequate funding for education continues to be a challenge. With this in mind, the Governor and Legislature have instituted programs designed to make the State's education system more efficient with the limited resources available while holding schools and administrators accountable for the resources they receive.

*Performance Plus.* Performance Plus is a competency-based education plan that was launched in Utah's schools in the fall of 2004. This is a $200 million multi-year program that will be implemented in phases. Senate Bill 230 of the 2004 General Session initiated the first phase of the plan called the Kindergarten–Third Grade Reading Improvement Program. This program will assist children in reading at or above grade level by the end of the third grade. Funding for this program includes $15 million in state money and $15 million in local money for fiscal year 2005.

**Public Safety.** Because of its diverse climate and terrain, Utah can experience a variety of natural disasters, including wildfires, landslides, avalanches, floods, and earthquakes. Utah is also not immune from the risk of terror attacks and other devastating deliberate acts of violence. Utah is increasing its state of preparedness for such events in a variety of ways, including the following.

*Utah Wireless Integrated Network (UWIN).* In November 2003, the Governor issued an executive order creating the UWIN Board. UWIN is a wireless intergovernmental network that will leverage existing state resources. The network will provide seamless, coordinated, and integrated communication for local, state, and federal agencies. This will allow public safety agencies the flexibility to communicate on a wide variety of vendor products statewide. On July 6, 2004, the Governor announced the completion of phase I of UWIN, which enables disparate radio systems to communicate with each other. Phase II of the project will focus on data interoperability and is scheduled for completion in early 2005.

*Management and Enhancement of the 911 System.* Effective July 1, 2004, House Bill 36 of the 2004 General Session imposed a fee on wireless and land-based telephones to create a statewide emergency 911 system capable of geographically locating a wireless telephone user's location in an emergency.

**Natural Resources.** Due to its arid climate and six consecutive years of below average rain fall, Utah's reservoir levels statewide are well below normal and 21 of the State's 29 counties are experiencing extreme drought conditions. The negative impact to Utah's agricultural economy is projected at $133 million this year alone. The Governor's water conservation team, consisting of members of both state and local governments, oversees various programs to ensure adequate water supplies for Utah's citizens.

*Slow the Flow.* The Slow the Flow campaign seeks to educate residents about the need to conserve water and provides tips for water conservation. The campaign, which began in 2001, includes television and radio public service announcements, water bill inserts, brochures, posters, and media relations activities. The goal of the campaign is to reduce water consumption by 25 percent by 2050. Since its inception, the campaign has helped to reduce water consumption by 15 percent despite population growth and the dry summers the State has been experiencing.

**E-Government.** Under the direction of the State's Chief Information Officer, the State's information technology professionals, department heads, and others continue to make great progress on achieving the Governor's vision of using technology to make state government services more efficient and accessible. The State currently offers well over 100 services with live 24/7 customer support on its Web site Utah.gov. Utah continues to routinely add more online services and was recently named one of the top-10 digitally advanced state governments in the nation by the Center for Digital Government. The following are a sample of online services added by the State in the past year.

*Utah Cares.* Utah Cares is a free, confidential tool that helps families and individuals in need find services in areas such as food, clothing, health, childcare, housing, transportation, and financial assistance. Through an easy to understand menu of services and questions, those seeking assistance can quickly find resources available to them in their local community.

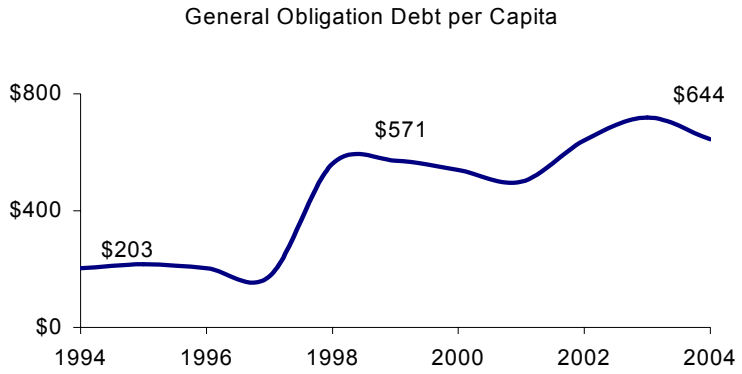
*Careers.utah.gov.* This Web site is a comprehensive school-to-retirement career exploration and planning solution. The information will assist students in selecting the most appropriate courses to prepare for work, technical training, and/or college. It will also assist post-secondary students who enter the workforce after graduation, as they need current useful information on occupational choices that match employer needs. Unemployed workers can benefit, as they may need similar labor market intelligence to provide them with information on possible retraining to prepare them to reenter the labor market.

*Utah Job Match.* Utah Job Match is the State's new online recruiting system designed to provide greater access and ease of use to those applying for state jobs. The system allows applicants the ability to apply for state jobs at any time and provides them a more effective method of tracking their applications through the recruitment process.

## FINANCIAL INFORMATION

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

**Debt Administration.** The State's general obligation bonded debt jumped significantly in 1998 due to issuing bonds for highway construction, mostly for rebuilding I-15 in Salt Lake County. Total general obligation debt remained fairly stable from 1999 through 2001. In fiscal year 2002 and 2003, under budget constraints coupled with a low interest rate environment, the State elected to increase its debt by issuing more bonds for highway and building projects that otherwise would have been funded from current revenues. During fiscal year 2004, the State advance refunded $316.485 million of general obligation bonds to take advantage of continued low interest rates, but did not issue any other general obligation bonds. More information about the State's long-term debt is found in Note 10 to the Basic Financial Statements.



**Risk Management.** The State is self-insured against certain property and liability claims. The Legislature established the Risk Management Fund to pay for commercial insurance or to accumulate reserves for the self-insured portion of certain property and liability risks. Revenues are generated from premiums charged to state departments, institutions of higher education, and local school districts. The property self-insurance limits for fiscal year 2004 were $1 million per claim, with an annual aggregate of $2.5 million per policy year. Generally, claims over the self-insured limits are covered by policies with private insurance companies.

**Pension Plans.** The Utah Retirement Systems (URS) defined benefit pension systems' combined total net assets increased by $2.8 billion, or 24.3 percent during calendar year 2003. The increase was primarily due to the increase in equity markets and increasing retirement contributions. As a result, the average funded ratio of all systems increased from 92.8 percent at the beginning of 2003 to 93.1 percent at December 31, 2003. Operations of the pension systems continue to be managed based on sound actuarial funding principles, thus protecting participants' future benefits. Although increases in required contribution rates are expected in the near term, the pension systems are poised for the opportunities and growth an improving national economy will bring.

## CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the *Certificate of Achievement for Excellence in Financial Reporting* to the State of Utah for its comprehensive annual financial report for the fiscal year ended June 30, 2003. This was the nineteenth consecutive year the State has achieved this prestigious award.

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

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

## CONCLUSION

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

Sincerely,

Kim S. Oliver

Kim S. Oliver, CPA
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## State of Utah

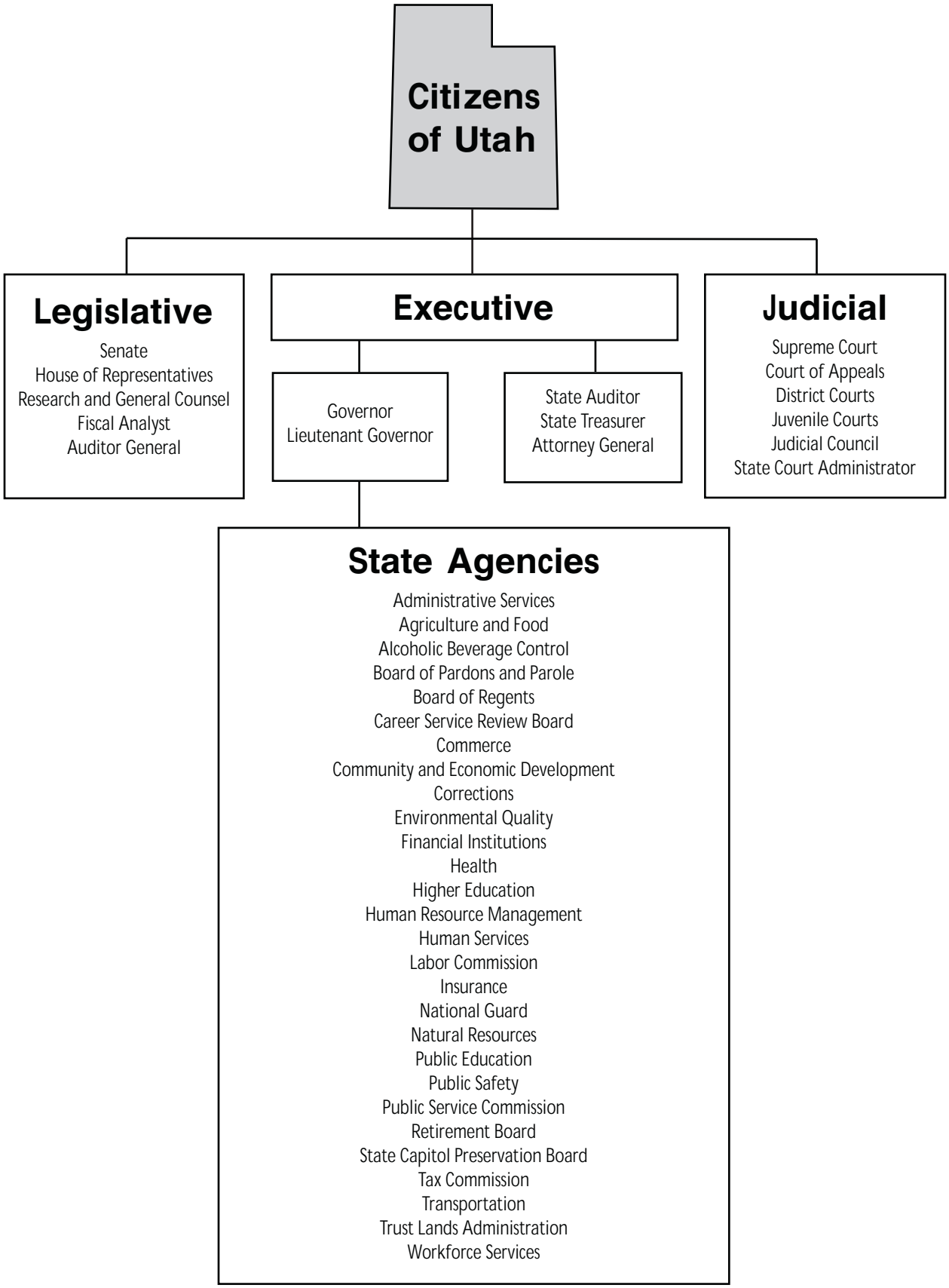
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

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

President

Executive Director

# State of Utah Organization Chart



# State of Utah
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For the Fiscal Year Ended June 30, 2004

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UTAH STATE AUDITOR

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Jon T. Johnson, CPA

## INDEPENDENT STATE AUDITOR'S REPORT

To the Members of the Legislature
of the State of Utah and
The Honorable Olene S. Walker
Governor, State of Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Utah as of and for the year ended June 30, 2004, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Utah Housing Corporation; Utah Public Employees Group Insurance; the University of Utah's hospital and component units; Utah State University; portions of the Utah College of Applied Technology; the Dairy Commission; and the Utah State Retirement Office, which represent 50 percent of the assets and 49 percent of the revenues of the aggregate discretely presented component units and 76 percent of the assets and 1 percent of the revenues of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us; and our opinion, insofar as it relates to the amounts included for those agencies, funds, and component units, is 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Utah as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying management discussion and analysis on pages 14 through 23 and the required supplementary information on pages 106 through 113 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The supplementary information – combining statements and individual fund statements and schedules on pages 118 through 177 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subject 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 statistical data on pages 180 through 198 were not audited by us and, accordingly, we express no opinion thereon.

In accordance with *Government Auditing Standards*, we have also issued our report, dated October 29, 2004, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

UTAH STATE AUDITOR
October 29, 2004

# State of Utah
# COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2004

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## 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, 2004. Please read it in conjunction with the transmittal letter in the Introductory Section of this report and with the State's financial statements that follow this section.

## HIGHLIGHTS

**Government-wide**

- The State's net assets increased $530.7 million or 5.1 percent over the prior year. Net assets of governmental activities increased $482.1 million or 5.4 percent due to an improving economy and active resource management. Net assets of business-type activities remained relatively stable, increasing by $48.6 million or 3.2 percent.

**Fund Level**

- Combined tax revenues were 5.3 percent higher in the General Fund and 7.4 percent higher in the Uniform School Fund than the prior year as Utah's economy showed signs of improvement. The State's economic slowdown in 2002 and 2003 and subsequent improvement in fiscal year 2004 is similar to the trend of the national economy.

- The General Fund and Uniform School Fund ended the fiscal year with "surplus" from unreserved and undesignated sources of $44.8 million and $50.7 million, respectively. By law, half of the General Fund surplus, or $22.4 million, was transferred to the Budget Reserve Account ("Rainy Day Fund"). Twenty-five percent of the Uniform School Fund surplus, or $12.7 million was transferred to the Education Budget Reserve Account.

**Long-term Debt**

- The State's long-term bonded debt decreased a net $35.1 million or 1.0 percent. General obligation debt decreased $125 million or 7.3 percent, primarily due to timing, as bonds normally issued at the beginning of the fiscal year were issued at the end of the prior year. Revenue bonded debt increased $89.9 million or 5.4 percent, as additional bonds were issued to fund capital facility construction and student loan programs.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

**Government-wide Statements – Reporting the State as a Whole**

The Statement of Net Assets and the Statement of Activities beginning on page 27 together comprise the *government-wide financial statements*. These statements provide a broad overview with a long-term focus of the State's finances as a whole and are prepared using the *full-accrual* basis of accounting, similar to private-sector companies. This means all revenues and expenses are recognized regardless of when cash is received or spent, and all assets and liabilities, including capital assets and long-term debt, are reported at the entity level.

The government-wide statements report the State's *net assets* – the difference between total assets and total liabilities – and how they have changed from the prior year. Over time, increases and decreases in net assets measure whether the State's overall financial condition is getting better or worse. In evaluating the State's overall condition, however, additional non-financial factors should be considered such as the State's economic outlook, changes in its demographics, and the condition of its capital assets and infrastructure. The government-wide statements report three activities:

*Governmental Activities* – Most of the State's basic services fall under this activity including education, transportation, public safety, courts, corrections, health, and human services. Taxes and federal grants are the major funding sources for these programs.

*Business-type Activities* – The State operates certain activities much like private-sector companies by charging fees to customers to cover all or most of the costs of providing the goods and services. Student loans, unemployment compensation, water project loan programs, and liquor sales are examples of business-type activities.

*Component Units* – Several entities are legally separate from the State, yet the State remains financially accountable for them. Colleges and Universities, Utah Housing Corporation, and Utah State Fair Corporation are examples of component units.

**Fund Financial Statements – Reporting the State's Most Significant Funds**
The fund financial statements beginning on page 32 provide detailed information about individual major funds, not the State as a whole. A fund is a group of related accounts that the State uses to keep track of specific resources that are segregated for a specific purpose. Some funds are required by law to exist, while others are established internally to maintain control over a particular activity. All of the State's funds are divided into three types, each of which uses a different accounting approach.

*Governmental Funds* – Most of the State's basic services are accounted for in governmental funds and are essentially the same functions reported as *governmental activities* in the government-wide statements. Governmental funds use the *modified accrual* basis of accounting, which measures the flow of current financial resources that can be converted to cash and the balances left at year end 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 businesses. 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 loan funds to local governments) are accounted for in *enterprise funds* and are the same functions reported as *business-type activities.* Thus, the *enterprise fund* financial statements reinforce the information reported for *business-type* activities in the government-wide statements, but provide more detail and additional information, such as cash flows. Activities whose customers are mostly other state agencies (e.g., motor pool) are accounted for in *internal service funds*. The internal service fund activities are consolidated with the governmental activities in the government-wide statements because those services predominantly benefit governmental rather than business-type activities.

*Fiduciary Funds* – Fiduciary funds account for assets that, because of trust relationships, can be used only for trust beneficiaries. The State is responsible for ensuring these assets are used for their intended purposes. Fiduciary funds use *full-accrual* accounting but are *not* included in the government-wide statements because their assets are not available to finance the State's own programs.

**Reconciliation Between Government-wide and Fund Statements**
The financial statements include schedules on pages 34 and 38 that reconcile and explain the differences between the amounts reported for *governmental activities* on the government-wide statements (full-accrual accounting, long-term focus) with amounts reported on the *governmental* fund statements (modified accrual accounting, short-term focus). Following are some of the major differences between the two statements:

- Capital assets and long-term debt are included on the government-wide statements but are not reported on the governmental fund statements.
- Capital outlay spending results in capital assets on the government-wide statements but are expenditures on the governmental fund statements.
- Bond proceeds result in liabilities on the government-wide statements but are other financing sources on the governmental fund statements.
- Certain tax revenues that are earned but not yet available are reported as revenue on the government-wide statements but are deferred revenue on the governmental fund statements.

**Notes to the Financial Statements**
The notes beginning on page 56 provide additional schedules and information that are essential to a complete understanding of the financial statements. The notes apply to both the government-wide financial statements and the fund financial statements.

**Required Supplementary Information (RSI)**
Following the Basic Financial Statements are budgetary comparison schedules for major funds with legally adopted budgets and condition assessment data related to infrastructure. RSI further supports the information in the basic financial statements.

**Supplementary Information**
Supplementary Information includes combining statements for the State's nonmajor governmental, nonmajor proprietary, and fiduciary funds and for nonmajor discretely presented component units. This section also includes schedules which compare budgeted expenditures to actual results at the legal level of control, which is generally the line item level of the *Appropriation Acts*.

**Adjustments to Beginning Net Assets**
As described in Note 2 of the financial statements on page 63, beginning net assets of governmental activities were reduced by $290.7 million for capital asset adjustments and increased by $14 million to accrue estimated tobacco settlement monies due to the State. To enhance comparability, all amounts presented for governmental activities for fiscal year 2003 in this discussion and analysis were revised, where applicable, to reflect these changes as if the changes had been made in the prior year.

## FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

**Net Assets.** The State's total net assets increased $530.7 million or 5.1 percent in fiscal year 2004. In comparison, net assets in the prior year increased $262.6 million or 2.5 percent. This increase in net assets resulted from an improving economy and the active management of state resources. Approximately $280.7 million of the increase was in net capital assets as the State's investment in highways and buildings exceeded depreciation and net additional debt to finance projects. The increase in restricted net assets of governmental activities resulted primarily from an increase in unspent carry forward funds of $70 million for education, an increase of $54.1 million in tax revenue restricted for education on a full accrual basis, and net earnings of $87.1 million in the permanent Trust Lands Fund. Restricted net assets decreased slightly in business-type activities primarily due to unemployment claims exceeding related revenue, even though total unemployment claims dropped. The decrease in unrestricted net assets of governmental activities was mainly due to an increase in the completion and transfer of state-financed buildings to colleges with the related debt of approximately $127 million remaining with the State. This amount was partially offset by an increase in General Fund unrestricted carry forward balances of $96.3 million. The increase in unrestricted net assets of business-type activities was the result of normal operations and is primarily due to the State adding additional capital to loan funds from sales taxes and mineral lease revenues. Net assets of business-type activities generally can be used only to finance the business-type activities' ongoing operations.

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

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|---|---|---|---|---|---|
| | **2004** | **2003** | **2004** | **2003** | **2004** | **2003** |
| Current and Other Assets | $ 2,949,835 | $ 2,846,827 | $ 3,021,668 | $ 2,880,978 | $ 5,971,503 | $ 5,727,805 |
| Capital Assets | 9,521,749 | 9,223,710 | 57,726 | 51,220 | 9,579,475 | 9,274,930 |
| **Total Assets** | **12,471,584** | **12,070,537** | **3,079,394** | **2,932,198** | **15,550,978** | **15,002,735** |
| Current and Other Liabilities | 647,391 | 643,232 | 37,300 | 38,654 | 684,691 | 681,886 |
| Long-term Liabilities | 2,371,186 | 2,456,410 | 1,489,054 | 1,389,095 | 3,860,240 | 3,845,505 |
| **Total Liabilities** | **3,018,577** | **3,099,642** | **1,526,354** | **1,427,749** | **4,544,931** | **4,527,391** |
| Net Assets: | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 7,939,771 | 7,661,130 | 24,141 | 22,104 | 7,963,912 | 7,683,234 |
| Restricted | 1,207,428 | 973,636 | 804,745 | 814,147 | 2,012,173 | 1,787,783 |
| Unrestricted | 305,808 | 336,129 | 724,154 | 668,198 | 1,029,962 | 1,004,327 |
| **Total Net Assets** | **$ 9,453,007** | **$ 8,970,895** | **$ 1,553,040** | **$ 1,504,449** | **$ 11,006,047** | **$ 10,475,344** |
| Percent change in total net assets from prior year | 5.4 % | | 3.2 % | | 5.1 % | |

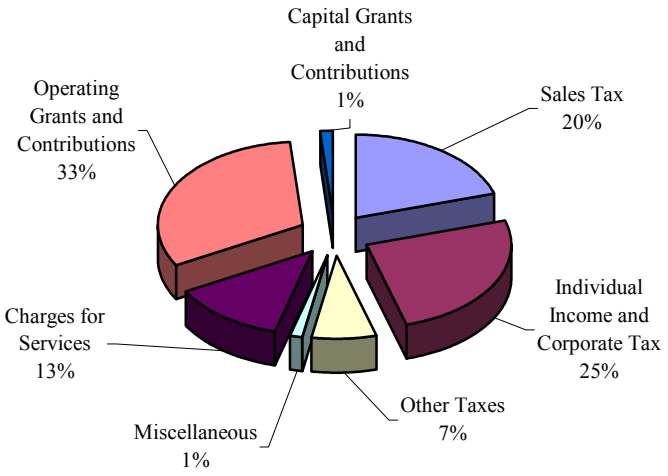
The largest component of the State's net assets, 72.4 percent, reflects investments in capital assets (land, buildings, equipment, roads, and other infrastructure) less the outstanding debt issued to finance those assets. As capital assets, these resources are not available for future spending, nor can they be readily liquidated to pay off their related liabilities. Resources needed to repay capital-related debt must be provided from other sources.

Restricted net assets comprise 18.3 percent of total net assets and are subject to constitutional, legal, or external constraints on how they can be used. Net assets that are restricted by the *Constitution of Utah* include income and corporate taxes that can be used only for public and higher education costs and for motor fuel taxes that can be used only for transportation expenses.

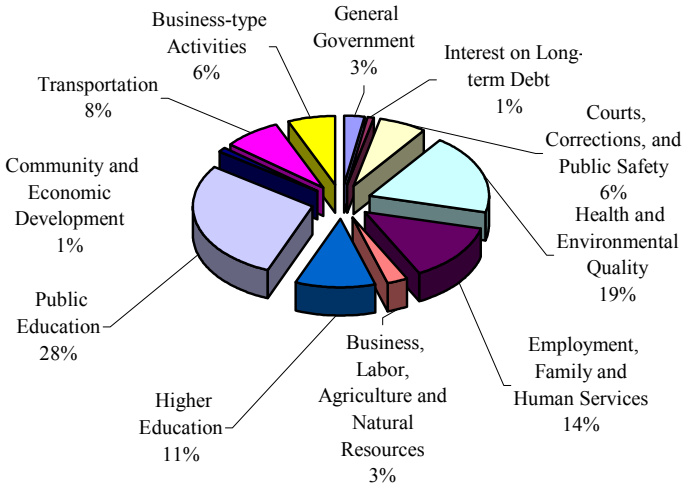
The remaining balance of unrestricted net assets may be used to meet the State's ongoing obligations, though certain laws and internally imposed designations of resources further limit the purposes for which many of those net assets may be used.

The charts on the following page summarize the State's total revenues, expenses, and changes in net assets for fiscal year 2004.

**State of Utah**
**Total Revenues - FY 2004**




**State of Utah**
**Total Expenses - FY 2004**




**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 |
|---|---|---|---|---|---|---|---|
| | **2004** | **2003** | **2004** | **2003** | **2004** | **2003** | **2003 to 2004** |
| **Revenues** | | | | | | | |
| General Revenues: | | | | | | | |
| Taxes | $ 4,041,389 | $ 3,784,924 | $ 14,402 | $ 2,180 | $ 4,055,791 | $ 3,787,104 | 7.1 % |
| Other General Revenues | 88,982 | 97,267 | 2,089 | 3,212 | 91,071 | 100,479 | (9.4) |
| Program Revenues: | | | | | | | |
| Charges for Services | 558,848 | 472,610 | 416,828 | 353,138 | 975,676 | 825,748 | 18.2 |
| Operating Grants and Contributions | 2,347,510 | 2,034,177 | 92,141 | 130,235 | 2,439,651 | 2,164,412 | 12.7 |
| Capital Grants and Contributions | 105,149 | 123,883 | — | — | 105,149 | 123,883 | (15.1) |
| **Total Revenues** | **7,141,878** | **6,512,861** | **525,460** | **488,765** | **7,667,338** | **7,001,626** | **9.5** |
| **Expenses** | | | | | | | |
| General Government | 189,645 | 194,211 | — | — | 189,645 | 194,211 | (2.4) |
| Human Services and Youth Corrections | 581,286 | 538,492 | — | — | 581,286 | 538,492 | 7.9 |
| Corrections, Adult | 199,710 | 184,805 | — | — | 199,710 | 184,805 | 8.1 |
| Public Safety | 152,058 | 127,861 | — | — | 152,058 | 127,861 | 18.9 |
| Courts | 99,510 | 106,045 | — | — | 99,510 | 106,045 | (6.2) |
| Health and Environmental Quality | 1,343,115 | 1,177,121 | — | — | 1,343,115 | 1,177,121 | 14.1 |
| Higher Education | 781,468 | 647,572 | — | — | 781,468 | 647,572 | 20.7 |
| Employment and Family Services | 386,974 | 352,082 | — | — | 386,974 | 352,082 | 9.9 |
| Natural Resources | 121,214 | 119,528 | — | — | 121,214 | 119,528 | 1.4 |
| Community and Economic Development | 88,166 | 90,794 | — | — | 88,166 | 90,794 | (2.9) |
| Business, Labor, and Agriculture | 72,886 | 66,965 | — | — | 72,886 | 66,965 | 8.8 |
| Public Education | 2,039,641 | 1,981,119 | — | — | 2,039,641 | 1,981,119 | 3.0 |
| Transportation | 541,566 | 523,591 | — | — | 541,566 | 523,591 | 3.4 |
| Interest on Long-term Debt | 75,935 | 73,835 | — | — | 75,935 | 73,835 | 2.8 |
| Student Assistance Programs | — | — | 82,739 | 86,995 | 82,739 | 86,995 | (4.9) |
| Unemployment Compensation | — | — | 242,828 | 307,834 | 242,828 | 307,834 | (21.1) |
| Water Loan Programs | — | — | 6,730 | 7,074 | 6,730 | 7,074 | (4.9) |
| Other Business-type Activities | — | — | 131,164 | 123,706 | 131,164 | 123,706 | 6.0 |
| **Total Expenses** | **6,673,174** | **6,184,021** | **463,461** | **525,609** | **7,136,635** | **6,709,630** | **6.4** |
| Excess (Deficiency) Before Transfers | 468,704 | 328,840 | 61,999 | (36,844) | 530,703 | 291,996 | |
| Transfers | 13,408 | 24,237 | (13,408) | (24,237) | — | — | |
| **Change in Net Assets** | **482,112** | **353,077** | **48,591** | **(61,081)** | **530,703** | **291,996** | |
| Net Assets – Beginning as Adjusted | 8,970,895 | 8,617,818 | 1,504,449 | 1,565,530 | 10,475,344 | 10,183,348 | |
| Net Assets – Ending | **$ 9,453,007** | **$ 8,970,895** | **$ 1,553,040** | **$ 1,504,449** | **$ 11,006,047** | **$ 10,475,344** | **5.1 %** |

**Changes in Net Assets.** This year the State received 52.9 percent of its revenues from state taxes and 33.2 percent of its revenues from grants and contributions, mostly from federal sources. In the prior year, state taxes accounted for 54.1 percent, and grants and contributions were 32.7 percent of total revenues. Charges for goods and services such as licenses, permits, liquor sales, state parks, and court fees, combined with other miscellaneous collections, comprised 13.9 percent of total revenues in fiscal year 2004, compared with 13.2 percent in fiscal year 2003.

**Governmental Activities**

The State's total governmental revenues from all sources increased $629 million or 9.7 percent. Tax revenues increased $256.5 million or 6.8 percent. This increase in taxes reflects an improvement in economic conditions and is similar to the increase at the fund level. However, due to differences in measurement focus, timing of collections, and lack of historical accrued tax information, the increase at the government-wide level should not be used to predict future increases at the fund statement or budget level. With the exception of higher education expenses, other significant changes in governmental activities' revenues and expenses mirror the changes in the General Fund at the fund level. For further discussion of these changes, see the section titled "General Fund" on page 19. While part of the increase in higher education expenses was due to an increase in general state support, a significant part was due to an increase of $118.5 million in the amount spent for building projects completed for colleges and universities.

The table below shows to what extent the State's governmental activities relied on taxes and other general revenues to cover all of their costs. For fiscal year 2004, state taxes and other general revenues covered 54.9 percent of expenses. The remaining $3.012 billion or 45.1 percent of the total expenses were generated through charges for services and grants.

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

| | Program Expenses | Less Program Revenues | Net Program Costs | | Program Revenues as a Percentage of Program Expenses | |
|---|---|---|---|---|---|---|
| | 2004 | 2004 | 2004 | 2003 | 2004 | 2003 |
| General Government | $ 189,645 | $ (193,201) | $ (3,556) | $ 34,781 | 101.9 % | 81.8 % |
| Human Services and Youth Corrections | 581,286 | (286,848) | 294,438 | 266,082 | 49.3 | 50.6 |
| Corrections, Adult | 199,710 | (7,970) | 191,740 | 177,801 | 4.0 | 3.8 |
| Public Safety | 152,058 | (90,833) | 61,225 | 61,123 | 59.7 | 52.2 |
| Courts | 99,510 | (33,571) | 65,939 | 76,350 | 33.7 | 28.0 |
| Health and Environmental Quality | 1,343,115 | (1,082,487) | 260,628 | 262,258 | 80.6 | 77.7 |
| Higher Education | 781,468 | (1,039) | 780,429 | 646,054 | 0.1 | 0.2 |
| Employment and Family Services | 386,974 | (344,238) | 42,736 | 40,768 | 89.0 | 88.4 |
| Natural Resources | 121,214 | (79,476) | 41,738 | 38,768 | 65.6 | 67.6 |
| Community and Economic Development | 88,166 | (41,701) | 46,465 | 51,245 | 47.3 | 43.6 |
| Business, Labor, and Agriculture | 72,886 | (64,088) | 8,798 | 9,285 | 87.9 | 86.1 |
| Public Education | 2,039,641 | (408,794) | 1,630,847 | 1,647,523 | 20.0 | 16.8 |
| Transportation | 541,566 | (377,261) | 164,305 | 199,254 | 69.7 | 68.1 |
| Interest on Long-term Debt | 75,935 | — | 75,935 | 73,835 | | |
| **Total Governmental Activities** | **$ 6,673,174** | **$ (3,011,507)** | **$ 3,661,667** | **$ 3,585,127** | **45.1 %** | **42.5 %** |

**Business-type Activities**

Revenues from the State's business-type activities increased $36.7 million or 7.5 percent from the prior year. This increase is largely due to an increase in collections in the Unemployment Compensation Fund of $19.7 million as higher claims in recent years resulted in increased employer taxes of $50.3 million, offset by lower federal reimbursements. Because Utah's employment situation improved over the prior year, unemployment benefit claims expenses dropped $65 million or 21.1 percent. This decrease was the primary reason for the overall decrease in business-type activities' expenditures of $62.3 million.

All of the State's business-type activities operate from program revenues, except for the Water Loan Programs and the Agriculture Loan Fund that by law receive dedicated sales taxes and the Community Impact Loan Fund that receives federal mineral lease revenues to provide additional capital for loans. Accounting standards require unemployment taxes that are collected from employers and deposited in the Unemployment Compensation Fund be reported as charges for services rather than taxes. Therefore, taxes in the business-type activities are comprised entirely of sales taxes in the water and agriculture loan programs. For fiscal year 2004, dedicated sales taxes increased by $12.2 million as the Legislature restored tax revenues that were redirected to the General Fund in 2003 to help balance the budget.

## FINANCIAL ANALYSIS OF THE STATE'S GOVERNMENTAL FUNDS

### Fund Balances

At June 30, 2004, the State's governmental funds reported combined ending fund balances of $1.953 billion. Of this amount, $1.047 billion or 53.6 percent is reserved for specific programs by state law, by external constraints, or by contractual obligations. Unspent bond proceeds, balances of restricted accounts, and agencies' nonlapsing balances are included in reserved fund balance. An additional $534 million or 27.4 percent of total fund balances has been designated through internally imposed limitations on uses of certain funds. Note 11 on page 92 contains more details about reserved and designated fund balances at June 30, 2004. The remaining $371.6 million or 19.0 percent of fund balance is available for appropriation for the general purposes of the funds.

**State of Utah**
**Governmental Fund Balances as of June 30, 2004**
*(Expressed in Thousands)*

| | General Fund | Uniform School Fund | Transpor-tation Fund | Centennial Highway Fund | Trust Lands Fund | Nonmajor Funds | Total |
|---|---|---|---|---|---|---|---|
| Reserved | $ 214,063 | $ 47,205 | $ 79,858 | $ 29,046 | $ 492,139 | $ 184,986 | $ 1,047,297 |
| Unreserved Designated | 255,531 | 228,680 | 43,502 | 537 | — | 5,790 | 534,040 |
| Unreserved Undesignated | 16,359 | 38,001 | 102,721 | 187,868 | — | 26,648 | 371,597 |
| **Total** | **$ 485,953** | **$ 313,886** | **$ 226,081** | **$ 217,451** | **$ 492,139** | **$ 217,424** | **$ 1,952,934** |
| Percent change from prior year | 25.6 % | 28.7 % | 5.2 % | (32.1)% | 21.5 % | (36.0)% | 2.2 % |

### General Fund

During fiscal year 2004, the General Fund's total fund balance increased $99 million or 25.6 percent. This increase was due in large part to sales tax revenues coming in $32.9 million greater than budgeted and to $53 million being set aside in the budget and designated by the Legislature for fiscal year 2005 appropriations. In contrast, in the prior year, the Legislature designated only $74 thousand for the next year's appropriations. The General Fund ended fiscal year 2004 with a "surplus" from unreserved and undesignated sources of $44.8 million. However, half, or $22.4 million, was transferred by law to the Budget Reserve Account ("Rainy Day Fund") and included in designated fund balance, and an additional $6.1 million was carried forward by law for other purposes as designated for specific appropriation in 2005. As a result, the General Fund ended the year with $16.3 million in unreserved/undesignated fund balance. Miscellaneous changes resulting from other designated and reserved sources account for the remaining change in fund balance. The Budget Reserve Account ended fiscal year 2004 with a balance of $53.6 million.

Total General Fund revenues increased $364.5 million or 10.3 percent from the prior year. Total tax collections increased $86.6 million or 5.3 percent. The major positive changes in tax revenues were in sales tax, which increased $73.8 million or 5.1 percent as Utah's economy continues to show signs of improvement; oil, gas, and mining severance tax, which increased $10.1 million or 31.0 percent; and cigarette and tobacco taxes which increased $5.6 million or 11.8 percent. The tax revenue that saw the greatest decrease was inheritance tax, which dropped $8.5 million or 45.3 percent from the prior year. Federal funding was the largest single factor in increasing revenues for the fiscal year, as federal mineral lease revenues increased $20.9 million or 45.1 percent, driven by higher oil prices; and federal contracts and grants climbed $216.7 million or 14.2 percent from the prior year, driven by demand for services and higher costs as described below.

Total General Fund expenditures increased by $255.9 million or 7.3 percent. This fiscal year's increase in expenditures is evidence of a continued high demand for government services as a result of the economic slowdown of the prior two years. The following areas were impacted most:

- *Health and Environmental Quality*. Total expenditures in this category jumped $168.4 million, primarily due to increased Medicaid program costs resulting from increased caseloads and pharmaceutical costs.
- *Employment and Family Services*. Total expenditures in this category were up $31.4 million as Food Stamp program costs increased 25.5 percent.
- *Public Safety*. Total expenditures in this category increased $24.1 million, largely due to increased federal funding for emergency services and homeland security programs.

The most notable reduction in spending occurred in *Natural Resources*, where expenditures were down approximately $12.5 million from prior year. In the prior year, *Natural Resources* had an unusual amount of expenditures related to fighting wildfires and increased spending from capital development funds for projects such as building fish hatcheries and wildlife management facilities.

***Budgetary Highlights – General Fund***

The Legislature adopted the initial fiscal year 2004 budget during the 2003 General Session. The original General Fund budget at the start of fiscal year 2004, excluding department-specific revenue sources such as federal grants and departmental collections, and including miscellaneous transfers, was 4.4 percent lower than the final fiscal year 2003 budget. The Legislature also had to address critical and mandated program increases, such as providing the State's matching share of projected increases in caseloads and pharmacy inflation for the Medicaid program, and increases in health, dental, and retirement rates for employees. On the positive side, revenue estimates for fiscal year 2004 showed an increase of $19.1 million in ongoing revenue over prior year. In order to balance the original General Fund budget, the Legislature used a variety of measures including:

- Reducing the portion of agency budgets funded from general revenue sources by approximately $70 million.
- Using $9.8 million from the Tobacco Restricted Account (an account within the General Fund).
- Using $3.2 million from the Commerce Service Fund Account (an account within the General Fund).

The budget was again addressed during the 2004 General Session of the Legislature (January to March 2004). General revenue estimates had increased $30.6 million over those adopted in the 2003 General Session primarily due to federal jobs and growth relief money of $38 million not included in the original budget. Increased revenue estimates and other additional miscellaneous revenue sources allowed the Legislature to designate $53 million of expected excess revenue for fiscal year 2005 appropriations.

Final budgets of department-specific revenue sources increased over original budgets mostly due to an increase in federal funds as described on the previous page. Increased federal funds and corresponding expenditures resulted in the majority of the increase between original and final expenditure budgets. Final budgets for many of the departmental-specific revenue sources and related expenditures such as federal grants, departmental collections, and miscellaneous revenues, are generally revised based on actual collections. The difference between final budgeted expenditures and actual expenditures is primarily due to nonlapsing and unspent restricted funds that will be carried forward to the next year. However, $2.1 million of unspent budgeted dollars were lapsed back to the General Fund by agencies.

**Uniform School Fund**

The Uniform School Fund's fund balance increased $70 million or 28.7 percent from the prior year. While corporate taxes increased only $4.8 million or 3.0 percent compared to the prior year, individual income taxes increased $119.3 million or 7.5 percent; and federal funding increased by $23.6 million or 8.2 percent. Expenditures for public education increased by $58.4 million or 3.0 percent, as the Legislature restored base budget reductions implemented in fiscal year 2003, increased the budget for enrollment growth, and provided for increased costs related to benefits for educators and staff. The Uniform School Fund ended the year with a "surplus" from unreserved and undesignated sources of $50.7 million. Of that amount $12.7 million or 25.0 percent was transferred by law to the Education Budget Reserve Account, resulting in a final unreserved and undesignated fund balance of $38 million. Established by the Legislature in 2003, the Education Budget Reserve ended fiscal year 2004 with a balance of $13.3 million.

**Transportation Fund**

Fund balance in the Transportation Fund increased $11.2 million or 5.2 percent from the prior year. Motor and special fuels taxes and fees remained relatively flat, increasing $6.5 million or 2.0 percent. However, federal contracts and grants revenue increased $13.6 million or 7.1 percent due to increased spending on federal participating highway projects. Federal aeronautics revenue increased $7 million or 37.4 percent largely due to completed work on local government airport runway projects.

Total expenditures increased $60.8 million or 11.0 percent, primarily in construction expenditures. Authorized federal funding for highway construction remains relatively stable from year to year. However, the spending of state and federal revenue reflects the timing of highway construction projects, which is impacted by a variety of circumstances such as environmental studies or weather. Also, the Department of Transportation has discretion on allocating federal funds among projects, which impacts the amount of federal revenue reported in the Transportation Fund and Centennial Highway Fund.

**Centennial Highway Fund**

Fund balances in the Centennial Highway Fund decreased by $102.8 million or 32.1 percent from the prior year. Revenues in the fund dipped $9.7 million or 13.6 percent, mostly due to a reduction of federal revenues of $8.4 million or 19.6 percent as a result of decreased expenditures on applicable federal participating projects. No new bonds were issued in fiscal year 2004, which explains most of the decrease in fund balance from fiscal year 2003 when $109.3 million of general obligation bond proceeds received in fiscal year 2003 were unspent as of June 30, 2003. Expenditures in the fund remained relatively flat as compared to the prior year, decreasing $6.2 million or 3.1 percent. Still, the Department of Transportation continued to work on several major highway projects

using carry over funding from the General Fund and bond proceeds. At June 30, 2004, $29 million of bond proceeds were unspent and included in reserved fund balance.

**Trust Lands Fund**
The fund balance of the Trust Lands Fund increased by $87.1 million or 21.5 percent due to revenues generated from land use, sales of trust lands, and investment income. The permanent fund also generated $9.6 million of cash investment earnings for the Uniform School Fund that is earmarked for distribution to local school districts. The principal in the fund is held in perpetuity, and the earnings are restricted primarily to support public education.

## FINANCIAL ANALYSIS OF THE STATE'S PROPRIETARY FUNDS

**Student Assistance Programs**
The Student Assistance Programs finished the year with an increase of $14.2 million or 6.8 percent in net assets. Revenues and expenditures were fairly stable, increasing 2.0 percent and decreasing 4.9 percent, respectively. However, rising tuition and other student costs, and rising enrollments at the State's colleges and universities created more demand for student loans than in prior years. As a result, loans receivable increased $131.4 million or 11.7 percent over last year. Of total net assets of $221.1 million, $141.8 million is restricted for use within the Student Assistance Programs by bond covenants or by federal law.

**Unemployment Compensation Fund**
The State's unemployment rate has decreased slightly compared to the rate one year ago. The improving employment situation resulted in a $65 million or 21.1 percent decrease in benefit payments from the prior year. However, benefit payments still exceeded employer taxes and other revenues. Assets were sufficient to handle the demand for benefits, but net assets decreased $32.3 million, or 7.3 percent, to $411.7 million. The entire balance of net assets in this fund are restricted for paying unemployment benefits by state and federal law. Continued benefit payments in excess of revenues will result in increased employer contributions, though the full effect of the increase will not be realized until future periods.

**Water Loan Programs**
The net assets of the Water Loan Programs increased $27.4 million or 5.4 percent from the prior year. Additional capital for loans was provided from $13.9 million in dedicated sales tax revenues and $10.6 million in federal grants, in addition to net operating revenues in the fund. Tax revenues to the fund increased $11.8 million due to the Legislature restoring dedicated sales tax revenues that had been redirected in 2003 to help balance the budget. Loans receivable for the programs increased $10.4 million or 2.4 percent over the prior year. Of total net assets of $539.5 million, $217.4 million is restricted for use within the Water Loan Programs by bond covenants or by federal grant requirements.

## CAPITAL ASSET AND LONG-TERM DEBT ADMINISTRATION

**Capital Assets**
The State's capital assets increased a net $304.5 million during the year. The change consisted of net increases in infrastructure (highways) of $138.8 million; land and related assets of $43.5 million; and buildings, improvements, and construction in progress of $125.5 million. Machinery and equipment decreased a net $3.3 million during the year. Many buildings financed by the State are actually owned by the colleges and universities, which are 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, 2004, the State had $207.1 million of outstanding debt related to capital assets of component units.

At June 30, 2004, the State had $127.3 million in commitments for building projects in its capital projects funds, and $442.7 million ($250.6 million in the Centennial Highway Fund and $192.1 million in the Transportation Fund) in commitments for highway construction and improvement projects. Funding for the commitments will come from existing resources in these funds and from future bond proceeds and appropriations.

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

The State's established condition level for roads is to maintain 50 percent with a rating of "fair" or better and no more than 15 percent with a "very poor" rating. The most recent condition assessment, completed for calendar year 2003, indicated that 74.8 percent of the roads were in "fair" or better condition. Only 6.4 percent of the roads assessed were in "very poor" condition. These results reflect improvement over calendar year 2002, when 73.0 percent of the roads were assessed as "fair" or better, and 6.6 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 2004, indicated that 70.0 percent and 3.0 percent of bridges were in "good" and "poor" condition, respectively. These results reflect no change over the prior year.

During fiscal year 2004, the State spent $309.1 million to maintain and preserve roads and bridges. This amount is 13.6 percent above the estimated amount of $272 million needed to maintain these assets at established condition levels.

More information about capital assets is included in Note 8 on page 79, and more detailed information on the State's modified approach for reporting infrastructure is presented in the Required Supplementary Information on page 112.

**Long-term Debt**

The *Constitution of Utah* authorizes general obligation borrowing only as approved by the Legislature. The *Constitution* also limits outstanding state general obligation debt to 1.5 percent of the fair market value of all taxable property in the State, while state law further restricts outstanding state general obligation debt to no more than 45 percent of the appropriations limit. As of June 30, 2004, the State was $227.3 million below the statutory debt limit and $1.059 billion below the debt limit established in the *Constitution*. Revenue bonds are not backed by the general taxing authority of the State, but are payable solely from specific fees or loan repayments as pledged in the bond indentures.

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

| | Governmental Activities | | Business-type Activities | | Total Primary Government | | Total Percentage Change |
|---|---|---|---|---|---|---|---|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 | 2003 to 2004 |
| General Obligation Bonds | $ 1,588.8 | $ 1,713.8 | $ — | $ — | $ 1,588.8 | $ 1,713.8 | (7.3)% |
| Revenue Bonds: | | | | | | | |
| State Building Ownership Auth. | 338.9 | 334.9 | 23.5 | 22.6 | 362.4 | 357.5 | 1.4 |
| Student Assistance Programs | — | — | 1,397.5 | 1,311.0 | 1,397.5 | 1,311.0 | 6.6 |
| Water Loan Progams | — | — | 1.1 | 2.6 | 1.1 | 2.6 | (57.7) |
| Total Bonds Payable | $ 1,927.7 | $ 2,048.7 | $ 1,422.1 | $ 1,336.2 | $ 3,349.8 | $ 3,384.9 | (1.0)% |

The State issued $314.8 million of general obligation refunding bonds during the fiscal year to take advantage of lower interest rates through an advance refunding. No other general obligation bonds were issued in fiscal year 2004. The decrease in general obligation debt was primarily due to timing, as bonds were issued at the end of fiscal year 2003 that typically would have been issued at the beginning of fiscal year 2004. In addition, the State issued a total of $152.8 million of revenue bonds. Of the revenue bonds issued, $22.7 million was to provide for capital facility construction through the State Building Ownership Authority and $130.1 million was to provide capital for purchasing student loans in the Student Assistance programs.

The State's active management of recent economic difficulties has helped the State maintain its triple-A rating on general obligation bonds, the highest possible rating from all three national rating agencies, and double-A rating on State Building Ownership Authority lease revenue bonds from the two national agencies from which ratings were sought. These ratings save millions of dollars in interest each year because the State is able to obtain very favorable interest rates on new debt. Note 10 on page 83 contains more information about the State's outstanding debt.

## ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

Tax revenues are expected to continue to increase in fiscal year 2005; however, the State will not receive the $38 million per year in temporary federal fiscal relief it had received the prior two fiscal years. Consequently, original general revenue estimates for the General Fund and Uniform School Fund for fiscal year 2005 were almost identical, in total, to actual revenues for fiscal year 2004. The Legislature balanced the 2005 budget mostly by using anticipated 2004 carry over funds of $107.2 million, changing the sales tax on cable and satellite television to an excise tax, netting $4.4 million, and utilizing other miscellaneous sources. The Legislature

provided increased funding for Medicaid, public and higher education, and for increased costs of benefits for State and higher education employees. They also provided State and higher education employees a one percent cost-of-living adjustment and a one-percent, one-time bonus.

Revenue collections to date in fiscal year 2005 are in line with original estimates.

Utah's economy is expected to moderately improve in the near future. The average unemployment rate is expected to decline in 2004 to 5.3 percent, down from an average 2003 rate of 5.6 percent. Taxable retail sales are expected to increase 7.0 percent by the end of 2004, and growth in personal income is expected to be 4.9 percent for the same period. Because these indicators are measured on a calendar-year basis, the impact on the State budget will not be fully realized until well into fiscal year 2005.

## CONTACTING THE STATE'S DIVISION OF FINANCE

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

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

# State of Utah
# COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2004

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## Statement of Net Assets

June 30, 2004 (Expressed in Thousands)

| | Primary Government | | | |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Component Units |
| **ASSETS** | | | | |
| Cash and Cash Equivalents | $ 443,869 | $ 619,242 | $ 1,063,111 | $ 1,119,411 |
| Investments | 1,194,080 | 255,647 | 1,449,727 | 685,979 |
| Taxes Receivable, net | 586,076 | — | 586,076 | — |
| Accounts and Interest Receivable, net | 644,014 | 101,921 | 745,935 | 271,873 |
| Amounts Due From: | | | | |
| Component Units | 26,395 | — | 26,395 | 3 |
| Primary Government | — | — | — | 8,013 |
| Prepaid Items | 1,856 | 2,595 | 4,451 | 6,534 |
| Inventories | 13,163 | 18,621 | 31,784 | 36,493 |
| Internal Balances | 14,048 | (14,048) | — | — |
| Restricted Investments | — | 74,219 | 74,219 | 492,864 |
| Deferred Charges | 3,949 | 17,376 | 21,325 | 34,034 |
| Notes/Loans/Mortgages/Pledges Receivable, net | 15,912 | 1,946,095 | 1,962,007 | 894,711 |
| Other Assets | 6,473 | — | 6,473 | 11,850 |
| Capital Assets: | | | | |
| Land and Related Non-depreciable Assets | 721,635 | 17,235 | 738,870 | 125,253 |
| Infrastructure | 7,262,468 | — | 7,262,468 | — |
| Construction in Progress | 683,140 | — | 683,140 | 115,481 |
| Buildings, Equipment, and Other Depreciable Assets | 1,470,486 | 56,776 | 1,527,262 | 3,418,632 |
| Less Accumulated Depreciation | (615,980) | (16,285) | (632,265) | (1,494,954) |
| Total Capital Assets | 9,521,749 | 57,726 | 9,579,475 | 2,164,412 |
| Total Assets | 12,471,584 | 3,079,394 | 15,550,978 | 5,726,177 |
| **LIABILITIES** | | | | |
| Accounts Payable and Accrued Liabilities | 553,301 | 28,378 | 581,679 | 229,060 |
| Amounts Due to: | | | | |
| Component Units | 8,013 | — | 8,013 | — |
| Primary Government | — | — | — | 26,395 |
| Securities Lending | — | — | — | 23,290 |
| Unearned Revenue | 86,077 | 8,824 | 94,901 | 73,879 |
| Deposits | — | 98 | 98 | 82,838 |
| Long-term Liabilities (Note 10) | | | | |
| Due Within One Year | 272,531 | 144,163 | 416,694 | 251,055 |
| Due in More Than One Year | 2,098,655 | 1,344,891 | 3,443,546 | 1,612,022 |
| Total Liabilities | 3,018,577 | 1,526,354 | 4,544,931 | 2,298,539 |
| **NET ASSETS** | | | | |
| Invested in Capital Assets, Net of Related Debt | 7,939,771 | 24,141 | 7,963,912 | 1,681,246 |
| Restricted for: | | | | |
| Transportation | 234,524 | — | 234,524 | — |
| Public Education – Expendable | 394,503 | — | 394,503 | — |
| Public Education – Nonexpendable | 492,139 | — | 492,139 | — |
| Higher Education – Expendable | — | — | — | 526,471 |
| Higher Education – Nonexpendable | — | — | — | 377,565 |
| Debt Service | 6,025 | 12,196 | 18,221 | 158,421 |
| Unemployment Compensation and Insurance Programs | 4,553 | 411,710 | 416,263 | 68,830 |
| Loan Programs | 2,478 | 380,839 | 383,317 | — |
| Other Purposes – Expendable | 73,206 | — | 73,206 | 57 |
| Unrestricted | 305,808 | 724,154 | 1,029,962 | 615,048 |
| Total Net Assets | $ 9,453,007 | $ 1,553,040 | $ 11,006,047 | $ 3,427,638 |

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

## Statement of Activities

For the Fiscal Year Ended June 30, 2004 (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 | $ 189,645 | $ 106,286 | $ 86,889 | $ 26 |
| Human Services and Youth Corrections | 581,285 | 11,918 | 274,930 | — |
| Corrections, Adult | 199,710 | 7,260 | 710 | — |
| Public Safety | 152,059 | 31,147 | 59,686 | — |
| Courts | 99,510 | 32,991 | 580 | — |
| Health and Environmental Quality | 1,343,115 | 84,251 | 998,236 | — |
| Higher Education | 781,468 | 231 | 808 | — |
| Employment and Family Services | 386,974 | 9,139 | 335,099 | — |
| Natural Resources | 121,214 | 41,554 | 37,922 | — |
| Community and Economic Development | 88,166 | 1,427 | 40,274 | — |
| Business, Labor, and Agriculture | 72,886 | 55,906 | 8,182 | — |
| Public Education | 2,039,641 | 42,615 | 366,179 | — |
| Transportation | 541,566 | 134,123 | 138,015 | 105,123 |
| Interest and Other Charges on Long-term Debt | 75,935 | — | — | — |
| Total Governmental Activities | 6,673,174 | 558,848 | 2,347,510 | 105,149 |
| Business-type: | | | | |
| Student Assistance Programs | 82,739 | 72,823 | 24,086 | — |
| Unemployment Compensation | 242,828 | 158,466 | 54,424 | — |
| Water Loan Programs | 6,730 | 9,160 | 11,303 | — |
| Other Business-type Activities | 131,164 | 176,379 | 2,328 | — |
| Total Business-type Activities | 463,461 | 416,828 | 92,141 | 0 |
| Total Primary Government | $ 7,136,635 | $ 975,676 | $ 2,439,651 | $ 105,149 |
| **Component Units:** | | | | |
| Utah Housing Corporation | $ 69,329 | $ 71,176 | $ 155 | $ — |
| Public Employees Health Program | 425,207 | 422,307 | 1,399 | — |
| University of Utah | 1,705,843 | 1,192,935 | 358,322 | 54,520 |
| Utah State University | 422,569 | 114,849 | 194,161 | 28,284 |
| Nonmajor Colleges and Universities | 652,267 | 252,844 | 150,700 | 88,366 |
| Nonmajor Component Units | 27,650 | 16,482 | 35 | — |
| Total Component Units | $ 3,302,865 | $ 2,070,593 | $ 704,772 | $ 171,170 |

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
- Unrestricted Investment Income
- State Funding for Colleges and Universities
- State Funding for Other Component Units
- Gain on Sale of Capital Assets
- Federal Appropriation—Jobs and Growth Relief
- Miscellaneous

Permanent Endowments Contributions

Transfers—Internal Activities

Total General Revenues and Transfers

Change in Net Assets

Net Assets—Beginning

Adjustments to Beginning Net Assets

Net Assets—Beginning as Adjusted

Net Assets—Ending

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

| Net (Expense) Revenue and Changes in Net Assets | | | |
|---|---|---|---|
| Primary Government | | | |
| Governmental Activities | Business-type Activities | Total | Component Units |
| $ 3,556 | $ — | $ 3,556 | $ — |
| (294,437) | — | (294,437) | — |
| (191,740) | — | (191,740) | — |
| (61,226) | — | (61,226) | — |
| (65,939) | — | (65,939) | — |
| (260,628) | — | (260,628) | — |
| (780,429) | — | (780,429) | — |
| (42,736) | — | (42,736) | — |
| (41,738) | — | (41,738) | — |
| (46,465) | — | (46,465) | — |
| (8,798) | — | (8,798) | — |
| (1,630,847) | — | (1,630,847) | — |
| (164,305) | — | (164,305) | — |
| (75,935) | — | (75,935) | — |
| (3,661,667) | 0 | (3,661,667) | 0 |
| — | 14,170 | 14,170 | — |
| — | (29,938) | (29,938) | — |
| — | 13,733 | 13,733 | — |
| — | 47,543 | 47,543 | — |
| 0 | 45,508 | 45,508 | 0 |
| (3,661,667) | 45,508 | (3,616,159) | 0 |
| — | — | — | 2,002 |
| — | — | — | (1,501) |
| — | — | — | (100,066) |
| — | — | — | (85,275) |
| — | — | — | (160,357) |
| — | — | — | (11,133) |
| 0 | 0 | 0 | (356,330) |
| 1,547,174 | 14,402 | 1,561,576 | — |
| 1,760,844 | — | 1,760,844 | — |
| 165,921 | — | 165,921 | — |
| 332,673 | — | 332,673 | — |
| 234,777 | — | 234,777 | — |
| 4,041,389 | 14,402 | 4,055,791 | 0 |
| 7,823 | 1,627 | 9,450 | 743 |
| — | — | — | 613,362 |
| — | — | — | 7,659 |
| 13,072 | — | 13,072 | — |
| 37,970 | — | 37,970 | — |
| 30,117 | 462 | 30,579 | — |
| — | — | — | 16,930 |
| 13,408 | (13,408) | — | — |
| 4,143,779 | 3,083 | 4,146,862 | 638,694 |
| 482,112 | 48,591 | 530,703 | 282,364 |
| 9,247,635 | 1,504,449 | 10,752,084 | 3,136,740 |
| (276,740) | — | (276,740) | 8,534 |
| 8,970,895 | 1,504,449 | 10,475,344 | 3,145,274 |
| $ 9,453,007 | $ 1,553,040 | $ 11,006,047 | $ 3,427,638 |

## Governmental Fund Financial Statements

---

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

### Uniform School Fund
This fund is maintained to account for revenues and expenditures that mainly support public elementary and secondary schools and the State Office of Education.

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

### Centennial Highway Fund
This fund was created by the Legislature to account for revenues and expenditures associated with specific highway projects. Funding is provided from federal funds, registration fees, sales and use taxes, appropriations, and contributions from local governments.

### 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 118.

# Balance Sheet
# Governmental Funds

June 30, 2004 (Expressed in Thousands)

| | | Special Revenue | | |
|---|---|---|---|---|
| | General | Uniform School | Transportation | Centennial Highway |
| **ASSETS** | | | | |
| Cash and Cash Equivalents | $ 90,414 | $ 61,099 | $ 88,322 | $ 54,403 |
| Investments | 160,242 | 65,643 | 156,509 | 139,360 |
| Receivables: | | | | |
| Accounts, net | 463,919 | 39,294 | 65,004 | 27,392 |
| Accrued Interest | 26 | — | — | — |
| Accrued Taxes, net | 221,366 | 305,798 | 58,270 | 642 |
| Notes/Mortgages, net | 3,471 | 5,329 | 503 | — |
| Due From Other Funds | 15,739 | 3,827 | 708 | — |
| Due From Component Units | — | — | — | — |
| Inventories | — | — | 9,496 | — |
| Interfund Loans Receivable | 43,963 | — | — | — |
| Other Assets | — | — | — | — |
| Total Assets | $ 999,140 | $ 480,990 | $ 378,812 | $ 221,797 |
| **LIABILITIES AND FUND BALANCES** | | | | |
| Liabilities: | | | | |
| Accounts Payable and Accrued Liabilities | $ 318,582 | $ 60,811 | $ 102,500 | $ 1,806 |
| Due To Other Funds | 12,351 | 647 | 6,263 | — |
| Due To Component Units | — | — | — | — |
| Deferred Revenue | 182,254 | 105,646 | 43,968 | 62 |
| Interfund Loans Payable | — | — | — | 2,478 |
| Total Liabilities | 513,187 | 167,104 | 152,731 | 4,346 |
| Fund Balances: | | | | |
| Reserved for: | | | | |
| Nonlapsing Appropriations and Encumbrances | 72,339 | 28,972 | 3,108 | — |
| Specific Purposes by Statute | 119,797 | 18,233 | 76,750 | 29,046 |
| Interfund Loans Receivable | 21,927 | — | — | — |
| Capital Projects | — | — | — | — |
| Debt Service | — | — | — | — |
| Unreserved Designated | 255,531 | 228,680 | 43,502 | 537 |
| Unreserved Designated, reported in nonmajor: | | | | |
| Capital Projects Funds | — | — | — | — |
| Debt Service Funds | — | — | — | — |
| Unreserved Undesignated | 16,359 | 38,001 | 102,721 | 187,868 |
| Unreserved Undesignated, reported in nonmajor: | | | | |
| Special Revenue Funds | — | — | — | — |
| Capital Projects Funds | — | — | — | — |
| Total Fund Balances | 485,953 | 313,886 | 226,081 | 217,451 |
| Total Liabilities and Fund Balances | $ 999,140 | $ 480,990 | $ 378,812 | $ 221,797 |

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

| Permanent Trust Lands | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|
| $ 371 | $ 91,910 | $ 386,519 |
| 482,130 | 190,196 | 1,194,080 |
| | | |
| 11,991 | 30,657 | 638,257 |
| 936 | 29 | 991 |
| — | — | 586,076 |
| 6,454 | 155 | 15,912 |
| 3,663 | 4,003 | 27,940 |
| — | 26,395 | 26,395 |
| — | — | 9,496 |
| — | — | 43,963 |
| 6,473 | — | 6,473 |
| $ 512,018 | $ 343,345 | $ 2,936,102 |
| | | |
| $ — | $ 52,390 | $ 536,089 |
| 84 | 7,308 | 26,653 |
| — | 8,013 | 8,013 |
| 19,795 | 58,210 | 409,935 |
| — | — | 2,478 |
| 19,879 | 125,921 | 983,168 |
| | | |
| — | 127,315 | 231,734 |
| 492,139 | 40,427 | 776,392 |
| — | — | 21,927 |
| — | 10,189 | 10,189 |
| — | 7,055 | 7,055 |
| — | — | 528,250 |
| | | |
| — | 3 | 3 |
| — | 5,787 | 5,787 |
| — | — | 344,949 |
| | | |
| — | 42,031 | 42,031 |
| — | (15,383) | (15,383) |
| 492,139 | 217,424 | 1,952,934 |
| $ 512,018 | $ 343,345 | $ 2,936,102 |

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

| June 30, 2004 | | (Expressed in Thousands) |
|---|---|---|
| Total Fund Balances for Governmental Funds …… | | $ 1,952,934 |
| 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 | $ 721,618 | |
| Infrastructure, Non-depreciable | 7,262,468 | |
| Construction-In-Progress | 727,919 | |
| Buildings, Equipment, and Other Depreciable Assets | 1,241,817 | |
| Accumulated depreciation | (514,015) | 9,439,807 |
| 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. …..…….. | | 324,166 |
| Internal service funds are used by management to charge the costs of certain activities, such as insurance, information technology, and fleet operations to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets. .....….....… | | 63,574 |
| Bond issue costs are reported as current expenditures in the funds. However, issue costs are deferred and amortized over the life of the bonds and are included in the governmental activities in the Statement of Net Assets. ……..… | | 3,949 |
| Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds: (See Note 10) | | |
| General Obligation and Revenue Bonds Payable | (1,845,131) | |
| Unamortized Premiums | (108,594) | |
| Amount Deferred on Refunding | 26,966 | |
| Accrued Interest Payable | (1,630) | |
| Postemployment Benefits | (240,538) | |
| Compensated Absences | (139,594) | |
| Capital Leases | (22,902) | (2,331,423) |
| Total Net Assets of Governmental Activities …….. | | $ 9,453,007 |

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

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

For the Fiscal Year Ended June 30, 2004 (Expressed in Thousands)

| | | Special Revenue | | |
|---|---|---|---|---|
| | General | Uniform School | Transportation | Centennial Highway |
| **REVENUES** | | | | |
| Taxes: | | | | |
| Sales and Use Tax | $ 1,521,076 | $ — | $ 27,722 | $ 5,111 |
| Individual Income Tax | — | 1,706,774 | — | — |
| Corporate Tax | — | 165,893 | — | — |
| Motor and Special Fuels Tax | — | — | 327,838 | — |
| Other Taxes | 200,167 | 22,000 | 8,391 | — |
| Total Taxes | 1,721,243 | 1,894,667 | 363,951 | 5,111 |
| Other Revenues: | | | | |
| Federal Contracts and Grants | 1,741,580 | 311,336 | 204,741 | 34,389 |
| Charges for Services/Royalties | 204,874 | 2,000 | 25,399 | — |
| Licenses, Permits, and Fees | 18,029 | 4,416 | 61,557 | 19,633 |
| Federal Mineral Lease | 67,216 | — | — | — |
| Federal Aeronautics | — | — | 25,821 | — |
| Intergovernmental | — | — | — | — |
| Investment Income | 6,897 | 9,737 | 3,194 | 2,789 |
| Miscellaneous and Other | 143,033 | 6,301 | 19,392 | — |
| Total Revenues | 3,902,872 | 2,228,457 | 704,055 | 61,922 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General Government | 157,791 | — | — | — |
| Human Services and Youth Corrections | 550,691 | — | — | — |
| Corrections, Adult | 187,278 | — | — | — |
| Public Safety | 146,974 | — | — | — |
| Courts | 100,975 | — | — | — |
| Health and Environmental Quality | 1,340,304 | — | — | — |
| Higher Education – State Administration | 32,827 | — | — | — |
| Higher Education – Colleges and Universities | 595,630 | — | — | — |
| Employment and Family Services | 394,304 | — | — | — |
| Natural Resources | 119,909 | — | — | — |
| Community and Economic Development | 86,085 | — | — | — |
| Business, Labor, and Agriculture | 62,528 | — | — | — |
| Public Education | — | 2,037,873 | — | — |
| Transportation | — | — | 613,078 | 197,630 |
| Capital Outlay | — | — | — | — |
| Debt Service: | | | | |
| Principal Retirement | — | — | — | — |
| Interest and Other Charges | — | — | — | — |
| Total Expenditures | 3,775,296 | 2,037,873 | 613,078 | 197,630 |
| Excess Revenues Over (Under) Expenditures | 127,576 | 190,584 | 90,977 | (135,708) |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Revenue Bonds Issued | — | — | — | — |
| Refunding Bonds Issued | — | — | — | — |
| Premium (Discount) on Bonds Issued | — | — | — | — |
| Payment of Current Bond Refunding | — | — | — | — |
| Payment to Refunded Bond Escrow Agent | — | — | — | — |
| Capital Leases/Contracts Issued | — | — | — | — |
| Sale of Trust Lands | — | — | — | — |
| Transfers In | 178,900 | 2,110 | 28,127 | 133,643 |
| Transfers Out | (207,519) | (122,725) | (107,902) | (100,718) |
| Total Other Financing Sources (Uses) | (28,619) | (120,615) | (79,775) | 32,925 |
| Net Change in Fund Balances | 98,957 | 69,969 | 11,202 | (102,783) |
| Fund Balances – Beginning | 386,996 | 243,917 | 214,879 | 320,234 |
| Fund Balances – Ending | $ 485,953 | $ 313,886 | $ 226,081 | $ 217,451 |

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

| Permanent Trust Lands | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|
| $ — | $ — | $ 1,553,909 |
| — | — | 1,706,774 |
| — | — | 165,893 |
| — | — | 327,838 |
| — | 4,216 | 234,774 |
| 0 | 4,216 | 3,989,188 |
| — | 3,382 | 2,295,428 |
| 35,120 | 10,507 | 277,900 |
| — | 9,990 | 113,625 |
| — | — | 67,216 |
| — | — | 25,821 |
| — | 11,395 | 11,395 |
| 43,376 | 3,326 | 69,319 |
| — | 39,445 | 208,171 |
| 78,496 | 82,261 | 7,058,063 |
| — | 19,116 | 176,907 |
| — | 2,445 | 553,136 |
| — | 1,673 | 188,951 |
| — | 3,379 | 150,353 |
| — | 1,327 | 102,302 |
| — | 2,599 | 1,342,903 |
| — | — | 32,827 |
| — | 19,292 | 614,922 |
| — | 622 | 394,926 |
| — | 1,552 | 121,461 |
| — | 2,966 | 89,051 |
| — | 9,596 | 72,124 |
| — | 180 | 2,038,053 |
| — | 380 | 811,088 |
| — | 173,869 | 173,869 |
| — | 124,498 | 124,498 |
| — | 87,462 | 87,462 |
| 0 | 450,956 | 7,074,833 |
| 78,496 | (368,695) | (16,770) |
| — | 16,377 | 16,377 |
| — | 319,230 | 319,230 |
| — | 35,729 | 35,729 |
| — | (5,050) | (5,050) |
| — | (349,244) | (349,244) |
| — | 11,498 | 11,498 |
| 13,066 | — | 13,066 |
| 14 | 229,972 | 572,766 |
| (4,428) | (12,176) | (555,468) |
| 8,652 | 246,336 | 58,904 |
| 87,148 | (122,359) | 42,134 |
| 404,991 | 339,783 | 1,910,800 |
| $ 492,139 | $ 217,424 | $ 1,952,934 |

## 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, 2004 | | (Expressed in Thousands) |
|---|---|---|
| Net Change in Fund Balances – Total Governmental Funds …… | | $ 42,134 |
| 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 $484,305 exceeded depreciation $(49,249) and buildings "transferred" to component units $(133,721) in the current period. (See Note 8) | | 301,335 |
| In the Statement of Activities, only the gain on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sales increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the assets sold. ……. | | (1,720) |
| 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. …….. | | 46,883 |
| Internal service funds are used by management to charge the costs of certain activities, such as insurance, information technology, and fleet operations, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. ..... | | 1,066 |
| 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 ..... | $ (335,607) | |
| Premiums on Bonds Issued ..... | (35,729) | |
| Capital Lease Additions ..... | (11,498) | |
| Payment to Refund Bonds ..... | 321,547 | |
| Amount Deferred on Refunding ..... | 15,415 | |
| Payment of Bond Principal ..... | 124,498 | |
| Capital Lease Payments ..... | 1,442 | 80,068 |
| 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: | | |
| Postemployment Benefits Expenses ..... | (16,588) | |
| Compensated Absences Expenses ..... | (2,850) | |
| Arbitrage Interest Expense ..... | 103 | |
| Accrued Interest on Bonds Payable ..... | (32) | |
| Amortization of Bond Premiums ..... | 34,570 | |
| Amortization of Amount Deferred on Refunding ..... | (2,487) | |
| Deferred Bond Issue Costs ..... | (370) | 12,346 |
| Change in Net Assets of Governmental Activities …… | | $ 482,112 |

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

### Student Assistance Programs

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

### Unemployment Compensation Fund

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

### Water Loan Programs

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

### Nonmajor Funds

Nonmajor enterprise funds are presented beginning on page 142.

### 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 152.

# Statement Of Net Assets
# Proprietary Funds

June 30, 2004 (Expressed in Thousands)

| | Business-type Activities – Enterprise Funds | | | |
|---|---|---|---|---|
| | Student Assistance Programs | Unemployment Compensation Fund | Water Loan Programs | Nonmajor Enterprise Funds |
| **ASSETS** | | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents | $ 62,519 | $ 363,581 | $ 90,778 | $ 102,364 |
| Investments | 254,139 | — | — | 207 |
| Receivables: | | | | |
| Accounts, net | 8,417 | 56,732 | 112 | 9,674 |
| Accrued Interest | 15,715 | — | 4,132 | 2,766 |
| Notes/Loans/Mortgages, net | 153,671 | — | 24,415 | 15,578 |
| Due From Other Funds | — | — | 342 | 2,551 |
| Interfund Loans Receivable | — | — | — | 20 |
| Prepaid Items | 2,551 | — | — | 44 |
| Inventories | — | — | — | 18,621 |
| Total Current Assets | 497,012 | 420,313 | 119,779 | 151,825 |
| Noncurrent Assets: | | | | |
| Restricted Investments | 74,219 | — | — | — |
| Investments | — | — | — | 1,301 |
| Prepaid Items | — | — | — | — |
| Notes/Loans/Mortgages Receivables, net | 1,102,378 | — | 417,658 | 232,395 |
| Accrued Interest Receivable | — | — | 3,845 | 528 |
| Deferred Charges | 17,376 | — | — | — |
| Interfund Loans Receivable | — | — | — | 40 |
| Capital Assets: | | | | |
| Land | — | — | — | 17,235 |
| Infrastructure | — | — | — | — |
| Buildings and Improvements | 11,235 | — | — | 33,598 |
| Machinery and Equipment | 1,436 | — | — | 10,507 |
| Construction in Progress | — | — | — | — |
| Less Accumulated Depreciation | (1,450) | — | — | (14,835) |
| Total Capital Assets | 11,221 | 0 | 0 | 46,505 |
| Total Noncurrent Assets | 1,205,194 | 0 | 421,503 | 280,769 |
| Total Assets | 1,702,206 | 420,313 | 541,282 | 432,594 |
| **LIABILITIES** | | | | |
| Current Liabilities: | | | | |
| Accounts Payable and Accrued Liabilities | 10,798 | 614 | 639 | 12,168 |
| Deposits | — | 97 | — | 1 |
| Due To Other Funds | — | 2,691 | 30 | 14,280 |
| Interfund Loans Payable | — | — | — | — |
| Unearned Revenue | 1,786 | — | 53 | 1,878 |
| Policy Claims Liabilities | — | 5,201 | — | — |
| Revenue Bonds Payable | 136,515 | — | 1,060 | 1,037 |
| Arbitrage Liability | 350 | — | — | — |
| Total Current Liabilities | 149,449 | 8,603 | 1,782 | 29,364 |
| Noncurrent Liabilities: | | | | |
| Accrued Liabilities | 4,159 | — | — | — |
| Unearned Revenue | 5,107 | — | — | — |
| Interfund Loans Payable | — | — | — | — |
| Policy Claims Liabilities | — | — | — | — |
| Revenue Bonds Payable | 1,260,996 | — | — | 22,479 |
| Arbitrage Liability | 61,416 | — | — | — |
| Total Noncurrent Liabilities | 1,331,678 | 0 | 0 | 22,479 |
| Total Liabilities | 1,481,127 | 8,603 | 1,782 | 51,843 |
| **NET ASSETS** | | | | |
| Invested in Capital Assets, Net of Related Debt | 633 | — | — | 23,508 |
| Restricted for: | | | | |
| Unemployment Compensation and Insurance Programs | — | 411,710 | — | — |
| Loan Programs | 141,808 | — | 205,245 | 33,786 |
| Debt Service | — | — | 12,196 | — |
| Unrestricted (Deficit) | 78,638 | — | 322,059 | 323,457 |
| Total Net Assets | $ 221,079 | $ 411,710 | $ 539,500 | $ 380,751 |

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

| Total | Governmental Activities – Internal Service Funds |
|---|---|
| $ 619,242 | $ 57,350 |
| 254,346 | — |
| 74,935 | 3,600 |
| 22,613 | — |
| 193,664 | — |
| 2,893 | 13,797 |
| 20 | — |
| 2,595 | 1,283 |
| 18,621 | 3,667 |
| 1,188,929 | 79,697 |
| 74,219 | — |
| 1,301 | — |
| — | 573 |
| 1,752,431 | — |
| 4,373 | — |
| 17,376 | — |
| 40 | 2,478 |
| 17,235 | 17 |
| — | 246 |
| 44,833 | 7,339 |
| 11,943 | 175,350 |
| — | 955 |
| (16,285) | (101,965) |
| 57,726 | 81,942 |
| 1,907,466 | 84,993 |
| 3,096,395 | 164,690 |
| 24,219 | 12,380 |
| 98 | — |
| 17,001 | 3,012 |
| — | 22,057 |
| 3,717 | 143 |
| 5,201 | 9,329 |
| 138,612 | 40 |
| 350 | — |
| 189,198 | 46,961 |
| 4,159 | — |
| 5,107 | 165 |
| — | 21,966 |
| — | 31,094 |
| 1,283,475 | 930 |
| 61,416 | — |
| 1,354,157 | 54,155 |
| 1,543,355 | 101,116 |
| 24,141 | 80,972 |
| 411,710 | 4,553 |
| 380,839 | 2,478 |
| 12,196 | — |
| 724,154 | (24,429) |
| $ 1,553,040 | $ 63,574 |

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

For the Fiscal Year Ended June 30, 2004 (Expressed in Thousands)

| | Business-type Activities – Enterprise Funds | | | |
|---|---|---|---|---|
| | Student Assistance Programs | Unemployment Compensation Fund | Water Loan Programs | Nonmajor Enterprise Funds |
| **OPERATING REVENUES** | | | | |
| Sales and Charges for Services/Premiums | $ 26,703 | $ 158,466 | $ 246 | $ 166,973 |
| Fees and Assessments | 2,869 | — | 13 | 3,595 |
| Interest on Notes/Mortgages | 41,954 | — | 8,901 | 5,328 |
| Federal Reinsurance and Allowances/Reimbursements | 18,312 | 32,194 | — | — |
| Miscellaneous | 1,297 | — | — | 483 |
| Total Operating Revenues | 91,135 | 190,660 | 9,160 | 176,379 |
| **OPERATING EXPENSES** | | | | |
| Administration | 3,886 | — | — | 24,007 |
| Purchases, Materials, and Services for Resale | — | — | — | 95,930 |
| Grants | — | — | 6,510 | 772 |
| Rentals and Leases | — | — | — | 1,711 |
| Maintenance | — | — | — | 2,220 |
| Interest | 28,795 | — | — | — |
| Depreciation | 286 | — | — | 1,602 |
| Student Loan Servicing and Related Expenses | 23,903 | — | — | — |
| Payment to Lenders for Guaranteed Claims | 18,742 | — | — | — |
| Benefit Claims and Unemployment Compensation | — | 242,828 | — | — |
| Supplies and Other Miscellaneous | 7,127 | — | 103 | 3,859 |
| Total Operating Expenses | 82,739 | 242,828 | 6,613 | 130,101 |
| Operating Income (Loss) | 8,396 | (52,168) | 2,547 | 46,278 |
| **NONOPERATING REVENUES (EXPENSES)** | | | | |
| Investment Income | 5,774 | 22,230 | 1,422 | 995 |
| Federal Grants | — | — | 10,550 | 2,291 |
| Gain (Loss) on Sale of Capital Assets | — | — | — | — |
| Tax Revenues | — | — | 13,877 | 525 |
| Interest Expense | — | — | (117) | (1,063) |
| Refunds Paid to Federal Government | — | — | — | — |
| Other Revenues (Expenses) | — | — | 447 | 15 |
| Total Nonoperating Revenues (Expenses) | 5,774 | 22,230 | 26,179 | 2,763 |
| Income (Loss) before Transfers | 14,170 | (29,938) | 28,726 | 49,041 |
| Transfers In | — | — | 1,582 | 29,888 |
| Transfers Out | — | (2,323) | (2,869) | (39,686) |
| Change in Net Assets | 14,170 | (32,261) | 27,439 | 39,243 |
| Net Assets – Beginning | 206,909 | 443,971 | 512,061 | 341,508 |
| Net Assets – Ending | $ 221,079 | $ 411,710 | $ 539,500 | $ 380,751 |

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

| Total | Governmental Activities – Internal Service Funds |
|---|---|
| $ 352,388 | $ 168,505 |
| 6,477 | — |
| 56,183 | — |
| 50,506 | — |
| 1,780 | 96 |
| 467,334 | 168,601 |
| | |
| 27,893 | 33,643 |
| 95,930 | 59,711 |
| 7,282 | 406 |
| 1,711 | 4,898 |
| 2,220 | 17,157 |
| 28,795 | — |
| 1,888 | 20,845 |
| 23,903 | — |
| 18,742 | — |
| 242,828 | 5,506 |
| 11,089 | 20,454 |
| 462,281 | 162,620 |
| 5,053 | 5,981 |
| | |
| 30,421 | 896 |
| 12,841 | — |
| — | (671) |
| 14,402 | — |
| (1,180) | (50) |
| — | (1,489) |
| 462 | 289 |
| 56,946 | (1,025) |
| 61,999 | 4,956 |
| 31,470 | 392 |
| (44,878) | (4,282) |
| 48,591 | 1,066 |
| 1,504,449 | 62,508 |
| $ 1,553,040 | $ 63,574 |

# Statement Of Cash Flows
# Proprietary Funds

For the Fiscal Year Ended June 30, 2004 (Expressed in Thousands)

| | Business-type Activities – Enterprise Funds | | | |
|---|---|---|---|---|
| | Student Assistance Programs | Unemployment Compensation Fund | Water Loan Programs | Nonmajor Enterprise Funds |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Receipts from Customers/Loan Interest/Fees/Premiums | $ 50,975 | $ 137,957 | $ 8,967 | $ 192,534 |
| Receipts from Loan Maturities | 303,576 | — | 30,971 | 17,525 |
| Receipts Federal Reinsurance & Allowances/Reimburse | 44,233 | 33,456 | — | — |
| Receipts from State Customers | 981 | — | — | 9,416 |
| Student Loan Disbursements Received from Lenders | 354,798 | — | — | — |
| Student Loan Disbursements Sent to Schools/Lenders | (353,442) | — | — | — |
| Payments to Suppliers/Claims/Grants | (32,833) | (243,280) | (5,590) | (104,504) |
| Disbursements for Loans Receivable | (426,559) | — | (41,437) | (23,751) |
| Payments on Loan Guarantees | (25,221) | — | — | — |
| Payments for Employee Services and Benefits | (3,217) | — | — | (21,020) |
| Payments to State Suppliers | (848) | — | (834) | (2,411) |
| Payments of Sales, School Lunch, and Premium Taxes | — | — | — | (25,597) |
| Net Cash Provided (Used) by Operating Activities | (87,557) | (71,867) | (7,923) | 42,192 |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | | | |
| Borrowings Under Interfund Loans | — | — | — | 6,428 |
| Repayments Under Interfund Loans | — | — | — | (7,271) |
| Receipts from Bonds, Notes, and Deposits | 126,450 | 43 | — | — |
| Payments of Bonds, Notes, Deposits, and Refunds | (43,640) | (10) | (1,580) | — |
| Interest Paid on Bonds, Notes, and Financing Costs | (23,517) | — | (223) | — |
| Federal Grants and Other Revenues | — | — | 11,150 | 2,308 |
| Restricted Sales Tax | — | — | 14,395 | 525 |
| Transfers In from Other Funds | — | — | 1,582 | 28,561 |
| Transfers Out to Other Funds | — | (2,323) | (2,869) | (38,231) |
| Net Cash Provided (Used) by Noncapital Financing Activities | 59,293 | (2,290) | 22,455 | (7,680) |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | | |
| Borrowings Under Interfund Loans | — | — | — | — |
| Repayments Under Interfund Loans | — | — | — | — |
| Proceeds from Bond and Note Debt Issuance/Grants | 3,632 | — | — | 1,100 |
| Proceeds from Disposition of Capital Assets | — | — | — | — |
| Federal Grants and Other Revenues | — | — | — | — |
| Principal Paid on Debt and Contract Maturities | — | — | — | (798) |
| Acquisition and Construction of Capital Assets | (3,418) | — | — | (5,149) |
| Interest Paid on Bonds, Notes, and Capital Leases | — | | — | (1,058) |
| Transfers In from Other Funds | — | — | — | 1,327 |
| Transfers Out to Other Funds | — | — | — | (1,455) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | 214 | 0 | 0 | (6,033) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Proceeds from the Sale and Maturity of Investments | 549,581 | — | 2,988 | — |
| Receipts of Interest and Dividends from Investments | 5,828 | 22,230 | 1,385 | 972 |
| Payments to Purchase Investments | (549,813) | — | (2,291) | — |
| Net Cash Provided (Used) by Investing Activities | 5,596 | 22,230 | 2,082 | 972 |
| Net Cash Provided (Used) – All Activities | (22,454) | (51,927) | 16,614 | 29,451 |
| Cash and Cash Equivalents – Beginning | 84,973 | 415,508 | 74,164 | 72,913 |
| Cash and Cash Equivalents – Ending | $ 62,519 | $ 363,581 | $ 90,778 | $ 102,364 |

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

| Total | Governmental Activities – Internal Service Funds |
|---|---|
| $ 390,433 | $ 38,288 |
| 352,072 | — |
| 77,689 | — |
| 10,397 | 131,935 |
| 354,798 | — |
| (353,442) | — |
| (386,207) | (75,148) |
| (491,747) | — |
| (25,221) | — |
| (24,237) | (33,500) |
| (4,093) | (43,899) |
| (25,597) | — |
| (125,155) | 17,676 |
| 6,428 | — |
| (7,271) | — |
| 126,493 | — |
| (45,230) | — |
| (23,740) | — |
| 13,458 | — |
| 14,920 | — |
| 30,143 | 200 |
| (43,423) | (4,282) |
| 71,778 | (4,082) |
| 0 | 2,967 |
| 0 | (2,570) |
| 4,732 | — |
| 0 | 2,897 |
| 0 | 302 |
| (798) | (40) |
| (8,567) | (22,850) |
| (1,058) | (52) |
| 1,327 | 192 |
| (1,455) | — |
| (5,819) | (19,154) |
| 552,569 | — |
| 30,415 | 896 |
| (552,104) | — |
| 30,880 | 896 |
| (28,316) | (4,664) |
| 647,558 | 62,014 |
| $ 619,242 | $ 57,350 |

**Continues**

## Statement Of Cash Flows
## Proprietary Funds

**Continued**

For the Fiscal Year Ended June 30, 2004 (Expressed in Thousands)

| | Business-type Activities – Enterprise Funds | | | |
|---|---|---|---|---|
| | **Student Assistance Programs** | **Unemployment Compensation Fund** | **Water Loan Programs** | **Nonmajor Enterprise Funds** |
| **RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES** | | | | |
| Operating Income (Loss) | $ 8,396 | $ (52,168) | $ 2,547 | $ 46,278 |
| Adjustments to Reconcile Operating Income (Loss) | | | | |
| Depreciation Expense | 286 | — | — | 1,602 |
| Interest Expense for Noncapital and Capital Financing | 18,035 | — | — | — |
| Miscellaneous Gains, Losses, and Other Items | 4,633 | — | — | 759 |
| Net Changes in Assets and Liabilities: | | | | |
| Accounts Receivable/Due From Other Funds | (149) | (19,035) | (113) | (1,067) |
| Notes/Accrued Interest Receivables | (131,073) | — | (10,554) | (6,573) |
| Inventories | — | — | — | (868) |
| Prepaid Items | (23) | — | — | 16 |
| Accrued Liabilities/Due to Other Funds | 11,651 | (197) | 197 | 1,634 |
| Unearned Revenue/Deposits | 687 | — | — | 411 |
| Policy Claims Liabilities | — | (467) | — | — |
| Net Cash Provided (Used) by Operating Activities | $ (87,557) | $ (71,867) | $ (7,923) | $ 42,192 |
| **SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES** | | | | |
| Increase (Decrease) in Fair Value of Investments | $ — | $ — | $ 61 | $ 54 |
| Total Noncash Investing, Capital, and Financing Activities | $ 0 | $ 0 | $ 61 | $ 54 |

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

| Total | Governmental Activities – Internal Service Funds |
|---|---|
| $ 5,053 | $ 5,981 |
| 1,888 | 20,845 |
| 18,035 | — |
| 5,392 | — |
| (20,364) | (2,856) |
| (148,200) | — |
| (868) | 316 |
| (7) | (340) |
| 13,285 | (2,017) |
| 1,098 | (1,017) |
| (467) | (3,236) |
| $ (125,155) | $ 17,676 |
| $ 115 | $ 38 |
| $ 115 | $ 38 |

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

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

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

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

Individual funds are presented by fund type beginning on page 162.

## Statement Of Fiduciary Net Assets
## Fiduciary Funds

June 30, 2004 (Expressed in Thousands)

| | Pension Trust Funds | Investment Trust Fund | Private Purpose Trust Funds | Agency Funds |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and Cash Equivalents | $ 1,567,268 | $ 279 | $ 30,448 | $ 92,218 |
| Receivables: | | | | |
| Accounts | 30 | 59 | 3,867 | 147 |
| Contributions | 23,533 | — | — | — |
| Investments | 438,961 | — | — | — |
| Accrued Interest | — | 11,576 | — | — |
| Accrued Assessments | — | — | 9,407 | — |
| Due From Other Funds | — | — | 204 | 2,998 |
| Investments: | | | | |
| Debt Securities | 3,725,655 | 3,825,937 | 212,197 | 11,791 |
| Equity Investments | 9,171,268 | — | 623,766 | 1,530 |
| Venture Capital | 654,294 | — | — | — |
| Real Estate | 1,187,701 | — | — | — |
| Mortgage Loans | 6,662 | — | — | — |
| Invested Securities Lending Collateral | 1,543,084 | — | — | — |
| Investment Contracts | 53,728 | — | — | — |
| Total Investments | 16,342,392 | 3,825,937 | 835,963 | 13,321 |
| Capital Assets: | | | | |
| Land | 1,779 | — | 260 | — |
| Buildings and Improvements | 10,976 | — | 4,493 | — |
| Machinery and Equipment | 3,507 | — | 331 | — |
| Less Accumulated Depreciation | (11,173) | — | (1,120) | — |
| Total Capital Assets | 5,089 | 0 | 3,964 | 0 |
| Total Assets | 18,377,273 | 3,837,851 | 883,853 | $108,684 |
| **LIABILITIES** | | | | |
| Accounts Payable | 674,477 | — | 1,676 | $ — |
| Securities Lending Liability | 1,543,084 | — | — | — |
| Due To Other Funds | — | — | 1,166 | — |
| Due To Other Individuals or Groups | — | — | — | 29,175 |
| Due To Other Taxing Units | — | — | — | 79,509 |
| Unearned Revenue | — | — | 326 | — |
| Leave/Postemployment Benefits | 4,226 | — | — | — |
| Policy Claims Liabilities/Insurance Reserves | 51,959 | — | 362,393 | — |
| Mortgages Payable | 4,801 | — | — | — |
| Total Liabilities | 2,278,547 | 0 | 365,561 | $108,684 |
| **NET ASSETS** | | | | |
| Held in trust for: | | | | |
| Pension Benefits | 14,249,132 | — | — | |
| Deferred Compensation | 1,849,594 | — | — | |
| Pool Participants | — | 3,837,851 | — | |
| Individuals, Organizations, and Other Governments | — | — | 518,292 | |
| Total Net Assets | $ 16,098,726 | $ 3,837,851 | $ 518,292 | |
| Participant Account Balance Net Asset Valuation Factor | | 1.000703 | | |

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, 2004 (Expressed in Thousands)

| | Pension Trust Funds | Investment Trust Fund | Private Purpose Trust Funds |
|---|---|---|---|
| **ADDITIONS** | | | |
| Contributions: | | | |
| Member | $ 205,820 | $ — | $ 259,072 |
| Employer | 369,014 | — | — |
| Court Fees and Fire Insurance Premiums | 10,998 | — | — |
| Total Contributions | 585,832 | 0 | 259,072 |
| Pool Participant Deposits | — | 5,993,467 | — |
| Investment Income: | | | |
| Net Increase (Decrease) in Fair Value of Investments | 2,889,578 | (2,915) | 69,256 |
| Interest, Dividends, and Other Investment Income | 354,038 | 68,469 | 12,262 |
| Less Investment Expenses | (36,057) | (93) | — |
| Net Investment Income | 3,207,559 | 65,461 | 81,518 |
| Transfers From Affiliated Systems | 37,018 | — | — |
| Other Additions: | | | |
| Escheats | — | — | 12,967 |
| Royalties and Rents | — | — | 1,829 |
| Fees, Assessments, and Revenues | — | — | 66,804 |
| Miscellaneous | — | — | 4,061 |
| Total Other | 0 | 0 | 85,661 |
| Total Additions | 3,830,409 | 6,058,928 | 426,251 |
| **DEDUCTIONS** | | | |
| Pension Benefits | 533,202 | — | — |
| Refunds/Plan Distributions | 91,410 | — | — |
| Earnings Distribution | — | 67,681 | — |
| Pool Participant Withdrawals | — | 5,987,127 | — |
| Transfers To Affiliated Systems | 37,018 | — | — |
| Trust Operating Expenses | — | — | 24,430 |
| Distributions and Benefit Payments | — | — | 50,881 |
| Administrative and General Expenses | 14,833 | — | 8,004 |
| Total Deductions | 676,463 | 6,054,808 | 83,315 |
| Change in Net Assets Held in Trust for: | | | |
| Pension Benefits | 2,788,677 | — | — |
| Deferred Compensation | 365,269 | — | — |
| Pool Participants | — | 4,120 | — |
| Individuals, Organizations, and Other Governments | — | — | 342,936 |
| Net Assets – Beginning | 12,944,780 | 3,945,519 | 175,356 |
| Adjustments to Beginning Net Assets | — | (111,788) | — |
| Net Assets – Beginning as Adjusted | 12,944,780 | 3,833,731 | 175,356 |
| Net Assets – Ending | $ 16,098,726 | $ 3,837,851 | $ 518,292 |

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

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

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

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

### Nonmajor Component Units
Nonmajor component units are presented beginning on page 174.

# Combining Statement Of Net Assets
# Component Units

June 30, 2004 (Expressed in Thousands)

| | Utah Housing Corporation | Public Employees Health Program | University of Utah | Utah State University |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents | $ 444,534 | $ 2,294 | $ 405,614 | $ 135,259 |
| Investments | — | 70,520 | 25,100 | 17,244 |
| Receivables: | | | | |
| Accounts, net | — | 39,930 | 146,163 | 49,552 |
| Notes/Loans/Mortgages/Pledges, net | 12,353 | — | 32,436 | 12,807 |
| Accrued Interest | 5,276 | 1,129 | 1,461 | — |
| Due From Primary Government | — | — | 8,013 | — |
| Due From Component Units | — | — | — | — |
| Prepaid Items | 1,365 | — | — | 981 |
| Inventories | — | — | 25,435 | 3,262 |
| Deferred Charges | — | — | 8,389 | — |
| Total Current Assets | 463,528 | 113,873 | 652,611 | 219,105 |
| Noncurrent Assets: | | | | |
| Restricted Investments | 73,334 | — | 280,545 | 52,838 |
| Accounts Receivables, net | — | — | — | — |
| Investments | 131,531 | 95,815 | 254,626 | 6,427 |
| Notes/Loans/Mortgages/Pledges Receivables, net | 743,515 | — | 56,669 | 13,207 |
| Deferred Charges | 8,156 | — | 17,145 | — |
| Other Assets | 5,454 | — | — | — |
| Capital Assets (net of Accumulated Depreciation) | 3,046 | 1,020 | 1,025,401 | 364,915 |
| Total Noncurrent Assets | 965,036 | 96,835 | 1,634,386 | 437,387 |
| Total Assets | 1,428,564 | 210,708 | 2,286,997 | 656,492 |
| **LIABILITIES** | | | | |
| Current Liabilities: | | | | |
| Accounts Payable and Accrued Liabilities | 34,545 | 11,406 | 126,926 | 35,051 |
| Securities Lending Liability | — | 23,290 | — | — |
| Deposits | — | — | 66,576 | 352 |
| Due To Primary Government | — | — | 6,030 | 1,414 |
| Unearned Revenue | — | 6,848 | 29,391 | 22,812 |
| Current Portion of Long-term Liabilities (Note 10) | 142,330 | 54,714 | 22,830 | 9,703 |
| Total Current Liabilities | 176,875 | 96,258 | 251,753 | 69,332 |
| Noncurrent Liabilities: | | | | |
| Accrued Liabilities | 1,319 | — | — | — |
| Unearned Revenue | — | — | — | 540 |
| Deposits | — | — | 11,732 | — |
| Due To Primary Government | — | — | 10,515 | — |
| Long-term Liabilities (Note 10) | 1,057,147 | 44,600 | 328,531 | 82,286 |
| Total Noncurrent Liabilities | 1,058,466 | 44,600 | 350,778 | 82,826 |
| Total Liabilities | 1,235,341 | 140,858 | 602,531 | 152,158 |
| **NET ASSETS** | | | | |
| Invested in Capital Assets, Net of Related Debt | 3,046 | 1,020 | 706,000 | 293,533 |
| Restricted for: | | | | |
| Nonexpendable: | | | | |
| Higher Education | — | — | 247,845 | 66,596 |
| Expendable: | | | | |
| Higher Education | — | — | 321,315 | 94,904 |
| Debt Service | 158,421 | — | — | — |
| Insurance Plans | — | 68,830 | — | — |
| Other | — | — | — | — |
| Unrestricted | 31,756 | — | 409,306 | 49,301 |
| Total Net Assets | $ 193,223 | $ 69,850 | $ 1,684,466 | $ 504,334 |

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

| Nonmajor Component Units | Total |
|---|---|
| $ 131,710 | $ 1,119,411 |
| 12,551 | 125,415 |
| 25,277 | 260,922 |
| 3,569 | 61,165 |
| 491 | 8,357 |
| — | 8,013 |
| 3 | 3 |
| 4,188 | 6,534 |
| 7,796 | 36,493 |
| 344 | 8,733 |
| 185,929 | 1,635,046 |
| 86,147 | 492,864 |
| 2,594 | 2,594 |
| 72,165 | 560,564 |
| 20,155 | 833,546 |
| — | 25,301 |
| 6,396 | 11,850 |
| 770,030 | 2,164,412 |
| 957,487 | 4,091,131 |
| 1,143,416 | 5,726,177 |
| 19,800 | 227,728 |
| — | 23,290 |
| 3,168 | 70,096 |
| 8,436 | 15,880 |
| 14,288 | 73,339 |
| 21,478 | 251,055 |
| 67,170 | 661,388 |
| 13 | 1,332 |
| — | 540 |
| 1,010 | 12,742 |
| — | 10,515 |
| 99,458 | 1,612,022 |
| 100,481 | 1,637,151 |
| 167,651 | 2,298,539 |
| 677,647 | 1,681,246 |
| 63,124 | 377,565 |
| 110,252 | 526,471 |
| — | 158,421 |
| — | 68,830 |
| 57 | 57 |
| 124,685 | 615,048 |
| $ 975,765 | $ 3,427,638 |

# Combining Statement Of Activities
# Component Units

For the Fiscal Year Ended June 30, 2004 (Expressed in Thousands)

| | Utah Housing Corporation | Public Employees Health Program | University of Utah | Utah State University |
|---|---|---|---|---|
| Expenses | $ 69,329 | $ 425,207 | $ 1,705,843 | $ 422,569 |
| Program Revenues: | | | | |
| Charges for Services: | | | | |
| Tuition and Fees | — | — | 128,334 | 78,970 |
| Scholarship Allowances | — | — | (11,620) | (22,598) |
| Sales, Services, and Other Revenues (net of University of Utah patient services allowance of $35,683) | 71,176 | 422,307 | 1,076,221 | 58,477 |
| Operating Grants and Contributions | 155 | 1,399 | 358,322 | 194,161 |
| Capital Grants and Contributions | — | — | 54,520 | 28,284 |
| Total Program Revenues | 71,331 | 423,706 | 1,605,777 | 337,294 |
| Net (Expenses) Revenues | 2,002 | (1,501) | (100,066) | (85,275) |
| General Revenues: | | | | |
| State Appropriations | — | — | 227,835 | 125,802 |
| Unrestricted Investment Income | — | — | — | — |
| Permanent Endowments Contributions | — | — | 11,389 | 3,631 |
| Total General Revenues | 0 | 0 | 239,224 | 129,433 |
| Change in Net Assets | 2,002 | (1,501) | 139,158 | 44,158 |
| Net Assets – Beginning | 191,221 | 71,351 | 1,545,308 | 451,642 |
| Adjustments to Beginning Net Assets | — | — | — | 8,534 |
| Net Assets – Beginning as Adjusted | 191,221 | 71,351 | 1,545,308 | 460,176 |
| Net Assets – Ending | $ 193,223 | $ 69,850 | $ 1,684,466 | $ 504,334 |

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

| Nonmajor Component Units | Total |
|---|---|
| $ 679,917 | $ 3,302,865 |
| 209,002 | 416,306 |
| (38,651) | (72,869) |
| 98,975 | 1,727,156 |
| 150,735 | 704,772 |
| 88,366 | 171,170 |
| 508,427 | 2,946,535 |
| (171,490) | (356,330) |
| 267,384 | 621,021 |
| 743 | 743 |
| 1,910 | 16,930 |
| 270,037 | 638,694 |
| 98,547 | 282,364 |
| 877,218 | 3,136,740 |
| — | 8,534 |
| 877,218 | 3,145,274 |
| $ 975,765 | $ 3,427,638 |

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## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### A. Reporting Entity

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

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

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

Entities such as the local school districts and local authorities of various kinds that may only partially meet the criteria for inclusion in this report have not been included. (The State's support of the public education system is reported in the Uniform School Fund, a special revenue fund.)

#### Blended Component Units

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

Utah State Building Ownership Authority (blended with the primary government's debt service and capital projects funds) — The Authority was created by the Legislature as a body politic and corporate for the purpose of financing, owning, leasing and operating facilities to meet the needs of state government. It is comprised of three members: the Governor or designee, the State Treasurer and the Chair of the State Building Board. Separate financial statements are not required or issued for the Authority.

#### Discrete Component Units

Discretely presented component units are reported in a separate column and/or rows in each of the government-wide statements to emphasize that they are legally separate from the State. The Governor appoints at least a majority of the governing board members of each of the State's component units, subject in most cases to approval by the Senate. The Utah Housing Corporation is included in the reporting entity because of its ability to issue moral obligation debt of the State and low-income housing tax credits. The other component units are included in the reporting entity because under the criteria established by GASB, the State has the ability to impose its will on these organizations. The colleges and universities, the Public Employees Health Program and the Comprehensive Health Insurance Pool are included as component units due to the level of oversight provided by the State. The Governor-appointed board members of the remaining component units can be replaced at will.

The State's major discrete component units are:

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

Public Employees Health Program — This Program provides employee medical and other insurance services predominantly for agencies of the State. It also provides claims processing and insurance services for 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.

Heber Valley Historic Railroad Authority — The Authority is an independent state agency that maintains and operates a scenic and historic railroad in and around the Heber Valley. The Authority has a separate compilation report, but separate audited financial statements are not required or issued for it.

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

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

**Fiduciary Component Units**

Utah Retirement Systems (pension trust funds) — Utah Retirement Systems administers pension funds for various public employee retirement systems and plans of the State and its political subdivisions. Utah Retirement Systems is an independent state agency subject to legislative and executive department budgetary examination and comment. The Utah State Retirement Board, a seven-member board is established by statute to administer the systems and plans, and to serve as investment trustees of the funds. Six members are appointed by the Governor with the advice and consent of the Senate, while the State Treasurer serves as the seventh member. Because of the State's trustee responsibilities for these systems and plans, GAAP requires them to be reported as pension trust funds of the primary government rather than discrete component units. In accordance with GAAP, fiduciary funds and component units that are fiduciary in nature are excluded from the government-wide financial statements.

**Related Organization** (Excluded from Financial Statements)

Workers' Compensation Fund — This fund is a nonprofit quasi-public corporation created by the Legislature for a public purpose that provides workers' compensation insurance to private and public employers. The Governor appoints six of the Fund's seven board of directors, but the State's financial accountability for the Fund does not extend beyond making the appointments.

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

**Government-wide Financial Statements**

The Statement of Net Assets and Statement of Activities report information on all nonfiduciary activities of the primary government and its component units. Primary government activities are distinguished between *governmental* and *business-type* activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

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

**Fund Financial Statements**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide statements. For governmental and proprietary funds financial statements, the emphasis is on major individual governmental and enterprise funds, with each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Internal service funds are also aggregated and reported in a separate column on the proprietary funds financial statements.

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

**Government-wide Financial Statements**

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the cash flows. Nonexchange transactions, in which the State receives value without directly giving equal value in exchange, include taxes, grants, and donations. Tax revenue is recognized in the fiscal year in which the related sales, wages, or activity being taxed occurred. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been met.

**Governmental Fund Financial Statements**

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. For this purpose, the State generally considers taxes and other revenues to be available if the revenues are collected within 45 days after yearend. An exception to this policy is federal grant revenues, which generally are considered to be available if collection is expected within 12 months after yearend.

Expenditures are generally recorded when the related liability is incurred, as under the accrual basis of accounting. However, expenditures for principal and interest on long-term debt are recorded when due or when amounts have been accumulated in the debt service fund for payments of interest to be made early in the following year. Also, expenditures and related liabilities for compensated absences, postemployment benefits, and claims and judgments are recorded only to the extent they have matured (come due for payment).

**Major Governmental Funds —** The State reports the following major governmental funds:

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

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

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

- **Centennial Highway Fund**. This special revenue fund was created by the Legislature to account for specific highway projects.

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

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

**Proprietary Fund Financial Statements**

The financial statements of the proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements described above. 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.

The proprietary funds follow all GASB pronouncements, and all Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

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

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

- **Student Assistance Programs**. These programs make loans to, and purchase loans of, qualified students attending eligible higher education institutions. The programs also guarantee the repayment of student loans made by participating lenders to eligible students.

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

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

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

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

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

**Private Purpose Trust Funds** — These funds report resources of all other trust arrangements in which principal and income benefit individuals, private organizations or other governments. Examples include the Utah Navajo Nation Trust, Unclaimed Property Trust, Employers' Reinsurance Trust, Petroleum Storage Tank Trust, and the Utah Education Savings Plan Trust.

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

**Component Unit Financial Statements**

The combining component unit financial statements are presented in order to provide information on each of the major component units included in the component unit's column of the government-wide statements. The component unit financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The information is presented in order to be consistent with the government-wide statements, and is less detailed than the presentation in each component unit's separately issued financial statements. The component units follow all GASB pronouncements, and all FASB pronouncements issued on or before November 30, 1989, except those that conflict with a GASB

pronouncement. In addition, as allowed by GASB standards, the Public Employees Health Program has elected to apply all applicable FASB pronouncements issued after November 30, 1989, that do not conflict with GASB standards.

D. **Fiscal Year Ends**

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

E. **Assets, Liabilities, and Net Assets/Fund Balances**

**Cash and Cash Equivalents and Investments**

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

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

Investments (including cash equivalents) are under the control of the State Treasurer or other administrative bodies as determined by law. In certain instances, investments may be restricted by law or other legal instruments. Investments are presented at fair value. The fair value of investments is based on published prices and quotations from major investment brokers at current exchange rates, as available. For investments where no readily ascertainable fair value exists, management, in consultation with their investment advisors, have determined the fair values for the individual investments. Investments held as security deposits which are not held for investment purposes are carried at cost. The Utah Retirement Systems (pension trust funds) mortgages are valued on an amortized cost basis which approximates fair value, and the fair value of real estate investments has been estimated based on independent appraisals.

The State's Unemployment Compensation Fund (enterprise fund) monies are required by the Social Security Act to be invested in the U.S. Department of Treasury, Bureau of Public Debt Unemployment Trust Fund (BPDUTF), which is not registered with the SEC. The fair value of the position in the BPDUTF is the same as the value of the BPDUTF shares.

Utah Retirement Systems (pension trust funds) held three types of derivative financial instruments at yearend: futures, currency forwards, and options. Futures contracts are traded on organized exchanges to minimize credit risk. Currency forwards are entered into in order to hedge the exposure to changes in foreign currency exchange rates on foreign currency dominated portfolio holdings. Utah Housing Corporation (major component unit) enters into various rate swap contracts in order to increase funding capabilities. The Corporation sells variable rate bonds and minimizes the inherent risk with the use of floating-to-fixed interest rate swap contracts. See Note 3 for additional information about derivatives.

**Receivables**

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

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

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

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

**Inventories and Prepaid Items**

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

Governmental fund inventories are recorded as expenditures when purchased except for Transportation Fund inventories that are recorded as expenditures when consumed. Transportation Fund inventories are valued using a weighted average cost.

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

**Capital Assets**

Capital assets, which include land, buildings, equipment, and infrastructure (roads, bridges, drainage systems, lighting systems, and similar items), are reported in the applicable governmental or business-type activities columns, or in the component units column on the government-wide Statement of Net Assets. Capital assets of proprietary funds and fiduciary funds are also recorded in their respective fund statements. Capital assets 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. Purchased or constructed capital assets are recorded at cost or at estimated historical cost where historical cost is not available. Donated fixed assets are valued at their estimated fair value at the date of donation.

Capital assets purchased by governmental funds are recorded as expenditures in the governmental fund financial statements. Interest expense for capital asset construction related to governmental activities is not capitalized. Interest expense incurred during construction of capital facilities related to business-type activities and component units is immaterial and is not capitalized in all cases.

Buildings, equipment, and other depreciable assets are depreciated using the straight-line method over the following estimated useful lives:

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

As provided by GASB standards, the State has elected to use the "modified approach" to account for infrastructure assets (roads and bridges) maintained by the State's Department of Transportation. 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.

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

**Accrued Liabilities**

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

**Deferred Revenue — Unearned and Unavailable**

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

**Policy Claims Liabilities**

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

**Long-term Debt**

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, 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. 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 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, 2004, the total estimated arbitrage rebate liability in the Student Assistance Programs (enterprise fund) was $61.766 million, of which $57.861 million represents yield reduction payments and $3.905 million represents the estimated liability for non-purpose interest. Other arbitrage liabilities are immaterial.

**Compensated Absences and Leave/Postemployment Benefits**

Employees' vacation leave is accrued at a rate of four hours every two weeks for the first five years of employment, and grows to a rate of seven hours every two weeks after 20 years of employment. There is no requirement to use vacation leave, but a maximum of 40 days may be carried forward at the beginning of each calendar year. Unused vacation leave is paid to employees upon termination.

Employees 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 except employees eligible for retirement. Sick leave is expended when used. At retirement, for participating agencies, the State will pay an employee up to 25 percent of the employee's accumulated sick leave and will pay for premiums to maintain health and life insurance coverage for up to five years or until the employee turns age 65, whichever comes first. The employee may use any remaining sick leave balances to acquire health insurance to age 65, and since fiscal year 1999, health insurance for the employee's spouse until they reach age 65, and Medicare supplement insurance after age 65 for both the employee and their spouse. An estimate of the liability for the above leave and retirement benefits has been recorded in the governmental activities column of the government-wide Statement of Net Assets.

The State maintains compensated absences and postemployment benefit pools within the General Fund, Uniform School Fund, and Transportation Fund. The ongoing payments from the pools are provided by charges to agency budgets as benefits are earned. Vacation leave taken as time off is paid from current budgets when used. Payment of leave balances at termination and payment of postemployment benefits are made from the compensated absences and postemployment benefit pools. Proprietary funds and private purpose trust funds of the primary government also participate in the pools and have no liability for leave or postemployment benefits once their contributions to the pools have been made.

The total liability of the governmental activities for vacation leave and postemployment benefits 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 Notes 10 and 18 for additional information about the liability.

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

Vacation earnings, sick leave earnings, and postemployment benefits policies vary slightly among component units and from the primary government's policies. Vacation leave is expended when earned and sick leave is expended when used.

**Net Assets/Fund Balances**

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

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

F. **Revenues and Expenditures/Expenses**

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

**Grants**

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

Federal grants include nonmonetary transactions for food and vaccine commodities. Commodities revenue and expenditures are valued at their federally reported value. Commodity inventories at yearend are immaterial. For the fiscal year ended June 30, 2004, the State reported revenue and expenditures of $10.618 million for commodities in the General Fund, and $12.186 million for commodities in the Uniform School Fund (special revenue fund).

**Investment Income**

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

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

**Retirement and Employee Benefit Costs**

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

G. **Interfund Transactions**

**Government-wide Financial Statements**

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

revenues of the applicable functions. Operating transfers between governmental and business-type activities are reported at the net amount.

**Interfund Balances** — Interfund receivables and payables have been eliminated from the government-wide Statement of Net Assets, except for the residual amounts due between governmental and business-type activities.

**Governmental Fund Financial Statements**

**Interfund Activity** — Interfund transactions for goods sold or services rendered for a price approximating their external exchange value, and employee benefit contributions are accounted for as revenues and expenditures/expenses in the funds involved.

Transfers are used to report flows of cash (or other assets) between funds without equivalent flows of assets in return or a requirement for repayment. The State's transfers are based on legislative appropriations or other legal authority. Transfers are presented in Note 13.

## NOTE 2. BEGINNING NET ASSET ADJUSTMENTS AND OTHER CHANGES

Adjustments to beginning net assets of governmental activities reported on the Statement of Net Assets resulted in a net decrease of $290.708 million. These capital asset related adjustments decreased the recorded amount of infrastructure to correct an inadvertent overstatement that occurred in a prior year. The adjustments also increased the recorded amount of land for assets that were previously unrecorded, and increased the recorded amounts for buildings and construction-in-progress for payments of prior years that should have been capitalized rather than expensed. Had these changes been made in the prior year, the effect on governmental activities on the prior year Statement of Activities would have been as follows: $31.776 million reduction in expenses, and $322.484 million reduction in beginning net assets. The effects of these adjustments on beginning amounts reported for each component of capital assets is described in Note 8.

An adjustment was also made to increase beginning net assets of governmental activities reported on the Statement of Net Assets by $13.968 million. This adjustment was done to accrue estimated tobacco settlement monies due (but unavailable) to the State as of June 30, 2004, as required by GASB Technical Bulletin 2004–1, *Tobacco Settlement Recognition and Financial Reporting Entity Issues*. Had this change been made in the prior year, the effect on governmental activities on the prior year Statement of Activities would have been as follows: $2.353 million reduction in revenues, and $16.321 million increase in beginning net assets. See Note 15 for additional information about the tobacco settlement agreement.

An adjustment was made to decrease the beginning net assets of the Investment Trust Fund reported on the Statement of Fiduciary Net Assets by $111.788 million. In the prior year, certain deposits by third party trustees on behalf of the State and its component units were treated as deposits of external participants and reported in the Investment Trust Fund. Under generally accepted accounting principles, those deposits should have been treated as deposits of internal participants and excluded from the presentation. See Note 4 for additional information about the Investment Trust Fund.

As a result of implementing GASB Statement 39, *Determining Whether Certain Organizations Are Component Units—an amendment of GASB Statement No. 14,* Utah State University (component unit) was required to include the Utah State University Development Foundation as a blended component unit in its financial statements. An adjustment of $8.534 million to increase the beginning net assets of Utah State University was made to reflect this change.

GASB Statement 40, *Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3* was early implemented for the fiscal year ended June 30, 2004. As a result, the disclosures related to deposit and investment risks were changed. The changes are reflected in Notes 3 and 4.

## NOTE 3. DEPOSITS AND INVESTMENTS

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

### A. PRIMARY GOVERNMENT

**Custodial Credit Risk—Deposits**

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

The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Deposits are not collateralized nor are they required to be by state statute. The deposits for the primary government at June 30, 2004, were $90.093 million. Of these, $87.549 million were exposed to custodial credit risk as uninsured and uncollateralized.

**Investments**

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

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

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

The primary government's investments at June 30, 2004, are presented below. All investments, except those of the Utah Retirement Systems (pension trust funds), are presented by investment type and debt securities are presented by maturity. The Utah Retirement Systems are presented consistent with their separately issued financial statements by investment type.

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

| | | Investment Maturities (in years) | | | |
|---|---|---|---|---|---|
| **Investment Type** | **Fair Value** | **Less Than 1** | **1–5** | **6–10** | **More Than 10** |
| Debt Securities | | | | | |
| U.S. Treasuries | $ 5,935 | $ 1,657 | $ 3,603 | $ — | $ 675 |
| U.S. Agencies | 1,641,401 | 1,621,487 | 19,914 | — | — |
| U.S. Unemployment Trust Pool | 357,287 | 285,830 | 71,457 | — | — |
| Corporate Debt | 4,178,832 | 4,178,832 | — | — | — |
| Money Market Mutual Fund | 10,000 | 10,000 | — | — | — |
| Commercial Paper | 2,372 | 2,372 | — | — | — |
| Bond Mutual Fund * | 254,339 | — | — | 254,339 | — |
| Repurchase Agreements | 215,618 | 215,618 | — | — | — |
| | 6,665,784 | $ 6,315,796 | $ 94,974 | $ 254,339 | $ 675 |
| Other Investments | | | | | |
| Equity Mutual Funds | 7,318 | | | | |
| Equity Securities—Domestic | 857,612 | | | | |
| Equity Securities—International | 77,406 | | | | |
| Real Estate Held for Investment Purposes | 1,354 | | | | |
| Real Estate Joint Ventures | 358 | | | | |
| Component Units Investment in Primary Government's Investment Pool | (591,864) | | | | |
| Total | $ 7,017,968 | | | | |

* At June 30, 2004, the bond mutual fund had an average effective maturity of 7.7 years.

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

U.S. agency debt securities of $1.2 billion owned by the primary government reset periodically and have a maximum maturity out to four years. The securities "step up" to higher interest rates at levels determined at the time of purchase. These securities are callable at par and may be called on a quarterly basis, or will mature at par if held to maturity. In the event that current market interest rates were to exceed the predetermined rates, the fair value of the securities would be impacted. Of the securities of this type held at June 30, 2004, none had predetermined interest rates below the current market rate. The above table reflects periodic interest rate adjustment dates that the securities can reasonably be expected to have market values that approximate their amortized cost values.

In addition, significant funds with a long-term investment perspective have the following mix of investments (percentages are of the fund's total investments). Trust Lands (permanent fund) – $261.822 million, 54.3 percent, in domestic equity securities; $157.606 million, 32.7 percent, in bond mutual fund; and $52.001 million, 10.8 percent, in international equity securities. Utah Educational Savings Plan Trust (private purpose trust) – $583.218 million, 77.7 percent, in domestic equity securities; $92.447 million, 12.3 percent, in bond mutual fund; and $25.406 million, 3.4 percent, in international equity securities.

**Pension Trust Funds Investments**
**At December 31, 2003**
*(Expressed in Thousands)*

| Investment Type | Fair Value |
|---|---|
| Debt Securities—Domestic | $ 2,352,976 |
| Debt Securities—International | 506,280 |
| Equity Securities—Domestic | 5,284,041 |
| Equity Securities—International | 2,639,674 |
| Short-Term Securities Pools | 1,582,151 |
| Mortgage Loans: | |
| Collateralized Loans | 27 |
| Real Estate Notes | 6,635 |
| Real Estate | 480,709 |
| Real Estate Joint Ventures | 706,992 |
| Private Equity (Venture Capital) | 654,294 |
| Guaranteed Investment Contract | 53,728 |
| Equity Securities—Domestic (Pooled) | 216,198 |
| Mutual Fund—International | 153,770 |
| Mutual Fund—Balanced | 246,454 |
| Investments Held by Broker Dealers | |
| Under Securities Lending Program: | |
| U.S. Government and Agency Securities | 520,510 |
| Corporate Debt Securities—Domestic | 61,537 |
| Debt Securities—International | 284,352 |
| Equity Securities—Domestic | 624,223 |
| Equity Securities—International | 6,908 |
| Total Investments | 16,381,459 |
| Securities Lending Collateral Pool | 1,543,084 |
| Total Pension Trust Funds | $ 17,924,543 |

**Interest Rate Risk—Investments**

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment.

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

The Utah Retirement Systems (URS) manage their exposure to fair value loss arising from increasing interest rates by complying with the following policy: 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.

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 investments full price.

The URS compares an investment's effective duration against the Lehman Brothers Aggregate Index for domestic debt securities and the Lehman Brothers Global Aggregate Index for international debt securities. The index range at December 31, 2003, was 3.38 – 5.63 for domestic debt securities and 2.50 – 7.50 for international debt securities. At December 31, 2003, no individual debt security investment manager's portfolio was outside of the policy guidelines. At December 31, 2003, the following tables show the investments by investment type, amount and the effective weighted duration rate.

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

| Investment | Fair Value | Effective Weighted Duration Rate |
|---|---|---|
| Asset backed securities | $ 186,374 | 1.52 |
| Commercial mortgage — backed securities | 32,564 | 4.39 |
| Corporate bonds | 455,367 | 5.41 |
| Corporate convertible bonds | 2,233 | 0.15 |
| Fixed income derivatives — options | (613) | NA |
| Government agencies | 145,270 | 4.93 |
| Government bonds | 339,712 | 8.47 |
| Government mortgage backed securities | 908,642 | 3.10 |
| Index linked government bonds | 90,149 | 5.14 |
| Municipal/provincial bonds | 15,725 | 11.54 |
| Non-government backed C.M.O.'s | 96,190 | 2.77 |
| Other options | (232) | NA |
| Pooled debt securities | 663,642 | NA |
| Total debt securities investments, domestic | $ 2,935,023 | 4.50 |

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

| Investment | Fair Value | Effective Weighted Duration Rate |
|---|---|---|
| Asset backed securities | $ 9,457 | 4.23 |
| Commercial mortgage — backed securities | 4,835 | 3.27 |
| Corporate bonds | 347,980 | 5.79 |
| Government agencies | 24,237 | 4.32 |
| Government bonds | 331,912 | 4.79 |
| Government mortgage backed securities | 54,915 | 1.84 |
| Municipal/provincial bonds | 4,602 | 7.06 |
| Non-government backed C.M.O.'s | 12,694 | 12.84 |
| Total debt securities investments, international | $ 790,632 | 5.00 |

**Credit Risk of Debt Securities**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The primary government, with the exception of the Utah Retirement Systems (URS), follows the Money Management Act as previously discussed as its policy for reducing exposure to investment credit risk.

The primary government's rated debt investments as of June 30, 2004, with the exception of URS, were rated by Standard and Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale.

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

| Rated Debt Investments | Fair Value | Quality Ratings AAA | AA | A | A1 | Unrated |
|---|---|---|---|---|---|---|
| U.S. Agencies | $ 1,641,401 | $ 1,576,187 | $ — | $ 65,214 | $ — | $ — |
| Corporate Debt | $ 4,178,832 | $ 40,006 | $ 537,616 | $ 3,601,210 | $ — | $ — |
| Money Market Mutual Fund | $ 10,000 | $ — | $ — | $ — | — | $ 10,000 |
| Commercial Paper | $ 2,372 | $ — | $ — | $ — | $ 2,372 | $ — |
| Bond Mutual Fund | $ 254,339 | $ — | $ — | $ — | — | $ 254,339 |
| Repurchase Agreements – Underlying: | | | | | | |
| U.S. Agency Securities | $ 208,452 | $ 201,066 | $ 900 | $ — | $ — | $ 6,486 |
| Corporate Debt | $ 4,466 | $ — | $ — | $ — | $ 4,466 | $ — |
| Municipal/Public Bonds | $ 2,700 | $ 2,700 | $ — | $ — | $ — | $ — |

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

- U.S. government and agency securities — no restriction.
- Total portfolio quality shall maintain a minimum overall rating of "A" (S&P) or equivalent rating.
- Securities with a quality rating of BBB- and below are considered below grade and no more than 1 percent of an investment manager's assets at market with a single issuer of 5 percent of the total portfolio can be below grade.

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, 2003 was AA and the fair value of below grade investments was $71.508 million or 3.15 percent of the domestic portfolio. The weighted quality rating average of the international debt securities investments, at December 31, 2003 was A and the fair value of below grade investments was $181.915 million or 23.01 percent of the international portfolio.

The following table presents the URS ratings as of December 31, 2003:

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

| Quality Rating | Domestic | International | Fair Value |
|---|---|---|---|
| AAA | $ 751,754 | $ 330,684 | $ 1,082,438 |
| AA+ | 9,260 | 17,089 | 26,349 |
| AA | 17,374 | 5,026 | 22,400 |
| AA- | 11,396 | 57,753 | 69,149 |
| A+ | 75,275 | 12,931 | 88,206 |
| A | 89,588 | 21,218 | 110,806 |
| A- | 55,009 | 24,827 | 79,836 |
| BBB+ | 69,362 | 22,716 | 92,078 |
| BBB | 107,134 | 57,593 | 164,727 |
| BBB- | 66,642 | 38,388 | 105,030 |
| BB+ | 4,343 | 927 | 5,270 |
| BB | — | 141,159 | 141,159 |
| BB- | — | 314 | 314 |
| B+ | — | 975 | 975 |
| D | — | 152 | 152 |
| NR | 523 | — | 523 |
| Total credit risk Debt securities | 1,257,660 | 731,752 | 1,989,412 |
| U.S. Government and Agencies** | 1,013,721 | 58,880 | 1,072,601 |
| Pooled investments* | 663,642 | — | 663,642 |
| Total debt Securities Investments | $2,935,023 | $ 790,632 | $ 3,725,655 |

* Ratings of pooled investments were unavailable.
** Approximately 73 percent of this category is debt securities of U.S. Agencies rated AAA or equivalent.

**Custodial Credit Risk—Investments**

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the State will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The primary government does not have a formal policy for custodial credit risk.

The primary government's investments at June 30, 2004, except those of the Utah Retirement Systems, were held by the State or in the State's name by the State's custodial banks; except $215.618 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, 2003, the Utah Retirement Systems (URS) debt securities investments were registered in the name of URS and were held in the possession of the URS custodial bank, The Northern Trust Company.

**Concentration of Credit Risk—Investments**

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

Except for the Utah Retirement Systems (pension trust funds), the primary government's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the portfolio. Funds that follow Rule 2 of the Money Management Council are limited to investments in equity securities and fixed income corporate securities to no more than 5 percent of all funds in any one issuer and no more than 25 percent of all funds in any one industry. No more than 5 percent of all funds may be invested in securities of a corporation that has been in continuous operation for less than three years. No more than 5 percent of the outstanding voting securities of any one corporation may be held. In addition, Rule 2 limits investment concentrations in certain types of investments. The Money Management Council limitations do not apply to securities issued by the U.S. government and its agencies.

The primary government had debt securities investments at June 30, 2004, with more than 5 percent of the total investments in securities of the Federal Home Loan Bank and the Federal Home Loan Mortgage Corporation. These investments represented 14 percent and 6.1 percent, respectively, of total investments.

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

- AAA/Aaa Debt Securities — no more than 5 percent of an investment manager's assets at market with a single issuer.
- AA/Aa Debt Securities — no more than 4 percent of an investment manager's assets at market with a single issuer.
- A/A Debt Securities — no more than 3 percent of an investment manager's assets at market with a single issuer.
- BBB/Baa Debt Securities — no more than 2 percent of an investment manager's assets at market with a single issuer.
- For Debt Securities — no individual holding shall constitute more than 10 percent of the market value of outstanding debt of a single issuer with the exception of the U.S. government or its agencies, or collateralized mortgage obligations.

- For Domestic Equity Securities — no more than 4 percent of an investment manager's assets at market with a single issuer.
- For International Equity Securities — no more than 8 percent of an investment manager's assets at market with a single issuer.

**Foreign Currency Risk—Investments**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

The primary government, except the Utah Retirement Systems (pension trust funds), does not have a formal policy to limit foreign currency risk.

The Utah Educational Savings Plan Trust (private purpose trust) has $25.406 million and the Trust Lands (permanent fund) has $52.001 million invested in international equity funds. As such, no currency denomination is presented.

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

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

**Pension Trust Funds**
**Foreign Currency Risk**
**International Investment Securities at Fair Value**
**At December 31, 2003**
*(Expressed in Thousands)*

| Currency | Short Term | Debt | Equity | Total |
|---|---|---|---|---|
| Argentine peso | $ — | $ 152 | $ 1,285 | $ 1,437 |
| Aruban guilder | — | 373 | — | 373 |
| Australian dollar | (25) | 2,592 | 38,875 | 41,442 |
| Bermudin dollar | — | — | 7,016 | 7,016 |
| Bolivian boliviano | — | — | 3,372 | 3.372 |
| Brazilian real | — | — | 21,216 | 21,216 |
| Canadian dollar | 242 | 20,059 | 44,303 | 64,604 |
| Cayman Islands dollar | — | 8,523 | 1,224 | 9,747 |
| CFA franc BCEAO | — | 3,038 | — | 3,038 |
| Chilean peso | — | — | 401 | 401 |
| Chinese yuan renminbi | — | — | 3,061 | 3,061 |
| Danish krone | 49 | 12,145 | 21,402 | 33,596 |
| Estonia kroon | — | — | 2,625 | 2,625 |
| Euro | 7,445 | 215,669 | 635,974 | 859,088 |
| Hong Kong dollar | 855 | — | 11,929 | 12,784 |
| Indian rupee | — | — | 3,470 | 3,470 |
| Japanese yen | 924 | 61,164 | 421,436 | 483,524 |
| Mexican peso | — | 1,342 | 8,023 | 9,365 |
| Netherlands Antillan guilder | — | — | 7,040 | 7,040 |
| New Israel shekel | — | — | 1,276 | 1,276 |
| New Taiwan dollar | 807 | — | 8,656 | 9,463 |
| New Zealand dollar | 48 | 1,738 | 5,447 | 7,233 |
| Norwegian krone | 82 | 9,190 | 13,266 | 22,538 |
| Panamanian balboa | — | — | 1,260 | 1,260 |
| Pound sterling | (1,265) | 47,974 | 363,388 | 410,097 |
| Russian ruble | — | — | 5,125 | 5,125 |
| Singapore dollar | 1 | 3,670 | 10,604 | 14,275 |
| South African rand | — | — | 9,871 | 9,871 |
| South Korean won | — | — | 34,808 | 34,808 |
| Swedish krona | (70) | 17,845 | 31,185 | 48,960 |
| Swiss franc | (101) | — | 158,146 | 158,045 |
| International equity mutual fund (various currencies) | — | — | 153,770 | 153,770 |
| Total Securities subject to foreign currency risk | 8,992 | 405,474 | 2,029,454 | 2,443,920 |
| United States dollars (securities held by International investment managers) | 157,749 | 385,158 | 770,898 | 1,313,805 |
| Total international investment securities | $ 166,741 | $ 790,632 | $ 2,800,352 | $ 3,757,725 |

## 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, 2004, were $124.639 million. Of these, $115.439 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. College and university funds from gifts, private grants, and the corpus of funds functioning as endowments are invested according to Rule 2 of the Money Management Council. Utah Housing Corporation and Public Employees Health Program are exempt from the Money Management Act.

The component units' investments at June 30, 2004, are presented below.

**Component Units Investments**
*(Expressed in Thousands)*

| | | Investment Maturities (in years) | | | | |
|---|---|---|---|---|---|---|
| **Investment Type** | **Fair Value** | **Less Than 1** | **1–5** | **6–10** | **11–20** | **More Than 20** |
| Debt Securities | | | | | | |
| U.S. Treasuries * | $ 150,174 | $ 18,130 | $ 101,909 | $ 30,135 | $ — | $ — |
| U.S. Agencies | 333,564 | 62,605 | 165,873 | 537 | 104,549 | — |
| Corporate Debt * | 38,569 | 456 | 15,631 | 18,416 | 3,190 | 876 |
| Government Securities Mutual Fund | 50,917 | 50,917 | — | — | — | — |
| Money Market Mutual Funds | 161,909 | 161,909 | — | — | — | — |
| Negotiable Certificate of Deposits | 2,637 | 2,019 | 618 | — | — | — |
| Municipal/Public Bonds | 2,108 | 1,187 | — | 83 | 838 | — |
| Repurchase Agreements | 17,348 | 17,348 | — | — | — | — |
| Government Mortgage-backed Securities | 38,326 | — | 753 | 3,653 | 25,228 | 8,692 |
| Asset-backed Securities | 1,696 | — | — | — | — | 1,696 |
| Guaranteed Investment Contracts | 291,944 | 237,978 | 15,047 | — | 38,919 | — |
| Bond Mutual Funds | 81,472 | 8,070 | 9,753 | 63,649 | — | — |
| Securities Lending Cash Collateral Pool | 23,290 | 23,290 | — | — | — | — |
| | 1,193,954 | $ 583,909 | $ 309,584 | $ 116,473 | $ 172,724 | $ 11,264 |
| Other Investments | | | | | | |
| Utah Public Treasurer's Investment Fund | 591,864 | | | | | |
| Equity Securities | 64,495 | | | | | |
| Equity Mutual Funds | 341,906 | | | | | |
| Cash Value of Life Insurance | 41 | | | | | |
| Real Estate Held for Investment Purposes | 864 | | | | | |
| Total | $ 2,193,124 | | | | | |

* Investments held by broker dealers under securities lending program are $20.046 million of U.S. treasuries and $2.865 million of corporate debt.

**Interest Rate Risk—Investments**

Interest rate risk is the risk that changes in interest rates of debt investments 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, 2004, were rated by Standard and Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale.

**Component Units Rated Debt Investments**
*(Expressed in Thousands)*

| Rated Debt Investments | Fair Value | Quality Ratings AAA | AA | A | Unrated |
|---|---|---|---|---|---|
| U.S. Agencies | $ 333,564 | $ 328,931 | $ — | $ 4,460 | $ 173 |
| Corporate Debt | $ 38,569 | $ 27,763 | $ — | $ 9,491 | $ 1,315 |
| Government Securities Mutual Fund | $ 50,917 | $ — | $ — | $ — | $ 50,917 |
| Money Market Mutual Funds | $ 161,909 | $ — | $ — | $ — | $ 161,909 |
| Negotiable Certificate of Deposits | $ 2,637 | $ — | $ — | $ — | $ 2,637 |
| Municipal/Public Bonds | $ 2,108 | $ 838 | $ — | $ — | $ 1,270 |
| Repurchase Agreements – Underlying Securities | $ 17,348 | $ — | $ — | $ — | $ 17,348 |
| Government Mortgage-backed Securities | $ 38,326 | $ — | $ — | $ — | $ 38,326 |
| Asset-backed Securities | $ 1,696 | $ — | $ — | $ — | $ 1,696 |
| Guaranteed Investment Contracts | $ 291,944 | $ — | $ — | $ — | $ 291,944 |
| Bond Mutual Funds | $ 81,472 | $ 48 | $ — | $ — | $ 81,424 |
| Securities Lending Cash Collateral Pool | $ 23,290 | $ — | $ — | $ — | $ 23,290 |

**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 unit's investments at June 30, 2004, 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 where were uninsured and held by the counterparty or the counterparty's trust department or agent but not in the component unit's name: $36.32 million of U.S. treasuries, $151.576 million of U.S. agencies, $8.946 million of corporate debt, $1.083 million of municipal/public bonds, $17.159 million of underlying securities for repurchase agreements, and $11.893 of equity securities.

**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, the component units' policy for reducing this risk of loss is the same as described above for the primary government.

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 Bayerische Guaranteed Investment Contracts, Trinity Guaranteed Investment Contracts, CDC Guaranteed Investment Contracts, and the Federal National Mortgage Association. These investments are 12.64 percent, 13.07 percent, 10.21 percent, and 6.86 percent, respectively, of the Corporation's total investments.

C. **Securities Lending**

The Utah Retirement Systems (pension trust funds) and the Public Employees Health Program (component unit) participate in security lending programs as authorized by their Boards. The types of securities lent are U.S. government securities, equity securities, and corporate bonds and notes. Under these programs, securities are transferred to an independent broker or dealer in exchange for collateral in the form of cash, government securities, and irrevocable bank letters of credit equal to 102 percent of the market value of the domestic securities on loan and 105 percent of the market value of the international securities on loan, with a simultaneous agreement to return the collateral for the same securities in the future. There are no restrictions on the amount of loans that can be made. For both state entities, their custodial bank is the agent for its securities lending program. Securities under loan

are maintained in both state entities' financial records. Corresponding liabilities for collateral received are recorded at the fair value.

At yearend, neither the Utah Retirement Systems nor Public Employees Health Program had any credit risk exposure to borrowers because the collateral exceeded the amount borrowed. The securities on loan at yearend for the entities were $1.498 billion and $22.911 million, respectively, and the collateral received for those securities on loan was $1.543 billion and $24.158 million (includes $868 thousand of non-cash collaterals), respectively, with carrying amount and fair value being the same. Under the terms of the lending agreement, both state entities are indemnified against loss should the lending agent be unable to recover borrowed securities and distributions due to borrower insolvency or failure of the lending agent to properly evaluate the creditworthiness of the borrower. In addition, they are indemnified against loss should the lending agent fail to demand adequate and appropriate collateral on a timely basis. All securities loaned can be terminated on demand by either the state entity or the borrower. Cash collateral is invested in the lending agent's short-term investment pool. The short-term investment pool guidelines specify that a minimum of 20 percent of the invested cash collateral is to be available each business day and that the dollar weighted average maturity of holdings should not exceed 60 days. The relationship between the maturities of the short-term investment pool and each of the state entities' loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the state entities cannot determine. Since the securities lending collateral is in a pool maintained by the custodial bank, the state entities do not have the ability to pledge or sell the securities, and it is not necessary to report the total income and expenses of securities lending.

D. **Derivative Financial Instruments**

**Utah Retirement Systems**

The Utah Retirement Systems (URS) (pension trust funds) invests in derivative financial investments as authorized by Board policy. The derivatives are reported at their fair values on the statement of net assets. Derivatives are financial arrangements between two parties whose payments are based on, or "derived" from the performance of some agreed upon benchmark. At December 31, 2003 the URS had three types of derivative financial investments: futures, currency forwards, and options.

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 the URS credit risk. The net change in the futures contract value is settled daily in cash with the exchanges. Net gains or losses resulting from the daily settlements are included with trading account securities gains (losses) in the Statement of Changes in Net Assets. At yearend, the URS investments had the following futures balances (expressed in millions):

| | Value Covered By Contract |
|---|---|
| Long-cash and cash equivalent futures | $ 101.373 |
| Long-equity futures | $ 878.784 |
| Short-equity futures | $ (83.693) |
| Long-debt securities futures | $ 215.484 |
| Short-debt securities futures | $ (215.434) |

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 yearend the URS investments included the following currency forwards balances (expressed in millions):

| | |
|---|---|
| Currency forwards (*pending foreign exchange purchases)* | $ 588.178 |
| Currency forwards (*pending foreign exchange sales)* | $ (586.785) |

Options represent or give buyers the right, but not the obligation, to buy or sell an asset at a preset price over a specific period. The option's price is usually a small percentage of the underlying asset's value. As a writer of financial options, URS receives a premium at the outset of the agreement and bear 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 yearend the URS investments had the following options balances (expressed in thousands):

| | Value Covered By Contract |
|---|---|
| Cash and cash equivalent purchased put options | $ (359) |
| Fixed income written put options | $ (138) |
| Fixed income written call options | $ (475) |

**Utah Housing Corporation**

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

**Objective—**In order to protect against the potential of rising interest rates, the Corporation has entered into 40 separate pay-fixed, receive-variable interest rate swaps and one interest rate cap agreement as of June 30, 2004. The cost of these swaps is less than what the Corporation would have paid to issue fixed rate debt. The Corporation's swaps are all similar in nature and summary information is included in this report. More detailed information about each swap is included in the Corporation's separately issued financial statements.

**Terms, Fair Values, and Credit Risk—**The terms, including the fair values of the outstanding swaps as of June 30, 2004, are summarized below. The notional amounts of the swaps match the principal amounts of the associated debt at the time of issuance. Except as discussed under rollover risk, the Corporation's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated bonds payable.

**Utah Housing Corporation**
**Interest Rate Swap and Cap Agreements**
**June 30 2004**
*(Expressed in Thousands)*

| Outstanding Notional Amount | Issue Dates | Fixed Rate Paid by the Corporation | Variable Rate Received from Counterparty | Fair Values | Termination Dates |
|---|---|---|---|---|---|
| Interest Rate Swap Agreements | | | | | |
| $ 94,305 | 2000–2002 | 4.640% to 7.760% | LIBOR* plus .15% | $ (8,379) | 2006–2019 |
| 314,310 | 2000–2005 | 3.939% to 5.610% | BMA** plus .27% | (25,960) | 2018–2028 |
| $ 408,615 | | | | $ (34,339) | |
| Interest Rate Cap Agreements | | | | | |
| $ 1,955 | 2005 | 0.510% | Excess of BMA ** over 5.73% | $ (93) | 2027 |

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

**Fair Values**—Because interest rates have declined, all swaps had a negative fair value to the Corporation as of June 30, 2004. The negative fair values are a function of declining interest rates and the remaining term on the swap contracts. Because the coupons on the Corporation's variable rate bonds adjust to changing interest rates, the bonds do not have corresponding fair value increases. However, bond proceeds were used to acquire fixed rate mortgage loans, which support the fixed payer rate on the swaps. Although these mortgage loans do have higher than current market interest rates, they have not been adjusted for fair value on the financial statements.

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

**Credit Risk** — As of June 30, 2004, the Corporation was not exposed to credit risk on any of its outstanding swaps because the swaps had negative fair values. However, should interest rates change and the fair values of the swaps become positive, the Corporation would be exposed to credit risk in the amount of the derivatives' fair value. The Corporation executes swap transactions with two counterparties, Lehman Brothers Financial Products, Inc. and Lehman Brothers Derivative Products, Inc. Both counterparties are rated AAA/Aaa.

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

**Tax risk / Cross-over** — Nineteen of the Corporation's BMA based swaps are exposed to basis risk should Congress or other federal branches of government propose or pass legislation (a "Tax Event"), that causes the relationship between LIBOR and BMA to exceed 75 percent for a continuous period of 180 days. If these two triggers occur, the result would be that the swap provider would pay the Corporation 68 percent of the LIBOR rate regardless of what the BMA rate is. In addition, two of the Corporations BMA based Cross-over Swaps are also exposed to basis risk if the LIBOR rate is 3.5 percent or greater. When the LIBOR rate is 3.5 percent or greater, the provider will pay the Corporation 68 percent of the LIBOR rate regardless of what the BMA rate is. As of June 30, 2004, no "Tax Event" or "Cross-over Event" has occurred.

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

**Rollover Risk** — The Corporation is exposed to rollover risk on swaps that mature or may be terminated prior to the maturity of the associated debt. When these swaps terminate, or in the case of the termination option, the Corporation will not realize the synthetic rate offered by the swaps on the underlying debt issues. As of June 30, 2004, the Corporation's swap termination dates ranged from 6.5 to 24 years prior to the maturity dates of the associated debt.

## NOTE 4. INVESTMENT POOL

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

The PTIF is not registered with the SEC as an investment company and is not rated. The PTIF is authorized and regulated by the Utah Money Management Act, (*Utah Code* Title 51, Chapter 7*)*. The Act establishes the Money Management Council, which oversees the activities of the State Treasurer and the PTIF. The Act lists the

investments that are authorized which are high-grade securities and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

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

The PTIF condensed financial statements, inclusive of external and internal participants along with the portfolio statistics for the fiscal year ended June 30, 2004, are as follows:

**Public Treasurer's Investment Fund**
**Statement of Net Assets**
**June 30, 2004**
(*Expressed in Thousands*)

| | |
|---|---|
| **Assets** | |
| Cash and Cash Equivalents | $ 28,042 |
| Investments | 5,845,489 |
| Receivable from broker | 59 |
| Interest Receivable | 11,576 |
| Net Assets | $ 5,885,166 |
| **Net Assets Consist of:** | |
| External Participant Account Balances | $ 3,814,816 |
| Internal Participant Account Balances: | |
| Primary Government | 1,453,979 |
| Component Units | 591,864 |
| Undistributed Reserves and Unrealized Gains/Losses | 24,507 |
| Net Assets | $ 5,885,166 |
| Participant Account Balance Net Asset Valuation Factor | 1.000703 |

**Public Treasurer's Investment Fund**
**Statement of Changes in Net Assets**
**For the Fiscal Year Ended June 30, 2004**
(*Expressed in Thousands*)

| | |
|---|---|
| **Additions** | |
| Pool Participant Deposits | $ 8,468,380 |
| Investment Income: | |
| Investment Earnings | 90,746 |
| Fair Value Increases (Decreases) | (4,135) |
| Total Investment Income | 86,611 |
| Less Administrative Expenses | (123) |
| Net Investment Income | 86,488 |
| Total Additions | 8,554,868 |
| **Deductions** | |
| Pool Participant Withdrawals | 8,364,910 |
| Earnings Distributions | 89,928 |
| Total Deductions | 8,454,838 |
| Net Increase From Operations | 100,030 |
| **Net Assets** | |
| Beginning of Year | 5,785,136 |
| Net Assets – End of Year | $ 5,885,166 |

**Public Treasurer's Investment Fund**
**Portfolio Statistics**

| June 30, 2004 | Range of Yields | Weighted Average Maturity |
|---|---|---|
| Money Market Mutual Fund | 1.02% – 1.10% | 59 days |
| Certificates of Deposit | 1.20% – 1.60% | 63.96 days |
| U.S. Government Securities | 1.10% – 2.30% | 66.34 days |
| Corporate Bonds and Notes | 1.16% – 3.39% | 51.28 days |

| June 30, 2004 | Weighted Average Yield | Average Adjusted Maturity |
|---|---|---|
| Total Investment Fund | 1.59% | 55.43 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, 2004, were $44.252 million. Of those, $43.852 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, 2004, 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 | $ 1,640,447 | $ 1,620,634 | $ 19,813 |
| Corporate Debt | 4,178,832 | 4,178,832 | — |
| Money Market Mutual Fund | 10,000 | 10,000 | — |
| | $ 5,829,279 | $ 5,809,466 | $ 19,813 |

The majority of the PTIF's U.S. agencies and corporate debt securities are variable-rate securities, most of which reset every three months to the market interest rate. Because these securities frequently reprice to prevailing market rates, interest rate risk is substantially reduced at each periodic reset date. In the table above, variable-rate securities are presented according to the length of time until the next reset date rather than the stated maturity.

U.S. agency debt securities of $1.2 billion of the PTIF reset periodically and have a maximum maturity out to four years. The securities "step up" to higher interest rates at levels determined at the time of purchase. These securities are callable at par and may be called on a quarterly basis, or will mature at par if held to maturity. In the event that current market interest rates were to exceed the predetermined rates, the fair value of the securities would be impacted. Of the securities of this type held at June 30, 2004, none had predetermined interest rates below the current market rate. The above table reflects periodic interest rate adjustment dates that the securities can reasonably be expected to have market values that approximate their amortized cost values.

**Interest Rate Risk—Investments**

Interest rate risk is the risk that changes in interest rates of debt investments 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, 2004, were rated by Standard and Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale.

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

| | Fair | Quality Ratings | | | |
|---|---|---|---|---|---|
| **Rated Debt Investments** | **Value** | **AAA** | **AA** | **A** | **Not Rated** |
| U.S. Agencies | $ 1,640,447 | $ 1,575,334 | $ — | $ 65,113 | $ — |
| Corporate Debt | $ 4,178,832 | $ 40,006 | $ 537,616 | $ 3,601,210 | $ — |
| Money Market Mutual Fund | $ 10,000 | $ — | $ — | $ — | $ 10,000 |

**Concentration of Credit Risk—Investments**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The PTIF's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5 percent of the total dollar amount held in the portfolio. The Money Management Council limitations do not apply to securities issued by the U.S. government and its agencies. The PTIF had debt securities investments at June 30, 2004, with more than 5 percent of the total investments in Federal Home Loan Bank and Federal Home Loan Mortgage Corporation. These investments represented 17.8 percent and 7.8 percent, respectively, of total investments.

## NOTE 5. RECEIVABLES

Receivables as of June 30, 2004, consisted of the following (in thousands):

| | Accounts Receivable | | | | | |
|---|---|---|---|---|---|---|
| | Federal | Customer | Other | Interest | Taxes | Notes/ Mortgages |
| **Governmental Activities**: | | | | | | |
| General Fund | $ 306,453 | $ 213,209 | $ 609 | $ 26 | $ 234,748 | $ 4,671 |
| Uniform School Fund | 38,894 | 300 | 100 | — | 400,712 | 5,329 |
| Transportation Fund | 58,519 | 143 | 6,542 | — | 59,305 | 503 |
| Centennial Highway Fund | 27,392 | — | — | — | 690 | — |
| Trust Lands | — | — | 11,991 | 936 | — | 6,454 |
| Nonmajor Funds | — | 316 | 30,341 | 29 | — | 155 |
| Internal Service Funds | — | 3,731 | — | — | — | — |
| Adjustments: | | | | | | |
| Fiduciary Funds | — | — | 1,166 | — | — | — |
| Total Receivables | 431,258 | 217,699 | 50,749 | 991 | 695,455 | 17,112 |
| Less Allowance for Uncollectibles: | | | | | | |
| General Fund | — | (56,352) | — | — | (13,382) | (1,200) |
| Uniform School Fund | — | — | — | — | (94,914) | — |
| Transportation Fund | — | — | (200) | — | (1,035) | — |
| Centennial Highway Fund | — | — | — | — | (48) | — |
| Internal Service Funds | — | (131) | — | — | — | — |
| Receivables, net | $ 431,258 | $ 161,216 | $ 50,549 | $ 991 | $ 586,076 | $ 15,912 |
| Current Receivables | $ 431,258 | $ 142,107 | $ 39,073 | $ 991 | $ 537,926 | $ 2,234 |
| Noncurrent Receivables | — | 19,109 | 11,476 | — | 48,150 | 13,678 |
| Total Receivables (net) | $ 431,258 | $ 161,216 | $ 50,549 | $ 991 | $ 586,076 | $ 15,912 |
| **Business-type Activities**: | | | | | | |
| Student Assistance Programs | $ 7,639 | $ 778 | $ — | $ 15,715 | $ — | $ 1,260,930 |
| Unemployment Compensation | 196 | 68,933 | — | — | — | — |
| Water Loan Programs | — | 112 | — | 7,977 | — | 442,073 |
| Nonmajor Funds | — | 8,632 | 1,042 | 3,294 | — | 247,973 |
| Total Receivables | 7,835 | 78,455 | 1,042 | 26,986 | — | 1,950,976 |
| Less Allowance for Uncollectibles: | | | | | | |
| Student Assistance Programs | — | — | — | — | — | (4,881) |
| Unemployment Compensation | — | (12,397) | — | — | — | — |
| Water Loan Programs | — | — | — | — | — | — |
| Receivables, net | $ 7,835 | $ 66,058 | $ 1,042 | $ 26,986 | $ 0 | $ 1,946,095 |

Accounts receivable balances are an aggregation of amounts due from the federal government, customers and others. Receivables from customers include charges for services to local governments, fees and fines issued by the courts and corrections, employer contributions for unemployment benefits, and receivables as a result of overpayments to individuals receiving state assistance.

Receivables for fiduciary funds listed above represent amounts due from fiduciary funds that were reclassified as external receivables on the government-wide Statement of Net Assets.

Aggregated receivables for component units at June 30, 2004, were $1.114 billion for major component units and $52.086 million for nonmajor component units, net of an allowance for doubtful accounts of $40.0 million and $3.206 million, respectively.

## NOTE 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of June 30, 2004, consisted of the following (in thousands):

| | Salaries/ Benefits | Service Providers | Vendors/ Other | Government | Tax Refunds | Interest | Total |
|---|---|---|---|---|---|---|---|
| **Governmental Activities:** | | | | | | | |
| General Fund | $ 65,888 | $ 150,077 | $ 25,849 | $ 74,500 | $ 2,268 | $ — | $ 318,582 |
| Uniform School Fund | 3,743 | 2,060 | 6,199 | 33,148 | 15,661 | — | 60,811 |
| Transportation Fund | 7,683 | 168 | 64,495 | 27,680 | 2,474 | — | 102,500 |
| Centennial Highway Fund | — | — | 1,806 | — | — | — | 1,806 |
| Nonmajor Funds | 56 | — | 17,319 | 351 | — | 34,664 | 52,390 |
| Internal Service Funds | 2,178 | — | 8,707 | 1,489 | — | 6 | 12,380 |
| Adjustments: | | | | | | | |
| Fiduciary Funds | — | — | — | 3,202 | — | — | 3,202 |
| Other | — | — | — | — | — | 1,630 | 1,630 |
| Total Governmental Activities | $ 79,548 | $ 152,305 | $ 124,375 | $ 140,370 | $ 20,403 | $ 36,300 | $ 553,301 |
| **Business-type Activities:** | | | | | | | |
| Student Assistance Programs | $ 1,625 | $ — | $ 8,873 | $ 2,047 | $ — | $ 2,412 | $ 14,957 |
| Unemployment Compensation | — | 601 | — | 13 | — | — | 614 |
| Water Loan Programs | — | — | 634 | — | — | 5 | 639 |
| Nonmajor Funds | 1,410 | — | 9,918 | 699 | — | 141 | 12,168 |
| Total Business-type Activities | $ 3,035 | $ 601 | $ 19,425 | $ 2,759 | $ 0 | $ 2,558 | $ 28,378 |

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

Adjustments for fiduciary funds listed above represent amounts due to fiduciary funds that were reclassified as external payables on the government-wide Statement of Net Assets. Other adjustments are due to differences in the presentation and the basis of accounting between the fund financial statements and the government-wide Statement of Net Assets.

## NOTE 7. INTERFUND BALANCES AND LOANS

### Interfund Balances

Interfund balances at June 30, 2004, consisted of the following (in thousands):

| | |
|---|---|
| Due to General Fund from: | |
| Uniform School Fund | $ 382 |
| Transportation Fund | 1,675 |
| Trust Lands Fund | 22 |
| Nonmajor Governmental Funds | 1,159 |
| Unemployment Compensation Fund | 2,341 |
| Water Loan Programs | 30 |
| Nonmajor Enterprise Funds | 7,525 |
| Internal Service Funds | 1,442 |
| Fiduciary Funds | 1,163 |
| Total due to General Fund from other funds | $ 15,739 |
| Due to Uniform School Fund from: | |
| General Fund | 305 |
| Trust Lands Fund | 11 |
| Unemployment Compensation Fund | 350 |
| Nonmajor Enterprise Funds | 2,546 |
| Internal Service Funds | 615 |
| Total due to Uniform School Fund from other funds | $ 3,827 |
| Due to Transportation Fund from: | |
| General Fund | 43 |
| Uniform School Fund | 2 |
| Nonmajor Governmental Funds | 12 |
| Nonmajor Enterprise Funds | 1 |
| Internal Service Funds | 650 |
| Total due to Transportation Fund from other funds | $ 708 |
| Due to Trust Lands Fund from Nonmajor Enterprise Funds | $ 3,663 |
| Due to Nonmajor Governmental Funds from: | |
| General Fund | 843 |
| Transportation Fund | 82 |
| Nonmajor Governmental Funds | 2,685 |
| Nonmajor Enterprise Funds | 321 |
| Internal Service Funds | 72 |
| Total due to Nonmajor Governmental Funds from other funds | $ 4,003 |
| Due to Water Loan Programs from: | |
| General Fund | 194 |
| Trust Lands Fund | 24 |
| Nonmajor Governmental Funds | 94 |
| Nonmajor Enterprise Funds | 30 |
| Total due to Water Loan Programs from other funds | $ 342 |
| Due to Nonmajor Enterprise Funds from: | |
| General Fund | 447 |
| Uniform School Fund | 3 |
| Transportation Fund | 159 |
| Trust Lands Fund | 10 |
| Nonmajor Governmental Funds | 1,924 |
| Internal Service Funds | 8 |
| Total due to Nonmajor Enterprise Funds from other funds | $ 2,551 |
| Due to Internal Service Funds from: | |
| General Fund | 7,454 |
| Uniform School Fund | 260 |
| Transportation Fund | 4,346 |
| Nonmajor Governmental Funds | 1,315 |
| Nonmajor Enterprise Funds | 194 |
| Internal Service Funds | 225 |
| Fiduciary Funds | 3 |
| Total due to Internal Service Funds from other funds | $ 13,797 |
| Due to Fiduciary Funds from: | |
| General Fund | 3,065 |
| Transportation Fund | 1 |
| Trust Lands Fund | 17 |
| Nonmajor Governmental Funds | 119 |
| Total due to Fiduciary Funds from other funds | $ 3,202 |
| Total Due to/Due froms | $ 47,832 |

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

### Interfund Loans

Interfund loans at June 30, 2004, consisted of the following (in thousands):

| | |
|---|---|
| Payable to General Fund from Internal Service Funds | $ 43,963 |
| Payable to Internal Service Funds from Centennial Highway Fund | 2,478 |
| Payable to Nonmajor Enterprise Funds from Internal Service Funds | 60 |
| Total Interfund Loans Receivable/Payable | $ 46,501 |

The interfund loans receivable/payable balances consist of revolving loans with Internal Service Funds. The balance payable to the General Fund from Internal Service Funds of $43.963 million includes $21.927 million that is not expected to be repaid within one year.

## NOTE 8. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2004, was as follows (in thousands):

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|---|---|---|---|
| **Governmental Activities:** | | | | |
| Capital Assets not being Depreciated: | | | | |
| Land and Related Assets | $ 681,015 | $ 41,167 | $ (547) | $ 721,635 |
| Infrastructure | 7,128,507 | 161,134 | (27,173) | 7,262,468 |
| Construction-In-Progress | 624,032 | 452,821 | (393,713) | 683,140 |
| Total Capital Assets not being Depreciated | 8,433,554 | 655,122 | (421,433) | 8,667,243 |
| Capital Assets being Depreciated: | | | | |
| Buildings and Improvements | 931,327 | 77,342 | (1,450) | 1,007,219 |
| Infrastructure | 13,133 | 17,763 | (23) | 30,873 |
| Machinery and Equipment | 427,286 | 45,131 | (40,023) | 432,394 |
| Total Capital Assets being Depreciated | 1,371,746 | 140,236 | (41,496) | 1,470,486 |
| Less Accumulated Depreciation for: | | | | |
| Buildings and Improvements | (301,564) | (26,222) | 1,156 | (326,630) |
| Infrastructure | (3,856) | (717) | — | (4,573) |
| Machinery and Equipment | (276,170) | (43,155) | 34,548 | (284,777) |
| Total Accumulated Depreciation | (581,590) | (70,094) | 35,704 | (615,980) |
| Total Capital Assets being Depreciated, Net | 790,156 | 70,142 | (5,792) | 854,506 |
| Capital Assets, Net | $ 9,223,710 | $ 725,264 | $(427,225) | $ 9,521,749 |
| **Business-type Activities:** | | | | |
| Capital Assets not being Depreciated: | | | | |
| Land and Related Assets | $ 14,337 | $ 3,241 | $ (343) | $ 17,235 |
| Construction-In-Progress | 495 | — | (495) | — |
| Total Capital Assets not being Depreciated | 14,832 | 3,241 | (838) | 17,235 |
| Capital Assets being Depreciated: | | | | |
| Buildings and Improvements | 40,108 | 4,791 | (66) | 44,833 |
| Machinery and Equipment | 11,139 | 1,198 | (394) | 11,943 |
| Total Capital Assets being Depreciated | 51,247 | 5,989 | (460) | 56,776 |
| Less Accumulated Depreciation for: | | | | |
| Buildings and Improvements | (6,219) | (865) | 66 | (7,018) |
| Machinery and Equipment | (8,640) | (1,023) | 396 | (9,267) |
| Total Accumulated Depreciation | (14,859) | (1,888) | 462 | (16,285) |
| Total Capital Assets being Depreciated, Net | 36,388 | 4,101 | 2 | 40,491 |
| Capital Assets, Net | $ 51,220 | $ 7,342 | $ (836) | $ 57,726 |

Construction-in-progress of governmental activities includes amounts for buildings the State is constructing for colleges and universities (component units) that are funded by state appropriations or state bond proceeds. As the buildings are completed, the applicable amounts are deleted from construction-in-progress of governmental activities and "transferred" to the colleges and universities. For fiscal year 2004, $133.721 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.

Amounts in the beginning balances column above have been adjusted by a net decrease of $290.708 million as follows: land was increased by $9.208 million; infrastructure was decreased by $384.647 million; construction-in-progress was increased by $76.545 million; and buildings and improvements were increased by $12.988 million and the related accumulated depreciation was increased by $4.802 million. These adjustments corrected beginning balances as described in Note 2.

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

| | |
|---|---|
| General Government | $ 8,289 |
| Human Services and Youth Corrections | 4,837 |
| Corrections, Adult | 5,046 |
| Public Safety | 3,170 |
| Courts | 4,816 |
| Health and Environmental Quality | 1,956 |
| Employment and Family Services | 2,160 |
| Natural Resources | 5,690 |
| Community and Economic Development | 504 |
| Business, Labor, and Agriculture | 1,149 |
| Public Education | 985 |
| Transportation | 10,647 |
| Depreciation on capital assets of the State's internal service funds is charged to the various functions based on their usage of services provided | 20,845 |
| Total | $ 70,094 |

**Discretely Presented Component Units**

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

| | Utah Housing Corporation | Public Employees Health Program | University of Utah | Utah State University | Nonmajor Component Units | Total |
|---|---|---|---|---|---|---|
| Capital Assets not being Depreciated: | | | | | | |
| Land and Other Assets | $ 1,720 | $ — | $ 49,196 | $ 12,588 | $ 61,749 | $ 125,253 |
| Construction-In-Progress | 484 | — | 75,739 | 29,927 | 9,331 | 115,481 |
| Total Capital Assets not being Depreciated | 2,204 | 0 | 124,935 | 42,515 | 71,080 | 240,734 |
| Capital Assets being Depreciated: | | | | | | |
| Building and Improvements | 1,302 | — | 1,054,870 | 417,417 | 916,784 | 2,390,373 |
| Infrastructure | — | — | 119,741 | — | 22,323 | 142,064 |
| Machinery and Equipment | 1,114 | 3,973 | 576,374 | 148,756 | 155,978 | 886,195 |
| Total Capital Assets being Depreciated | 2,416 | 3,973 | 1,750,985 | 566,173 | 1,095,085 | 3,418,632 |
| Less Total Accumulated Depreciation | (1,574) | (2,953) | (850,519) | (243,773) | (396,135) | (1,494,954) |
| Total Capital Assets being Depreciated, Net | 842 | 1,020 | 900,466 | 322,400 | 698,950 | 1,923,678 |
| Discretely Presented Component Units – Capital Assets, Net | $ 3,046 | $ 1,020 | $ 1,025,401 | $ 364,915 | $ 770,030 | $ 2,164,412 |

The State had long-term construction project commitments totaling $ 127.315 million at June 30, 2004. The following construction projects have remaining commitments and represent reservations of fund balance in the Capital Projects Funds (nonmajor governmental funds):

**Capital Projects Fund**
**Construction Project Commitments**
*(Expressed in Thousands)*

| Project | Description | Remaining Construction Commitment |
|---|---|---|
| 01009 | U of U — Moran Eye Center Phase II | $ 38,751 |
| 02029 | USU — Merrill Library | 24,955 |
| 02042 | U of U — Health Science Education Building | 21,437 |
| 02156 | State Capitol Restoration | 13,539 |
| 02043 | West Jordan District/Juvenile Court Facility | 9,811 |
| 01020 | Four Campus Classroom | 2,134 |
| 03268 | UVSC — Baseball Stadium | 1,829 |
| 01074 | New Legislative Buildings | 1,379 |
| 98188 | State Archives Building | 1,293 |
| 97097 | State Capitol Building Remodel Planning and Design | 1,190 |
| — | All Others | 10,997 |
| | Total Commitments | $ 127,315 |

## 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 $1.442 million in principal and $1.396 million in interest for fiscal year 2004. The historical cost and accumulated depreciation of the primary government's assets acquired through capital leases were $26.257 million and $6.626 million, respectively, as of June 30, 2004.

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 2004 were $24.686 million for the primary government and $16.595 million for component units. For fiscal year 2003, the operating lease expenditures were $26.473 million for the primary government and $16.532 million for component units. Future minimum lease commitments for noncancellable operating leases and capital leases as of June 30, 2004, 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** |
| 2005 | $ 19,926 | $ 17,779 | $ 37,705 | $ 2,805 | $ 14,287 | $ 17,092 |
| 2006 | 16,937 | 15,707 | 32,644 | 2,519 | 10,882 | 13,401 |
| 2007 | 12,438 | 13,723 | 26,161 | 2,548 | 8,365 | 10,913 |
| 2008 | 8,474 | 12,064 | 20,538 | 2,611 | 7,006 | 9,617 |
| 2009 | 5,676 | 9,965 | 15,641 | 2,186 | 19,277 | 21,463 |
| 2010–2014 | 9,826 | 50,393 | 60,219 | 8,776 | 25,881 | 34,657 |
| 2015–2019 | 6,101 | 248 | 6,349 | 6,830 | 409 | 7,239 |
| 2020–2024 | 2,280 | 212 | 2,492 | 5,349 | — | 5,349 |
| 2025–2029 | 59 | 116 | 175 | 235 | — | 235 |
| 2030–2034 | — | 11 | 11 | — | — | — |
| Total Future Minimum Lease Payments | $ 81,717 | $ 120,218 | $ 201,935 | 33,859 | 86,107 | 119,966 |
| Less Amounts Representing Interest | | | | (10,957) | (15,600) | (26,557) |
| Present Value of Future Minimum Lease Payments | | | | $ 22,902 | $ 70,507 | $ 93,409 |

## NOTE 10. LONG-TERM LIABILITIES

### A. Changes in Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2004, are presented in the following schedule. As referenced below, certain long-term liabilities are discussed in other Notes to the Financial Statements.

**Long-term Liabilities**
*(Expressed in Thousands)*

| | Beginning Balance | Additions | Reductions | Ending Balance | Amounts Due Within One Year |
|---|---|---|---|---|---|
| **Governmental Activities** | | | | | |
| General Obligation Bonds | $ 1,623,680 | $ 314,775 | $ (428,295) | $ 1,510,160 | $ 136,285 |
| State Building Ownership Authority Lease Revenue Bonds | 331,537 | 22,195 | (17,791) | 335,941 | 47,939 |
| Net Unamortized Premiums/(Discounts) | 107,435 | 35,729 | (34,570) | 108,594 | — |
| Deferred Amount on Refunding | (14,038) | (15,415) | 2,487 | (26,966) | — |
| Capital Leases (Note 9) | 12,846 | 11,498 | (1,442) | 22,902 | 2,065 |
| Compensated Absences (Notes 1 and 18) | 134,746 | 61,068 | (56,220) | 139,594 | 62,307 |
| Postemployment Benefits (Note 18) | 216,442 | 38,757 | (14,661) | 240,538 | 14,606 |
| Claims | 43,659 | 5,506 | (8,742) | 40,423 | 9,329 |
| Arbitrage Liability (Note 1) | 103 | — | (103) | — | — |
| Total Governmental Long-term Liabilities | $ 2,456,410 | $ 474,113 | $ (559,337) | $ 2,371,186 | $ 272,531 |
| **Business-type Activities** | | | | | |
| Revenue Bonds | $ 1,313,605 | $ 130,135 | $ (45,220) | $ 1,398,520 | $ 137,575 |
| State Building Ownership Authority Lease Revenue Bonds | 22,341 | 1,905 | (916) | 23,330 | 1,037 |
| Net Unamortized Premiums/(Discounts) | 265 | (8) | (20) | 237 | — |
| Claims | 5,668 | 242,361 | (242,828) | 5,201 | 5,201 |
| Arbitrage Liability (Note 1) | 52,884 | 9,998 | (1,116) | 61,766 | 350 |
| Total Business-type Long-term Liabilities | $ 1,394,763 | $ 384,391 | $ (290,100) | $ 1,489,054 | $ 144,163 |
| **Component Units** | | | | | |
| Revenue Bonds | $ 1,653,582 | $ 301,169 | $ (384,691) | $ 1,570,060 | $ 159,318 |
| Net Unamortized Premiums/(Discounts) | 399 | 371 | (93) | 677 | 27 |
| Capital Leases/Contracts Payable (Notes 9 and 10) | 77,789 | 11,979 | (14,614) | 75,154 | 11,741 |
| Notes Payable | 33,017 | 14,898 | (4,916) | 42,999 | 2,866 |
| Claims | 82,914 | 433,307 | (413,515) | 102,706 | 58,106 |
| Leave/Postemployment Benefits (Notes 1 and 18) | 67,868 | 35,005 | (31,392) | 71,481 | 18,947 |
| Total Component Unit Long-term Liabilities | $ 1,915,569 | $ 796,729 | $ (849,221) | $ 1,863,077 | $ 251,055 |

Compensated absences and postemployment benefits liabilities of governmental activities are liquidated in the General Fund, Uniform School Fund, or Transportation Fund according to the applicable employing state agency. Claims liabilities of governmental activities are liquidated in the Risk Management Internal Service Fund.

### B. General Obligation Bonds

The State issues general obligation bonds to provide funds for acquisition, construction, and renovation of major capital facilities and for highway construction. In addition, general obligation bonds have been issued to refund general obligation bonds, revenue bonds, and capitalized leases. General obligation bonds are secured by the full faith and credit of the State. Debt service requirements are provided by legislative appropriation from the State's general tax revenues. As of June 30, 2004, the State had $116.0 million and $82.4 million of authorized but unissued general obligation building and highway bond authorizations remaining, respectively.

During fiscal year 2004 the State issued $314.8 million Series 2004 A general obligation refunding bonds. The proceeds were used to advance refund portions of the 2001 B, 2002 A, and 2003 A general obligation bonds.

General obligation bonds payable consist of the following:

**General Obligation Bonds Payable**
*(Expressed in Thousands)*

| Bond Issue | Date Issued | Maturity Date | Interest Rate | Original Issue | Balance June 30, 2004 |
|---|---|---|---|---|---|
| 1997 A–E Highway/Capital Facility Issue | 07/01/97 | 2001–2007 | 4.80% to 5.50% | $ 200,000 | $ 34,950 |
| 1997 F Highway Issue | 08/01/97 | 2001–2007 | 5.00% to 5.50% | $ 205,000 | 64,300 |
| 1998 A Highway/Capital Facility Issue | 07/07/98 | 2001–2008 | 5.00% | $ 265,000 | 84,075 |
| 1999 E Capital Facility Issue | 07/01/99 | 2004 | 4.50% | $ 38,000 | 38,000 |
| 2001 A Capital Facility Issue | 01/24/01 | 2004 | 4.00% | $ 15,000 | 15,000 |
| 2001 B Highway/Capital Facility Issue | 07/02/01 | 2004–2009 | 4.50% | $ 348,000 | 218,000 |
| 2002 A Highway/Capital Facility Issue | 06/27/02 | 2003–2011 | 3.00% to 5.25% | $ 281,200 | 172,840 |
| 2002 B Refunding Issue | 07/31/02 | 2004–2012 | 3.00% to 5.38% | $ 253,100 | 253,100 |
| 2003 A Highway/Capital Facility Issue | 06/26/03 | 2005–2013 | 2.00% to 5.00% | $ 407,405 | 315,120 |
| 2004 A Refunding Issue | 03/02/04 | 2010–2016 | 4.00% to 5.00% | $ 314,775 | 314,775 |
| Total General Obligation Bonds Outstanding | | | | | 1,510,160 |
| Plus Unamortized Bond Premium | | | | | 105,616 |
| Less Deferred Amount on Refunding | | | | | (26,966) |
| Total General Obligation Bonds Payable | | | | | $ 1,588,810 |

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

| | Principal | | | | | | |
|---|---|---|---|---|---|---|---|
| Fiscal Year | 1997 A–E Highway/ Capital Facility | 1997 F Highway Bonds | 1998 A Highway/ Capital Facility | 1999 E Capital Facility | 2001 A Capital Facility | 2001 B Highway/ Capital Facility | 2002A Highway/ Capital Facility |
| 2005 | $ 5,175 | $ 14,825 | $ 14,975 | $ 38,000 | $ 15,000 | $ 41,425 | $ 4,850 |
| 2006 | 9,350 | 15,625 | 15,850 | — | — | 34,900 | 45,740 |
| 2007 | 9,925 | 16,475 | 16,775 | — | — | 33,250 | 48,075 |
| 2008 | 10,500 | 17,375 | 17,750 | — | — | 34,650 | 50,575 |
| 2009 | — | — | 18,725 | — | — | 36,125 | 5,525 |
| 2010–2014 | — | — | — | — | — | 37,650 | 18,075 |
| 2015–2019 | — | — | — | — | — | — | — |
| Total | $ 34,950 | $ 64,300 | $ 84,075 | $ 38,000 | $ 15,000 | $ 218,000 | $ 172,840 |

Continues Below

| | Principal | | | | | |
|---|---|---|---|---|---|---|
| Fiscal Year | 2002 B Refunding Bonds | 2003 A Highway/ Capital Facility | 2004 A Refunding Bonds | Total Principal Required | Interest Required | Total Amount Required |
| 2005 | $ 2,035 | $ — | $ — | $ 136,285 | $ 67,308 | $ 203,593 |
| 2006 | 205 | 1,095 | — | 122,765 | 61,257 | 184,022 |
| 2007 | 160 | 7,775 | — | 132,435 | 54,672 | 187,107 |
| 2008 | 120 | 12,825 | — | 143,795 | 47,519 | 191,314 |
| 2009 | 29,455 | 59,300 | — | 149,130 | 40,762 | 189,892 |
| 2010–2014 | 221,125 | 234,125 | 109,865 | 620,840 | 104,013 | 724,853 |
| 2015–2019 | — | — | 204,910 | 204,910 | 9,436 | 214,346 |
| Total | $ 253,100 | $ 315,120 | $ 314,775 | $ 1,510,160 | $ 384,967 | $ 1,895,127 |

C. **Revenue Bonds**

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

**Governmental Activities**

The Utah State Building Ownership Authority (SBOA) has issued bonds for the purchase and construction of facilities to be leased to state agencies. The bonds are secured by the facilities, and repayment is made from lease income. The outstanding bonds payable at June 30, 2004, are reported as a long-term liability of the governmental activities, except for $22.371 million and $1.145 million which are reported in the Alcoholic Beverage Control Fund, and the Utah Correctional Industries Fund (nonmajor enterprise funds), respectively. These portions are reported as liabilities of the business-type activities on the government-wide statement of net assets.

During fiscal year 2004, the average interest rate for the SBOA Series 2001 C variable rate bonds was 0.98 percent, there is no stated minimum rate, but the maximum rate is 12 percent. The rate on the bond is reset weekly by the remarketing agent and fluctuates with the general changes in interest rates and the demand for these particular securities. In the applicable debt service requirements to maturity schedule, the interest rate used to project debt service requirements was 1.06 percent, which was the rate in effect at yearend.

**Business-type Activities**

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

The Student Assistance Programs have $240.555 million of bonds bearing interest at an adjustable rate, which is determined weekly by a remarketing agent. The Programs also have adjustable rate bonds that are set by an auction procedure every 28 days in the amount of $312.1 million and $783.8 million of bonds that are auctioned every 35 days.

The State's water loan programs have issued revolving loan recapitalization program bonds to provide capital for the State's revolving loan programs, and subsequently have refunded one of the bonds. The bonds are secured by and repayment is made from the collection of the revolving loan programs' notes receivables.

**Discrete Component Units**

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

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

Revenue bonds payable consist of the following:

**Revenue Bonds Payable – Component Units**
*(Expressed in Thousands)*

| Bond Issue | Date Issued | Maturity Date | Interest Rate | Original Issue | Balance June 30, 2004 |
|---|---|---|---|---|---|
| Utah Housing Corporation Issues | 1985–2004 | 2004–2046 | 1.5% to 10.30% | $ 2,430,667 | $ 1,198,924 |
| Colleges and Universities Revenue Bonds | 1987–2004 | 2004–2031 | variable and 1.9% to 8.49% | $ 505,450 | 371,136 |
| Total Revenue Bonds Outstanding | | | | | 1,570,060 |
| Colleges and Universities Plus Unamortized Bond Premium | | | | | 677 |
| Total Revenue Bonds Payable | | | | | $ 1,570,737 |

**Revenue Bonds Payable – Primary Government**
*(Expressed in Thousands)*

| Bond Issue | Date Issued | Maturity Date | Interest Rate | Original Issue | Balance June 30, 2004 |
|---|---|---|---|---|---|
| **Governmental Activities** | | | | | |
| SBOA Lease Revenue Bonds: | | | | | |
| Series 1992 A | 07/15/92 | 1993–2011 | 5.30% to 5.75% | $ 26,200 | $ 14,405 |
| Series 1992 B | 07/15/92 | 1994–2011 | 4.00% to 6.00% | $ 1,380 | 785 |
| Series 1993 A | 12/01/93 | 1995–2013 | 4.50% to 5.25% | $ 6,230 | 3,650 |
| Series 1994 A | 09/01/94 | 1995–2005 | 5.00% to 6.25% | $ 27,465 | 1,730 |
| Series 1995 A | 07/01/95 | 1996–2007 | 5.00% to 5.75% | $ 92,260 | 11,750 |
| Series 1996 A | 07/01/96 | 1997–2007 | 5.50% to 6.00% | $ 42,895 | 5,495 |
| Series 1996 B | 11/01/96 | 1999–2013 | 5.00% to 5.40% | $ 16,875 | 11,555 |
| Series 1998 A | 07/01/98 | 1999–2020 | 3.75% to 5.25% | $ 24,885 | 13,405 |
| Series 1998 B Capital Appreciation | 07/22/98 | 2005 | 4.65% | $ 23,091 | 30,341 |
| Series 1998 C | 08/15/98 | 2000–2019 | 3.80% to 5.50% | $ 101,557 | 101,325 |
| Series 1999 A | 08/01/99 | 2001–2021 | 5.25% to 5.50% | $ 6,960 | 6,330 |
| Series 2001 A | 11/21/01 | 2005–2021 | 4.00% to 5.00% | $ 69,850 | 69,850 |
| Series 2001 B | 11/21/01 | 2002–2024 | 3.00% to 5.75% | $ 14,240 | 14,200 |
| Series 2001 C | 11/21/01 | 2005–2021 | variable | $ 30,300 | 30,300 |
| Series 2003 | 12/30/03 | 2005–2025 | 2.00% to 5.00% | $ 20,820 | 20,820 |
| Total Lease Revenue Bonds Outstanding | | | | | 335,941 |
| Plus Unamortized Bond Premium | | | | | 2,978 |
| Total Lease Revenue Bonds Payable | | | | | $ 338,919 |
| **Business-type Activities** | | | | | |
| Student Assistance Programs: | | | | | |
| Series 1988 and 1993 Board of Regents Student Loan Indentures | 1988–2004 | 1998–2041 | Variable and 4.45% to 6.0% | $1,396,295 | $ 1,386,220 |
| Office Facility Bond Fund | 2002, 2004 | 2003–2024 | 3.0% to 5.13% | $ 11,780 | $ 11,240 |
| Total Revenue Bonds Outstanding | | | | | 1,397,460 |
| Plus Unamortized Bond Premium | | | | | 51 |
| Total Revenue Bonds Payable | | | | | $ 1,397,511 |
| Water Loan Programs: | | | | | |
| Series 1995 Water Refunding | 10/04/95 | 1996–2005 | 5.13% | $ 8,430 | $ 1,060 |
| Total Revenue Bonds Payable | | | | | $ 1,060 |
| SBOA Lease Revenue Bonds: | | | | | |
| Series 1994 A | 09/01/94 | 1995–2005 | 5.00% to 6.25% | $ 3,450 | $ 165 |
| Series 1995 A | 07/01/95 | 1996–2007 | 5.00% to 5.70% | $ 740 | 110 |
| Series 1996 A | 07/01/96 | 1997–2007 | 5.50% to 6.00% | $ 1,830 | 240 |
| Series 1997 A | 12/01/97 | 1999–2018 | 4.60% to 5.13% | $ 4,150 | 3,350 |
| Series 1998 A | 07/01/98 | 1999–2020 | 3.75% to 5.25% | $ 825 | 675 |
| Series 1998 C | 08/15/98 | 2000–2019 | 3.80% to 5.50% | $ 3,543 | 3,535 |
| Series 1999 A | 08/01/99 | 2001–2020 | 5.25% to 5.50% | $ 2,495 | 2,195 |
| Series 2001 B | 11/21/01 | 2004–2023 | 3.25% to 5.25% | $ 11,540 | 11,155 |
| Series 2003 | 12/30/03 | 2005–2025 | 2.00% to 5.00% | $ 1,905 | 1,905 |
| Total Lease Revenue Bonds Outstanding | | | | | 23,330 |
| Plus Unamortized Bond Premium | | | | | 186 |
| Total Lease Revenue Bonds Payable | | | | | $ 23,516 |
| Total Lease Revenue/ Revenue Bonds Payable | | | | | $ 1,422,087 |

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

| | Principal | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Fiscal Year** | **Utah State Student Assistance Programs** | **1992 A Utah State Building Ownership Authority** | **1992 B Utah State Building Ownership Authority** | **1993 A Utah State Building Ownership Authority** | **1994 A Utah State Building Ownership Authority** | **1995 A Utah State Building Ownership Authority** | **1995 Water Refunding** | **1996 A Utah State Building Ownership Authority** |
| 2005 | $ 136,515 | $ 1,460 | $ 80 | $ 330 | $ 1,895 | $ 3,760 | $ 1,060 | $ 1,820 |
| 2006 | 20,920 | 1,545 | 85 | 345 | — | 3,945 | — | 1,905 |
| 2007 | 430 | 1,640 | 90 | 360 | — | 4,155 | — | 2,010 |
| 2008 | 89,145 | 1,735 | 95 | 380 | — | — | — | — |
| 2009 | 5,355 | 1,835 | 100 | 400 | — | — | — | — |
| 2010–2014 | 109,545 | 6,190 | 335 | 1,835 | — | — | — | — |
| 2015–2019 | 3,365 | — | — | — | — | — | — | — |
| 2020–2024 | 2,985 | — | — | — | — | — | — | — |
| 2025–2029 | 180,000 | — | — | — | — | — | — | — |
| 2030–2034 | 179,000 | — | — | — | — | — | — | — |
| 2035–2039 | 460,100 | — | — | — | — | — | — | — |
| 2040–2044 | 210,100 | — | — | — | — | — | — | — |
| Total | $1,397,460 | $14,405 | $ 785 | $ 3,650 | $ 1,895 | $11,860 | $ 1,060 | $ 5,735 |

Continues Below

| | Principal | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Fiscal Year** | **1996 B Utah State Building Ownership Authority** | **1997 A Utah State Building Ownership Authority** | **1998 A Utah State Building Ownership Authority** | **1998 B Utah State Building Ownership Authority** | **1998 C Utah State Building Ownership Authority** | **1999 A Utah State Building Ownership Authority** | **2001 A Utah State Building Ownership Authority** | **2001 B Utah State Building Ownership Authority** |
| 2005 | $ 1,040 | $ 170 | $ 2,615 | $ 30,341 | $ 55 | $ 330 | $ 2,000 | $ 865 |
| 2006 | 1,095 | 180 | 705 | — | 1,120 | 345 | 3,175 | 895 |
| 2007 | 1,150 | 190 | 735 | — | 1,170 | 365 | 3,125 | 935 |
| 2008 | 1,205 | 195 | 775 | — | 7,715 | 380 | 3,250 | 965 |
| 2009 | 1,270 | 205 | 805 | — | 8,130 | 405 | 3,375 | 1,005 |
| 2010–2014 | 5,795 | 1,200 | 4,640 | — | 46,135 | 2,365 | 19,100 | 5,680 |
| 2015–2019 | — | 1,210 | 3,660 | — | 40,535 | 3,065 | 24,325 | 7,030 |
| 2020–2024 | — | — | 145 | — | — | 1,270 | 11,500 | 7,980 |
| 2025–2029 | — | — | — | — | — | — | — | — |
| 2030–2034 | — | — | — | — | — | — | — | — |
| 2035–2039 | — | — | — | — | — | — | — | — |
| 2040–2044 | — | — | — | — | — | — | — | — |
| Total | $ 11,555 | $ 3,350 | $ 14,080 | $ 30,341 | $104,860 | $ 8,525 | $ 69,850 | $25,355 |

Continues Below

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

| | Principal | | | | |
|---|---|---|---|---|---|
| **Fiscal Year** | **2001 C Utah State Building Ownership Authority** | **2003 Utah State Building Ownership Authority** | **Total Principal Required** | **Total Interest Required** | **Total Amount Required** |
| 2005 | $ 2,100 | $ 115 | $ 186,551 | $ 37,742 | $ 224,293 |
| 2006 | 1,100 | 1,125 | 38,485 | 35,631 | 74,116 |
| 2007 | 1,300 | 1,180 | 18,835 | 33,708 | 52,543 |
| 2008 | 1,400 | 1,210 | 108,450 | 32,437 | 140,887 |
| 2009 | 1,500 | 1,240 | 25,625 | 29,840 | 55,465 |
| 2010–2014 | 8,400 | 6,250 | 217,470 | 127,194 | 344,664 |
| 2015–2019 | 10,000 | 4,715 | 97,905 | 99,179 | 197,084 |
| 2020–2024 | 4,500 | 5,810 | 34,190 | 81,588 | 115,778 |
| 2025–2029 | — | 1,080 | 181,080 | 70,394 | 251,474 |
| 2030–2034 | — | — | 179,000 | 60,250 | 239,250 |
| 2035–2039 | — | — | 460,100 | 35,142 | 495,242 |
| 2040–2044 | — | — | 210,100 | 4,881 | 214,981 |
| Total | $ 30,300 | $ 22,725 | $1,757,791 | $ 647,986 | $ 2,405,777 |

**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** |
| 2005 | $ 142,105 | $ 9,246 | $ 3,206 | $ 4,761 | $ 159,318 | $ 70,824 | $ 230,142 |
| 2006 | 26,681 | 9,791 | 3,329 | 5,013 | 44,814 | 70,792 | 115,606 |
| 2007 | 32,204 | 10,382 | 3,025 | 4,475 | 50,086 | 68,700 | 118,786 |
| 2008 | 34,388 | 7,482 | 3,178 | 4,733 | 49,781 | 66,400 | 116,181 |
| 2009 | 34,176 | 11,243 | 3,319 | 4,971 | 53,709 | 63,971 | 117,680 |
| 2010–2014 | 151,999 | 59,288 | 19,022 | 21,456 | 251,765 | 281,658 | 533,423 |
| 2015–2019 | 130,748 | 57,100 | 13,405 | 14,206 | 215,459 | 223,688 | 439,147 |
| 2020–2024 | 163,041 | 41,792 | 3,441 | 9,594 | 217,868 | 166,818 | 384,686 |
| 2025–2029 | 214,742 | 37,318 | 1,620 | 3,210 | 256,890 | 105,888 | 362,778 |
| 2030–2034 | 194,082 | — | — | 1,530 | 195,612 | 42,611 | 238,223 |
| 2035–2039 | 48,533 | — | — | — | 48,533 | 11,762 | 60,295 |
| 2040–2044 | 22,472 | — | — | — | 22,472 | 4,513 | 26,985 |
| 2045–2049 | 3,753 | — | — | — | 3,753 | 203 | 3,956 |
| Total | $ 1,198,924 | $ 243,642 | $ 53,545 | $ 73,949 | $ 1,570,060 | $ 1,177,828 | $ 2,747,888 |

D. **Conduit Debt Obligations**

Of the Utah Housing Corporation (component unit) bonds outstanding, $252.459 million were issued as multi-family purchase bonds. Of those bonds, $240.184 million are conduit debt obligations issued on behalf of third parties. The Corporation is not obligated in any manner for repayment of the conduit debt. However, in accordance with the Corporation's accounting policies, the conduit debt is reported in the Corporation's financial statements.

In 1985, the State Board of Regents authorized the University of Utah (component unit) to issue Variable Rate Demand Industrial Development Bonds for the University Park Hotel, a limited partnership separate from the University. The bonds are payable solely from revenues of the University Park 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. At June 30, 2004, $7.1 million of Variable Rate Demand Industrial Development Bonds are outstanding.

E. **Demand Bonds**

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

  In the case that the bonds cannot be remarketed, the SBOA has an irrevocable direct-pay letter of credit with Landesbank Hessen-Thuringen Girozentrale (Helaba) acting through its New York Branch in the amount of $30.828 million, which is an amount sufficient to pay principal and 53 days of accrued interest at 12 percent. In consideration for the letter of credit, Helaba receives a fee of 18.5 basis points paid on a quarterly basis. The letter of credit expires on December 31, 2015, and as of June 30, 2004, the SBOA has not had to draw any funds for bondholder tenders or a failed remarketing.

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

- The Student Loan Purchase Program had $240.555 million of demand bonds outstanding at June 30, 2004, subject to purchase on the demand of the holder at a price equal to principal plus accrued interest, on seven days notice and delivery to the Board's remarketing agent.

  In the event bonds cannot be remarketed, the Board has standby bond purchase agreements and a letter of credit agreement sufficient to pay the purchase price of bonds delivered to it. The Board pays quarterly fees to maintain the standby bond purchase agreements and letter of credit on the demand bonds.

  An unused irrevocable direct-pay letter of credit expiring November 15, 2004, in the amount of $37.462 million supports the Series 1993 A bonds of $35 million. Standby bond purchase agreements of $110.677 million expiring November 15, 2005 support the Series 1988 C and 1995 L bonds of $104.5 million, and $108.42 million expiring May 16, 2005, support the Series 1996 Q and 1997 R bonds of $101.055 million. As of June 30, 2004, the Board had not drawn any funds under the standby bond purchase agreements or the letter of credit.

- The Utah Housing Corporation (component unit) had $494.835 million of bonds outstanding at June 30, 2004, 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 case that the variable rate bonds cannot be remarketed, the Corporation has entered into various irrevocable Standby Bond Purchase Agreements (Liquidity Facility) with three different banks totaling $550 million. These Agreements provide that these institutions will provide funds to purchase the variable rate bonds that have been tendered and not remarketed. These liquidity providers receive a fee ranging from 12.5 to 19 basis points of the outstanding amount of the variable rate bonds paid on a quarterly basis. The Corporation has not drawn on any of the facilities to date.

- The University of Utah (component unit) Series 1997 A bonds in the amount of $16.39 million currently bear interest at a weekly rate in accordance with bond provisions. When a weekly rate is in effect, the Series 1997 A bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on seven days notice and delivery to the University's tender agent. The interest requirement for the Series 1997 A Bonds is calculated using an interest rate of 1.08 percent, which is the rate in effect of June 30, 2004.

  In the event the bonds cannot be remarketed, the tender agent is required to draw on an irrevocable letter of credit to pay the purchase price plus accrued interest on the bonds delivered to it. The letter of credit with the Bank of Nova Scotia is valid through July 30, 2005. As of June 30, 2004, the University had not drawn any funds under the letter of credit.

F. **Capital Appreciation Bonds**

On August 15, 1998, the Utah State Building Ownership Authority issued $23.091 million of 1998 Series B Capital Appreciation lease revenue bonds. The interest on the bonds is accreted and added to the bonds payable. The accretion for the year ended June 30, 2004, was $1.363 million, and at June 30, 2004, the total capital appreciation bonds payable including accreted interest was $30.341 million.

G. **Defeased Bonds and Bond Refunding**

The State issued on March 2, 2004, $314.775 million General Obligation Refunding Bonds Series 2004 A to advance refund $130 million, $94.2 million, and $92.285 million of Series 2001 B, 2002 A, and 2003 A General Obligation Bonds, respectively. The principal amount of the refunding bonds and $34.47 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 $15.415 million. This difference, reported in the Statement of Net Assets as a deduction from bonds payable, is being charged to operations through fiscal year 2016, using the bonds outstanding method, which approximates the effective interest method. The refunding reduced the State's aggregate debt service payments by $8.084 million over 12 years and resulted in an economic gain (difference between the present values of the old and new debt service payments) of $3.517 million.

On December 30, 2003, the Utah State Building Ownership Authority issued $22.725 million of Lease Revenue and Refunding Bonds Series 2003. To reduce total debt service, $4.455 million of the proceeds, together with $124 thousand of original issue premium and $657 thousand of other monies, were used to pay $380 thousand of principal due and refund the remaining $5.05 million of the Authority's Series 1993 B Lease Revenue bonds. There was no difference between the reacquisition price and the net carrying amount of the old debt. The current refunding reduced the State's total debt service payments by $1.17 million over 10 years and resulted in an economic gain of $94 thousand.

Pursuant to the Supplemental Indenture dated August 1, 2003 and the General Indenture dated July 15, 1988, the Student Loan Purchase Program issued the Series 2003 V student loan revenue bonds at par to pay or redeem a total of $43.365 million of Series 1993 B, C and D bearing interest from 5.35 percent to 6.10 percent and maturing on November 1, 2003 to November 1, 2018, all of the bonds were paid or redeemed on November 1, 2003. Because the variable rate refunding issue has no stated minimum or maximum interest rate, no attempt has been made to disclose cash flow savings or economic gain. Due to the risk that variable interest may rise, there is no guarantee that the Student Loan Purchase Program will achieve an economic gain on this transaction.

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, 2004, the total amount outstanding of defeased general obligation bonds, including the bonds advanced refunded in fiscal year 2004, was $576.41 million. At June 30, 2004, the total amount outstanding of defeased revenue bonds was $105.615 million.

In prior years, component units defeased certain revenue bonds by placing the proceeds of new bonds and various bond reserves in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the component unit column on the Statement of Net Assets. At June 30, 2004, $38.514 million of college and university bonds outstanding are considered defeased.

H. **Contracts Payable**

Component unit capital leases/contracts payable include $4.647 million in life annuity contracts.

I. **Notes Payable**

The notes payable balance consists of notes issued by component units for the purchase of buildings and equipment. The notes bear various interest rates and will be repaid over the next 30 years. They are secured by the related assets.

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

| | Principal | | | | | | |
|---|---|---|---|---|---|---|---|
| **Fiscal Year** | **Utah Housing Corporation** | **University of Utah** | **Utah State University** | **Nonmajor Component Units** | **Total Principal Required** | **Interest Required** | **Total Amount Required** |
| 2005 | $ 18 | $ 478 | $ 1,160 | $ 1,210 | $ 2,866 | $ 2,003 | $ 4,869 |
| 2006 | 20 | 419 | 1,238 | 672 | 2,349 | 1,971 | 4,320 |
| 2007 | 22 | 357 | 1,234 | 5,048 | 6,661 | 1,865 | 8,526 |
| 2008 | 24 | 387 | 1,281 | 433 | 2,125 | 1,603 | 3,728 |
| 2009 | 27 | 421 | 1,307 | 418 | 2,173 | 1,500 | 3,673 |
| 2010–2014 | 182 | 2,721 | 5,320 | 2,232 | 10,455 | 5,883 | 16,338 |
| 2015–2019 | 53 | 4,127 | 4,150 | 1,080 | 9,410 | 3,184 | 12,594 |
| 2020–2024 | — | 1,316 | 4,763 | 524 | 6,603 | 727 | 7,330 |
| 2025–2029 | — | — | 88 | 269 | 357 | 27 | 384 |
| Total | $ 346 | $ 10,226 | $ 20,541 | $ 11,886 | $ 42,999 | $ 18,763 | $ 61,762 |

J. **Debt Service Requirements for Derivatives**

**Swap Payments and Associated Debt —** As explained in Note 3.D., Utah Housing Corporation (major component unit) had entered into pay-fixed, receive-variable interest rate swaps as of June 30, 2004. Using rates as of June 30, 2004, debt service requirements of the Corporation's outstanding variable-rate debt and net swap payments are summarized below (in thousands). As rates vary, variable-rate bond interest payments and net swap payments will vary. The principal, interest and net swap interest are included in the Component Unit debt service schedule presented on page 88 for Utah Housing Corporation.

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

| Fiscal Year | Variable Rate Bonds | | Interest Rate Swaps, Net | Total |
|---|---|---|---|---|
| | Principal | Interest | | |
| 2005 | $ 15,460 | $ 4,663 | $ 14,750 | $ 34,873 |
| 2006 | 6,670 | 4,488 | 15,300 | 26,458 |
| 2007 | 6,320 | 4,411 | 15,042 | 25,773 |
| 2008 | 5,985 | 4,340 | 14,804 | 25,129 |
| 2009 | 5,665 | 4,271 | 14,579 | 24,515 |
| 2010–2014 | 21,545 | 20,482 | 69,965 | 111,992 |
| 2015–2019 | 31,175 | 19,218 | 65,273 | 115,666 |
| 2020–2024 | 63,150 | 16,801 | 56,367 | 136,318 |
| 2025–2029 | 112,605 | 12,273 | 40,059 | 164,937 |
| 2030–2034 | 139,615 | 4,862 | 14,152 | 158,629 |
| 2035–2039 | 8,280 | 109 | 191 | 8,580 |
| Total | $ 416,470 | $ 95,918 | $ 320,482 | $ 832,870 |

**NOTE 11. GOVERNMENTAL FUND BALANCES — RESERVED AND DESIGNATED**

The State's reserved fund balances represent: 1) **Nonlapsing Appropriations** which include continuing appropriations or nonlapsing funds, encumbrances for construction contracts in the capital projects funds, and limited encumbrances in the general and special revenue funds; or 2) **Restricted Purposes** which include fund balances that are legally restricted for other purposes, assets restricted by bond agreements or other external restrictions, and those portions of fund balance that are not available for appropriation or expenditure, such as loans to internal service funds. A summary of the nature and purpose of these reserves by fund type at June 30, 2004, follows:

**Reserved Fund Balances**
*(Expressed in Thousands)*

| | Nonlapsing Appropriations | Restricted Purposes | Total Reserved |
|---|---|---|---|
| **General Fund:** | | | |
| Legislature | $ 2,866 | $ — | $ 2,866 |
| Governor | 5,785 | 505 | 6,290 |
| Elected Officials | 2,556 | 1 | 2,557 |
| Administrative Services | 6,294 | 18 | 6,312 |
| Tax Commission | 9,213 | 11,333 | 20,546 |
| Human Services | 8,627 | 5,546 | 14,173 |
| Corrections | 2,064 | 45 | 2,109 |
| Public Safety | 3,041 | 6,317 | 9,358 |
| Courts | 885 | 3,581 | 4,466 |
| Health | 3,748 | 548 | 4,296 |
| Environmental Quality | 1,478 | 3,743 | 5,221 |
| Employment and Family Services | — | 11,256 | 11,256 |
| Natural Resources | 12,190 | 20,112 | 32,302 |
| Community and Economic Development | 3,895 | 604 | 4,499 |
| Business, Labor, and Agriculture | 8,284 | 5,375 | 13,659 |
| Industrial Assistance Account | — | 26,494 | 26,494 |
| Loans to Internal Service Funds | — | 21,927 | 21,927 |
| Tobacco Settlement Funds | — | 5,247 | 5,247 |
| Oil Overcharge Funds | — | 7,067 | 7,067 |
| Mineral Bonus Account | — | 7,561 | 7,561 |
| Other Purposes | 1,413 | 4,444 | 5,857 |
| Total | $ 72,339 | $ 141,724 | $ 214,063 |
| **Uniform School Fund:** | | | |
| Minimum School Program | $ 19,576 | $ — | $ 19,576 |
| State Office of Education | 9,396 | — | 9,396 |
| School Building Program | — | 8,446 | 8,446 |
| School Land Interest | — | 9,787 | 9,787 |
| Total | $ 28,972 | $ 18,233 | $ 47,205 |
| **Transportation Fund:** | | | |
| Transportation | $ 3,108 | $ — | $ 3,108 |
| Public Safety | — | 7,755 | 7,755 |
| Corridor Preservation | — | 12,024 | 12,024 |
| Aeronautical Programs | — | 4,622 | 4,622 |
| Salt Lake County Road Construction | — | 7,439 | 7,439 |
| Salt Lake County Bond Proceeds | — | 44,910 | 44,910 |
| Total | $ 3,108 | $ 76,750 | $ 79,858 |
| **Centennial Highway Fund:** | | | |
| Bond Proceeds | $ — | $ 29,046 | $ 29,046 |
| **Trust Lands Fund:** | | | |
| Funds Held as Permanent Investments | $ — | $ 492,139 | $ 492,139 |
| **Nonmajor Governmental Funds:** | | | |
| Capital Projects | $ 127,315 | $ 10,189 | $ 137,504 |
| Debt Service | — | 7,055 | 7,055 |
| Tobacco Settlement Funds | — | 17,759 | 17,759 |
| Environmental Reclamation | — | 17,291 | 17,291 |
| Other Purposes | — | 5,377 | 5,377 |
| Total | $ 127,315 | $ 57,671 | $ 184,986 |

**Designated Fund Balances**
*(Expressed in Thousands)*

| | General Fund | Uniform School Fund | Transportation Fund | Centennial Highway Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| **Designated for:** | | | | | | |
| Budget Reserve (Rainy Day) Account | $ 53,585 | $ — | $ — | $ — | $ — | $ 53,585 |
| Education Budget Reserve Account | — | 13,273 | — | — | — | 13,273 |
| Postemployment and Other Liabilities | 142,863 | 161,202 | 43,502 | 537 | — | 348,104 |
| Fiscal Year 2005 Appropriations: | | | | | | |
| Line Item Appropriations | 53,015 | 54,205 | — | — | — | 107,220 |
| Industrial Assistance Account | 4,443 | — | — | — | — | 4,443 |
| Debt Service Requirements | 1,625 | — | — | — | — | 1,625 |
| Capital Projects | — | — | — | — | 3 | 3 |
| Debt Service | — | — | — | — | 5,787 | 5,787 |
| **Total** | $ 255,531 | $ 228,680 | $ 43,502 | $ 537 | $ 5,790 | $ 534,040 |

## NOTE 12. DEFICIT NET ASSETS AND FUND BALANCE

Funds reporting a deficit total net assets position at June 30, 2004, are (in thousands):

Private Purpose Trust Funds:

| | |
|---|---|
| Employers' Reinsurance | $ (223,426) |
| Petroleum Storage Tank | $ (55,311) |

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

The Petroleum Storage Tank Trust covers the clean-up costs of leaks from state-approved underground petroleum storage tanks. The assets in the fund are more than adequate to pay current claims. Unfunded future claims will be funded by future revenues.

Funds/activities reporting a deficit position in the unrestricted portion of their net assets at June 30, 2004, are (in thousands):

Internal Service Funds:

| | |
|---|---|
| General Services | $ (1,644) |
| Fleet Operations | $ (29,189) |

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

In addition, the Capital Projects – General Government Fund (nonmajor governmental fund) reported a $15.383 million deficit unreserved undesignated fund balance as a result of outstanding encumbrances on various capital projects. Appropriations and bond proceeds available in the next fiscal year will fund this deficit.

## NOTE 13. INTERFUND TRANSFERS

Transfers between funds occur when one fund collects revenue and transfers the assets to another fund for expenditure or when one fund provides working capital to another fund. All transfers must be legally authorized by the Legislature through statute or an *Appropriation Act.* Interfund transfers for the fiscal year ended June 30, 2004, are as follows (in thousands):

| | Transfers In: Governmental Funds | | | | | |
|---|---|---|---|---|---|---|
| | General Fund | Uniform School Fund | Trans-portation Fund | Centennial Highway Fund | Trust Lands Fund | Nonmajor Governmental Funds |
| **Transfers Out:** | | | | | | |
| General Fund | $ — | $ 2,110 | $ 28,127 | $ 59,595 | $ 14 | $ 85,825 |
| Uniform School Fund | 88,561 | — | — | — | — | 34,164 |
| Transportation Fund | 31,633 | — | — | 74,048 | — | 2,221 |
| Centennial Highway Fund | — | — | — | — | — | 100,718 |
| Trust Lands Fund | — | — | — | — | — | 4,428 |
| Nonmajor Governmental Funds | 9,546 | — | — | — | — | 2,616 |
| Unemployment Compensation | 2,323 | — | — | — | — | — |
| Water Loan Programs | 2,869 | — | — | — | — | — |
| Nonmajor Enterprise Funds | 39,686 | — | — | — | — | — |
| Internal Service Funds | 4,282 | — | — | — | — | — |
| **Total Transfers In** | $ 178,900 | $ 2,110 | $ 28,127 | $ 133,643 | $ 14 | $ 229,972 |

Continues Below

| | Enterprise Funds | | | |
|---|---|---|---|---|
| | Water Loan Programs | Nonmajor Enterprise Funds | Internal Service Funds | Total Transfers Out |
| **Transfers Out:** | | | | |
| General Fund | $ 1,582 | $ 29,888 | $ 378 | $ 207,519 |
| Uniform School Fund | — | — | — | 122,725 |
| Transportation Fund | — | — | — | 107,902 |
| Centennial Highway Fund | — | — | — | 100,718 |
| Trust Lands Fund | — | — | — | 4,428 |
| Nonmajor Governmental Funds | — | — | 14 | 12,176 |
| Unemployment Compensation | — | — | — | 2,323 |
| Water Loan Programs | — | — | — | 2,869 |
| Nonmajor Enterprise Funds | — | — | — | 39,686 |
| Internal Service Funds | — | — | — | 4,282 |
| **Total Transfers In** | $ 1,582 | $ 29,888 | $ 392 | $ 604,628 |

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

During fiscal year 2004, the legislature authorized transfers of $4.282 million from the Internal Service Funds to the General Fund to subsidize general fund revenues. In addition, the Legislature authorized payments of $613.362 million to the Colleges and Universities. Payments to Colleges and Universities are reported as expenditures in both the General Fund fund statements and the Governmental Activities column of the Statement of Activities. They are also reported as revenues in the Component Units column of the Statement of Activities.

## NOTE 14. LITIGATION, CONTINGENCIES, AND COMMITMENTS

### A. Litigation

The State is involved in various legal actions arising in the ordinary course of business. The State is vigorously contesting all of these matters, but as of this date it is not possible to determine the outcome of these proceedings. In the opinion of the Attorney General and management, the ultimate disposition of these matters will not have a material adverse effect on the State's financial position.

- Members of the Navajo Nation allege the State of Utah has mismanaged Navajo Nation Trust Fund monies. The plaintiffs are seeking an accounting of the legitimacy of the fund's receipts and disbursements, and damages of $142 million including interest and attorneys' fees.

- There are currently two separate suits pending seeking refunds of taxes paid. Damages in these two cases have not yet been specified. In the event of adverse rulings in these cases, the State estimates the damages sought could be over $20 million.

- A suit was filed by a landowner alleging breach of contract by the Utah State Armory Board and the Utah National Guard related to the sale of property. The plaintiff seeks damages of approximately $19 million plus attorneys' fees.

- In addition to the items above, the State is contesting other legal actions totaling approximately $25 million plus attorneys' fees and interest in some cases.

### B. Contingencies

- Financial and compliance audits (Single Audit) of federal grants, contracts, and agreements were conducted under the provisions of the Federal Office of Management and Budget's circulars. As a result of the audits, identified questioned costs are immaterial. Other audit findings on noncompliance cannot be estimated as to the potential liability. The Single Audit for the fiscal year ended June 30, 2004, is in process and management expects proposed disallowances to be immaterial.

- Management's estimated liability for the Petroleum Storage Tank Trust (private purpose trust fund) is highly sensitive to change based on the short period of historical data and the uncertainties in estimating costs. Since it is not possible to determine the occurrence date of a leak in an underground storage tank, it is not possible to estimate the number or the associated costs of leaks that have not been detected.

- The Utah Department of Transportation (UDOT) plans on seeking reimbursement from the Federal Highway Administration (FHWA) for approximately $20 million per year for fiscal years 2004 through 2007. The State received $20 million in fiscal year 2004. The related costs were incurred by the State as a result of the I-15 reconstruction project and were originally paid using state funds. UDOT has not recorded an accounts receivable for these future reimbursement requests because the requests are contingent upon sufficient future federal funds and federal obligation authority becoming available and future approval by the FHWA.

- In 2001, the State began construction of the Legacy Highway. As a result of litigation, the construction of the highway was stopped for a supplemental environmental impact study, which is currently being conducted. At June 30, 2004, $228.161 million was reported as construction-in-progress for the Legacy Highway.

- The State is totally self-insured against liability claims and up to $2.5 million in property claims. According to an actuarial study and other known factors, $40.423 million exists as either incurred but unfiled or unpaid claims. This amount is reported as a liability of the Administrative Services Risk Management Fund (internal service fund).

- The Utah School Bond Guaranty Act (*Utah Code Annotated, 1953,* as amended, Sections 53A–28–101 to 402), which took effect on January 1, 1997, pledges the full faith, credit, and unlimited taxing power of the State to guaranty full and timely payment of the principal and interest on general obligation bonds issued by qualifying local school boards. The primary purpose of the Guaranty Act is to reduce borrowing costs for local school boards by providing credit enhancement for Guarantied Bonds.

  In the event a school board is unable to make the scheduled debt service payments on its Guarantied Bonds, the State is required to make such payments in a timely manner. For this purpose, the State may use any available monies, may use short-term borrowing from the State Permanent School Fund (part of the permanent Trust Lands Fund), or may issue short-term general obligation notes. The local school board remains liable to the State for any such payments on Guarantied Bonds. Reimbursements to the State may be obtained by intercepting payment of state funds intended for the local school board. The State may also compel the local school board to levy a tax sufficient to reimburse the State for any guaranty payments.

  The State Superintendent of Public Instruction is charged with monitoring the financial condition of local school boards and reporting, at least annually, its conclusions to the Governor, the Legislature, and the State Treasurer. The State Superintendent must report immediately any circumstances which suggest a local school board may not be able to pay its debt service obligations when due. The State does not expect that it will be required to advance monies for the payment of debt service on Guarantied Bonds for any significant period of time.

  Local school boards have $1.477 billion principal amount of Guarantied Bonds outstanding at June 30, 2004. 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 smaller manufacturers have joined the agreement. The State received $27.936 million from tobacco companies in fiscal year 2004 and expects to receive approximately $26.951 million in fiscal year 2005. Annual payments are expected to continue for the next six years but will be adjusted for factors such as inflation, decreased sales volume, previously settled law suits, disputed payments, and legal fees.

- In April of 2004, GASB issued Statement 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* Additionally, in June of 2004, GASB issued Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* GASB Statements 43 and 45, which are effective for the State's fiscal years ending June 30, 2007 and 2008, respectively, will require a change in the method of reporting obligations for postemployment benefits in the financial statements. The effect on net assets of this impending change in accounting principle cannot be determined at this time.

C. **Commitments**

- At June 30, 2004, the Industrial Assistance Program of the General Fund had grant commitments of $18.093 million, contingent on participating companies meeting certain performance criteria.

- Utah Retirement Systems (pension trust funds) has at its yearend December 31, 2003, committed to fund certain alternative investment partnerships and real estate projects for an amount of $2.763 billion. Funding of $2.081 billion has been provided, leaving an unfunded commitment of $682 million as of December 31, 2003, which will be funded over the next six years.

- As of June 30, 2004, the Utah Housing Corporation (component unit) has committed to purchase mortgages under the Single-Family Mortgage Purchase Program in the amount of $39.053 million. In addition, the Corporation entered into a contract for construction of an office building. As of June 30, 2004, there was approximately $4.587 million outstanding on the contract. Associated with this construction project the Corporation issued $4.545 million of General Revenue Office Building Bonds during the year. As of June 30, 2004, $4.495 million was still available for construction of the building.

- At June 30, 2004, the enterprise funds had loan commitments of approximately $139.145 million and grant commitments of approximately $23.586 million.

- At June 30, 2004, the Utah Higher Education Assistance Authority Student Loan Guarantee Program (Student Assistance Programs, enterprise fund) had guaranteed student loans outstanding with an original principal amount of approximately $1.861 billion. Also, at June 30, 2004, the Student Assistance Programs had commitments to purchase approximately $402 million in student loans and provide approximately $11.839 million in reductions to borrower loan balances.

- At June 30, 2004, the Department of Transportation had construction and other contract commitments of $442.714 million, of which $250.564 million is for Centennial Highway Fund (special revenue fund) projects and $192.15 million is for Transportation Fund (special revenue fund) projects. These commitments will be funded with bonded debt and future appropriations.

## NOTE 15. JOINT VENTURE

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

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

In fiscal year 1998 the State provided startup capital of $185 thousand. UCAN receives federal funds as a subrecipient of grants awarded to the Department of Public Safety. UCAN also may receive legal counsel from the Attorney General's Office at no cost. Contracts with state agencies are estimated to provide over 30 percent of UCAN's operating revenues.

UCAN had $11.88 million of revenue bonds outstanding at June 30, 2004. 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 State Auditor's Office audits UCAN's financial statements. Copies of those statements can be obtained from UCAN's administrative office or from the State Auditor's Office.

## NOTE 16. PENSION PLANS

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

A. **Utah Retirement Systems**

Utah Retirement Systems (URS) was established by Section 49 of *Utah Code Annotated, 1953,* as amended. URS administers the pension systems and plans under the direction of the URS Board, which consists of the State Treasurer and six members appointed by the Governor. URS has a separate accounting system and prepares a separately issued financial report covering all retirement systems and deferred compensation plans it administers. URS maintains records and prepares separately issued financial statements using fund accounting principles and the accrual basis of accounting under which expenses, including benefits and refunds, are recorded when the liability is incurred. Revenues, including contributions, are recorded in the accounting period in which they are earned and become measurable. URS reports on a calendar yearend. The December 31, 2003, financial report has been included in this Comprehensive Annual Financial Report as a pension trust fund for the Public Employees Retirement System (PERS) within the fiduciary funds. Copies of the separately issued financial report that include financial statements and required supplemental information may be obtained by writing to Utah Retirement Systems, 560 East 200 South, Salt Lake City, Utah 84102, or by calling 1-800-365-8772.

The URS operations are comprised of the following groups of systems and plans covering substantially all employees of the State,

public education, and other political subdivisions of the State:

- The Public Employees Contributory Retirement System (Contributory System); the Public Employees Noncontributory Retirement System (Noncontributory System); and the Firefighters Retirement System, which are defined-benefit multiple-employer, cost-sharing, public employee retirement systems;
- The Public Safety Retirement System, which is a defined-benefit mixed cost-sharing and agent, multiple-employer retirement system;
- The Judges Retirement System and the Governors and Legislative Pension Plan, which are defined-benefit single-employer public employee retirement systems; and
- The 401(k) and 457 Plans, which are deferred compensation plans.

Retirement benefits are specified by Section 49 of *Utah Code Annotated, 1953*, as amended. The retirement systems are defined-benefit plans in which the benefits are based on age and/or years of service and highest average salary. Various plan options within the systems may be selected by retiring members. Some of the options require actuarial reductions based on attained age, age of spouse, and similar actuarial factors. A brief summary of eligibility for and benefits of the systems is provided in the following table:

**Summary of Eligibility and Benefits**

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

*With actuarial reductions

Former governors at age 65 receive $1,100 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 $24.40 per month per year of service. Both the governors' and legislators' benefits are adjusted based on the Consumer Price Index (CPI), limited to 4 percent of the base benefit per year.

Death benefits for active and retired employees are in accordance with retirement statutes. Upon termination of employment, members of the systems may leave their retirement account intact for future benefits based on vesting qualification, or withdraw the accumulated funds in their individual member account and forfeit service credits and rights to future benefits upon which the contributions were based.

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

**Participants**
**December 31, 2003**

| | Contributory System | Non-contributory System | Public Safety System | Fire-fighters System | Judges System | Governors and Legislative Pension Plan |
|---|---|---|---|---|---|---|
| Number of participating: | | | | | | |
| Employers | 161 | 380 | 117 | 43 | 1 | 1 |
| Members: | | | | | | |
| Active | 3,493 | 83,156 | 7,041 | 1,568 | 106 | 97 |
| Terminated vested | 1,492 | 22,290 | 1,067 | 65 | 5 | 91 |
| Retirees and beneficiaries: | | | | | | |
| Service benefits | 6,808 | 22,215 | 2,836 | 853 | 83 | 223 |
| Disability benefits | 134 | — | 42 | 68 | — | — |

Employer contribution rates consist of *(1)* an amount for normal cost (the estimated amount necessary to finance benefits earned by the members during the current year) and *(2)* an amount for amortization of the unfunded, or excess funded actuarial accrued liability over an open 20 year amortization period. These rates are determined using the entry age actuarial cost method with a supplemental present value and the same actuarial assumptions used to calculate the actuarial accrued liability.

The following table presents the State of Utah's actuarially determined employer contributions required and paid to URS. These amounts are equal to the annual pension costs for each of the stated years and all of these amounts were paid for each year. Accordingly, the net pension obligation (NPO) at the end of each year was zero. For the Governors and Legislative Pension Plan, there has been no annual pension cost, required contributions, or NPO because the plan was overfunded for each of these years.

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

| | Contributory System | Non-contributory System | Public Safety System | Fire-fighters System | Judges System | Total All Systems |
|---|---|---|---|---|---|---|
| **Primary Government:** | | | | | | |
| 2004 | $ 3,894 | $ 67,745 | $ 19,165 | $ 50 | $ 782 | $ 91,636 |
| 2003 | $ 3,683 | $ 60,033 | $ 16,713 | $ 47 | $ 539 | $ 81,015 |
| 2002 | $ 5,777 | $ 93,037 | $ 25,921 | $ 58 | $ 928 | $ 125,721 |
| 2001 | $ 4,902 | $ 78,752 | $ 19,772 | $ 56 | $ 1,615 | $ 105,097 |
| 2000 | $ 4,943 | $ 75,769 | $ 19,717 | $ 70 | $ 1,572 | $ 102,071 |
| **Component Units:** | | | | | | |
| **Colleges and Universities:** | | | | | | |
| 2004 | $ 1,996 | $ 30,434 | $ 411 | $ — | $ — | $ 32,841 |
| 2003 | $ 1,840 | $ 29,409 | $ 375 | $ — | $ — | $ 31,624 |
| 2002 | $ 1,904 | $ 28,028 | $ 399 | $ — | $ — | $ 30,331 |
| 2001 | $ 2,398 | $ 33,575 | $ 442 | $ — | $ — | $ 36,415 |
| 2000 | $ 2,469 | $ 32,839 | $ 445 | $ — | $ — | $ 35,753 |
| **Other:** | | | | | | |
| 2004 | $ 52 | $ 1,913 | $ — | $ — | $ — | $ 1,965 |
| 2003 | $ 44 | $ 1,609 | $ — | $ — | $ — | $ 1,653 |
| 2002 | $ 43 | $ 258 | $ — | $ — | $ — | $ 301 |
| 2001 | $ 50 | $ 352 | $ — | $ — | $ — | $ 402 |
| 2000 | $ 143 | $ 2,416 | $ — | $ — | $ — | $ 2,559 |
| **Total Primary Government and Component Units:** | | | | | | |
| 2004 | $ 5,942 | $ 100,092 | $ 19,576 | $ 50 | $ 782 | $ 126,442 |
| 2003 | $ 5,567 | $ 91,051 | $ 17,088 | $ 47 | $ 539 | $ 114,292 |
| 2002 | $ 7,724 | $ 121,323 | $ 26,320 | $ 58 | $ 928 | $ 156,353 |
| 2001 | $ 7,350 | $ 112,679 | $ 20,214 | $ 56 | $ 1,615 | $ 141,914 |
| 2000 | $ 7,555 | $ 111,024 | $ 20,162 | $ 70 | $ 1,572 | $ 140,383 |

The following schedule summarizes contribution rates in effect at December 31, 2003:

**Contribution Rates as a Percent of Covered Payroll**

| System | Member | Employer | Other |
|---|---|---|---|
| Contributory | 6.00% | 5.61% – 7.21% | — |
| Noncontributory | — | 9.62% – 11.70% | — |
| Public Safety: | | | |
| Contributory | 10.50% – 13.74% | 4.52% – 17.61% | — |
| Noncontributory | — | 16.24% – 30.05% | — |
| Firefighters: | | | |
| Group A | 7.82% | — | 10.35% |
| Group B | 8.21% | — | 10.35% |
| Judges | 7.08% | 7.08% | 18.06% |
| Governors and Legislative | — | — | — |

**401(k) and 457 Deferred Compensation Plans**

The 401(k) Plan and 457 Plan administered by URS, in which the State participates, are deferred compensation plans. These plans are available as supplemental plans to the basic retirement benefits of the retirement systems for employees of employers that have adopted the 401(k) and 457 Plans. Voluntary contributions may be made into the plans subject to plan and Internal Revenue Code limitations. Employer contributions may be made into the plans at rates determined by the employers. There are 357 employers participating in the 401(k) Plan and 153 employers participating in the 457 Plan. There are 121,070 plan participants in the 401(k) Plan and 11,272 participants in the 457 Plan.

After termination of employment, benefits are paid out to individuals in lump sum, or as periodic benefit payments, at the option of the participant based on individual account balances and plan provisions. The 401(k) and 457 Plans account balances are fully vested to the participants at the time of deposit. Investments of the plans are reported at fair value.

Employees of the State are eligible to participate in the deferred compensation 401(k) Plan. The State and participating employers are required to contribute to employees who participate in the noncontributory retirement plan. The State contributes 1.5 percent of eligible employees' salaries which amount vests immediately. The amounts contributed to the 401(k) Plan during the year ended June 30, 2004, by employees and employers are as follows: for Primary Government, $30.859 million and $10.190 million; for Component Units – Colleges and Universities, $3.399 million and $4.062 million; for Component Units – Other, $844 thousand and $517 thousand; and the combined total for all is $35.102 million and $14.769 million, respectively.

**Pension Receivables and Investments**

Investments are presented at fair value. The fair value of investments is based on published market prices and quotations from major investment brokers at current exchange rates, as available. Many factors are considered in arriving at that value. Corporate debt securities are valued based on yields currently available on comparable securities of issuers with similar credit ratings. Mortgages have been valued on an amortized cost basis, which approximates market or fair value. The fair value of real estate investments has been estimated based on independent appraisals. For investments where no readily ascertainable market value exists, management, in consultation with their investment advisors, have determined the fair value for the individual investments. Approximately 11 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 11 percent, approximately 3 percent are U.S. Government debt securities and 8 percent are debt securities of the U.S. Government instrumentalities. The systems and plans have no investments of any commercial or industrial organization whose market value equals 5 percent or more of the net assets available for benefits. The principal components of the receivables and investment categories are presented below.

**Pension Receivables and Investments**
*(Expressed in Thousands)*

| | Contributory System | Non-contributory System | Public Safety System | Fire-fighters System | Judges System | Governors and Legislative Pension Plan | 401(k) Plan | 457 Plan | Total December 31, 2003 |
|---|---|---|---|---|---|---|---|---|---|
| Receivables: | | | | | | | | | |
| Member Contributions | $ 414 | $ — | $ 159 | $ 205 | $ — | $ — | $ — | $ — | $ 778 |
| Employer Contributions | 452 | 20,328 | 1,831 | — | 144 | — | — | — | 22,755 |
| Court Fees and Fire Insurance Premium | — | — | — | — | 30 | — | — | — | 30 |
| Investments | 25,451 | 322,375 | 40,144 | 16,318 | 2,700 | 297 | 31,142 | 534 | 438,961 |
| Total Receivables | $ 26,317 | $ 342,703 | $ 42,134 | $ 16,523 | $ 2,874 | $ 297 | $ 31,142 | $ 534 | $ 462,524 |
| Investments: | | | | | | | | | |
| Debt Securities | $ 191,342 | $ 2,423,648 | $ 301,810 | $ 122,681 | $ 20,296 | $ 2,236 | $ 595,511 | $ 68,131 | $ 3,725,655 |
| Equity Investments | 504,292 | 6,387,650 | 795,440 | 323,331 | 53,491 | 5,894 | 993,149 | 108,021 | 9,171,268 |
| Venture Capital | 40,886 | 517,887 | 64,492 | 26,214 | 4,337 | 478 | — | — | 654,294 |
| Real Estate | 74,219 | 940,089 | 117,068 | 47,586 | 7,872 | 867 | — | — | 1,187,701 |
| Mortgage Loans | 417 | 5,273 | 656 | 267 | 44 | 5 | — | — | 6,662 |
| Invested Securities Lending Collateral | 94,078 | 1,191,653 | 148,395 | 60,319 | 9,979 | 1,100 | 34,170 | 3,390 | 1,543,084 |
| Investment Contracts | — | — | — | — | — | — | 34,101 | 19,627 | 53,728 |
| Total Investments | $ 905,234 | $11,466,200 | $ 1,427,861 | $ 580,398 | $ 96,019 | $ 10,580 | $1,656,931 | $ 199,169 | $16,342,392 |

**Actuarial Methods and Assumptions**

The information contained in the Schedules of Funding Progress is based on the actuarial study dated January 1, 2003 and calendar year 2003 activity. The actuarial accrued liability and schedule of funding progress is presented by the retirement systems for the last ten years in their separately presented financial reports based on the report generated by the latest actuarial study, conducted by Gabriel, Roeder, Smith & Company. The actuarial value of assets is based on a smoothed expected investment income rate. Investment income in excess or shortfall of the expected 8 percent return on fair value is smoothed over a five-year period with 20 percent of a year's excess or shortfall being recognized each year, beginning with the current year. All systems use the entry age actuarial cost method and the level percent of payroll amortization method. The remaining amortization period for all systems is open group, 20 years, open period. An inflation rate of 3 percent is used for all systems. Post retirement cost of living adjustments are non-compounding and are based on the original benefit. The adjustments are also limited to the actual CPI increase for the year with any unusual CPI increase not met carried forward to subsequent years. Below is the Schedule of Funding Progress.

*(Table presented on next page)*

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

| | Contributory System | Noncontributory System | Public Safety System | Firefighters System | Judges System | Governors and Legislative Pension Plan |
|---|---|---|---|---|---|---|
| **Actuarial Value of Assets:** | | | | | | |
| January 1, 2002 | $ 927,523 | $ 11,104,334 | $ 1,376,466 | $ 569,151 | $ 92,649 | $ 11,710 |
| January 1, 2003 | $ 899,290 | $ 10,848,586 | $ 1,349,435 | $ 553,589 | $ 90,904 | $ 10,719 |
| December 31, 2003 | $ 930,999 | $ 11,640,475 | $ 1,448,888 | $ 589,502 | $ 97,412 | $ 10,905 |
| **Actuarial Accrued Liability (AAL):** | | | | | | |
| January 1, 2002 | $ 948,912 | $ 10,806,024 | $ 1,366,134 | $ 491,274 | $ 85,987 | $ 8,182 |
| January 1, 2003 | $ 976,918 | $ 11,764,353 | $ 1,458,491 | $ 521,164 | $ 90,573 | $ 8,706 |
| December 31, 2003 | $ 987,798 | $ 12,587,893 | $ 1,565,706 | $ 555,746 | $ 97,396 | $ 8,624 |
| **Unfunded Actuarial Accrued Liability (UAAL):** | | | | | | |
| January 1, 2002 | $ 21,389 | $ (298,310) | $ (10,332) | $ (77,877) | $ (6,662) | $ (3,528) |
| January 1, 2003 | $ 77,628 | $ 915,767 | $ 109,056 | $ (32,425) | $ (331) | $ (2,013) |
| December 31, 2003 | $ 56,799 | $ 947,418 | $ 116,818 | $ (33,756) | $ (16) | $ (2,281) |
| **Funding Ratios:** | | | | | | |
| January 1, 2002 | 97.7% | 102.8% | 100.8% | 115.9% | 107.7% | 143.1% |
| January 1, 2003 | 92.1% | 92.2% | 92.5% | 106.2% | 100.4% | 123.1% |
| December 31, 2003 | 94.2% | 92.5% | 92.5% | 106.1% | 100.0% | 126.4% |
| **Annual Covered Payroll:** | | | | | | |
| January 1, 2002 | $ 142,882 | $ 2,832,060 | $ 260,783 | $ 67,192 | $ 10,927 | $ 556 |
| January 1, 2003 | $ 142,325 | $ 2,929,449 | $ 268,478 | $ 71,354 | $ 11,173 | $ 556 |
| December 31, 2003 | $ 139,470 | $ 2,959,347 | $ 278,402 | $ 75,619 | $ 10,888 | $ 556 |
| **UAAL as a Percent of Covered Payroll:** | | | | | | |
| January 1, 2002 | 15.0% | (10.5)% | (4.0)% | (115.9)% | (61.0)% | (634.5)% |
| January 1, 2003 | 54.5% | 31.3% | 40.6% | (45.4)% | (3.0)% | (362.1)% |
| December 31, 2003 | 40.7% | 32.0% | 42.0% | (44.6)% | (0.1)% | (410.3)% |

B. **Teachers Insurance and Annuity Association**

The Teachers Insurance and Annuity Association and/or College Retirement Equities Fund (TIAA–CREF), privately administered defined-contribution retirement plans, provide individual retirement fund contracts for each eligible participating employee. Eligible employees are mainly state college/university faculty and employees of the Student Assistance Programs. Benefits to retired employees are generally based on the value of the individual contracts and the estimated life expectancy of the employee at retirement and are fully vested from the date of employment. The total current year required contribution and the amount paid is 14.2 percent of the employee's annual salary. Most of the employers contribute both the employer and the employee share of 7.1 percent. The State has no further liability once annual contributions are made.

The following table presents the State of Utah's actual employer contributions to the TIAA–CREF retirement system:

**State of Utah's Employer Contributions**
**For the Fiscal Years Ended June 30, 2003 and 2004**
*(Expressed in Thousands)*

| | Contribution Required and Paid 2003 | Contribution Required and Paid 2004 |
|---|---|---|
| Primary Government | $ 700 | $ 843 |
| Component Units: | | |
| College and University | 94,767 | 104,783 |
| Total | $ 95,467 | $ 105,626 |

**NOTE 17. POSTEMPLOYMENT BENEFITS**

At the option of the individual state departments, employees may be offered participation in a post retirement benefits program, as set forth in Section 67–19–14(2) of the *Utah Code*. In order to qualify, the employee must be eligible to receive retirement benefits. Upon retirement most employees, including those age 65 and over, may be paid for 25 percent of unused accumulated sick leave at the employee's current rate of pay. In addition, the employee may receive health and life insurance coverage up to age 65, but not to exceed five years. If the employee has not reached age 65 after the five-year limitation is reached, they may exchange one sick leave day in excess of 60 days, after the 25 percent payout, for one month of paid health and life insurance coverage, or after age 65 spouse health insurance to age 65, or Medicare supplemental insurance for the employee or spouse. As of June 30, 2004, there were 1,811 individuals on the program. The insurance coverage is paid 100 percent by the State for individuals retiring before July 1, 2000. Individuals retiring thereafter are required to pay between 2 and 7 percent of the cost depending on the coverage selected.

The State has recorded an estimated liability for current employees who will eventually retire in addition to an estimated liability for employees who have already retired. The estimated 25 percent sick leave payouts at retirement are included in the liability for compensated absences. The postemployment benefits liability includes the estimated liability for health and life insurance benefits. Charges to agency budgets are made on an ongoing basis to fund the current payments for these benefits and compensated absences. For the year ended June 30, 2004, the cumulative postemployment benefits liability was $240.538 million, and $38.219 million in postemployment benefits expenditures were recognized. In accordance with state law, accrued tax revenues are designated at yearend to fund post-employment benefits, compensated absences, and other liabilities. At June 30, 2004, net designated accrued taxes were $348.104 million.

A liability is also reported in the Pension Trust Funds of $4.226 million, including $1.983 million for compensated absences, which will be liquidated by assets of Utah Retirement Systems

All employers who participate in the State Retirement Systems are eligible to participate in the Public Employees Long-term Disability Program per Section 49–21–201 of the *Utah Code*. Employees of those state agencies who participate in the program and meet long-term disability eligibility receive benefits for the duration of their disability up to the time they are eligible for retirement or until age 65. Benefits begin after a three-month waiting period and are paid 100 percent by the program. As of June 30, 2004, there are 326 state employees receiving benefits. The program is funded by paying premiums to the Public Employees Health Program (component unit), where assets are set aside for future payments. For the year ended June 30, 2004, the State paid $4.393 million in premiums and the program has $26.845 million in assets.

The colleges and universities offer early retirement incentives, as approved by their boards of trustees, which may provide health, dental, and life insurance; incentive pay or stipends; or long-term disability. Eligibility requirements differ, depending on the college or university. In general, the employee must be at least 52–60 years of age with a minimum of 15–16 years of service. Some of the colleges and universities also require that the sum of the employee's age and years of service be at least 75. The employee may receive these benefits up to age 65 but not to exceed 5–7 years. The ranges for incentive and stipend pay are from 12 percent to 30 percent of the employee's salary upon retirement. The benefits are funded on a pay-as-you-go basis. As of June 30, 2004, there are 455 individuals participating in the programs, and $6.823 million was expended during the year. The total liability for postemployment benefits and compensated absences for the college and universities at June 30, 2004, was $71.481 million. The postemployment benefits portion of the cumulative liability was $17.622 million.

## NOTE 18. RISK MANAGEMENT AND INSURANCE

It is the policy of the State of Utah to periodically assess the proper combination of commercial insurance and self-insurance to cover the risk of losses to which it may be exposed. This is accomplished by the State through the Risk Management (internal service fund) and the Public Employees Health Program (component unit). The State is the predominant participant in these programs. The Risk Management Fund manages the general property and liability risk of the State, and the Public Employees Health Program manages the health insurance programs of the State. The University of Utah and Utah State University (component units) each maintain self-insurance funds to manage health care. The University of Utah also maintains self-insurance funds to manage auto/physical damage, and medical malpractice liabilities.

The State has determined that the risk funds can economically and effectively manage the State's risks internally and have set aside assets for claim settlement. The risks are covered through reserves and commercial insurance for excessive losses. The State has not had any losses or settlements that exceeded the commercial excess insurance coverage for any of the last three years. The risk funds service all claims for risk of loss to which the State is exposed, including general liability, property and casualty, group medical and dental, and some environmental claims. They also service the general risk claims for many local school districts and local health departments within the State. All funds, agencies, 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 liability 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 2 percent. The Public Employees Health Program long-term disability benefit reserves are reported using a discount rate of 5.5 percent. The primary government and the discrete component units of the State paid premiums to the Public Employees Health Program of $193.268 million and $2.491 million, respectively, for health and life insurance coverage in fiscal year 2004. In addition, the State Department of Health paid $26.291 million in premiums to the Public Employees Health Program for the Children's Health Insurance Program.

The State covers its workers' compensation risk by purchasing insurance from Workers' Compensation Fund (a related organization). The University of Utah and Utah State 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 Hospital have a "claims made" umbrella malpractice insurance policy in an amount considered adequate by its respective administrations for catastrophic malpractice liabilities in excess of the trusts' fund balances. Amounts for the current year are included below.

The following table presents the changes in claims liabilities balances (short-and long-term combined) during fiscal years ended June 30, 2003, and June 30, 2004:

**Changes in Claims Liabilities**
*(Expressed in Thousands)*

| | Beginning Balance | Current Year Claims and Changes in Estimates | Claims Payments | Ending Balance |
|---|---|---|---|---|
| Risk Management: | | | | |
| 2003 | $ 46,814 | $ 5,674 | $ (8,829) | $ 43,659 |
| 2004 | $ 43,659 | $ 5,506 | $ (8,742) | $ 40,423 |
| Public Employees Health Program: | | | | |
| 2003 | $ 79,895 | $ 341,365 | $(341,006) | $ 80,254 |
| 2004 | $ 80,254 | $ 412,313 | $(393,253) | $ 99,314 |
| College and University Self-Insurance: | | | | |
| 2003 | $ 27,858 | $ 107,289 | $(100,147) | $ 35,000 |
| 2004 | $ 35,000 | $ 124,581 | $(114,682) | $ 44,899 |

**NOTE 19. SUBSEQUENT EVENTS**

On July 1, 2004, the State issued $140.635 million of general obligation bonds Series 2004 B. Principal on the bonds is due annually commencing July 1, 2005, through July 1, 2019. Interest rates on the bonds range from 4.75 to 5 percent, with a "true interest rate" of 3.75 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 26, 2004, the Utah State Building Ownership Authority (blended component unit) issued $45.805 million of Lease Revenue and Refunding Bonds Series 2004 A maturing May 15, 2005 through 2024, and on May 15 2027, and $8.92 million of Lease Revenue Refunding Bonds Series 2004 B, maturing May 15, 2005 through 2013. Interest rates on the bonds range from 3 percent to 5.25 percent. Proceeds of the bonds will be used for capital facilities projects and to advance refund certain outstanding lease revenue bonds.

Subsequent to June 30, 2004, the Utah Housing Corporation (major component unit) issued $13.8 million Single-Family Mortgage Purchase Variable Rate Bonds, 2004 Series D, maturing on July 1, 2035, interest at a variable rate adjusted weekly, and $11.2 million Single-Family Mortgage Purchase Fixed Rate Bonds, 2004 Series D, maturing on July 1, 2006 through 2014, and on July 1, 2026, interest rates of 2.75 percent to 5.25 percent.

In addition, Utah Housing Corporation issued $13.8 million Single-Family Mortgage Purchase Variable Rate Bonds, 2004 Series E, maturing on January 1, 2026, interest at a variable rate adjusted weekly, and issued $11.2 million Single-Family Mortgage Purchase Fixed Rate Bonds, 2004 Series E, maturing on July 1, 2006 through 2014, and on July 1, 2014 and January 1, 2027, interest rates of 2.5 percent to 5.125 percent.

Utah State University (major component unit) in July 2004, issued $40.47 million Student Fee and Housing System Revenue Bonds Series 2004. The funds from this bond will be used to acquire and construct additions to the on campus Housing System by constructing the Living Learning Center on ground owned by the University at the Logan, Utah Campus. The project will include the construction of six multiple story residential facilities, the construction of a 600 stall, three story parking terrace and upgrades to the food services facilities within the Taggart Student Center to provide, in part, dining services to the occupants of the residential facilities. Interest on these bonds range from a low of 4.25 percent to a high of 5.25 percent, semi-annual payments on the bonds will commence October 1, 2004, with interest only payments due each October 1, and principal and interest payments due each April 1 through 2035.

Salt Lake Community College (nonmajor component unit) entered into a five-year agreement with Collegis Eduprise, Inc (Collegis) effective December 1, 2001 and ending November 30, 2006 for the management and operation of information technology and related services for the college. Subsequent to June 30, 2004, both parties mutually agreed to an early termination and transition of these services back to the College effective July 14, 2004. Final settlement terms included a payment to Collegis of $4.5 million.

Subsequent to June 30, 2004, Utah Valley State College (nonmajor component unit) issued two bonds to finance the construction of a baseball stadium and to legally defease the Student Center Building Fee and Unified System Revenue Cross-Over Refunding Bonds, Series 1995 A; the Municipal Building Authority of Utah County, Utah, Lease Revenue Bonds (Utah Valley State College Project), Series 1999; and the State Board of Regents of the State of Utah Student Center Building Fee and Unified System Revenue Bonds, Series 2000.

The State Board of Regents of the State of Utah issued Student Center Building Fee and Unified System Revenue Bonds, Series 2004 A, in the amount of $11.02 million and Series 2004 B (Federally Taxable) in the amount of $4.035 million, for and on behalf of the Utah Valley State College on August 3, 2004. The proceeds of the SBR/UVSC 2004 Bonds will be used to refund all of the State Board of Regent's outstanding 2000 Bonds and the 1995 A Bonds, satisfy a reserve fund requirement and pay the costs associated with the issuance of the 2004 Bonds.

The Municipal Building Authority of Utah County, Utah, issued Lease Revenue Bonds (Utah Valley State College Project), Series 2004 A (Federally Taxable) in the amount of $3.9 million and Series 2004 B in the amount of $2.6 million on August 3, 2004. The County will, in turn, sublease the Series 2004 Project to the State Board of Regents of the State of Utah on behalf of the College, pursuant to a Sublease Agreement dated as of August 1, 2004. The proceeds of the MBA/UVSC 2004 Bonds will be used to refund all of the Authority's outstanding 1999 Bonds, finance the acquisition and construction of a baseball stadium and related improvements, satisfy a reserve fund requirement, and pay the costs associated with the issuance of the 2004 Bonds.

# State of Utah
# COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2004

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## REQUIRED SUPPLEMENTARY INFORMATION

# Budgetary Comparison Schedule
# General Fund

For the Fiscal Year Ended June 30, 2004 (Expressed in Thousands)

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **Revenues** | | | | |
| General Revenues | | | | |
| Sales Tax | $ 1,483,000 | $ 1,469,000 | $ 1,501,938 | $ 32,938 |
| Licenses, Permits, and Fees: | | | | |
| Insurance Fees | 6,719 | 6,071 | 5,129 | (942) |
| Court Fees | 5,158 | 5,080 | 4,253 | (827) |
| Other Licenses, Permits, and Fees | 8,197 | 6,933 | 8,749 | 1,816 |
| Investment Income | 6,300 | 7,750 | 5,505 | (2,245) |
| Federal Appropriation—Jobs and Growth Relief | — | 37,970 | 37,970 | — |
| Miscellaneous Taxes and Other: | | | | |
| Beer Tax | 9,800 | 8,317 | 9,367 | 1,050 |
| Cigarette and Tobacco Tax | 53,200 | 47,683 | 53,446 | 5,763 |
| Inheritance Tax | 6,150 | 8,600 | 9,674 | 1,074 |
| Insurance Premium Tax | 66,500 | 62,550 | 62,424 | (126) |
| Oil, Gas, and Mining Severance Tax | 23,550 | 41,500 | 42,686 | 1,186 |
| Taxpayer Rebates | (5,100) | (5,500) | (5,633) | (133) |
| Court Collections | 7,487 | 5,481 | 5,059 | (422) |
| Miscellaneous Other | 16,073 | 16,235 | 16,259 | 24 |
| Total General Revenues | 1,687,034 | 1,717,670 | 1,756,826 | 39,156 |
| Department Specific Revenues | | | | |
| Restricted Sales Tax | 3,125 | 2,625 | 2,625 | — |
| Federal Contracts and Grants | 1,562,722 | 1,698,050 | 1,698,050 | — |
| Departmental Collections | 233,532 | 217,661 | 222,916 | 5,255 |
| Higher Education Collections | 295,383 | 284,948 | 284,948 | — |
| Federal Mineral Lease | 31,613 | 60,154 | 67,216 | 7,062 |
| Investment Income | 2,140 | 2,391 | 2,495 | 104 |
| Miscellaneous | 329,889 | 402,368 | 405,468 | 3,100 |
| Total Department Specific Revenues | 2,458,404 | 2,668,197 | 2,683,718 | 15,521 |
| Total Revenues | 4,145,438 | 4,385,867 | 4,440,544 | 54,677 |
| **Expenditures** | | | | |
| General Government | 177,400 | 186,973 | 159,400 | 27,573 |
| Human Services and Youth Corrections | 550,187 | 572,125 | 561,162 | 10,963 |
| Corrections, Adult | 190,158 | 189,883 | 187,656 | 2,227 |
| Public Safety | 132,130 | 153,200 | 148,206 | 4,994 |
| Courts | 101,938 | 102,608 | 101,063 | 1,545 |
| Health and Environmental Quality | 1,507,983 | 1,577,389 | 1,569,489 | 7,900 |
| Higher Education – State Administration | 37,860 | 33,557 | 32,827 | 730 |
| Higher Education – Colleges and Universities | 897,794 | 889,906 | 889,513 | 393 |
| Employment and Family Services | 268,085 | 398,610 | 398,542 | 68 |
| Natural Resources | 131,754 | 146,797 | 126,900 | 19,897 |
| Community and Economic Development | 106,575 | 120,022 | 89,312 | 30,710 |
| Business, Labor, and Agriculture | 72,417 | 75,553 | 65,003 | 10,550 |
| Total Expenditures | 4,174,281 | 4,446,623 | 4,329,073 | 117,550 |
| Excess Revenues Over (Under) Expenditures | (28,843) | (60,756) | 111,471 | 172,227 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers In | 209,210 | 190,191 | 190,191 | — |
| Transfers Out | (188,823) | (215,571) | (215,571) | — |
| Total Other Financing Sources (Uses) | 20,387 | (25,380) | (25,380) | 0 |
| Net Change in Fund Balance | (8,456) | (86,136) | 86,091 | 172,227 |
| Budgetary Fund Balance – Beginning | 235,072 | 235,072 | 235,072 | — |
| Budgetary Fund Balance – Ending | $ 226,616 | $ 148,936 | $ 321,163 | $ 172,227 |

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

# Budgetary Comparison Schedule
# Uniform School Fund

For the Fiscal Year Ended June 30, 2004 (Expressed in Thousands)

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **Revenues** | | | | |
| General Revenues | | | | |
| Individual Income Tax | $ 1,654,050 | $ 1,642,950 | $ 1,699,638 | $ 56,688 |
| Corporate Tax | 146,216 | 168,950 | 162,860 | (6,090) |
| Investment Income | 10,050 | 8,600 | 9,577 | 977 |
| Miscellaneous Other | 5,750 | 7,550 | 9,715 | 2,165 |
| Total General Revenues | 1,816,066 | 1,828,050 | 1,881,790 | 53,740 |
| Department Specific Revenues | | | | |
| Federal Contracts and Grants | 259,931 | 311,336 | 311,336 | — |
| Departmental Collections | 3,892 | 2,550 | 2,550 | — |
| Miscellaneous: | | | | |
| School Lunch Tax | 16,000 | 16,804 | 16,804 | — |
| Driver Education Fee | 4,500 | 4,416 | 4,416 | — |
| Other | 5,239 | 7,819 | 7,815 | (4) |
| Total Department Specific Revenues | 289,562 | 342,925 | 342,921 | (4) |
| Total Revenues | 2,105,628 | 2,170,975 | 2,224,711 | 53,736 |
| **Expenditures** | | | | |
| Public Education | 2,033,482 | 2,073,622 | 2,044,374 | 29,248 |
| Total Expenditures | 2,033,482 | 2,073,622 | 2,044,374 | 29,248 |
| Excess Revenues Over (Under) Expenditures | 72,146 | 97,353 | 180,337 | 82,984 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers In | 1,684 | 2,110 | 2,110 | — |
| Transfers Out | (145,936) | (122,725) | (122,725) | — |
| Total Other Financing Sources (Uses) | (144,252) | (120,615) | (120,615) | 0 |
| Net Change in Fund Balance | (72,106) | (23,262) | 59,722 | 82,984 |
| Budgetary Fund Balance – Beginning | 92,925 | 92,925 | 92,925 | — |
| Budgetary Fund Balance – Ending | $ 20,819 | $ 69,663 | $ 152,647 | $ 82,984 |

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, 2004 (Expressed in Thousands)

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **Revenues** | | | | |
| General Revenues | | | | |
| Motor Fuel Tax | $ 244,900 | $ 237,033 | $ 239,925 | $ 2,892 |
| Special Fuel Tax | 88,750 | 85,750 | 86,163 | 413 |
| Licenses, Permits, and Fees: | | | | |
| Motor Vehicle Registration Fees | 30,008 | 29,384 | 29,390 | 6 |
| Proportional Registration Fees | 11,900 | 11,919 | 11,830 | (89) |
| Temporary Permits | 414 | 401 | 360 | (41) |
| Special Transportation Permits | 6,002 | 6,009 | 5,962 | (47) |
| Highway Use Permits | 8,278 | 7,917 | 8,148 | 231 |
| Motor Vehicle Control Fees | 4,346 | 4,422 | 4,515 | 93 |
| Miscellaneous | 1,656 | 1,803 | 1,852 | 49 |
| Investment Income | 1,552 | 1,502 | 1,934 | 432 |
| Miscellaneous Other | 2,794 | 1,393 | 1,049 | (344) |
| Total General Revenues | 400,600 | 387,533 | 391,128 | 3,595 |
| Department Specific Revenues | | | | |
| Restricted Sales and Aviation Fuel Taxes | 35,743 | 35,706 | 31,882 | (3,824) |
| Federal Contracts and Grants | 140,509 | 204,741 | 204,741 | — |
| Departmental Collections | 35,797 | 44,893 | 45,583 | 690 |
| Federal Aeronautics | 20,000 | 25,000 | 25,821 | 821 |
| Investment Income | 295 | 1,158 | 1,135 | (23) |
| Miscellaneous | 3,414 | 22,279 | 22,331 | 52 |
| Total Department Specific Revenues | 235,758 | 333,777 | 331,493 | (2,284) |
| Total Revenues | 636,358 | 721,310 | 722,621 | 1,311 |
| **Expenditures** | | | | |
| Transportation | 545,319 | 659,554 | 634,727 | 24,827 |
| Total Expenditures | 545,319 | 659,554 | 634,727 | 24,827 |
| Excess Revenues Over (Under) Expenditures | 91,039 | 61,756 | 87,894 | 26,138 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers In | 16,479 | 28,127 | 28,127 | — |
| Transfers Out | (103,233) | (107,902) | (107,902) | — |
| Total Other Financing Sources (Uses) | (86,754) | (79,775) | (79,775) | 0 |
| Net Change in Fund Balance | 4,285 | (18,019) | 8,119 | 26,138 |
| Budgetary Fund Balance – Beginning | 174,450 | 174,450 | 174,450 | — |
| Budgetary Fund Balance – Ending | $ 178,735 | $ 156,431 | $ 182,569 | $ 26,138 |

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

# Budgetary Comparison Schedule
# Centennial Highway Fund

For the Fiscal Year Ended June 30, 2004 (Expressed in Thousands)

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **Revenues** | | | | |
| General Revenues | | | | |
| Sales Tax | $ 5,000 | $ 4,900 | $ 4,574 | $ (326) |
| Motor Vehicle Registration Fees | 18,500 | 19,800 | 19,633 | (167) |
| Investment Income | 1,700 | 2,000 | 2,789 | 789 |
| Total General Revenues | 25,200 | 26,700 | 26,996 | 296 |
| Department Specific Revenues | | | | |
| Federal Contracts and Grants | 40,500 | 34,389 | 34,389 | — |
| Miscellaneous | 115,322 | — | — | — |
| Total Department Specific Revenues | 155,822 | 34,389 | 34,389 | 0 |
| Total Revenues | 181,022 | 61,089 | 61,385 | 296 |
| **Expenditures** | | | | |
| Transportation | 208,804 | 197,630 | 197,630 | — |
| Total Expenditures | 208,804 | 197,630 | 197,630 | 0 |
| Excess Revenues Over (Under) Expenditures | (27,782) | (136,541) | (136,245) | 296 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers In | 131,195 | 133,643 | 133,643 | — |
| Transfers Out | (97,725) | (100,718) | (100,718) | — |
| Total Other Financing Sources (Uses) | 33,470 | 32,925 | 32,925 | 0 |
| Net Change in Fund Balance | 5,688 | (103,616) | (103,320) | 296 |
| Budgetary Fund Balance – Beginning | 320,234 | 320,234 | 320,234 | — |
| Budgetary Fund Balance – Ending | $ 325,922 | $ 216,618 | $ 216,914 | $ 296 |

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, 2004 (Expressed in Thousands)

| | General Fund | Uniform School Fund | Transportation Fund | Centennial Highway Fund |
|---|---|---|---|---|
| **Revenues** | | | | |
| Actual total revenues (budgetary basis) | $ 4,440,544 | $ 2,224,711 | $ 722,621 | $ 61,385 |
| Differences – Budget to GAAP: | | | | |
| Intrafund revenues are budgetary revenues but are not revenues for financial reporting | (273,357) | (6,422) | (21,319) | — |
| Higher education collections are budgetary revenues but are not revenues for financial reporting | (293,883) | — | — | — |
| Change in revenue accrual for nonbudgetary Medicaid claims | 12,035 | — | — | — |
| Change in tax accruals designated by law for postemployment and other liabilities are revenues for financial reporting but not for budgetary reporting | 17,533 | 10,168 | 2,753 | 537 |
| Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds | $ 3,902,872 | $ 2,228,457 | $ 704,055 | $ 61,922 |
| **Expenditures** | | | | |
| Actual total expenditures (budgetary basis) | $ 4,329,073 | $ 2,044,374 | $ 634,727 | $ 197,630 |
| Differences – Budget to GAAP: | | | | |
| Intrafund expenditures for reimbursements are budgetary expenditures but are not expenditures for financial reporting | (273,357) | (6,422) | (21,319) | — |
| Expenditures related to higher education collections are budgetary expenditures but are not expenditures for financial reporting | (293,883) | — | — | — |
| Certain budgetary transfers are reported as expenditures for financial reporting | (3,239) | — | — | — |
| Leave/postemployment charges budgeted as expenditures when earned rather than when taken or due | 823 | (79) | (330) | — |
| Change in accrual for Medicaid incurred but not reported claims excluded from the budget by statute | 15,879 | — | — | — |
| Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds | $ 3,775,296 | $ 2,037,873 | $ 613,078 | $ 197,630 |

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, 2004, and include nonlapsing carryforward balances from the prior fiscal year. Final budgets represent the original budget as amended by supplemental appropriations and related changes in revenue estimates, executive order reductions when applicable, and changes authorized or required by law when department-specific revenues either exceed or fall short of budgeted amounts.

Unexpended balances at yearend may: 1) lapse to unrestricted balances and be available for future appropriation; 2) lapse to restricted balances and be available for future appropriation restricted for specific purposes as defined by statute; or 3) be nonlapsing, which means balances are reported as reservations of fund balance. The nonlapsing balances are considered automatically reappropriated as authorized by statute, by an *Appropriations Act*, or by limited encumbrances.

### Budgetary Control

In September of each year, all agencies of the government submit requests for appropriations to the Governor's Office of Planning and Budget so that a budget may be prepared. The budget is prepared by fund, function, and activity and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

In January, the proposed budget is presented to the Legislature. The Legislature reviews the budget, makes changes, and prepares the annual *Appropriations Act*. The Legislature passes the *Appropriations Act* by a simple majority vote. The *Appropriations Act* becomes the State's authorized operating budget upon the Governor's signature. The *Constitution of Utah* requires that budgeted expenditures not exceed estimated revenues and other sources of funding, including beginning balances.

Budgetary control is maintained at the functional or organizational level, as identified by numbered line items in the *Appropriations Act.* Budgets may be modified if federal funding or revenue specifically dedicated for a line item exceeds original estimates in the *Appropriations Act*. If funding sources are not sufficient to cover the appropriation, the Governor is required to reduce the budget by the amount of the deficiency. Any other changes to the budget must be approved by the Legislature in a supplemental *Appropriations Act*.

Any department that spends more than the authorized amount must submit a report explaining the overspending to the State Board of Examiners. The Board will recommend corrective action, which may include a request to the Legislature for a supplemental appropriation to cover the deficit. If a supplemental appropriation is not approved, the department must cover the overspending with the subsequent year's budget. In the General Fund, the State Courts Administrator's budget for juror and witness fees was overexpended by $146 thousand. This deficit is allowed by statute and will be funded with future appropriations. All other appropriated budgets of the State were within their authorized spending levels.

### Spending Limitation

The State also has an appropriation limitation statute that limits the growth in state appropriations. The 2004 Legislature amended the statutory appropriations limit. Personal income growth was removed from the formula such that increases in appropriations are now limited to the combined changes in population and inflation. The definition of appropriations was also changed to only include appropriations from unrestricted General Fund sources and income tax revenues appropriated for higher education. Spending for public education and transportation were exempted from the limitation. 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, transfers to the Budgetary Reserve Account (Rainy Day Fund), capital developments meeting certain criteria, and appropriations to the Centennial Highway Fund are exempt from the appropriations limitation. For the fiscal year ended June 30, 2004, the State was $149.8 million below the appropriations limitation. The State is currently below the fiscal year 2005 appropriations limitation by $126.9 million.

## INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

As allowed by GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, the State has adopted an alternative to reporting depreciation on roads and bridges (infrastructure assets) maintained by the Utah Department of Transportation (UDOT). 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 5,733 centerline miles of state roads. The assessment is based on the Ride Index, which is a measure of ride quality on a 1 to 5 scale, with 5 representing new or nearly new pavements that provide a very smooth ride. The Ride Index is calculated from the International Roughness Index (IRI), with pavement type (asphalt or concrete) taken into account. The IRI is a mathematical statistic based on the longitudinal profile of the road.

| Category | Range | Description |
|---|---|---|
| Very Good | 4.35 – 5.00 | New or nearly new pavements that provide a very smooth ride, and are mainly free of distress. |
| Good | 3.55 – 4.34 | Pavements that provide an adequate ride, and exhibit few, if any, visible signs of distress. |
| Fair | 2.75 – 3.54 | Surface defects in this category such as cracking, rutting, and raveling are affecting the ride. |
| Poor | 1.85 – 2.74 | These roadways have deteriorated to such an extent that they are in need of resurfacing and the ride is noticeably rough. |
| Very Poor | 1.00 – 1.84 | Pavements in this category are severely deteriorated, and the ride quality must be improved. |

### Condition Level

The State's established condition level is to maintain 50 percent of its roads with a rating of "fair" or better and no more than 15 percent of roads with a rating of "very poor."

The State performs complete assessments on a calendar year basis. The following table reports the result of pavements with ratings of "fair" or better (ratings of 2.75 through 5.0) or "very poor" (ratings of 1.0 through 1.84) for the last three years:

| Rating | 2003 | 2002 | 2001 |
|---|---|---|---|
| Fair or Better | 74.8% | 73.0% | 70.4% |
| Very Poor | 6.4% | 6.6% | 8.3% |

The following table presents the State's estimated amounts needed to maintain and preserve roads at or above the established condition levels addressed above, and the amounts actually spent for each of the past five reporting periods (in thousands):

| FISCAL YEAR | ESTIMATED SPENDING | ACTUAL SPENDING |
|---|---|---|
| 2004 | $ 231,214 | $ 262,741 |
| 2003 | $ 230,860 | $ 224,645 |
| 2002 | $ 242,287 | $ 281,260 |
| 2001 | $ 239,273 | $ 209,439 |
| 2000 | $ 213,383 | $ 212,075 |

**Bridges**

UDOT uses the Structures Inventory System to monitor the condition of the 1,795 state-owned bridges. A number, ranging from 1 to 100, is calculated based on condition, geometry, functional use, safety, and other factors. Three categories of condition are established in relation to the number range as follows:

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

**Condition Level**

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

| Rating | 2004 | 2003 | 2002 |
|---|---|---|---|
| Good | 70.0% | 70.0% | 68.5% |
| Poor | 3.0% | 3.0% | 3.2% |

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 |
|---|---|---|
| 2004 | $ 40,803 | $ 46,366 |
| 2003 | $ 40,739 | $ 39,644 |
| 2002 | $ 42,757 | $ 49,634 |
| 2001 | $ 42,224 | $ 36,960 |
| 2000 | $ 37,656 | $ 37,425 |

# State of Utah
# COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2004

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## SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

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

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

**Capital Projects–General Government**
This fund accounts for the acquisition or construction of major capital facilities for use by the State and its component units. The fund receives financial resources from the proceeds of general obligation bonds, legislative appropriations, and intergovernmental revenues.

**Capital Projects–State Building Ownership Authority**
**(Blended Component Unit)**
This fund accounts for the acquisition or construction of major capital facilities for use by various state agencies. The fund receives financial resources from the proceeds of lease revenue bonds issued by the Authority and the interest earned on the proceeds of the bonds.

**Debt Service–General Government**
This fund accounts for the payment of principal and interest on the State's general obligation bonds. The fund receives most of its financial resources from appropriations made by the Legislature.

**Debt Service–State Building Ownership Authority**
**(Blended Component Unit)**
This fund accounts for the payment of principal and interest on lease revenue bonds issued by the Authority. The fund receives financial resources from rent payments made by various state agencies occupying the facilities owned by the Authority.

# Combining Balance Sheet
# Nonmajor Governmental Funds

June 30, 2004 (Expressed in Thousands)

| | Special Revenue | | | |
|---|---|---|---|---|
| | Tobacco Endowment | Environmental Reclamation | Crime Victim Reparation | Universal Telephone Services |
| **ASSETS** | | | | |
| Cash and Cash Equivalents | $ 64 | $ 2,143 | $ 714 | $ 3,823 |
| Investments | 17,695 | 21,953 | 10,080 | — |
| Receivables: | | | | |
| Accounts, net | — | — | — | — |
| Accrued Interest | — | — | — | — |
| Notes/Mortgages, net | — | — | — | — |
| Due From Other Funds | — | 82 | 13 | — |
| Due From Component Units | — | — | — | — |
| Total Assets | $ 17,759 | $ 24,178 | $ 10,807 | $ 3,823 |
| **LIABILITIES AND FUND BALANCES** | | | | |
| Liabilities: | | | | |
| Accounts Payable and Accrued Liabilities | $ — | $ 358 | $ 107 | $ — |
| Due To Other Funds | — | 57 | 47 | 19 |
| Due To Component Units | — | — | — | — |
| Deferred Revenue | — | 1 | — | — |
| Total Liabilities | 0 | 416 | 154 | 19 |
| Fund Balances: | | | | |
| Reserved for: | | | | |
| Nonlapsing Appropriations and Encumbrances | — | — | — | — |
| Specific Purposes by Statute | 17,759 | 17,291 | — | — |
| Capital Projects | — | — | — | — |
| Debt Service | — | — | — | — |
| Unreserved Designated, reported in nonmajor: | | | | |
| Capital Projects Funds | — | — | — | — |
| Debt Service Funds | — | — | — | — |
| Unreserved Undesignated, reported in nonmajor: | | | | |
| Special Revenue Funds | — | 6,471 | 10,653 | 3,804 |
| Capital Projects Funds | — | — | — | — |
| Total Fund Balances | 17,759 | 23,762 | 10,653 | 3,804 |
| Total Liabilities and Fund Balances | $ 17,759 | $ 24,178 | $ 10,807 | $ 3,823 |

| Special Revenue | | | | Capital Projects | |
|---|---|---|---|---|---|
| Consumer Education | Rural Development | State Capitol | Miscellaneous Special Revenue | General Government | State Building Ownership Authority |
| $ 951 | $ 5,347 | $ 5 | $ 3,557 | $ 32,309 | $ — |
| 2,788 | 9,661 | 98 | 16,047 | 73,299 | 33,144 |
| 4 | — | — | 133 | 87 | — |
| — | — | — | — | — | — |
| — | 155 | — | — | — | — |
| — | — | 96 | 1 | 3,622 | 3 |
| — | — | — | — | 12,887 | — |
| $ 3,743 | $ 15,163 | $ 199 | $ 19,738 | $ 122,204 | $ 33,147 |
| $ 144 | $ — | $ 23 | $ 94 | $ 15,238 | $ 1,704 |
| 35 | 69 | 176 | 756 | 1,728 | 3,325 |
| — | — | — | — | — | 8,013 |
| — | — | — | 11,285 | 3,000 | — |
| 179 | 69 | 199 | 12,135 | 19,966 | 13,042 |
| — | — | — | — | 117,402 | 9,913 |
| — | — | — | 5,158 | 219 | — |
| — | — | — | — | — | 10,189 |
| — | — | — | — | — | — |
| — | — | — | — | — | 3 |
| — | — | — | — | — | — |
| 3,564 | 15,094 | — | 2,445 | — | — |
| — | — | — | — | (15,383) | — |
| 3,564 | 15,094 | 0 | 7,603 | 102,238 | 20,105 |
| $ 3,743 | $ 15,163 | $ 199 | $ 19,738 | $ 122,204 | $ 33,147 |

**Continues**

## Combining Balance Sheet
## Nonmajor Governmental Funds

**Continued**

June 30, 2004 (Expressed in Thousands)

| | Debt Service | | Total |
|---|---|---|---|
| | General Government | State Building Ownership Authority | Nonmajor Governmental Funds |
| **ASSETS** | | | |
| Cash and Cash Equivalents | $ 39,366 | $ 3,631 | $ 91,910 |
| Investments | 666 | 4,765 | 190,196 |
| Receivables: | | | |
| Accounts, net | 92 | 30,341 | 30,657 |
| Accrued Interest | — | 29 | 29 |
| Notes/Mortgages, net | — | — | 155 |
| Due From Other Funds | — | 186 | 4,003 |
| Due From Component Units | — | 13,508 | 26,395 |
| Total Assets | $ 40,124 | $ 52,460 | $ 343,345 |
| **LIABILITIES AND FUND BALANCES** | | | |
| Liabilities: | | | |
| Accounts Payable and Accrued Liabilities | $ 34,243 | $ 479 | $ 52,390 |
| Due To Other Funds | 94 | 1,002 | 7,308 |
| Due To Component Units | — | — | 8,013 |
| Deferred Revenue | — | 43,924 | 58,210 |
| Total Liabilities | 34,337 | 45,405 | 125,921 |
| Fund Balances: | | | |
| Reserved for: | | | |
| Nonlapsing Appropriations and Encumbrances | — | — | 127,315 |
| Specific Purposes by Statute | — | — | 40,427 |
| Capital Projects | — | — | 10,189 |
| Debt Service | — | 7,055 | 7,055 |
| Unreserved Designated, reported in nonmajor: | | | |
| Capital Projects Funds | — | — | 3 |
| Debt Service Funds | 5,787 | — | 5,787 |
| Unreserved Undesignated, reported in nonmajor: | | | |
| Special Revenue Funds | — | — | 42,031 |
| Capital Projects Funds | — | — | (15,383) |
| Total Fund Balances | 5,787 | 7,055 | 217,424 |
| Total Liabilities and Fund Balances | $ 40,124 | $ 52,460 | $ 343,345 |

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

For the Fiscal Year Ended June 30, 2004 (Expressed in Thousands)

| | Special Revenue | | | |
|---|---|---|---|---|
| | Tobacco Endowment | Environmental Reclamation | Crime Victim Reparation | Universal Telephone Services |
| **REVENUES** | | | | |
| Taxes: | | | | |
| Other Taxes | $ — | $ — | $ — | $ — |
| Total Taxes | 0 | 0 | 0 | 0 |
| Other Revenues: | | | | |
| Federal Contracts and Grants | — | — | 1,794 | — |
| Charges for Services | — | 4 | 5,996 | — |
| Licenses, Permits, and Fees | — | 2,540 | — | 6,229 |
| Intergovernmental | — | — | — | — |
| Investment Income | (156) | 449 | 159 | — |
| Miscellaneous and Other | 5,587 | — | — | — |
| Total Revenues | 5,431 | 2,993 | 7,949 | 6,229 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General Government | — | 824 | 7,729 | — |
| Human Services and Youth Corrections | — | — | — | — |
| Corrections, Adult | — | — | — | — |
| Public Safety | — | — | — | — |
| Courts | — | — | — | — |
| Health and Environmental Quality | — | 2,386 | — | — |
| Higher Education – Colleges and Universities | — | — | — | — |
| Employment and Family Services | — | — | — | — |
| Natural Resources | — | — | — | — |
| Community and Economic Development | — | — | — | — |
| Business, Labor, and Agriculture | — | — | — | 7,212 |
| Public Education | — | — | — | — |
| Transportation | — | — | — | — |
| Capital Outlay | — | — | — | — |
| Debt Service: | | | | |
| Principal Retirement | — | — | — | — |
| Interest and Other Charges | — | — | — | — |
| Total Expenditures | 0 | 3,210 | 7,729 | 7,212 |
| Excess Revenues Over (Under) Expenditures | 5,431 | (217) | 220 | (983) |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Revenue Bonds Issued | — | — | — | — |
| Refunding Bonds Issued | — | — | — | — |
| Premium (Discount) on Bonds Issued | — | — | — | — |
| Payment of Current Bond Refunding | — | — | — | — |
| Payment to Refunded Bond Escrow Agent | — | — | — | — |
| Capital Leases/Contracts Issued | — | — | — | — |
| Transfers In | 151 | 783 | — | — |
| Transfers Out | — | (95) | (3,093) | — |
| Total Other Financing Sources (Uses) | 151 | 688 | (3,093) | 0 |
| Net Change in Fund Balances | 5,582 | 471 | (2,873) | (983) |
| Fund Balances – Beginning | 12,177 | 23,291 | 13,526 | 4,787 |
| Fund Balances – Ending | $ 17,759 | $ 23,762 | $ 10,653 | $ 3,804 |

| Special Revenue | | | | Capital Projects | |
|---|---|---|---|---|---|
| Consumer Education | Rural Development | State Capitol | Miscellaneous Special Revenue | General Government | State Building Ownership Authority |
| $ — | $ 4,216 | $ — | $ — | $ — | $ — |
| 0 | 4,216 | 0 | 0 | 0 | 0 |
| — | — | — | 1,588 | — | — |
| 4,046 | — | 277 | 184 | — | — |
| 1,221 | — | — | — | — | — |
| — | — | — | — | 11,395 | — |
| 76 | 147 | 4 | 294 | 1,671 | 583 |
| — | 928 | 104 | 2,273 | 65 | 4,577 |
| 5,343 | 5,291 | 385 | 4,339 | 13,131 | 5,160 |
| — | — | 2,588 | 342 | 7,633 | — |
| — | — | — | 442 | 2,003 | — |
| — | — | — | — | 1,673 | — |
| — | — | — | 1,386 | 1,993 | — |
| — | — | — | — | 1,327 | — |
| — | — | — | — | 213 | — |
| — | — | — | — | 19,292 | — |
| — | — | — | 497 | 125 | — |
| — | — | — | — | 1,552 | — |
| — | 2,691 | — | 179 | 96 | — |
| 2,062 | — | — | — | 322 | — |
| — | — | — | 97 | 83 | — |
| — | — | — | 6 | 374 | — |
| — | — | — | — | 121,016 | 52,853 |
| — | — | — | — | — | — |
| — | — | — | — | — | — |
| 2,062 | 2,691 | 2,588 | 2,949 | 157,702 | 52,853 |
| 3,281 | 2,600 | (2,203) | 1,390 | (144,571) | (47,693) |
| — | — | — | — | — | 15,319 |
| — | — | — | — | — | — |
| — | — | — | — | — | 18 |
| — | — | — | — | — | — |
| — | — | — | — | — | — |
| — | — | — | — | 11,498 | — |
| — | 176 | 2,166 | — | 45,613 | — |
| (2,850) | — | — | (276) | (5,055) | (807) |
| (2,850) | 176 | 2,166 | (276) | 52,056 | 14,530 |
| 431 | 2,776 | (37) | 1,114 | (92,515) | (33,163) |
| 3,133 | 12,318 | 37 | 6,489 | 194,753 | 53,268 |
| $ 3,564 | $ 15,094 | $ 0 | $ 7,603 | $ 102,238 | $ 20,105 |

**Continues**

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

**Continued**

For the Fiscal Year Ended June 30, 2004 (Expressed in Thousands)

| | Debt Service | | Total |
|---|---|---|---|
| | General Government | State Building Ownership Authority | Nonmajor Governmental Funds |
| **REVENUES** | | | |
| Taxes: | | | |
| Other Taxes | $ — | $ — | $ 4,216 |
| Total Taxes | 0 | 0 | 4,216 |
| Other Revenues: | | | |
| Federal Contracts and Grants | — | — | 3,382 |
| Charges for Services | — | — | 10,507 |
| Licenses, Permits, and Fees | — | — | 9,990 |
| Intergovernmental | — | — | 11,395 |
| Investment Income | 16 | 83 | 3,326 |
| Miscellaneous and Other | — | 25,911 | 39,445 |
| Total Revenues | 16 | 25,994 | 82,261 |
| **EXPENDITURES** | | | |
| Current: | | | |
| General Government | — | — | 19,116 |
| Human Services and Youth Corrections | — | — | 2,445 |
| Corrections, Adult | — | — | 1,673 |
| Public Safety | — | — | 3,379 |
| Courts | — | — | 1,327 |
| Health and Environmental Quality | — | — | 2,599 |
| Higher Education – Colleges and Universities | — | — | 19,292 |
| Employment and Family Services | — | — | 622 |
| Natural Resources | — | — | 1,552 |
| Community and Economic Development | — | — | 2,966 |
| Business, Labor, and Agriculture | — | — | 9,596 |
| Public Education | — | — | 180 |
| Transportation | — | — | 380 |
| Capital Outlay | — | — | 173,869 |
| Debt Service: | | | |
| Principal Retirement | 111,810 | 12,688 | 124,498 |
| Interest and Other Charges | 72,536 | 14,926 | 87,462 |
| Total Expenditures | 184,346 | 27,614 | 450,956 |
| Excess Revenues Over (Under) Expenditures | (184,330) | (1,620) | (368,695) |
| **OTHER FINANCING SOURCES (USES)** | | | |
| Revenue Bonds Issued | — | 1,058 | 16,377 |
| Refunding Bonds Issued | 314,775 | 4,455 | 319,230 |
| Premium (Discount) on Bonds Issued | 35,655 | 56 | 35,729 |
| Payment of Current Bond Refunding | — | (5,050) | (5,050) |
| Payment to Refunded Bond Escrow Agent | (349,244) | — | (349,244) |
| Capital Leases/Contracts Issued | — | — | 11,498 |
| Transfers In | 180,053 | 1,030 | 229,972 |
| Transfers Out | — | — | (12,176) |
| Total Other Financing Sources (Uses) | 181,239 | 1,549 | 246,336 |
| Net Change in Fund Balances | (3,091) | (71) | (122,359) |
| Fund Balances – Beginning | 8,878 | 7,126 | 339,783 |
| Fund Balances – Ending | $ 5,787 | $ 7,055 | $ 217,424 |

*State of Utah*

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

For the Fiscal Year Ended June 30, 2004 (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** | | | | | |
| 1 | Senate | $ 2,694 | $ — | $ — | $ 2,694 |
| 2 | House | 3,394 | — | — | 3,394 |
| 5 | Printing | 859 | — | 220 | 1,079 |
| 6 | Research and General Counsel | 5,400 | — | — | 5,400 |
| 7 | Tax Review Commission | 50 | — | — | 50 |
| 8 | Constitutional Revision Commission | 68 | — | — | 68 |
| 4 | Fiscal Analyst | 2,861 | — | — | 2,861 |
| 3 | Auditor General | 2,116 | — | — | 2,116 |
| | Total Legislature | 17,442 | 0 | 220 | 17,662 |
| **Elected Officials** | | | | | |
| 17 | State Treasurer | $ 2,301 | $ — | $ 129 | $ 2,430 |
| 9 | GOV – Administrative Office | 3,218 | — | 349 | 3,567 |
| 13 | GOV – Planning and Budget | 4,878 | — | 179 | 5,057 |
| 10 | GOV – Elections | 1,596 | 37 | 6 | 1,639 |
| 14 | GOV – Chief Information Officer | 725 | — | — | 725 |
| 15 | GOV – Criminal and Juvenile Justice | 2,709 | 17,036 | (8,234) | 11,511 |
| 11 | GOV – Emergency and Contingency Fund | 102 | — | — | 102 |
| 12 | GOV – RS 2477 Right of Way | 3,054 | — | — | 3,054 |
| 18 | Attorney General | 18,224 | 1,519 | 13,156 | 32,899 |
| 19 | AG – Contract Attorneys | 1,198 | — | 965 | 2,163 |
| 21 | AG – Prosecution Council | 500 | — | — | 500 |
| 22 | AG – Domestic Violence | 79 | — | 11 | 90 |
| 20 | AG – Children's Justice Centers | 2,061 | 329 | — | 2,390 |
| 16 | State Auditor | 2,903 | — | 782 | 3,685 |
| | Total Elected Officials | 43,548 | 18,921 | 7,343 | 69,812 |
| **Government Operations** | | | | | |
| 47 | Department of Administrative Services | $ 787 | $ — | $ 75 | $ 862 |
| 49 | DAS – Administrative Rules | 344 | — | — | 344 |
| 50 | DAS – Facilities Construction and Management | 3,235 | — | 629 | 3,864 |
| 51 | DAS – Archives | 1,940 | — | 34 | 1,974 |
| 52 | DAS – Finance | 13,034 | — | 1,980 | 15,014 |
| 54 | DAS – Post Conviction Indigent Defense Fund | 406 | — | — | 406 |
| 53 | DAS – Mandated Expenditures | 150 | — | — | 150 |
| 55 | DAS – Judicial Conduct Commission | 255 | — | — | 255 |
| 56 | DAS – Purchasing | 1,272 | — | 57 | 1,329 |
| 48 | DAS – Automated Geographic Reference | 674 | 552 | 458 | 1,684 |
| 66 | Tax Commission – Administration | 53,006 | 440 | 8,990 | 62,436 |
| 67 | TAX – License Plates Production | 2,635 | — | 2,171 | 4,806 |
| 68 | TAX – Liquor Profit Distribution | 2,712 | — | — | 2,712 |
| 97 | Career Service Review Board | 203 | — | — | 203 |
| 98 | Human Resource Management | 3,060 | — | 400 | 3,460 |
| | Total Government Operations | 83,713 | 992 | 14,794 | 99,499 |
| | Total General Government | $ 144,703 | $ 19,913 | $ 22,357 | $ 186,973 |

| Actual Expenditures | Lapse to Unrestricted | Lapse to Restricted and Other | Nonlapse or (Deficit) Carry Forward | Line Item # |
|---|---|---|---|---|
| $ 1,737 | $ — | $ — | $ 957 | 1 |
| 2,963 | — | — | 431 | 2 |
| 800 | — | — | 279 | 5 |
| 4,942 | — | — | 458 | 6 |
| 48 | — | — | 2 | 7 |
| 62 | — | — | 6 | 8 |
| 2,282 | — | — | 579 | 4 |
| 1,962 | — | — | 154 | 3 |
| 14,796 | 0 | 0 | 2,866 | |
| $ 1,979 | $ 56 | $ — | $ 395 | 17 |
| 3,185 | — | — | 382 | 9 |
| 3,333 | — | — | 1,724 | 13 |
| 470 | — | — | 1,169 | 10 |
| 533 | — | — | 192 | 14 |
| 11,295 | — | — | 216 | 15 |
| — | — | — | 102 | 11 |
| 755 | — | 299 | 2,000 | 12 |
| 31,311 | — | — | 1,588 | 18 |
| 2,014 | — | — | 149 | 19 |
| 459 | — | 24 | 17 | 21 |
| 78 | — | — | 12 | 22 |
| 2,319 | — | — | 71 | 20 |
| 3,361 | — | — | 324 | 16 |
| 61,092 | 56 | 323 | 8,341 | |
| $ 862 | $ — | $ — | — | 47 |
| 286 | — | — | 58 | 49 |
| 3,801 | — | 63 | — | 50 |
| 1,950 | — | — | 24 | 51 |
| 9,428 | 2 | — | 5,584 | 52 |
| 42 | — | — | 364 | 54 |
| — | — | — | 150 | 53 |
| 207 | — | — | 48 | 55 |
| 1,263 | — | — | 66 | 56 |
| 1,559 | 125 | — | — | 48 |
| 55,882 | — | — | 6,554 | 66 |
| 2,147 | — | — | 2,659 | 67 |
| 2,712 | — | — | — | 68 |
| 187 | — | — | 16 | 97 |
| 3,186 | — | — | 274 | 98 |
| 83,512 | 127 | 63 | 15,797 | |
| $ 159,400 | $ 183 | $ 386 | $ 27,004 | |

**Continues**

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

**Continued**

For the Fiscal Year Ended June 30, 2004 (Expressed in Thousands)

| Line Item # | Appropriation Line Item Description | Source of Funding: State Funds | Source of Funding: Federal Funds | Source of Funding: Restricted and Other Funds | Final Budget |
|---|---|---|---|---|---|
| **HUMAN SERVICES** | | | | | |
| 125 | Department of Human Services | $ 8,005 | $ 6,830 | $ 4,089 | $ 18,924 |
| 127 | Mental Health | 66,811 | 24,426 | 12,936 | 104,173 |
| 126 | Drug Court Program | 1,647 | — | — | 1,647 |
| 128 | Services for People with Disabilities | 46,254 | 2,031 | 109,011 | 157,296 |
| 129 | Recovery Services | 10,019 | 27,553 | 4,240 | 41,812 |
| 130 | Child and Family Services | 64,668 | 45,852 | 21,299 | 131,819 |
| 30 | Youth Corrections | 68,880 | 2,193 | 24,410 | 95,483 |
| 31 | Youth Parole Authority | 309 | 12 | — | 321 |
| 131 | Aging and Adult Services | 11,521 | 8,790 | 339 | 20,650 |
| | Total Human Services | $ 278,114 | $ 117,687 | $ 176,324 | $ 572,125 |
| **CORRECTIONS** | | | | | |
| 23 | Corrections – Programs and Operations | $ 137,814 | $ 710 | $ 3,966 | $ 142,490 |
| 24 | Medical Services | 16,582 | — | 268 | 16,850 |
| 26 | Jail Contracting | 18,247 | — | — | 18,247 |
| 27 | Jail Reimbursement | 9,516 | — | — | 9,516 |
| 29 | Board of Pardons and Parole | 2,779 | — | 1 | 2,780 |
| | Total Corrections | $ 184,938 | $ 710 | $ 4,235 | $ 189,883 |
| **PUBLIC SAFETY** | | | | | |
| **Department of Public Safety** | | | | | |
| 38 | Programs and Operations | $ 54,758 | $ 2,762 | $ 10,585 | $ 68,105 |
| 39 | Emergency Services and Homeland Security | 2,388 | 29,289 | 349 | 32,026 |
| 40 | Peace Officer's Standards and Training | 2,879 | 2,077 | 60 | 5,016 |
| 41 | Liquor Law Enforcement | 1,304 | — | — | 1,304 |
| 42 | Driver License | 19,274 | 10 | 262 | 19,546 |
| 43 | Highway Safety | 494 | 3,080 | — | 3,574 |
| | Total Department of Public Safety | 81,097 | 37,218 | 11,256 | 129,571 |
| **Utah National Guard** | | | | | |
| 222 | Utah National Guard Administration | $ 4,371 | $ 19,056 | $ 202 | $ 23,629 |
| | Total Utah National Guard | 4,371 | 19,056 | 202 | 23,629 |
| | Total Public Safety | $ 85,468 | $ 56,274 | $ 11,458 | $ 153,200 |

| Actual Expenditures | Lapse to Unrestricted | Lapse to Restricted and Other | Nonlapse or (Deficit) Carry Forward | Line Item # |
|---|---|---|---|---|
| $ 18,358 | $ 48 | $ — | $ 518 | 125 |
| 104,096 | — | — | 77 | 127 |
| 1,647 | — | — | — | 126 |
| 153,194 | — | 199 | 3,903 | 128 |
| 41,765 | 1 | — | 46 | 129 |
| 127,707 | 1,668 | 282 | 2,162 | 130 |
| 93,489 | — | 132 | 1,862 | 30 |
| 262 | — | — | 59 | 31 |
| 20,644 | 6 | — | — | 131 |
| $ 561,162 | $ 1,723 | $ 613 | $ 8,627 | |
| | | | | |
| $ 140,956 | $ — | $ 163 | $ 1,371 | 23 |
| 16,794 | — | — | 56 | 24 |
| 17,767 | — | — | 480 | 26 |
| 9,516 | — | — | — | 27 |
| 2,623 | — | — | 157 | 29 |
| $ 187,656 | $ 0 | $ 163 | $ 2,064 | |
| | | | | |
| $ 65,797 | $ — | $ 537 | $ 1,771 | 38 |
| 30,606 | — | 1,416 | 4 | 39 |
| 4,968 | — | — | 48 | 40 |
| 1,266 | — | — | 38 | 41 |
| 18,397 | — | — | 1,149 | 42 |
| 3,565 | — | — | 9 | 43 |
| 124,599 | 0 | 1,953 | 3,019 | |
| | | | | |
| $ 23,607 | $ — | $ — | $ 22 | 222 |
| 23,607 | 0 | 0 | 22 | |
| $ 148,206 | $ 0 | $ 1,953 | $ 3,041 | |

**Continues**

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

**Continued**

For the Fiscal Year Ended June 30, 2004 (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** | | | | | |
| 32 | Judicial Council | $ 75,351 | $ 175 | $ 2,393 | $ 77,919 |
| 33 | Grand Jury | 2 | — | — | 2 |
| 34 | Contracts and Leases | 19,149 | — | 250 | 19,399 |
| 35 | Jury and Witness Fees | 1,525 | — | 5 | 1,530 |
| 36 | Guardian Ad Litem | 3,738 | — | 20 | 3,758 |
| | Total State Courts | $ 99,765 | $ 175 | $ 2,668 | $ 102,608 |
| **HEALTH and ENVIRONMENTAL QUALITY** | | | | | |
| — | Commodities | $ — | $ 10,618 | $ — | $ 10,618 |
| 115 | Department of Health | 5,931 | 16,483 | 2,328 | 24,742 |
| 116 | Health System Improvements | 4,869 | 4,269 | 4,240 | 13,378 |
| 118 | Epidemiology and Laboratory Services | 4,638 | 7,982 | 2,960 | 15,580 |
| 119 | Community and Family Health Services | 18,259 | 56,393 | 19,808 | 94,460 |
| 120 | Health Care Financing | 9,850 | 36,744 | 17,928 | 64,522 |
| 121 | Medical Assistance | 198,444 | 915,450 | 161,425 | 1,275,319 |
| 123 | Local Health Department | 2,012 | — | — | 2,012 |
| 122 | Children's Health Insurance Program | 7,003 | 26,045 | 1,204 | 34,252 |
| 117 | Workforce Assistance | 1,597 | 44 | — | 1,641 |
| 223 | Environmental Quality | 20,152 | 13,502 | 7,211 | 40,865 |
| | Total Health and Environmental Quality | $ 272,755 | $ 1,087,530 | $ 217,104 | $ 1,577,389 |
| **HIGHER EDUCATION** | | | | | |
| 173 | Board of Regents | $ 3,250 | $ 119 | $ — | $ 3,369 |
| 175 | REG – Federal Programs | — | 339 | — | 339 |
| 174 | REG – Engineering Initiative | 500 | — | — | 500 |
| 176 | REG – Student Aid | 5,466 | 349 | 1 | 5,816 |
| 177 | REG – WICHE | 1,021 | — | 12 | 1,033 |
| 178 | REG – T. H. Bell Scholarship Program | 620 | — | 211 | 831 |
| 179 | REG – University Centers | 255 | — | — | 255 |
| 180 | REG – Technology Initiative | 2,446 | — | — | 2,446 |
| 181 | REG – Electronic College | 513 | — | 7 | 520 |
| 182 | REG – Academic Library Consortium | 2,884 | — | — | 2,884 |
| 133 | U of U – Education and General | 183,193 | — | 89,013 | 272,206 |
| 134 | U of U – Educationally Disadvantaged | 698 | — | — | 698 |
| 135 | U of U – School of Medicine | 19,953 | — | 7,651 | 27,604 |
| 136 | U of U – University Hospital | 4,337 | — | 120 | 4,457 |
| 137 | U of U – Regional Dental Education | 555 | — | 136 | 691 |
| 138 | U of U – Public Service | 1,111 | — | — | 1,111 |
| 139 | U of U – Statewide TV Administration | 2,358 | — | — | 2,358 |

| Actual Expenditures | Lapse to Unrestricted | Lapse to Restricted and Other | Nonlapse or (Deficit) Carry Forward | Line Item # |
|---|---|---|---|---|
| $ 76,341 | $ — | $ 806 | $ 772 | 32 |
| 1 | — | — | 1 | 33 |
| 19,340 | — | — | 59 | 34 |
| 1,676 | — | — | (146) | 35 |
| 3,705 | — | — | 53 | 36 |
| $ 101,063 | $ 0 | $ 806 | $ 739 | |
| | | | | |
| $ 10,618 | $ — | $ — | — | — |
| 24,387 | 9 | 110 | 236 | 115 |
| 12,651 | 2 | — | 725 | 116 |
| 15,260 | 6 | — | 314 | 118 |
| 94,064 | 2 | — | 394 | 119 |
| 64,275 | — | — | 247 | 120 |
| 1,274,428 | — | 270 | 621 | 121 |
| 2,012 | — | — | — | 123 |
| 33,674 | — | 578 | — | 122 |
| 430 | — | — | 1,211 | 117 |
| 37,690 | — | 1,697 | 1,478 | 223 |
| $ 1,569,489 | $ 19 | $ 2,655 | $ 5,226 | |
| | | | | |
| $ 3,369 | $ — | $ — | $ — | 173 |
| 338 | — | — | 1 | 175 |
| 500 | — | — | — | 174 |
| 5,458 | — | — | 358 | 176 |
| 832 | — | — | 201 | 177 |
| 674 | — | — | 157 | 178 |
| 255 | — | — | — | 179 |
| 2,446 | — | — | — | 180 |
| 520 | — | — | — | 181 |
| 2,884 | — | — | — | 182 |
| 272,206 | — | — | — | 133 |
| 698 | — | — | — | 134 |
| 27,604 | — | — | — | 135 |
| 4,457 | — | — | — | 136 |
| 691 | — | — | — | 137 |
| 1,111 | — | — | — | 138 |
| 2,358 | — | — | — | 139 |

**Continues**

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

**Continued**

For the Fiscal Year Ended June 30, 2004 (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)** | | | | | |
| 140 | U of U – Poison Control Center | — | — | 1,407 | 1,407 |
| 141 | USU – Education and General | 95,263 | — | 40,717 | 135,980 |
| 142 | USU – Educationally Disadvantaged | 228 | — | — | 228 |
| 147 | USU – Water Research Laboratory | 2,925 | — | — | 2,925 |
| 148 | USU – Agricultural Experiment Station | 11,462 | 3,107 | — | 14,569 |
| 149 | USU – Cooperative Extension Service | 11,068 | 2,620 | — | 13,688 |
| 143 | USU – Uintah Basin CEC | 2,723 | — | 2,137 | 4,860 |
| 144 | USU – Southeastern Utah CEC | 625 | — | 566 | 1,191 |
| 145 | USU – Brigham City CEC | 434 | 223 | 1,287 | 1,944 |
| 146 | USU – Tooele CEC | 1,031 | 474 | 2,477 | 3,982 |
| 150 | Weber – Education and General | 54,786 | — | 33,730 | 88,516 |
| 151 | Weber – Educationally Disadvantaged | 323 | — | — | 323 |
| 152 | SUU – Education and General | 25,725 | — | 10,900 | 36,625 |
| 153 | SUU – Educationally Disadvantaged | 91 | — | — | 91 |
| 154 | SUU – Shakespeare Festival | 13 | — | — | 13 |
| 155 | SUU – Rural Development | 98 | — | — | 98 |
| 156 | Snow College – Education and General | 15,800 | — | 5,182 | 20,982 |
| 157 | Snow College – Educationally Disadvantaged | 32 | — | — | 32 |
| 158 | Snow College Applied Technology | 1,154 | — | — | 1,154 |
| 159 | Dixie – Education and General | 16,146 | — | 8,580 | 24,726 |
| 160 | Dixie – Educationally Disadvantaged | 31 | — | — | 31 |
| 161 | Dixie – Zion Park Amphitheatre | 56 | — | 100 | 156 |
| 162 | CEU – Education and General | 10,185 | — | 1,944 | 12,129 |
| 163 | CEU – Educationally Disadvantaged | 117 | — | — | 117 |
| 164 | CEU – Prehistoric Museum | 180 | — | — | 180 |
| 165 | CEU – San Juan Center | 1,717 | — | 717 | 2,434 |
| 166 | CEU – Price Distance Education | 135 | — | — | 135 |
| 167 | CEU – SJC Distance Education | 135 | — | — | 135 |
| 168 | UVSC – Education and General | 40,217 | — | 42,484 | 82,701 |
| 169 | UVSC – Educationally Disadvantaged | 131 | — | — | 131 |
| 170 | SLCC – Education and General | 49,180 | — | 32,460 | 81,640 |
| 171 | SLCC – Educationally Disadvantaged | 178 | — | — | 178 |
| 172 | SLCC – Skill Center | 3,884 | — | 1,238 | 5,122 |
| 69 | Utah College of Applied Technology | 4,384 | — | — | 4,384 |
| 70 | UCAT Bridgerland | 7,236 | — | 836 | 8,072 |
| 72 | UCAT Davis | 7,184 | — | 1,508 | 8,692 |
| 75 | UCAT Ogden/Weber | 8,007 | — | 1,872 | 9,879 |
| 79 | UCAT Uintah Basin | 3,810 | — | 397 | 4,207 |
| 76 | UCAT Salt Lake/Tooele | 1,956 | — | — | 1,956 |
| 74 | UCAT Mountainlands | 2,230 | — | — | 2,230 |
| 77 | UCAT Southeast | 819 | — | — | 819 |
| 78 | UCAT Southwest | 1,307 | — | — | 1,307 |
| 73 | UCAT Dixie | 812 | — | — | 812 |
| 184 | UEN Satellite Telecommunication | 1,454 | — | — | 1,454 |
| 183 | Utah Education Network | 13,465 | — | — | 13,465 |
| 185 | Medical Education Council | 25 | — | 620 | 645 |
| | Total Higher Education | $ 627,922 | $ 7,231 | $ 288,310 | $ 923,463 |

| Actual Expenditures | Lapse to Unrestricted | Lapse to Restricted and Other | Nonlapse or (Deficit) Carry Forward | Line Item # |
|---|---|---|---|---|
| 1,407 | — | — | — | 140 |
| 135,980 | — | — | — | 141 |
| 228 | — | — | — | 142 |
| 2,925 | — | — | — | 147 |
| 14,569 | — | — | — | 148 |
| 13,688 | — | — | — | 149 |
| 4,860 | — | — | — | 143 |
| 1,191 | — | — | — | 144 |
| 1,944 | — | — | — | 145 |
| 3,982 | — | — | — | 146 |
| 88,516 | — | — | — | 150 |
| 323 | — | — | — | 151 |
| 36,625 | — | — | — | 152 |
| 91 | — | — | — | 153 |
| 13 | — | — | — | 154 |
| 98 | — | — | — | 155 |
| 20,982 | — | — | — | 156 |
| 32 | — | — | — | 157 |
| 1,154 | — | — | — | 158 |
| 24,726 | — | — | — | 159 |
| 31 | — | — | — | 160 |
| 156 | — | — | — | 161 |
| 12,129 | — | — | — | 162 |
| 117 | — | — | — | 163 |
| 180 | — | — | — | 164 |
| 2,434 | — | — | — | 165 |
| 135 | — | — | — | 166 |
| 135 | — | — | — | 167 |
| 82,701 | — | — | — | 168 |
| 131 | — | — | — | 169 |
| 81,640 | — | — | — | 170 |
| 178 | — | — | — | 171 |
| 5,122 | — | — | — | 172 |
| 3,991 | — | — | 393 | 69 |
| 8,072 | — | — | — | 70 |
| 8,692 | — | — | — | 72 |
| 9,879 | — | — | — | 75 |
| 4,207 | — | — | — | 79 |
| 1,956 | — | — | — | 76 |
| 2,230 | — | — | — | 74 |
| 819 | — | — | — | 77 |
| 1,307 | — | — | — | 78 |
| 812 | — | — | — | 73 |
| 1,454 | — | — | — | 184 |
| 13,465 | — | — | — | 183 |
| 632 | — | — | 13 | 185 |
| $ 922,340 | $ 0 | $ 0 | $ 1,123 | |

**Continues**

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

**Continued**

For the Fiscal Year Ended June 30, 2004 (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 | $ — | $ 116,615 | $ — | $ 116,615 |
| 80 | Department of Workforce Services | 57,655 | 217,883 | 6,457 | 281,995 |
| — | Nonappropriated | — | — | — | — |
| | Total Workforce Services | $ 57,655 | $ 334,498 | $ 6,457 | $ 398,610 |
| **NATURAL RESOURCES** | | | | | |
| 186 | Department of Natural Resources | $ 5,044 | $ 1,379 | $ — | $ 6,423 |
| 188 | Rent, Utilities, and Fixtures | 1,661 | — | — | 1,661 |
| 189 | Forestry, Fire, and State Lands | 8,023 | 5,606 | 4,116 | 17,745 |
| 190 | Oil, Gas, and Mining | 3,462 | 3,307 | 176 | 6,945 |
| 191 | Wildlife Resources | 29,137 | 9,928 | 212 | 39,277 |
| 187 | Species Protection | 687 | — | 2,450 | 3,137 |
| 194 | Contributed Research | — | 13 | 1,381 | 1,394 |
| 195 | Cooperative Environmental Studies | — | 4,199 | 1,615 | 5,814 |
| 197 | Parks and Recreation | 22,464 | 490 | 458 | 23,412 |
| 198 | Parks and Recreation – Capital Development | 12,183 | 1,338 | 4,284 | 17,805 |
| 199 | Utah Geological Survey | 3,711 | 689 | 833 | 5,233 |
| 200 | Water Resources | 4,535 | 244 | 31 | 4,810 |
| 196 | Wildlife Resources – Capital Development | 2,205 | 4,717 | — | 6,922 |
| 203 | Water Rights | 5,852 | — | 363 | 6,215 |
| — | Oil Overcharge | 4 | — | — | 4 |
| | Total Natural Resources | $ 98,968 | $ 31,910 | $ 15,919 | $ 146,797 |
| **COMMUNITY AND ECONOMIC DEVELOPMENT** | | | | | |
| 99 | Community and Economic Development | $ 2,412 | $ — | $ — | $ 2,412 |
| 100 | Incentive Funds Administration | 187 | — | 137 | 324 |
| — | Industrial Assistance Grants | 2,045 | — | — | 2,045 |
| 101 | Indian Affairs | 212 | 24 | 38 | 274 |
| 102 | Business and Economic Development | 10,420 | 198 | 60 | 10,678 |
| 103 | Travel Council | 4,145 | — | 208 | 4,353 |
| 104 | State History | 1,867 | 482 | 14 | 2,363 |
| 105 | Historical Society | 193 | 42 | 114 | 349 |
| 106 | Fine Arts | 2,825 | 489 | 704 | 4,018 |
| 107 | State Library | 3,931 | 1,434 | 1,901 | 7,266 |
| 108 | Community Development | 9,218 | 32,750 | 4,554 | 46,522 |
| 110 | Community Development Capital | 38,015 | — | — | 38,015 |
| 109 | Zoos | 1,399 | — | — | 1,399 |
| — | Housing Loan | 4 | — | — | 4 |
| | Total Community and Economic Development | $ 76,873 | $ 35,419 | $ 7,730 | $ 120,022 |

| Actual Expenditures | Lapse to Unrestricted | Lapse to Restricted and Other | Nonlapse or (Deficit) Carry Forward | Line Item # |
|---|---|---|---|---|
| $ 116,615 | $ — | $ — | $ — | — |
| 281,995 | — | — | — | 80 |
| (68) | — | 68 | — | — |
| $ 398,542 | $ 0 | $ 68 | $ 0 | |
| | | | | |
| $ 5,491 | $ — | $ 821 | $ 111 | 186 |
| 1,661 | — | — | — | 188 |
| 14,897 | — | 532 | 2,316 | 189 |
| 6,489 | 82 | 16 | 358 | 190 |
| 33,571 | — | 5,275 | 431 | 191 |
| 2,597 | — | 540 | — | 187 |
| 1,394 | — | — | — | 194 |
| 5,814 | — | — | — | 195 |
| 22,935 | 5 | 143 | 329 | 197 |
| 10,875 | — | 25 | 6,905 | 198 |
| 4,624 | — | — | 609 | 199 |
| 4,745 | — | 25 | 40 | 200 |
| 5,724 | — | 205 | 993 | 196 |
| 6,079 | 38 | — | 98 | 203 |
| 4 | — | — | — | — |
| $ 126,900 | $ 125 | $ 7,582 | $ 12,190 | |
| | | | | |
| $ 2,374 | $ — | $ — | $ 38 | 99 |
| 321 | — | 3 | — | 100 |
| 2,045 | — | — | — | — |
| 261 | — | — | 13 | 101 |
| 8,235 | — | — | 2,443 | 102 |
| 4,195 | — | — | 158 | 103 |
| 2,316 | — | — | 47 | 104 |
| 175 | — | — | 174 | 105 |
| 3,186 | — | — | 832 | 106 |
| 7,255 | — | — | 11 | 107 |
| 46,320 | — | 23 | 179 | 108 |
| 11,226 | — | 26,789 | — | 110 |
| 1,399 | — | — | — | 109 |
| 4 | — | — | — | — |
| $ 89,312 | $ 0 | $ 26,815 | $ 3,895 | |

**Continues**

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

**Continued**

For the Fiscal Year Ended June 30, 2004 (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** | | | | | |
| 205 | Department of Agriculture and Food | $ 10,875 | $ 3,684 | $ 2,548 | $ 17,107 |
| 206 | AGR – Building Operations | 270 | — | — | 270 |
| 207 | AGR – Utah State Fair | 743 | — | — | 743 |
| 208 | AGR – Predatory Animal Control | 1,468 | — | — | 1,468 |
| 209 | AGR – Resource Conservation | 1,282 | — | — | 1,282 |
| — | AGR – Taylor Grazing Act | — | 91 | — | 91 |
| 82 | Labor Commission | 6,227 | 2,511 | — | 8,738 |
| 83 | Department of Commerce | 17,638 | 170 | 1,253 | 19,061 |
| 84 | COM – Real Estate Education | 297 | — | — | 297 |
| 85 | COM/Public Utilities – Professional Services | 263 | — | — | 263 |
| 86 | COM/Consumer Services – Professional Services | 1,135 | — | — | 1,135 |
| 87 | Financial Institutions | 4,476 | — | — | 4,476 |
| 88 | Insurance Department | 4,591 | — | 1,827 | 6,418 |
| 90 | Bail Bond Program | 22 | — | — | 22 |
| 91 | Title Insurance Program | 45 | — | 58 | 103 |
| 89 | Comprehensive Health Insurance Pool | 6,916 | — | — | 6,916 |
| 92 | Public Service Commission | 1,696 | — | 2 | 1,698 |
| 93 | PSC – Research and Analysis | — | — | 44 | 44 |
| 94 | PSC – Speech and Hearing Impaired | 4,228 | — | 1,193 | 5,421 |
| | Total Business, Labor, and Agriculture | $ 62,172 | $ 6,456 | $ 6,925 | $ 75,553 |
| **TOTAL GENERAL FUND** | | | | | |
| | Total Expenditures | $ 1,989,333 | $ 1,697,803 | $ 759,487 | $ 4,446,623 |

| Actual Expenditures | Lapse to Unrestricted | Lapse to Restricted and Other | Nonlapse or (Deficit) Carry Forward | Line Item # |
|---|---|---|---|---|
| $ 14,657 | $ 48 | $ 176 | $ 2,226 | 205 |
| 270 | — | — | — | 206 |
| 743 | — | — | — | 207 |
| 1,214 | — | 235 | 19 | 208 |
| 1,280 | — | — | 2 | 209 |
| 91 | — | — | — | — |
| 8,598 | — | 140 | — | 82 |
| 17,120 | — | 1,298 | 643 | 83 |
| 131 | — | 166 | — | 84 |
| 136 | — | — | 127 | 85 |
| 785 | — | — | 350 | 86 |
| 4,264 | — | 182 | 30 | 87 |
| 5,674 | — | — | 744 | 88 |
| 1 | — | 21 | — | 90 |
| 45 | — | — | 58 | 91 |
| 6,916 | — | — | — | 89 |
| 1,513 | — | — | 185 | 92 |
| 44 | — | — | — | 93 |
| 1,521 | — | — | 3,900 | 94 |
| $ 65,003 | $ 48 | $ 2,218 | $ 8,284 | |
| $ 4,329,073 | $ 2,098 | $ 43,259 | $ 72,193 | |

## Detail Schedule of Expenditures—Budget and Actual Comparison
## Uniform School Fund, Transportation Fund, Centennial Highway Fund, and Debt Service Funds

For the Fiscal Year Ended June 30, 2004 (Expressed in Thousands)

| Line Item # | Appropriation Line Item Description | Source of Funding: State Funds | Source of Funding: Federal Funds | Source of Funding: Restricted and Other Funds | Final Budget |
|---|---|---|---|---|---|
| **UNIFORM SCHOOL FUND** | | | | | |
| 213 | State Office of Education | $ 29,360 | $ 182,355 | $ 6,003 | $ 217,718 |
| 214 | State Office of Rehabilitation | 18,421 | 32,998 | 522 | 51,941 |
| — | Minimum School Program | 1,656,642 | — | 94 | 1,656,736 |
| 217 | Child Nutrition | 140 | 83,797 | 16,804 | 100,741 |
| 218 | Board of Education – Fine Arts and Sciences | 2,979 | — | — | 2,979 |
| 219 | Educational Contracts | 3,914 | — | — | 3,914 |
| — | Commodities | — | 12,186 | — | 12,186 |
| 221 | Indirect Cost Pool | 280 | — | 3,236 | 3,516 |
| 215 | Schools for the Deaf and Blind | 18,712 | — | 4,406 | 23,118 |
| 216 | Institutional Council | 396 | — | 377 | 773 |
| | Total Public Education | $ 1,730,844 | $ 311,336 | $ 31,442 | $ 2,073,622 |
| **TRANSPORTATION FUND** | | | | | |
| 226 | Support Services | $ 24,679 | $ 1,115 | $ — | $ 25,794 |
| 227 | Engineering Services | 16,405 | 10,533 | 1,133 | 28,071 |
| 228 | Maintenance Management | 86,862 | — | 1,517 | 88,379 |
| 229 | Construction Management | 72,530 | 190,372 | 17,479 | 280,381 |
| 230 | District Management | 18,727 | 2,597 | 1,124 | 22,448 |
| 231 | Equipment Management | 4,773 | — | 20,438 | 25,211 |
| 232 | Aeronautics | 8,014 | 124 | 31,697 | 39,835 |
| 233 | B and C Roads | 110,222 | — | — | 110,222 |
| 234 | Safe Sidewalk Construction | 2,107 | — | — | 2,107 |
| 235 | Mineral Lease | 28,232 | — | — | 28,232 |
| — | Corridor Preservation | 7,109 | — | — | 7,109 |
| — | Nonappropriated | — | — | 1,765 | 1,765 |
| | Total Department of Transportation | $ 379,660 | $ 204,741 | $ 75,153 | $ 659,554 |
| **CENTENNIAL HIGHWAY FUND** | | | | | |
| 236 | Centennial Highway Program | $ 160,158 | $ 34,389 | $ 3,083 | $ 197,630 |
| **DEBT SERVICE FUNDS** | | | | | |
| — | General Government | $ 177,048 | $ — | $ 7,298 | $ 184,346 |
| — | State Building Ownership Authority | 223 | — | 27,391 | 27,614 |
| | Total Debt Service | $ 177,271 | $ 0 | $ 34,689 | $ 211,960 |

| Actual Expenditures | Lapse to Unrestricted | Lapse to Restricted and Other | Nonlapse or (Deficit) Carry Forward | Line Item # |
|---|---|---|---|---|
| $ 209,295 | $ — | $ 92 | $ 8,331 | 213 |
| 51,941 | — | — | — | 214 |
| 1,637,066 | — | 94 | 19,576 | — |
| 100,741 | — | — | — | 217 |
| 2,979 | — | — | — | 218 |
| 3,862 | 52 | — | — | 219 |
| 12,186 | — | — | — | — |
| 3,516 | — | — | — | 221 |
| 22,452 | 38 | — | 628 | 215 |
| 336 | — | — | 437 | 216 |
| $ 2,044,374 | $ 90 | $ 186 | $ 28,972 | |
| | | | | |
| $ 24,657 | $ 637 | $ — | $ 500 | 226 |
| 27,843 | 88 | — | 140 | 227 |
| 85,517 | 2,087 | — | 775 | 228 |
| 273,400 | 6,981 | — | — | 229 |
| 21,157 | 1,216 | — | 75 | 230 |
| 24,838 | 298 | — | 75 | 231 |
| 33,677 | — | 6,158 | — | 232 |
| 110,222 | — | — | — | 233 |
| 675 | — | — | 1,432 | 234 |
| 28,121 | — | — | 111 | 235 |
| 7,109 | — | — | — | — |
| (2,489) | 4,254 | — | — | — |
| $ 634,727 | $ 15,561 | $ 6,158 | $ 3,108 | |
| | | | | |
| $ 197,630 | $ — | $ — | $ — | 236 |
| | | | | |
| $ 184,346 | $ — | $ — | $ — | — |
| 27,614 | — | — | — | — |
| $ 211,960 | $ 0 | $ 0 | $ 0 | |

## Nonmajor Enterprise Funds

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

### Housing Loan Programs
These programs provide loans or grants to low income or special needs individuals for construction, rehabilitation, or purchase of multi-family or single family housing. Funds are provided from federal funds, appropriations, loan repayments, and interest earnings.

### Agriculture Loan Fund
This fund is comprised of two separate revolving loan programs: the Agriculture Resource Development Loan Fund and the Rural Rehabilitation Fund. Both programs issue farm loans for soil and water conservation projects and the rehabilitation of rural areas within the State.

### Clean Fuels Vehicle Loan Fund
This fund was created to provide a revolving loan fund for the conversion of government and private fleet vehicles to clean fuel. Funds are provided from public and private contributions, appropriations, and interest earnings on loans and invested funds.

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

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

### Utah Correctional Industries (UCI)
UCI was established to provide work training opportunities for inmates of the Utah State Prison. UCI manufactures and sells such items as license plates, furniture, highway signs, dairy and meat products, and provides printing and other miscellaneous products and services. Funding comes from charges for products and services.

### State Trust Lands Administration
This agency manages the assets of the Trust Lands permanent fund. Its objective is to maximize the growth of principal and income production for the beneficiaries.

### Utah Dairy Commission
The purpose of the Commission is to promote the use of dairy products. Its operations are comprised of promotion, advertising, research, and nutritional education regarding dairy products. Funding consists primarily of collections from milk producers.

# Combining Statement Of Net Assets
# Nonmajor Enterprise Funds

June 30, 2004 (Expressed in Thousands)

| | Community Impact Loan Fund | Housing Loan Programs | Agriculture Loan Fund | Clean Fuels Vehicle Loan Fund |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents | $ 73,338 | $ 8,135 | $ 7,255 | $ 2,424 |
| Investments | — | — | — | — |
| Receivables: | | | | |
| Accounts, net | — | — | — | — |
| Accrued Interest | 1,615 | 684 | 466 | — |
| Notes/Loans/Mortgages, net | 10,230 | 1,985 | 3,230 | 39 |
| Due From Other Funds | — | — | 3 | — |
| Interfund Loans Receivable | — | — | — | 20 |
| Prepaid Items | — | — | — | — |
| Inventories | — | — | — | — |
| Total Current Assets | 85,183 | 10,804 | 10,954 | 2,483 |
| Noncurrent Assets: | | | | |
| Investments | — | 1,301 | — | — |
| Notes/Loans/Mortgages Receivables, net | 164,945 | 43,906 | 23,090 | 6 |
| Accrued Interest Receivable | 132 | 396 | — | — |
| Interfund Loans Receivable | — | — | — | 40 |
| Capital Assets: | | | | |
| Land | — | — | — | — |
| Buildings and Improvements | — | — | — | — |
| Machinery and Equipment | — | — | 20 | — |
| Less Accumulated Depreciation | — | — | (20) | — |
| Total Capital Assets | 0 | 0 | 0 | 0 |
| Total Noncurrent Assets | 165,077 | 45,603 | 23,090 | 46 |
| Total Assets | 250,260 | 56,407 | 34,044 | 2,529 |
| **LIABILITIES** | | | | |
| Current Liabilities: | | | | |
| Accounts Payable and Accrued Liabilities | — | 58 | 10 | 5 |
| Deposits | — | 1 | — | — |
| Due To Other Funds | — | 70 | 3 | 20 |
| Unearned Revenue | — | — | — | — |
| Revenue Bonds Payable | — | — | — | — |
| Total Current Liabilities | 0 | 129 | 13 | 25 |
| Noncurrent Liabilities: | | | | |
| Revenue Bonds Payable | — | — | — | — |
| Total Noncurrent Liabilities | 0 | 0 | 0 | 0 |
| Total Liabilities | 0 | 129 | 13 | 25 |
| **NET ASSETS** | | | | |
| Invested in Capital Assets, Net of Related Debt | — | — | — | — |
| Restricted for: | | | | |
| Loan Programs | — | 30,571 | 3,215 | — |
| Unrestricted | 250,260 | 25,707 | 30,816 | 2,504 |
| Total Net Assets | $ 250,260 | $ 56,278 | $ 34,031 | $ 2,504 |

| Petroleum Storage Tank Loan Fund | Alcoholic Beverage Control | Utah Correctional Industries | State Trust Lands Administration | Utah Dairy Commission | Total Nonmajor Enterprise Funds |
|---|---|---|---|---|---|
| $ 5,176 | $ 107 | $ 2,824 | $ 2,451 | $ 654 | $ 102,364 |
| — | — | — | — | 207 | 207 |
| — | 2,994 | 876 | 5,638 | 166 | 9,674 |
| 1 | — | — | — | — | 2,766 |
| 94 | — | — | — | — | 15,578 |
| — | 1,483 | 1,048 | 17 | — | 2,551 |
| — | — | — | — | — | 20 |
| — | 44 | — | — | — | 44 |
| — | 17,433 | 1,155 | — | 33 | 18,621 |
| 5,271 | 22,061 | 5,903 | 8,106 | 1,060 | 151,825 |
| — | — | — | — | — | 1,301 |
| 448 | — | — | — | — | 232,395 |
| — | — | — | — | — | 528 |
| — | — | — | — | — | 40 |
| — | 5,490 | — | 11,713 | 32 | 17,235 |
| — | 31,131 | 2,117 | 233 | 117 | 33,598 |
| — | 6,920 | 2,296 | 1,162 | 109 | 10,507 |
| — | (11,259) | (2,366) | (1,021) | (169) | (14,835) |
| 0 | 32,282 | 2,047 | 12,087 | 89 | 46,505 |
| 448 | 32,282 | 2,047 | 12,087 | 89 | 280,769 |
| 5,719 | 54,343 | 7,950 | 20,193 | 1,149 | 432,594 |
| — | 9,479 | 774 | 1,815 | 27 | 12,168 |
| — | — | — | — | — | 1 |
| 3 | 10,104 | 156 | 3,924 | — | 14,280 |
| — | — | — | 1,878 | — | 1,878 |
| — | 992 | 45 | — | — | 1,037 |
| 3 | 20,575 | 975 | 7,617 | 27 | 29,364 |
| — | 21,379 | 1,100 | — | — | 22,479 |
| 0 | 21,379 | 1,100 | 0 | 0 | 22,479 |
| 3 | 41,954 | 2,075 | 7,617 | 27 | 51,843 |
| — | 10,430 | 902 | 12,087 | 89 | 23,508 |
| — | — | — | — | — | 33,786 |
| 5,716 | 1,959 | 4,973 | 489 | 1,033 | 323,457 |
| $ 5,716 | $ 12,389 | $ 5,875 | $ 12,576 | $ 1,122 | $ 380,751 |

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

For the Fiscal Year Ended June 30, 2004 (Expressed in Thousands)

| | Community Impact Loan Fund | Housing Loan Programs | Agriculture Loan Fund | Clean Fuels Vehicle Loan Fund |
|---|---|---|---|---|
| **OPERATING REVENUES** | | | | |
| Sales and Charges for Services/Premiums | $ — | $ — | $ — | $ — |
| Fees and Assessments | 10 | 3 | — | — |
| Interest on Notes/Mortgages | 3,246 | 1,119 | 944 | 1 |
| Miscellaneous | — | — | 4 | — |
| Total Operating Revenues | 3,256 | 1,122 | 948 | 1 |
| **OPERATING EXPENSES** | | | | |
| Administration | — | — | 208 | 60 |
| Purchases, Materials, and Services for Resale | — | — | — | — |
| Grants | — | 772 | — | — |
| Rentals and Leases | — | — | — | — |
| Maintenance | — | — | — | — |
| Depreciation | — | — | — | — |
| Supplies and Other Miscellaneous | 48 | 166 | 5 | — |
| Total Operating Expenses | 48 | 938 | 213 | 60 |
| Operating Income (Loss) | 3,208 | 184 | 735 | (59) |
| **NONOPERATING REVENUES (EXPENSES)** | | | | |
| Investment Income | 834 | 114 | 76 | 35 |
| Federal Grants | — | 2,291 | — | — |
| Tax Revenues | — | — | 525 | — |
| Interest Expense | — | — | — | — |
| Other Revenues (Expenses) | 15 | — | — | — |
| Total Nonoperating Revenues (Expenses) | 849 | 2,405 | 601 | 35 |
| Income (Loss) before Transfers | 4,057 | 2,589 | 1,336 | (24) |
| Transfers In | 26,777 | 1,784 | — | — |
| Transfers Out | (771) | — | (333) | — |
| Change in Net Assets | 30,063 | 4,373 | 1,003 | (24) |
| Net Assets – Beginning | 220,197 | 51,905 | 33,028 | 2,528 |
| Net Assets – Ending | $ 250,260 | $ 56,278 | $ 34,031 | $ 2,504 |

| Petroleum Storage Tank Loan Fund | Alcoholic Beverage Control | Utah Correctional Industries | State Trust Lands Administration | Utah Dairy Commission | Total Nonmajor Enterprise Funds |
|---|---|---|---|---|---|
| $ — | $ 141,859 | $ 16,092 | $ 8,981 | $ 41 | $ 166,973 |
| — | 1,504 | — | 18 | 2,060 | 3,595 |
| 18 | — | — | — | — | 5,328 |
| — | 271 | — | — | 208 | 483 |
| 18 | 143,634 | 16,092 | 8,999 | 2,309 | 176,379 |
| | | | | | |
| — | 12,880 | 4,645 | 5,757 | 457 | 24,007 |
| — | 86,408 | 8,023 | — | 1,499 | 95,930 |
| — | — | — | — | — | 772 |
| — | 719 | 348 | 644 | — | 1,711 |
| — | 1,882 | 318 | 20 | — | 2,220 |
| — | 1,323 | 183 | 81 | 15 | 1,602 |
| — | 2,304 | 1,018 | 142 | 176 | 3,859 |
| 0 | 105,516 | 14,535 | 6,644 | 2,147 | 130,101 |
| 18 | 38,118 | 1,557 | 2,355 | 162 | 46,278 |
| | | | | | |
| 73 | 8 | — | (175) | 30 | 995 |
| — | — | — | — | — | 2,291 |
| — | — | — | — | — | 525 |
| — | (999) | (64) | — | — | (1,063) |
| — | — | — | — | — | 15 |
| 73 | (991) | (64) | (175) | 30 | 2,763 |
| 91 | 37,127 | 1,493 | 2,180 | 192 | 49,041 |
| — | 1,327 | — | — | — | 29,888 |
| (132) | (38,450) | — | — | — | (39,686) |
| (41) | 4 | 1,493 | 2,180 | 192 | 39,243 |
| 5,757 | 12,385 | 4,382 | 10,396 | 930 | 341,508 |
| $ 5,716 | $ 12,389 | $ 5,875 | $ 12,576 | $ 1,122 | $ 380,751 |

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

For the Fiscal Year Ended June 30, 2004 (Expressed in Thousands)

| | Community Impact Loan Fund | Housing Loan Programs | Agriculture Loan Fund | Clean Fuels Vehicle Loan Fund |
|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Receipts from Customers/Loan Interest/Fees/Premiums | $ 3,086 | $ 863 | $ 936 | $ — |
| Receipts from Loan Maturities | 12,123 | 1,531 | 3,691 | 23 |
| Receipts from State Customers | — | — | 1 | 20 |
| Payments to Suppliers/Claims/Grants | — | (714) | (100) | (68) |
| Disbursements for Loans Receivable | (15,145) | (5,288) | (3,283) | (26) |
| Payments for Employee Services and Benefits | — | — | (185) | (8) |
| Payments to State Suppliers | (48) | (117) | (21) | (7) |
| Payments of Sales, School Lunch, and Premium Taxes | — | — | — | — |
| Net Cash Provided (Used) by Operating Activities | 16 | (3,725) | 1,039 | (66) |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | | | |
| Borrowings Under Interfund Loans | — | — | — | — |
| Repayments Under Interfund Loans | — | — | — | — |
| Federal Grants and Other Revenues | 15 | 2,293 | — | — |
| Restricted Sales Tax | — | — | 525 | — |
| Transfers In from Other Funds | 26,777 | 1,784 | — | — |
| Transfers Out to Other Funds | (771) | — | (333) | — |
| Net Cash Provided (Used) by Noncapital Financing Activities | 26,021 | 4,077 | 192 | 0 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | | |
| Proceeds from Bond and Note Debt Issuance/Grants | — | — | — | — |
| Principal Paid on Debt and Contract Maturities | — | — | — | — |
| Acquisition and Construction of Capital Assets | — | — | — | — |
| Interest Paid on Bonds, Notes, and Capital Leases | — | — | — | — |
| Transfers In from Other Funds | — | — | — | — |
| Transfers Out to Other Funds | — | — | — | — |
| Net Cash Provided (Used) by Capital and Related Financing Activities | 0 | 0 | 0 | 0 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Receipts of Interest and Dividends from Investments | 834 | 114 | 76 | 35 |
| Net Cash Provided (Used) by Investing Activities | 834 | 114 | 76 | 35 |
| Net Cash Provided (Used) – All Activities | 26,871 | 466 | 1,307 | (31) |
| Cash and Cash Equivalents – Beginning | 46,467 | 7,669 | 5,948 | 2,455 |
| Cash and Cash Equivalents – Ending | $ 73,338 | $ 8,135 | $ 7,255 | $ 2,424 |

| Petroleum Storage Tank Loan Fund | Alcoholic Beverage Control | Utah Correctional Industries | State Trust Lands Administration | Utah Dairy Commission | Total Nonmajor Enterprise Funds |
|---|---|---|---|---|---|
| $ 19 | $ 169,242 | $ 6,577 | $ 9,569 | $ 2,242 | $ 192,534 |
| 157 | — | — | — | — | 17,525 |
| — | — | 9,395 | — | — | 9,416 |
| — | (91,174) | (9,124) | (1,686) | (1,638) | (104,504) |
| (9) | — | — | — | — | (23,751) |
| — | (11,371) | (4,536) | (4,469) | (451) | (21,020) |
| — | (1,118) | (673) | (427) | — | (2,411) |
| — | (25,597) | — | — | — | (25,597) |
| 167 | 39,982 | 1,639 | 2,987 | 153 | 42,192 |
| — | 6,428 | — | — | — | 6,428 |
| — | (7,271) | — | — | — | (7,271) |
| — | — | — | — | — | 2,308 |
| — | — | — | — | — | 525 |
| — | — | — | — | — | 28,561 |
| — | (37,127) | — | — | — | (38,231) |
| 0 | (37,970) | 0 | 0 | 0 | (7,680) |
| — | 1,100 | — | — | — | 1,100 |
| — | (753) | (45) | — | — | (798) |
| — | (1,377) | (236) | (3,531) | (5) | (5,149) |
| — | (994) | (64) | — | — | (1,058) |
| — | 1,327 | — | — | — | 1,327 |
| (132) | (1,323) | — | — | — | (1,455) |
| (132) | (2,020) | (345) | (3,531) | (5) | (6,033) |
| 73 | 8 | — | (175) | 7 | 972 |
| 73 | 8 | 0 | (175) | 7 | 972 |
| 108 | 0 | 1,294 | (719) | 155 | 29,451 |
| 5,068 | 107 | 1,530 | 3,170 | 499 | 72,913 |
| $ 5,176 | $ 107 | $ 2,824 | $ 2,451 | $ 654 | $ 102,364 |

**Continues**

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

**Continued**

For the Fiscal Year Ended June 30, 2004 (Expressed in Thousands)

| | Community Impact Loan Fund | Housing Loan Programs | Agriculture Loan Fund | Clean Fuels Vehicle Loan Fund |
|---|---|---|---|---|
| **RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES** | | | | |
| Operating Income (Loss) | $ 3,208 | $ 184 | $ 735 | $ (59) |
| Adjustments to Reconcile Operating Income (Loss) | | | | |
| Depreciation Expense | — | — | — | — |
| Miscellaneous Gains, Losses, and Other Items | — | — | — | — |
| Net Changes in Assets and Liabilities: | | | | |
| Accounts Receivable/Due From Other Funds | — | — | (3) | 20 |
| Notes/Accrued Interest Receivables | (3,192) | (3,926) | 400 | (3) |
| Inventories | — | — | — | — |
| Prepaid Items | — | — | — | — |
| Accrued Liabilities/Due to Other Funds | — | 16 | (93) | (24) |
| Unearned Revenue/Deposits | — | 1 | — | — |
| Net Cash Provided (Used) by Operating Activities | $ 16 | $ (3,725) | $ 1,039 | $ (66) |
| **SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES** | | | | |
| Increase (Decrease) in Fair Value of Investments | $ 49 | $ 5 | $ — | $ — |
| Total Noncash Investing, Capital, and Financing Activities | $ 49 | $ 5 | $ 0 | $ 0 |

| Petroleum Storage Tank Loan Fund | Alcoholic Beverage Control | Utah Correctional Industries | State Trust Lands Administration | Utah Dairy Commission | Total Nonmajor Enterprise Funds |
|---|---|---|---|---|---|
| $ 18 | $ 38,118 | $ 1,557 | $ 2,355 | $ 162 | $ 46,278 |
| — | 1,323 | 183 | 81 | 15 | 1,602 |
| — | 417 | — | 342 | — | 759 |
| — | (793) | (120) | (182) | 11 | (1,067) |
| 148 | — | — | — | — | (6,573) |
| — | (790) | (109) | — | 31 | (868) |
| — | 1 | — | — | 15 | 16 |
| 1 | 1,706 | 128 | (19) | (81) | 1,634 |
| — | — | — | 410 | — | 411 |
| $ 167 | $ 39,982 | $ 1,639 | $ 2,987 | $ 153 | $ 42,192 |
| $ — | $ — | $ — | $ — | $ — | $ 54 |
| $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 54 |

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

### General Services
This fund is used to administer office supply contracts and provide statewide copy and mail services to state agencies. This fund is also used to account for the central warehouse services for the Department of Natural Resources and the renting and maintaining of facilities used by the Department of Human Services.

### Fleet Operations
This fund accounts for automobile rental, fuel dispensing, and surplus property services to state agencies.

### Risk Management
This fund is used to account for insurance coverage and loss prevention provided to state agencies, institutions of higher education, and participating local school districts. Coverage is provided using a combination of self-insurance and private excess insurance.

### Property Management
This fund has statutory responsibility for the operation and maintenance of facilities used by state agencies.

### State Debt Collection
This fund provides a central collection process for the delinquent receivables of the State. It is funded through collection fees.

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

# Combining Statement Of Net Assets
# Internal Service Funds

June 30, 2004 (Expressed in Thousands)

| | Information Technology | General Services | Fleet Operations | Risk Management |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents | $ 1,638 | $ 1,045 | $ 1,144 | $ 50,333 |
| Receivables: | | | | |
| Accounts, net | 824 | 241 | 1,324 | 1,098 |
| Due From Other Funds | 5,314 | 2,050 | 5,566 | 486 |
| Prepaid Items | 819 | — | — | 464 |
| Inventories | 535 | 1,049 | 2,083 | — |
| Total Current Assets | 9,130 | 4,385 | 10,117 | 52,381 |
| Noncurrent Assets: | | | | |
| Prepaid Items | — | — | — | 573 |
| Interfund Loans Receivable | — | — | — | — |
| Capital Assets: | | | | |
| Land | 17 | — | — | — |
| Infrastructure | 246 | — | — | — |
| Buildings and Improvements | 4,669 | 941 | 1,729 | — |
| Machinery and Equipment | 55,700 | 10,412 | 108,571 | 118 |
| Construction in Progress | 955 | — | — | — |
| Less Accumulated Depreciation | (48,493) | (5,985) | (46,969) | (62) |
| Total Capital Assets | 13,094 | 5,368 | 63,331 | 56 |
| Total Noncurrent Assets | 13,094 | 5,368 | 63,331 | 629 |
| Total Assets | 22,224 | 9,753 | 73,448 | 53,010 |
| **LIABILITIES** | | | | |
| Current Liabilities: | | | | |
| Accounts Payable and Accrued Liabilities | 3,685 | 1,539 | 3,147 | 2,344 |
| Due To Other Funds | 446 | 50 | 777 | 962 |
| Interfund Loans Payable | 4,291 | 1,692 | 16,074 | — |
| Unearned Revenue | 42 | — | 90 | 11 |
| Policy Claims Liabilities | — | — | — | 9,329 |
| Revenue Bonds Payable | — | — | 40 | — |
| Total Current Liabilities | 8,464 | 3,281 | 20,128 | 12,646 |
| Noncurrent Liabilities: | | | | |
| Unearned Revenue | — | — | — | 165 |
| Interfund Loans Payable | — | 2,748 | 19,218 | — |
| Policy Claims Liabilities | — | — | — | 31,094 |
| Revenue Bonds Payable | — | — | 930 | — |
| Total Noncurrent Liabilities | 0 | 2,748 | 20,148 | 31,259 |
| Total Liabilities | 8,464 | 6,029 | 40,276 | 43,905 |
| **NET ASSETS** | | | | |
| Invested in Capital Assets, Net of Related Debt | 13,094 | 5,368 | 62,361 | 56 |
| Restricted for: | | | | |
| Insurance Programs | — | — | — | 4,553 |
| Loan Programs | — | — | — | — |
| Unrestricted (Deficit) | 666 | (1,644) | (29,189) | 4,496 |
| Total Net Assets | $ 13,760 | $ 3,724 | $ 33,172 | $ 9,105 |

| Property Management | State Debt Collection | Transportation Infrastructure Loan Fund | Total |
|---|---|---|---|
| $ 2,362 | $ 828 | $ — | $ 57,350 |
| 17 | 96 | — | 3,600 |
| 348 | 33 | — | 13,797 |
| — | — | — | 1,283 |
| — | — | — | 3,667 |
| 2,727 | 957 | 0 | 79,697 |
| — | — | — | 573 |
| — | — | 2,478 | 2,478 |
| — | — | — | 17 |
| — | — | — | 246 |
| — | — | — | 7,339 |
| 549 | — | — | 175,350 |
| — | — | — | 955 |
| (456) | — | — | (101,965) |
| 93 | 0 | 0 | 81,942 |
| 93 | 0 | 2,478 | 84,993 |
| 2,820 | 957 | 2,478 | 164,690 |
| 1,494 | 171 | — | 12,380 |
| 227 | 550 | — | 3,012 |
| — | — | — | 22,057 |
| — | — | — | 143 |
| — | — | — | 9,329 |
| — | — | — | 40 |
| 1,721 | 721 | 0 | 46,961 |
| — | — | — | 165 |
| — | — | — | 21,966 |
| — | — | — | 31,094 |
| — | — | — | 930 |
| 0 | 0 | 0 | 54,155 |
| 1,721 | 721 | 0 | 101,116 |
| 93 | — | — | 80,972 |
| — | — | — | 4,553 |
| — | — | 2,478 | 2,478 |
| 1,006 | 236 | — | (24,429) |
| $ 1,099 | $ 236 | $ 2,478 | $ 63,574 |

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

For the Fiscal Year Ended June 30, 2004 (Expressed in Thousands)

| | Information Technology | General Services | Fleet Operations | Risk Management |
|---|---|---|---|---|
| **OPERATING REVENUES** | | | | |
| Charges for Services/Premiums | $ 52,711 | $ 16,772 | $ 46,042 | $ 31,958 |
| Miscellaneous | — | 96 | — | — |
| Total Operating Revenues | 52,711 | 16,868 | 46,042 | 31,958 |
| **OPERATING EXPENSES** | | | | |
| Administration | 20,261 | 2,899 | 2,697 | 1,746 |
| Materials and Services for Resale | 15,715 | 8,739 | 16,808 | 18,155 |
| Grants | — | — | — | — |
| Rentals and Leases | 258 | 1,806 | 2,263 | 24 |
| Maintenance | 910 | 1,008 | 8,810 | 2 |
| Depreciation | 5,999 | 1,694 | 13,071 | 26 |
| Benefit Claims | — | — | — | 5,506 |
| Miscellaneous Other: | | | | |
| Data Processing | 8,861 | 45 | 145 | 100 |
| Supplies | 67 | 350 | 338 | 86 |
| Utilities | 575 | 43 | 107 | 28 |
| Other | 935 | 168 | 1,340 | 127 |
| Total Operating Expenses | 53,581 | 16,752 | 45,579 | 25,800 |
| Operating Income (Loss) | (870) | 116 | 463 | 6,158 |
| **NONOPERATING REVENUES (EXPENSES)** | | | | |
| Investment Earnings | — | — | — | 896 |
| Gain (Loss) on Sale of Capital Assets | (63) | 10 | (618) | — |
| Interest Expense | — | — | (50) | — |
| Refunds Paid to Federal Government | — | — | — | (1,489) |
| Other Revenues (Expenses) | (3) | — | 292 | — |
| Total Nonoperating Revenues (Expenses) | (66) | 10 | (376) | (593) |
| Income (Loss) before Transfers | (936) | 126 | 87 | 5,565 |
| Transfers In | — | 200 | 192 | — |
| Transfers Out | (452) | — | — | (3,780) |
| Change in Net Assets | (1,388) | 326 | 279 | 1,785 |
| Net Assets – Beginning | 15,148 | 3,398 | 32,893 | 7,320 |
| Net Assets – Ending | $ 13,760 | $ 3,724 | $ 33,172 | $ 9,105 |

| Property Management | State Debt Collection | Transportation Infrastructure Loan Fund | Total |
|---|---|---|---|
| $ 19,782 | $ 1,240 | $ — | $ 168,505 |
| — | — | — | 96 |
| 19,782 | 1,240 | 0 | 168,601 |
| | | | |
| 5,700 | 340 | — | 33,643 |
| — | 294 | — | 59,711 |
| — | 406 | — | 406 |
| 547 | — | — | 4,898 |
| 6,427 | — | — | 17,157 |
| 55 | — | — | 20,845 |
| — | — | — | 5,506 |
| | | | |
| 386 | 10 | — | 9,547 |
| 295 | 11 | — | 1,147 |
| 5,629 | 4 | — | 6,386 |
| 709 | 95 | — | 3,374 |
| 19,748 | 1,160 | 0 | 162,620 |
| 34 | 80 | 0 | 5,981 |
| | | | |
| — | — | — | 896 |
| — | — | — | (671) |
| — | — | — | (50) |
| — | — | — | (1,489) |
| — | — | — | 289 |
| 0 | 0 | 0 | (1,025) |
| 34 | 80 | 0 | 4,956 |
| — | — | — | 392 |
| — | (50) | — | (4,282) |
| 34 | 30 | 0 | 1,066 |
| | | | |
| 1,065 | 206 | 2,478 | 62,508 |
| $ 1,099 | $ 236 | $ 2,478 | $ 63,574 |

# Combining Statement Of Cash Flows
# Internal Service Funds

For the Fiscal Year Ended June 30, 2004 (Expressed in Thousands)

| | Information Technology | General Services | Fleet Operations | Risk Management |
|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Receipts from Customers/Loan Interest/Fees/Premiums | $ 2,881 | $ 485 | $ 12,814 | $ 14,616 |
| Receipts from State Customers | 49,929 | 16,405 | 30,623 | 15,304 |
| Payments to Suppliers/Claims/Grants | (21,014) | (7,964) | (2,149) | (31,324) |
| Payments for Employee Services and Benefits | (20,203) | (2,875) | (2,672) | (1,747) |
| Payments to State Suppliers | (6,318) | (4,131) | (26,057) | (389) |
| Net Cash Provided (Used) by Operating Activities | 5,275 | 1,920 | 12,559 | (3,540) |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | | | |
| Transfers In from Other Funds | — | 200 | — | — |
| Transfers Out to Other Funds | (452) | — | — | (3,780) |
| Net Cash Provided (Used) by Noncapital Financing Activities | (452) | 200 | 0 | (3,780) |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | | |
| Borrowings Under Interfund Loans | — | 719 | 2,248 | — |
| Repayments Under Interfund Loans | (2,570) | — | — | — |
| Proceeds from Disposition of Capital Assets | 237 | 118 | 2,542 | — |
| Federal Grants and Other Revenues | — | — | 302 | — |
| Principal Paid on Debt and Contract Maturities | — | — | (40) | — |
| Acquisition and Construction of Capital Assets | (3,020) | (2,749) | (17,047) | — |
| Interest Paid on Bonds, Notes, and Capital Leases | — | — | (52) | — |
| Transfers In from Other Funds | — | — | 192 | — |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (5,353) | (1,912) | (11,855) | 0 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Receipts of Interest and Dividends from Investments | — | — | — | 896 |
| Net Cash Provided (Used) by Investing Activities | 0 | 0 | 0 | 896 |
| Net Cash Provided (Used) – All Activities | (530) | 208 | 704 | (6,424) |
| Cash and Cash Equivalents – Beginning | 2,168 | 837 | 440 | 56,757 |
| Cash and Cash Equivalents – Ending | $ 1,638 | $ 1,045 | $ 1,144 | $ 50,333 |

| Property Management | State Debt Collection | Transportation Infrastructure Loan Fund | Total |
|---|---|---|---|
| $ 866 | $ 6,626 | $ — | $ 38,288 |
| 19,674 | — | — | 131,935 |
| (12,405) | (292) | — | (75,148) |
| (5,667) | (336) | — | (33,500) |
| (1,180) | (5,824) | — | (43,899) |
| 1,288 | 174 | 0 | 17,676 |
| — | — | — | 200 |
| — | (50) | — | (4,282) |
| 0 | (50) | 0 | (4,082) |
| — | — | — | 2,967 |
| — | — | — | (2,570) |
| — | — | — | 2,897 |
| — | — | — | 302 |
| — | — | — | (40) |
| (34) | — | — | (22,850) |
| — | — | — | (52) |
| — | — | — | 192 |
| (34) | 0 | 0 | (19,154) |
| — | — | — | 896 |
| 0 | 0 | 0 | 896 |
| 1,254 | 124 | 0 | (4,664) |
| 1,108 | 704 | — | 62,014 |
| $ 2,362 | $ 828 | $ 0 | $ 57,350 |

**Continues**

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

**Continued**

For the Fiscal Year Ended June 30, 2004 (Expressed in Thousands)

| | Information Technology | General Services | Fleet Operations | Risk Management |
|---|---|---|---|---|
| **RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES** | | | | |
| Operating Income (Loss) | $ (870) | $ 116 | $ 463 | $ 6,158 |
| Adjustments to Reconcile Operating Income (Loss) | | | | |
| Depreciation Expense | 5,999 | 1,694 | 13,071 | 26 |
| Net Changes in Assets and Liabilities: | | | | |
| Accounts Receivable/Due From Other Funds | 95 | 38 | (2,695) | (953) |
| Inventories | 683 | (108) | (259) | — |
| Prepaid Items | 267 | — | — | (607) |
| Accrued Liabilities/Due to Other Funds | (903) | 196 | 1,889 | (3,843) |
| Unearned Revenue/Deposits | 4 | (16) | 90 | (1,085) |
| Policy Claims Liabilities | — | — | — | (3,236) |
| Net Cash Provided (Used) by Operating Activities | $ 5,275 | $ 1,920 | $ 12,559 | $ (3,540) |
| **SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES** | | | | |
| Increase (Decrease) in Fair Value of Investments | $ — | $ — | $ — | $ 38 |
| Total Noncash Investing, Capital, and Financing Activities | $ 0 | $ 0 | $ 0 | $ 38 |

| Property Management | State Debt Collection | Transportation Infrastructure Loan Fund | Total |
|---|---|---|---|
| $ 34 | $ 80 | $ — | $ 5,981 |
| 55 | — | — | 20,845 |
| 768 | (109) | — | (2,856) |
| — | — | — | 316 |
| — | — | — | (340) |
| 441 | 203 | — | (2,017) |
| (10) | — | — | (1,017) |
| — | — | — | (3,236) |
| $ 1,288 | $ 174 | $ 0 | $ 17,676 |
| $ — | $ — | $ — | $ 38 |
| $ 0 | $ 0 | $ 0 | $ 38 |

## DEFINED BENEFIT PENSION PLANS AND OTHER PENSION TRUST FUNDS

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

## PRIVATE PURPOSE TRUST FUNDS

### Utah Navajo Nation Trust

This fund receives oil royalties, operating, and other trust revenues. Funds received are used for the health, education, and general welfare of members of the Utah Chapters of the Navajo Nation.

### Unclaimed Property Trust

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

### Employers' Reinsurance Trust

This fund primarily provides compensation to individuals injured from industrial accidents or occupational diseases occurring on or before June 30, 1994, where the injury is of a permanent nature and workers' compensation benefits have expired. Revenues come from assessments on insurance premiums and court-ordered penalties. The net assets of the fund are held in trust for injured workers and cannot be used for any other purpose.

### Petroleum Storage Tank Trust

This fund is used to pay the costs of damage caused by petroleum storage tank releases. Sources of funding include fees from participating companies, recovered costs and settlements from responsible parties, and investment income. The net assets of this fund are held in trust for the benefit of participants and cannot be used for any other purpose.

### Utah Educational Savings Plan Trust

This fund was created as a means to encourage investment in a public trust to pay for future higher education costs. Participant contributions are used to pay for future college expenses.

### Miscellaneous Restricted Trust

This is made up of various small individual funds created to receive and disburse funds in accordance with applicable laws and trust agreements.

## AGENCY FUNDS

### Taxes and Social Security

This fund is used to account for federal withholding and social security taxes on the State's payroll.

### County and Local Collections

This fund receives and disburses various taxes collected by the State on behalf of county and local governments.

### State Courts

This fund receives and disburses various fines and forfeitures collected by the State Courts on behalf of state and local agencies.

### Deposits, Suspense, and Miscellaneous

This fund is made up of small individual funds set up to account for various receipts and disbursements.

# Combining Statement Of Fiduciary Net Assets
# Defined Benefit Pension Plans And
# Other Pension Trust Funds

June 30, 2004 (Expressed in Thousands)

| | Pension Trust | | | |
|---|---|---|---|---|
| | Contributory System | Non-contributory System | Public Safety System | Fire-fighters System |
| **ASSETS** | | | | |
| Cash and Cash Equivalents | $ 97,826 | $ 1,239,291 | $ 154,321 | $ 62,724 |
| Receivables: | | | | |
| Member Contributions | 414 | — | 159 | 205 |
| Employer Contributions | 452 | 20,328 | 1,831 | — |
| Court Fees and Fire Insurance Premiums | — | — | — | — |
| Investments | 25,451 | 322,375 | 40,144 | 16,318 |
| Total Receivables | 26,317 | 342,703 | 42,134 | 16,523 |
| Investments: | | | | |
| Debt Securities | 191,342 | 2,423,648 | 301,810 | 122,681 |
| Equity Investments | 504,292 | 6,387,650 | 795,440 | 323,331 |
| Venture Capital | 40,886 | 517,887 | 64,492 | 26,214 |
| Real Estate | 74,219 | 940,089 | 117,068 | 47,586 |
| Mortgage Loans | 417 | 5,273 | 656 | 267 |
| Invested Securities Lending Collateral | 94,078 | 1,191,653 | 148,395 | 60,319 |
| Investment Contracts | — | — | — | — |
| Total Investments | 905,234 | 11,466,200 | 1,427,861 | 580,398 |
| Capital Assets: | | | | |
| Land | 111 | 1,408 | 175 | 72 |
| Buildings and Improvements | 686 | 8,685 | 1,083 | 440 |
| Machinery and Equipment | 219 | 2,775 | 346 | 140 |
| Less Accumulated Depreciation | (698) | (8,841) | (1,102) | (448) |
| Total Capital Assets | 318 | 4,027 | 502 | 204 |
| Total Assets | 1,029,695 | 13,052,221 | 1,624,818 | 659,849 |
| **LIABILITIES** | | | | |
| Accounts Payable | 41,998 | 532,157 | 66,244 | 26,927 |
| Securities Lending Liability | 94,078 | 1,191,653 | 148,395 | 60,319 |
| Leave/Postemployment Benefits | 264 | 3,345 | 417 | 169 |
| Insurance Reserves | 3,247 | 41,127 | 5,121 | 2,082 |
| Mortgages Payable | 300 | 3,799 | 474 | 192 |
| Total Liabilities | 139,887 | 1,772,081 | 220,651 | 89,689 |
| **NET ASSETS** | | | | |
| Held in trust for: | | | | |
| Pension Benefits | 889,808 | 11,280,140 | 1,404,167 | 570,160 |
| Deferred Compensation | — | — | — | — |
| Total Net Assets | $ 889,808 | $ 11,280,140 | $ 1,404,167 | $ 570,160 |

| Pension Trust | | Deferred Compensation | | |
|---|---|---|---|---|
| Judges System | Governors and Legislative Pension Plan | 401(k) Plan | 457 Plan | Total |
| $ 10,378 | $ 1,145 | $ 1,575 | $ 8 | $ 1,567,268 |
| — | — | — | — | 778 |
| 144 | — | — | — | 22,755 |
| 30 | — | — | — | 30 |
| 2,700 | 297 | 31,142 | 534 | 438,961 |
| 2,874 | 297 | 31,142 | 534 | 462,524 |
| 20,296 | 2,236 | 595,511 | 68,131 | 3,725,655 |
| 53,491 | 5,894 | 993,149 | 108,021 | 9,171,268 |
| 4,337 | 478 | — | — | 654,294 |
| 7,872 | 867 | — | — | 1,187,701 |
| 44 | 5 | — | — | 6,662 |
| 9,979 | 1,100 | 34,170 | 3,390 | 1,543,084 |
| — | — | 34,101 | 19,627 | 53,728 |
| 96,019 | 10,580 | 1,656,931 | 199,169 | 16,342,392 |
| 12 | 1 | — | — | 1,779 |
| 73 | 9 | — | — | 10,976 |
| 24 | 3 | — | — | 3,507 |
| (75) | (9) | — | — | (11,173) |
| 34 | 4 | 0 | 0 | 5,089 |
| 109,305 | 12,026 | 1,689,648 | 199,711 | 18,377,273 |
| 4,455 | 491 | 2,103 | 102 | 674,477 |
| 9,979 | 1,100 | 34,170 | 3,390 | 1,543,084 |
| 28 | 3 | — | — | 4,226 |
| 344 | 38 | — | — | 51,959 |
| 32 | 4 | — | — | 4,801 |
| 14,838 | 1,636 | 36,273 | 3,492 | 2,278,547 |
| 94,467 | 10,390 | — | — | 14,249,132 |
| — | — | 1,653,375 | 196,219 | 1,849,594 |
| $ 94,467 | $ 10,390 | $ 1,653,375 | $ 196,219 | $ 16,098,726 |

# Combining Statement Of Changes In Fiduciary Net Assets
# Defined Benefit Pension Plans And
# Other Pension Trust Funds

For the Fiscal Year Ended June 30, 2004 (Expressed in Thousands)

| | Pension Trust | | | |
|---|---|---|---|---|
| | Contributory System | Non-contributory System | Public Safety System | Fire-fighters System |
| **ADDITIONS** | | | | |
| Contributions: | | | | |
| Member | $ 8,673 | $ 11,517 | $ 4,448 | $ 6,055 |
| Employer | 7,297 | 314,511 | 46,655 | — |
| Court Fees and Fire Insurance Premiums | — | — | — | 9,059 |
| Total Contributions | 15,970 | 326,028 | 51,103 | 15,114 |
| Investment Income: | | | | |
| Net Increase (Decrease) in Fair Value of Investments | 166,279 | 2,066,293 | 257,108 | 104,754 |
| Interest, Dividends, and Other Investment Income | 22,237 | 276,331 | 34,383 | 14,009 |
| Less Investment Expenses | (2,177) | (27,047) | (3,365) | (1,371) |
| Net Investment Income | 186,339 | 2,315,577 | 288,126 | 117,392 |
| Transfers From Affiliated Systems | 33,263 | — | 2,002 | 625 |
| Total Additions | 235,572 | 2,641,605 | 341,231 | 133,131 |
| **DEDUCTIONS** | | | | |
| Retirement Benefits | 36,520 | 327,972 | 50,653 | 18,270 |
| Cost of Living Benefits | 19,719 | 58,819 | 8,638 | 4,552 |
| Supplemental Retirement Benefits | 1,624 | — | 650 | 698 |
| Refunds/Plan Distributions | 3,358 | 3,310 | 666 | 414 |
| Administrative Expenses | 675 | 8,124 | 1,006 | 360 |
| Transfers To Affiliated Systems | — | 37,006 | — | — |
| Total Deductions | 61,896 | 435,231 | 61,613 | 24,294 |
| Change in Net Assets Held in Trust for: | | | | |
| Pension Benefits | 173,676 | 2,206,374 | 279,618 | 108,837 |
| Deferred Compensation | — | — | — | — |
| Net Assets – Beginning | 716,132 | 9,073,766 | 1,124,549 | 461,323 |
| Net Assets – Ending | $ 889,808 | $ 11,280,140 | $ 1,404,167 | $ 570,160 |

| Pension Trust | | Deferred Compensation | | |
|---|---|---|---|---|
| Judges System | Governors and Legislative Pension Plan | 401(k) Plan | 457 Plan | Total |
| $ 103 | $ — | $ 161,212 | $ 13,812 | $ 205,820 |
| 551 | — | — | — | 369,014 |
| 1,939 | — | — | — | 10,998 |
| 2,593 | 0 | 161,212 | 13,812 | 585,832 |
| 17,327 | 1,965 | 247,580 | 28,272 | 2,889,578 |
| 2,317 | 263 | 3,407 | 1,091 | 354,038 |
| (227) | (26) | (1,674) | (170) | (36,057) |
| 19,417 | 2,202 | 249,313 | 29,193 | 3,207,559 |
| 1,128 | — | — | — | 37,018 |
| 23,138 | 2,202 | 410,525 | 43,005 | 3,830,409 |
| 3,508 | 572 | — | — | 437,495 |
| 853 | 154 | — | — | 92,735 |
| — | — | — | — | 2,972 |
| — | — | 65,785 | 17,877 | 91,410 |
| 63 | 6 | 4,129 | 470 | 14,833 |
| — | 12 | — | — | 37,018 |
| 4,424 | 744 | 69,914 | 18,347 | 676,463 |
| 18,714 | 1,458 | — | — | 2,788,677 |
| — | — | 340,611 | 24,658 | 365,269 |
| 75,753 | 8,932 | 1,312,764 | 171,561 | 12,944,780 |
| $ 94,467 | $ 10,390 | $ 1,653,375 | $ 196,219 | $ 16,098,726 |

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

June 30, 2004 (Expressed in Thousands)

| | Utah Navajo Nation Trust | Unclaimed Property Trust | Employers' Reinsurance Trust | Petroleum Storage Tank Trust |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and Cash Equivalents | $ 113 | $ 3,770 | $ 16,648 | $ 905 |
| Receivables: | | | | |
| Accounts | 962 | 29 | 2,862 | 9 |
| Accrued Assessments | — | — | 9,407 | — |
| Due From Other Funds | 128 | 10 | — | — |
| Investments: | | | | |
| Debt Securities | 15,085 | 4,807 | 33,429 | 12,360 |
| Equity Investments | 101 | 7,311 | 9,303 | — |
| Total Investments | 15,186 | 12,118 | 42,732 | 12,360 |
| Capital Assets: | | | | |
| Land | 260 | — | — | — |
| Buildings and Improvements | 4,493 | — | — | — |
| Machinery and Equipment | 198 | — | — | — |
| Less Accumulated Depreciation | (1,120) | — | — | — |
| Total Capital Assets | 3,831 | 0 | 0 | 0 |
| Total Assets | 20,220 | 15,927 | 71,649 | 13,274 |
| **LIABILITIES** | | | | |
| Accounts Payable | 92 | 200 | 504 | 432 |
| Due To Other Funds | 2 | — | 4 | 1 |
| Unearned Revenue | — | — | — | 326 |
| Policy Claims Liabilities | — | — | 294,567 | 67,826 |
| Total Liabilities | 94 | 200 | 295,075 | 68,585 |
| **NET ASSETS** | | | | |
| Held in trust for: | | | | |
| Individuals, Organizations, and Other Governments | 20,126 | 15,727 | (223,426) | (55,311) |
| Total Net Assets | $ 20,126 | $ 15,727 | $ (223,426) | $ (55,311) |

| Utah Educational Savings Plan Trust | Miscellaneous Restricted Trust | Total |
|---|---|---|
| $ 1,918 | $ 7,094 | $ 30,448 |
| 5 | — | 3,867 |
| — | — | 9,407 |
| — | 66 | 204 |
| 142,340 | 4,176 | 212,197 |
| 607,051 | — | 623,766 |
| 749,391 | 4,176 | 835,963 |
| — | — | 260 |
| — | — | 4,493 |
| 133 | — | 331 |
| — | — | (1,120) |
| 133 | 0 | 3,964 |
| 751,447 | 11,336 | 883,853 |
| 252 | 196 | 1,676 |
| — | 1,159 | 1,166 |
| — | — | 326 |
| — | — | 362,393 |
| 252 | 1,355 | 365,561 |
| 751,195 | 9,981 | 518,292 |
| $ 751,195 | $ 9,981 | $ 518,292 |

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

For the Fiscal Year Ended June 30, 2004 (Expressed in Thousands)

| | Utah Navajo Nation Trust | Unclaimed Property Trust | Employers' Reinsurance Trust | Petroleum Storage Tank Trust |
|---|---|---|---|---|
| **ADDITIONS** | | | | |
| Contributions: | | | | |
| Member | $ — | $ — | $ — | $ — |
| Total Contributions | 0 | 0 | 0 | 0 |
| Investment Income: | | | | |
| Net Increase (Decrease) in Fair Value of Investments | (10) | (11) | 1,484 | (14) |
| Interest, Dividends, and Other Investment Income | 226 | 74 | 428 | 211 |
| Total Investment Income | 216 | 63 | 1,912 | 197 |
| Other Additions: | | | | |
| Escheats | — | 12,967 | — | — |
| Royalties and Rents | 1,829 | — | — | — |
| Fees, Assessments, and Revenues | — | — | 40,920 | 6,584 |
| Miscellaneous | 5 | — | — | — |
| Total Other | 1,834 | 12,967 | 40,920 | 6,584 |
| Total Additions | 2,050 | 13,030 | 42,832 | 6,781 |
| **DEDUCTIONS** | | | | |
| Trust Operating Expenses | 683 | — | — | 2,694 |
| Distributions and Benefit Payments | — | 10,917 | 19,555 | — |
| Administrative and General Expenses | 1,763 | 1,678 | 1,425 | 1,169 |
| Total Deductions | 2,446 | 12,595 | 20,980 | 3,863 |
| Change in Net Assets Held in Trust for: | | | | |
| Individuals, Organizations, and Other Governments | (396) | 435 | 21,852 | 2,918 |
| Net Assets – Beginning | 20,522 | 15,292 | (245,278) | (58,229) |
| Net Assets – Ending | $ 20,126 | $ 15,727 | $ (223,426) | $ (55,311) |

| Utah Educational Savings Plan Trust | Miscellaneous Restricted Trust | Total |
|---|---|---|
| $ 254,204 | $ 4,868 | $ 259,072 |
| 254,204 | 4,868 | 259,072 |
| | | |
| 67,810 | (3) | 69,256 |
| 11,258 | 65 | 12,262 |
| 79,068 | 62 | 81,518 |
| | | |
| — | — | 12,967 |
| — | — | 1,829 |
| — | 19,300 | 66,804 |
| 50 | 4,006 | 4,061 |
| 50 | 23,306 | 85,661 |
| 333,322 | 28,236 | 426,251 |
| | | |
| — | 21,053 | 24,430 |
| 15,247 | 5,162 | 50,881 |
| — | 1,969 | 8,004 |
| 15,247 | 28,184 | 83,315 |
| | | |
| 318,075 | 52 | 342,936 |
| 433,120 | 9,929 | 175,356 |
| $ 751,195 | $ 9,981 | $ 518,292 |

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

June 30, 2004 (Expressed in Thousands)

| | Taxes and Social Security | County and Local Collections | State Courts | Deposits, Suspense, and Miscellaneous | Total |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and Cash Equivalents | $ 33 | $ 67,901 | $ 19,170 | $ 5,114 | $ 92,218 |
| Accounts Receivable | — | 133 | — | 14 | 147 |
| Due From Other Funds | — | 6 | — | 2,992 | 2,998 |
| Investments: | | | | | |
| Debt Securities | — | 47 | — | 11,744 | 11,791 |
| Equity Investments | — | — | — | 1,530 | 1,530 |
| Total Investments | 0 | 47 | 0 | 13,274 | 13,321 |
| Total Assets | $ 33 | $ 68,087 | $ 19,170 | $ 21,394 | $108,684 |
| **LIABILITIES** | | | | | |
| Due To Other Individuals or Groups | $ — | $ 1,902 | $ 18,699 | $ 8,574 | $ 29,175 |
| Due To Other Taxing Units | 33 | 66,185 | 471 | 12,820 | 79,509 |
| Total Liabilities | $ 33 | $ 68,087 | $ 19,170 | $ 21,394 | $108,684 |

# Combining Statement Of Changes In Assets And Liabilities Agency Funds

For the Fiscal Year Ended June 30, 2004 (Expressed in Thousands)

| | Balance June 30, 2003 | Additions | Deletions | Balance June 30, 2004 |
|---|---|---|---|---|
| **TAXES AND SOCIAL SECURITY** | | | | |
| **Assets** | | | | |
| Cash and Cash Equivalents | $ 7 | $ 197,839 | $ 197,813 | $ 33 |
| Total Assets | $ 7 | $ 197,839 | $ 197,813 | $ 33 |
| **Liabilities** | | | | |
| Due To Other Taxing Units | $ 7 | $ 197,839 | $ 197,813 | $ 33 |
| Total Liabilities | $ 7 | $ 197,839 | $ 197,813 | $ 33 |
| **COUNTY AND LOCAL COLLECTIONS** | | | | |
| **Assets** | | | | |
| Cash and Cash Equivalents | $ 55,140 | $ 1,045,745 | $ 1,032,984 | $ 67,901 |
| Investments | 102 | 2,421 | 2,476 | 47 |
| Accounts Receivable | 26 | 133 | 26 | 133 |
| Due From Other Funds | — | 6 | — | 6 |
| Total Assets | $ 55,268 | $ 1,048,305 | $ 1,035,486 | $ 68,087 |
| **Liabilities** | | | | |
| Due To Other Individuals or Groups | $ 1,542 | $ 20,350 | $ 19,990 | $ 1,902 |
| Due To Other Taxing Units | 53,726 | 1,025,395 | 1,012,936 | 66,185 |
| Total Liabilities | $ 55,268 | $ 1,045,745 | $ 1,032,926 | $ 68,087 |
| **STATE COURTS** | | | | |
| **Assets** | | | | |
| Cash and Cash Equivalents | $ 21,873 | $ 22,109 | $ 24,812 | $ 19,170 |
| Total Assets | $ 21,873 | $ 22,109 | $ 24,812 | $ 19,170 |
| **Liabilities** | | | | |
| Due To Other Individuals or Groups | $ 21,347 | $ 18,744 | $ 21,392 | $ 18,699 |
| Due To Other Taxing Units | 526 | 3,365 | 3,420 | 471 |
| Total Liabilities | $ 21,873 | $ 22,109 | $ 24,812 | $ 19,170 |
| **DEPOSITS, SUSPENSE, AND MISCELLANEOUS** | | | | |
| **Assets** | | | | |
| Cash and Cash Equivalents | $ 7,186 | $ 395,015 | $ 397,087 | $ 5,114 |
| Investments | 12,172 | 74,780 | 73,678 | 13,274 |
| Accounts Receivable | — | 15 | 1 | 14 |
| Due From Other Funds | 155 | 24,666 | 21,829 | 2,992 |
| Total Assets | $ 19,513 | $ 494,476 | $ 492,595 | $ 21,394 |
| **Liabilities** | | | | |
| Due To Other Individuals or Groups | $ 5,308 | $ 296,888 | $ 293,622 | $ 8,574 |
| Due To Other Taxing Units | 14,205 | 96,180 | 97,565 | 12,820 |
| Total Liabilities | $ 19,513 | $ 393,068 | $ 391,187 | $ 21,394 |
| **TOTAL — ALL AGENCY FUNDS** | | | | |
| **Assets** | | | | |
| Cash and Cash Equivalents | $ 84,206 | $ 1,660,708 | $ 1,652,696 | $ 92,218 |
| Investments | 12,274 | 77,201 | 76,154 | 13,321 |
| Accounts Receivable | 26 | 148 | 27 | 147 |
| Due From Other Funds | 155 | 24,672 | 21,829 | 2,998 |
| Total Assets | $ 96,661 | $ 1,762,729 | $ 1,750,706 | $ 108,684 |
| **Liabilities** | | | | |
| Due To Other Individuals or Groups | $ 28,197 | $ 335,982 | $ 335,004 | $ 29,175 |
| Due To Other Taxing Units | 68,464 | 1,322,779 | 1,311,734 | 79,509 |
| Total Liabilities | $ 96,661 | $ 1,658,761 | $ 1,646,738 | $ 108,684 |

## Nonmajor Component Units

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

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

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

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

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

# Combining Statement Of Net Assets
# Nonmajor Component Units

June 30, 2004 (Expressed in Thousands)

| | Comprehensive Health Insurance Pool | Heber Valley Historic Railroad Authority | Utah State Fair Corporation | Weber State University | Southern Utah University |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Current Assets: | | | | | |
| Cash and Cash Equivalents | $ 6,666 | $ 6 | $ 899 | $ 15,315 | $ 8,665 |
| Investments | — | — | — | — | 116 |
| Receivables: | | | | | |
| Accounts, net | 63 | 31 | 11 | 3,248 | 1,558 |
| Notes/Loans/Mortgages/Pledges, net | — | — | — | 1,741 | 520 |
| Accrued Interest | — | — | — | 388 | 53 |
| Due From Component Units | — | — | 3 | — | — |
| Prepaid Items | — | — | 11 | 69 | 2,792 |
| Inventories | — | 32 | — | 1,450 | 1,088 |
| Deferred Charges | — | — | — | 344 | — |
| Total Current Assets | 6,729 | 69 | 924 | 22,555 | 14,792 |
| Noncurrent Assets: | | | | | |
| Restricted Investments | — | — | — | 35,142 | 6,896 |
| Accounts Receivables, net | — | — | — | — | — |
| Investments | — | — | — | 43,864 | 9,965 |
| Notes/Loans/Mortgages/Pledges Receivables, net | — | — | — | 5,782 | 1,976 |
| Other Assets | — | — | — | — | — |
| Capital Assets (net of Accumulated Depreciation) | — | 2,008 | 837 | 137,946 | 96,385 |
| Total Noncurrent Assets | 0 | 2,008 | 837 | 222,734 | 115,222 |
| Total Assets | 6,729 | 2,077 | 1,761 | 245,289 | 130,014 |
| **LIABILITIES** | | | | | |
| Current Liabilities: | | | | | |
| Accounts Payable and Accrued Liabilities | 1,055 | 61 | 138 | 2,711 | 1,450 |
| Deposits | — | — | — | — | 406 |
| Due To Primary Government | — | — | — | 604 | 1,230 |
| Unearned Revenue | 632 | — | 96 | 3,585 | 1,358 |
| Current Portion of Long-term Liabilities | 3,392 | 178 | — | 3,496 | 2,172 |
| Total Current Liabilities | 5,079 | 239 | 234 | 10,396 | 6,616 |
| Noncurrent Liabilities: | | | | | |
| Accrued Liabilities | — | — | 5 | — | — |
| Deposits | — | — | — | 211 | — |
| Long-term Liabilities | — | 292 | — | 18,797 | 17,001 |
| Total Noncurrent Liabilities | 0 | 292 | 5 | 19,008 | 17,001 |
| Total Liabilities | 5,079 | 531 | 239 | 29,404 | 23,617 |
| **NET ASSETS** | | | | | |
| Invested in Capital Assets, Net of Related Debt | — | 1,538 | 837 | 120,670 | 80,575 |
| Restricted for: | | | | | |
| Nonexpendable: | | | | | |
| Higher Education | — | — | — | 32,851 | 4,221 |
| Expendable: | | | | | |
| Higher Education | — | — | — | 37,672 | 8,577 |
| Other | — | — | 56 | — | — |
| Unrestricted (Deficit) | 1,650 | 8 | 629 | 24,692 | 13,024 |
| Total Net Assets | $ 1,650 | $ 1,546 | $ 1,522 | $ 215,885 | $ 106,397 |

| Salt Lake Community College | Utah Valley State College | Dixie State College of Utah | College of Eastern Utah | Snow College | Utah College of Applied Technology | Total Nonmajor Component Units |
|---|---|---|---|---|---|---|
| $ 41,394 | $ 27,665 | $ 14,661 | $ 1,568 | $ 4,938 | $ 9,933 | $ 131,710 |
| 7,786 | 528 | 3,671 | — | 227 | 223 | 12,551 |
| 8,351 | 4,888 | 583 | 1,176 | 661 | 4,707 | 25,277 |
| 783 | 294 | 3 | 35 | 193 | — | 3,569 |
| — | — | — | 11 | 39 | — | 491 |
| — | — | — | — | — | — | 3 |
| 27 | 916 | 115 | 142 | 27 | 89 | 4,188 |
| 1,647 | 1,561 | 866 | 428 | 9 | 715 | 7,796 |
| — | — | — | — | — | — | 344 |
| 59,988 | 35,852 | 19,899 | 3,360 | 6,094 | 15,667 | 185,929 |
| 6,387 | 6,692 | 10,488 | 13,591 | 6,951 | — | 86,147 |
| — | — | 2,594 | — | — | — | 2,594 |
| 5,843 | 5,373 | 2,995 | 481 | 2,739 | 905 | 72,165 |
| 3,837 | 6,467 | 589 | 245 | 1,259 | — | 20,155 |
| 721 | 5,675 | — | — | — | — | 6,396 |
| 142,691 | 154,677 | 53,174 | 40,247 | 78,345 | 63,720 | 770,030 |
| 159,479 | 178,884 | 69,840 | 54,564 | 89,294 | 64,625 | 957,487 |
| 219,467 | 214,736 | 89,739 | 57,924 | 95,388 | 80,292 | 1,143,416 |
| 6,623 | 3,398 | 1,043 | 785 | 116 | 2,420 | 19,800 |
| — | 2,370 | 185 | — | 204 | 3 | 3,168 |
| 325 | 2,270 | 1,873 | 1,507 | 598 | 29 | 8,436 |
| 4,794 | 2,760 | 10 | 207 | 375 | 471 | 14,288 |
| 4,653 | 4,267 | 1,294 | 757 | 476 | 793 | 21,478 |
| 16,395 | 15,065 | 4,405 | 3,256 | 1,769 | 3,716 | 67,170 |
| — | — | — | — | — | 8 | 13 |
| 628 | — | — | 82 | 89 | — | 1,010 |
| 20,190 | 19,757 | 9,969 | 5,848 | 3,517 | 4,087 | 99,458 |
| 20,818 | 19,757 | 9,969 | 5,930 | 3,606 | 4,095 | 100,481 |
| 37,213 | 34,822 | 14,374 | 9,186 | 5,375 | 7,811 | 167,651 |
| 123,581 | 134,281 | 42,921 | 35,093 | 75,725 | 62,426 | 677,647 |
| 3,075 | 6,692 | 10,391 | 1,725 | 3,347 | 822 | 63,124 |
| 12,839 | 19,041 | 12,643 | 12,532 | 4,549 | 2,399 | 110,252 |
| — | — | 1 | — | — | — | 57 |
| 42,759 | 19,900 | 9,409 | (612) | 6,392 | 6,834 | 124,685 |
| $ 182,254 | $ 179,914 | $ 75,365 | $ 48,738 | $ 90,013 | $ 72,481 | $ 975,765 |

# Combining Statement Of Activities
# Nonmajor Component Units

For the Fiscal Year Ended June 30, 2004 (Expressed in Thousands)

| | Comprehensive Health Insurance Pool | Heber Valley Historic Railroad Authority | Utah State Fair Corporation | Weber State University | Southern Utah University |
|---|---|---|---|---|---|
| Expenses | $ 22,605 | $ 1,448 | $ 3,597 | $ 141,631 | $ 72,297 |
| Program Revenues: | | | | | |
| Charges for Services: | | | | | |
| Tuition and Fees | — | — | — | 55,218 | 17,178 |
| Scholarship Allowances | — | — | — | (10,582) | (5,597) |
| Sales, Services, and Other Revenues | 12,262 | 1,455 | 2,765 | 12,865 | 18,082 |
| Operating Grants and Contributions | — | — | 35 | 30,086 | 17,023 |
| Capital Grants and Contributions | — | — | — | 22,907 | 339 |
| Total Program Revenues | 12,262 | 1,455 | 2,800 | 110,494 | 47,025 |
| Net (Expenses) Revenues | (10,343) | 7 | (797) | (31,137) | (25,272) |
| General Revenues: | | | | | |
| State Appropriations | 6,916 | — | 743 | 55,324 | 26,295 |
| Unrestricted Investment Income | 119 | — | — | — | — |
| Permanent Endowments Contributions | — | — | — | 1,685 | 116 |
| Total General Revenues | 7,035 | 0 | 743 | 57,009 | 26,411 |
| Change in Net Assets | (3,308) | 7 | (54) | 25,872 | 1,139 |
| Net Assets – Beginning | 4,958 | 1,539 | 1,576 | 190,013 | 105,258 |
| Net Assets – Ending | $ 1,650 | $ 1,546 | $ 1,522 | $ 215,885 | $ 106,397 |

| Salt Lake Community College | Utah Valley State College | Dixie State College of Utah | College of Eastern Utah | Snow College | Utah College of Applied Technology | Total Nonmajor Component Units |
|---|---|---|---|---|---|---|
| $ 125,344 | $ 150,038 | $ 43,379 | $ 28,451 | $ 32,017 | $ 59,110 | $ 679,917 |
| 46,462 | 60,299 | 13,208 | 4,138 | 5,837 | 6,662 | 209,002 |
| (7,870) | (7,729) | (2,366) | (2,140) | (2,047) | (320) | (38,651) |
| 13,582 | 20,728 | 5,804 | 2,865 | 3,374 | 5,193 | 98,975 |
| 23,810 | 38,910 | 12,035 | 10,013 | 6,621 | 12,202 | 150,735 |
| 1,955 | 29,965 | — | 12,187 | 18,247 | 2,766 | 88,366 |
| 77,939 | 142,173 | 28,681 | 27,063 | 32,032 | 26,503 | 508,427 |
| (47,405) | (7,865) | (14,698) | (1,388) | 15 | (32,607) | (171,490) |
| 53,620 | 42,858 | 16,637 | 12,468 | 17,497 | 35,026 | 267,384 |
| — | — | — | — | 416 | 208 | 743 |
| | — | 5 | 104 | — | — | 1,910 |
| 53,620 | 42,858 | 16,642 | 12,572 | 17,913 | 35,234 | 270,037 |
| 6,215 | 34,993 | 1,944 | 11,184 | 17,928 | 2,627 | 98,547 |
| 176,039 | 144,921 | 73,421 | 37,554 | 72,085 | 69,854 | 877,218 |
| $ 182,254 | $ 179,914 | $ 75,365 | $ 48,738 | $ 90,013 | $ 72,481 | $ 975,765 |

**Supplementary Information – Combining Statements and Individual Fund Statements and Schedules** (continued)


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# General Governmental Expenditures and Other Uses by Function

For the Last Ten Fiscal Years (Expressed in Thousands)

| Function | Fiscal Year Ended June 30 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 (A) | 2002 (B) | 2003 (B) | 2004 (B) |
| General Government and Courts | $ 225,427 | $ 234,251 | $ 248,918 | $ 230,030 | $ 249,337 | $ 248,301 | $ 256,505 | $ 287,024 | $ 269,450 | $ 279,209 |
| Business, Labor, and Agriculture | 34,550 | 36,307 | 39,107 | 42,423 | 44,474 | 46,555 | 49,672 | 63,940 | 66,382 | 72,124 |
| Community and Economic Development | 71,883 | 82,585 | 84,384 | 72,847 | 75,602 | 77,305 | 83,526 | 91,014 | 91,986 | 89,051 |
| Higher Education | 409,083 | 432,816 | 464,202 | 475,817 | 507,890 | 531,364 | 569,722 | 652,992 | 632,368 | 647,749 |
| Natural Resources | 78,440 | 86,899 | 91,656 | 88,529 | 90,794 | 97,586 | 104,859 | 121,072 | 134,247 | 121,461 |
| Human Services, Corrections, Health, and Environmental Quality | 1,296,189 | 1,394,764 | 1,480,616 | 1,289,255 | 1,405,485 | 1,501,552 | 1,613,869 | 1,775,052 | 1,888,105 | 2,084,990 |
| Employment and Family Services (**C**) | — | — | — | 285,602 | 302,665 | 285,517 | 286,304 | 321,154 | 363,116 | 394,926 |
| Public Education | 1,299,052 | 1,476,565 | 1,651,282 | 1,676,668 | 1,776,912 | 1,824,162 | 1,949,959 | 1,998,450 | 1,979,880 | 2,038,053 |
| Transportation and Public Safety | 497,068 | 546,650 | 669,014 | 1,126,225 | 1,078,923 | 999,684 | 998,107 | 999,332 | 882,151 | 961,441 |
| Capital Outlay | 177,937 | 207,418 | 182,129 | 200,912 | 190,496 | 191,819 | 153,126 | 112,569 | 205,861 | 173,869 |
| Leave/Postemployment Benefits (**D**) | 35,233 | 18,562 | 31,659 | 21,565 | 23,886 | 17,573 | 9,186 | — | — | — |
| Debt Service | 86,572 | 94,426 | 100,651 | 131,075 | 153,540 | 158,274 | 158,886 | 175,188 | 189,020 | 211,960 |
| Total Expenditures All Governmental Fund Types | $4,211,434 | $4,611,243 | $5,043,618 | $5,640,948 | $5,900,004 | $5,979,692 | $6,233,721 | $6,597,787 | $6,702,566 | $7,074,833 |

(A) Prior to fiscal year 2002, this summary included expenditures of the State's governmental fund types that include the General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Centennial Highway Fund, Sports Authority Fund, State Capitol Fund, Consumer Education Fund, and Rural Development Fund), Capital Projects Fund, and Debt Service Fund. General Fund appropriations to the colleges and universities reported as transfers in the financial statements were also included in Higher Education expenditures.

(B) Beginning in fiscal year 2002, this summary includes expenditures of the State's major and nonmajor governmental funds except the Trust Lands permanent fund. These changes were necessary because of implementing Statement 34 of the Governmental Accounting Standards Board (GASB). Amounts reported in fiscal year 2002 and thereafter are not comparable to prior years.

(C) The Department of Workforce Services was created in the fiscal year ended June 30, 1998, to operate the integrated Employment and Family Services function for the State. The Employment and Family Services function was previously reported on this schedule in the functions of General Government, Community and Economic Development, and Human Services.

(D) For fiscal year 2002 and after, Leave/Postemployment expenditures are not reported in the governmental funds financial statements due to the implementation of GASB Statement 34.

# General Governmental Revenues by Source and Liquor Control Profit Transfer

For the Last Ten Fiscal Years (Expressed in Thousands)

| Revenue Source | Fiscal Year Ended June 30 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 (A) | 2002 (B) | 2003 (B) | 2004 (B) |
| Taxes: | | | | | | | | | | |
| Sales and Use Tax | $1,061,870 | $1,170,120 | $1,259,961$ | 1,287,849$ | 1,351,332$ | 1,400,962$ | 1,465,301 | $1,473,479 | $1,481,823 | $1,553,909 |
| Individual Income Tax | 1,026,803 | 1,139,080 | 1,237,332 | 1,377,494 | 1,463,897 | 1,654,949 | 1,712,676 | 1,584,546 | 1,587,520 | 1,706,774 |
| Corporate Tax | 157,901 | 176,781 | 191,991 | 196,275 | 192,221 | 186,936 | 183,141 | 124,561 | 161,129 | 165,893 |
| Motor and Special Fuel Tax | 196,422 | 206,904 | 214,758 | 290,086 | 298,390 | 314,164 | 310,000 | 321,682 | 321,370 | 327,838 |
| Other Taxes | 174,608 | 145,077 | 133,063 | 203,667 | 150,677 | 234,442 | 208,748 | 201,583 | 213,618 | 234,774 |
| Total Taxes | 2,617,604 | 2,837,962 | 3,037,105 | 3,355,371 | 3,456,517 | 3,791,453 | 3,879,866 | 3,705,851 | 3,765,460 | 3,989,188 |
| Other Revenues: | | | | | | | | | | |
| Federal Contracts and Grants | 1,193,140 | 1,266,632 | 1,315,279 | 1,382,748 | 1,543,186 | 1,575,608 | 1,708,087 | 1,856,477 | 2,049,922 | 2,295,428 |
| Charges for Services | 158,454 | 149,868 | 163,763 | 174,228 | 206,420 | 217,621 | 236,986 | 222,669 | 211,756 | 242,780 |
| Licenses, Permits, and Fees | 65,529 | 67,512 | 64,486 | 83,994 | 87,848 | 92,300 | 91,875 | 107,201 | 110,315 | 113,625 |
| Federal Mineral Lease | 29,054 | 34,718 | 34,111 | 33,485 | 28,962 | 34,957 | 49,566 | 30,527 | 47,307 | 67,216 |
| Federal Aeronautics | 49,701 | 35,122 | 24,890 | 22,762 | 18,737 | 26,859 | 33,386 | 31,026 | 18,791 | 25,821 |
| Intergovernmental | 20,740 | 46,602 | 38,731 | 72,366 | 42,526 | 80,431 | 35,225 | 7,611 | 8,463 | 11,395 |
| Investment Income | 34,906 | 39,926 | 39,404 | 61,782 | 58,055 | 55,804 | 65,068 | 31,240 | 29,418 | 25,943 |
| Miscellaneous and Other | 52,987 | 67,983 | 80,131 | 86,168 | 89,604 | 119,189 | 112,970 | 176,895 | 193,448 | 208,171 |
| Total Revenues | 4,222,115 | 4,546,325 | 4,797,900 | 5,272,904 | 5,531,855 | 5,994,222 | 6,213,029 | 6,169,497 | 6,434,880 | 6,979,567 |
| Liquor Control Profit Transfer | 20,080 | 22,155 | 24,312 | 26,297 | 26,959 | 28,659 | 30,253 | 32,541 | 33,063 | 37,127 |
| Total Revenues and Liquor Control Profit Transfer | $4,242,195 | $4,568,480 | $4,822,212 | $5,299,201 | $5,558,814 | $6,022,881 | $6,243,282 | $6,202,038 | $6,467,943 | $7,016,694 |

(A) Prior to fiscal year 2002, this summary includes revenues of the State's governmental fund types that include the General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Centennial Highway Fund, Sports Authority Fund, State Capitol Fund, Consumer Education Fund, Rural Development Fund, and Tobacco Endowment Fund), Capital Projects Fund, and Debt Service Fund.

(B) Beginning in fiscal year 2002, this summary includes revenues of the State's major and nonmajor governmental funds except the Trust Lands permanent fund. These changes were necessary because of implementing Statement 34 of the Governmental Accounting Standards Board (GASB). Amounts reported in fiscal year 2002 and thereafter are not comparable to prior years.

## General Obligation Bonds

Article XIV, Section 1, of the Utah Constitution limits the State to a total general obligation debt not to exceed 1.5 percent of the fair market value of the taxable property of the State. Using the latest valuation made in 2003, the debt limit of the State at June 30, 2004, was $2.648 billion. During the fiscal year ended June 30, 2004, the State issued $314.8 million Series 2004 A to advance refund portions of the 2001 B, 2002 A and 2003 A general obligation bonds. The State's total general obligation debt outstanding at June 30, 2004, is $1.589 billion. Therefore under the law, the State has $1.059 billion of additional borrowing capacity at June 30, 2004.

| | | (Expressed in Thousands) | |
|---|---|---|---|
| | Maturity Dates | Original Issues | Outstanding June 30, 2004 |
| 1997 A–E Highway/Capital Facility Issue | 2001–2007 | $ 200,000 | $ 34,950 |
| 1997 F Highway Issue | 2001–2007 | $ 205,000 | 64,300 |
| 1998 A Highway/Capital Facility Issue | 2001–2008 | $ 265,000 | 84,075 |
| 1999 E Capital Facility Issue | 2004 | $ 38,000 | 38,000 |
| 2001 A Capital Facility Issue | 2004 | $ 15,000 | 15,000 |
| 2001 B Highway/Capital Facility Issue | 2004–2014 | $ 348,000 | 218,000 |
| 2002 A Highway/Capital Facility Issue | 2003–2015 | $ 281,200 | 172,840 |
| 2002 B Refunding Issue | 2004–2012 | $ 253,100 | 253,100 |
| 2003 A Highway/Capital Facility Issue | 2005–2013 | $ 407,405 | 315,120 |
| 2004 A Refunding Issue | 2010–2016 | $ 314,775 | 314,775 |
| Total General Obligation Bonds Outstanding | | | 1,510,160 |
| Plus Unamortized Premiums | | | 105,616 |
| Less Deferred Amount on Refunding | | | (26,966) |
| Total General Obligation Bonds Payable | | | $1,588,810 |

## Ratio of Net General Bonded Debt to Fair Market Value and Net Bonded Debt Per Capita

For the Last Ten Fiscal Years

| | | (Expressed in Thousands) | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Fiscal Year | Population | Fair Market Value | Gross Bonded Debt | Debt Service Monies Available | Debt Payable From Enterprise Revenues | Debt Payable From Component Revenues | Net Bonded Debt (A) | Ratio of Net Bonded Debt to Fair Market Value | Net Bonded Debt Per Capita |
| 1995 | 1,995,000 | $ 77,099,869 | $ 2,047,901 | $ 8,881 | $ 434,490 | $ 1,096,056 | $ 508,474 | 0.66% | $ 255 |
| 1996 | 2,043,000 | $ 99,224,437 | $ 2,425,271 | $ 13,493 | $ 551,015 | $ 1,285,186 | $ 575,577 | 0.58% | $ 282 |
| 1997 | 2,099,000 | $ 111,599,469 | $ 2,380,548 | $ 13,891 | $ 604,065 | $ 1,178,953 | $ 583,639 | 0.52% | $ 278 |
| 1998 | 2,142,000 | $ 125,780,622 | $ 3,359,985 | $ 7,567 | $ 625,455 | $ 1,307,930 | $ 1,419,033 | 1.13% | $ 662 |
| 1999 | 2,193,000 | $ 134,600,515 | $ 3,694,340 | $ 8,124 | $ 804,968 | $ 1,374,679 | $ 1,506,569 | 1.12% | $ 687 |
| 2000 | 2,247,000 | $ 142,192,158 | $ 3,764,487 | $ 8,757 | $ 881,285 | $ 1,412,042 | $ 1,462,403 | 1.03% | $ 651 |
| 2001 | 2,296,000 | $ 152,329,350 | $ 3,891,193 | $ 11,475 | $ 1,044,305 | $ 1,453,935 | $ 1,381,478 | 0.91% | $ 602 |
| 2002 | 2,339,000 | $ 163,185,739 | $ 4,673,706 | $ 22,882 | $ 1,254,587 | $ 1,574,699 | $ 1,821,538 | 1.12% | $ 779 |
| 2003 | 2,385,000 | $ 170,775,938 | $ 5,038,806 | $ 16,004 | $ 1,336,211 | $ 1,653,981 | $ 2,032,610 | 1.19% | $ 852 |
| 2004 | 2,468,000 | $ 176,540,976 | $ 4,920,553 | $ 12,842 | $ 1,422,087 | $ 1,570,737 | $ 1,914,887 | 1.08% | $ 776 |

(A) Includes general obligation bonds plus revenue bonds whose repayment is funded through governmental fund type operations or appropriations.

## Calculation of Legal Debt Limits

For the Last Ten Fiscal Years (Expressed in Millions)

| | Fiscal Year Ended June 30 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
| Taxable Property Value (**A**) | $ 65,239 | $ 74,284 | $ 83,149 | $ 93,278 | $ 99,917 | $ 105,149 | $ 112,218 | $ 120,332 | $ 125,437 | $ 129,345 |
| Fair Market Value (**A**) | 77,100 | 99,224 | 111,599 | 125,781 | 134,601 | 142,192 | 152,329 | 163,186 | 170,776 | 176,541 |
| Debt Limit (Fair Market Value times 1.5%) | 1,156 | 1,488 | 1,674 | 1,886 | 2,019 | 2,133 | 2,285 | 2,448 | 2,562 | 2,648 |
| Net General Obligation Bonded Debt (**B**) | (431) | (413) | (367) | (1,202) | (1,252) | (1,212) | (1,146) | (1,498) | (1,714) | (1,589) |
| Additional General Obligation Debt Incurring Capacity | $ 725 | $ 1,075 | $ 1,307 | $ 684 | $ 767 | $ 921 | $ 1,139 | $ 950 | $ 848 | $ 1,059 |

(A) Source: Utah State Tax Commission (*Final Values* for the preceding calendar yearend)
(B) Amounts prior to fiscal year 2002 only include the par amount of bonds. Premiums and discounts prior to fiscal year 2002 were immaterial.

## Statutory Debt Limit

The statutory debt limit was first enacted in 1989 and is currently 45 percent of the appropriations limit. The Legislature has exempted $981 million of Highway Construction Bonds from the statutory bonding debt limit. At June 30, 2004, the statutory debt limit was (expressed in thousands):

| | Calculated Using The Fiscal Year 2005 Appropriations Limitation | Calculated Using The Fiscal Year 2004 Appropriations Limitation |
|---|---|---|
| Appropriations Limitation | $ 1,955,887 | $ 1,856,205 |
| | 45% | 45% |
| Statutory Debt Limit | 880,149 | 835,292 |
| Outstanding General Obligation Debt | (607,999) | (607,999) |
| Additional General Obligation Debt Incurring Capacity | $ 272,150 | $ 227,293 |

## Net General Obligation Bonded Debt Per Capita

For the Last Ten Fiscal Years

| | Fiscal Year Ended June 30 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
| Net General Obligation Bonded Debt Per Capita | $ 215.82 | $ 202.24 | $ 174.92 | $ 561.30 | $ 570.69 | $ 539.53 | $ 499.13 | $ 640.60 | $ 718.56 | $ 643.76 |

## Ratio of Debt Service Expenditures to General and to All Governmental Fund Type Expenditures

For the Last Ten Fiscal Years (Expressed in Millions)

| | Fiscal Year Ended June 30 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
| General Fund Expenditures (**A**) | $ 2,214 | $ 2,359 | $ 2,514 | $ 2,591 | $ 2,795 | $ 2,902 | $ 3,088 | $ 3,412 | $ 3,519 | $ 3,775 |
| Debt Service Expenditures | $ 87 | $ 94 | $ 101 | $ 131 | $ 154 | $ 158 | $ 159 | $ 175 | $ 189 | $ 212 |
| Ratio Debt Service to General Fund Expenditures | 3.93% | 3.98% | 4.02% | 5.06% | 5.51% | 5.44% | 5.15% | 5.13% | 5.37% | 5.61% |
| Total All Governmental Funds Expenditures | $ 4,211 | $ 4,611 | $ 5,044 | $ 5,641 | $ 5,900 | $ 5,980 | $ 6,234 | $ 6,598 | $ 6,703 | $ 7,075 |
| Ratio Debt Service Expenditures to All Governmental Funds Expenditures | 2.07% | 2.04% | 2.00% | 2.32% | 2.61% | 2.64% | 2.55% | 2.65% | 2.82% | 3.00% |

(A) Includes payments to Higher Education.

## Enterprise Funds Revenue Bond Coverage

For the Last Ten Fiscal Years (Expressed in Thousands)

| Fiscal Year | Gross Revenues | Direct Operating Expenses (B) | Net Revenue Available For Debt Service | Debt Service Requirements | | | |
|---|---|---|---|---|---|---|---|
| | | | | Principal | Interest | Total | Coverage |
| 1995 | $ 117,795 | $ 65,928 | $ 51,867 | $ 22,175 | $ 24,489 | $ 46,664 | 1.11 |
| 1996 | $ 132,945 | $ 74,285 | $ 58,660 | $ 35,940 | $ 27,123 | $ 63,063 | 0.93 |
| 1997 | $ 147,167 | $ 86,977 | $ 60,190 | $ 21,360 | $ 28,887 | $ 50,247 | 1.20 |
| 1998 | $ 161,547 | $ 91,829 | $ 69,718 | $ 73,660 | $ 32,384 | $ 106,044 | 0.66 |
| 1999 | $ 169,831 | $ 102,415 | $ 67,416 | $ 20,670 | $ 34,480 | $ 55,150 | 1.22 |
| 2000 | $ 203,482 | $ 120,313 | $ 83,169 | $ 51,177 | $ 43,639 | $ 94,816 | 0.88 |
| 2001 | $ 217,129 | $ 128,562 | $ 88,567 | $ 95,482 | $ 48,575 | $ 144,057 | 0.61 |
| 2002 | $ 227,458 | $ 139,840 | $ 87,618 | $ 12,562 | $ 30,446 | $ 43,008 | 2.04 |
| 2003 | $ 225,029 | $ 160,692 | $ 64,337 | $ 38,122 | $ 24,391 | $ 62,513 | 1.03 |
| 2004 | $ 236,436 | $ 162,544 | $ 73,892 | $ 46,018 | $ 19,977 | $ 65,995 | 1.12 |

Alcoholic Beverage Control revenue bonds were included along with Student Assistance Programs beginning in fiscal year 1995. Utah Correctional Industries revenue bonds were included, beginning in fiscal year 2000 and in fiscal year 2002, the Water Loan Program bonds were added to the other enterprise funds.

(B) Does not include interest expense.

## Revenue Bonds

Several issues of revenue bonds were outstanding at June 30, 2004, in addition to general obligation debt.

The Utah Housing Corporation issued mortgage purchase bonds to provide adequate sources of capital for housing for low and moderate-income families. The bonds, totaling $1.199 billion at June 30, 2004, are to be repaid from mortgage payments.

The Board of Regents issued Student Loan bonds to make loans to eligible students. The bonds are repaid from student loan payments and federal allowances. Bonds payable at June 30, 2004, net of unamortized premium, total $1.398 billion.

The State Building Ownership Authority (SBOA) issues bonds for the construction of facilities that are leased to and used by various state entities and which are repaid from the lease income. The Authority issued the 1992 A and B bonds for the construction of office facilities for the Department of Workforce Services–Employment Security and the Department of Corrections, bonds outstanding at June 30, 2004, are $14.405 million and $785 thousand respectively. The Authority issued the 1993 A bond for the construction of office facilities for the Department of Human Services, at June 30, 2004, bonds outstanding are $3.650 million. The Authority issued the 1994 A bonds for construction of facilities for four state agencies; $1.895 million of bonds are outstanding at June 30, 2004. The Authority issued the 1995 A bonds for construction of four office facilities to be used by state agencies, the outstanding amount of these bonds at June 30, 2004, is $11.860 million. The Authority issued the 1996 A and B bonds for construction of facilities for five state agencies and three institutions of higher education; at June 30, 2004, $5.735 million and $11.555 million of bonds are outstanding, respectively. The Authority issued the 1997 A bonds for the acquisition and construction of five facilities for the Alcoholic Beverage Control Commission (nonmajor enterprise fund), the outstanding amount of these bonds at June 30, 2004, is $3.350 million. The Authority issued the 1998 A bonds for the construction of a facility for the Alcoholic Beverage Control Commission, construction of a warehouse for the Division of Fleet Operations (internal service fund), acquisition of right-of-ways for the construction of highways, and acquisition of the Youth Corrections Facility previously leased through Salt Lake County; bonds outstanding at June 30, 2004, amounted to $14.080 million. The 1998 B bonds were issued for the construction of student housing at the University of Utah (colleges and universities). The facilities also served as the Olympic Village during the 2002 Winter Games. At June 30, 2004, $30.341 million of bonds were outstanding. This bond is to be repaid at maturity by the Salt Lake Organizing Committee. The 1998 C refunding bond advance refunded $15.655, $60.925, and $29.035 million of the 94 A, 95 A, and 96 A bonds, respectively, to take advantage of lower interest rates; $104.860 million of the bonds are outstanding at June 30, 2004. The Authority issued the 1999 A bonds to build an administration building for the Department of Corrections and the Board of Pardons and Parole Administration, acquire and construct two facilities for the Alcoholic Beverage Commission, and expand a Utah Correctional Industries Facility (nonmajor enterprise fund) at June 30, 2004, $8.525 million of bonds were outstanding. The Authority issued Series 2001 A and Series 2001 C bonds to construct the Huntsman Cancer Research Hospital, bonds outstanding at June 30, 2004, amounted to $69.850 million and $30.300 million respectively. The Authority issued Series 2001 B bonds for the construction of the Soldier Hollow golf course, an Alcoholic Beverage Control Commission warehouse and two retail outlets, and an additional amount to complete a state agency building. At June 30, 2004, $25.355 million of Series 2001 B bonds were outstanding. The Authority issued Series 2003 bonds for the construction of a facility for the Alcoholic Beverage Control Commission, an office facility for the Department of Public Safety, the expansion of the West Jordan Court facility, and to refund the 1993 B bonds used for the construction of an office facility for the Department of Education, to take advantage of lower interest rates. At June 30, 2004, $22.275 million of Series 2003 bonds were outstanding.

The State's Water Loan Programs have issued revolving loan recapitalization program bonds to provide capital for the State's revolving loan programs, and subsequently has refunded one of the bonds. The bonds are secured by and repayment is made from the collection of the revolving loan programs' notes receivable. At June 30, 2004, the Water Loan Programs had $1.060 million of bonds outstanding, consisting of Series 1995 Water Refunding bonds.

The colleges and universities have issued bonds for various purposes including student housing, special events centers, and student union centers. The bonds are secured by the related assets, student building fees, and other income of certain college activities. Bonds payable at June 30, 2004, net of unamortized premium, totaled $371.813 million.

In the opinion of the bond counsel, the revenue bonds are not a debt, liability, or general obligation of the State of Utah and, therefore, do not impair the legal borrowing capacity of the State.

The enabling legislation for bonds issued by the State Board of Regents (with respect to the Student Assistance Programs), the Utah State Building Ownership Authority, and the Utah Housing Corporation requires or permits these entities to establish debt service reserve funds as reserves for those bonds. The State Financing Consolidation Act also permits the State to establish debt service reserve funds as reserves for obligations issued under that Act. Such reserve funds should be funded to the maximum amount allowed by Federal or statutory law. Should those reserve funds ever fall below their required levels, an appropriation may be sought from the Legislature to cover the deficit. The Legislature may, but is not required to, make such an appropriation. Bonds issued with these types of reserve funds supported by the State are referred to herein as "State Reserve Fund Moral Obligation Bonds."

As of June 30, 2004, the Utah Housing Corporation, the State Board of Regents, and the Utah State Building Ownership Authority have never failed to pay when due the principal of and interest on any State Reserve Fund Moral Obligation Bonds. The reserve funds for the various State Reserve Fund Moral Obligation Bonds have never been below their respective debt service reserve fund requirements. Therefore, to date no appropriation has ever been requested from the Legislature.

## Revenue Bonds

(Expressed in Thousands)

| Revenue Bonds | Maturity Date | Original Issues | Outstanding June 30, 2004 |
|---|---|---|---|
| **Utah Housing Corporation:** | | | |
| **Single Family Mortgages** | | | |
| 1986 Series A (2) | 1993–2016 | $ 91,015 | $ 245 |
| 1990 Series E (2) | 1993–2022 | $ 40,000 | 240 |
| 1992 Issue E (2) | 1995–2025 | $ 26,000 | 1,495 |
| 1992 Issue F (2) | 1995–2025 | $ 26,000 | 2,200 |
| 1994 Issue A (2) | 1996–2026 | $ 25,000 | 4,125 |
| 1994 Issue B (2) | 1996–2026 | $ 25,000 | 1,625 |
| 1994 Issue C (2) | 1996–2027 | $ 25,000 | 1,715 |
| 1994 Issue D (1) | 1996–2027 | $ 25,000 | 590 |
| 1994 Issue E (1) | 1996–2027 | $ 25,000 | 750 |
| 1994 Issue F (1) | 1996–2027 | $ 25,000 | 300 |
| 1995 Issue A (1) | 1997–2027 | $ 25,000 | 690 |
| 1995 Issue B (1) | 1998–2012 | $ 25,000 | 1,095 |
| 1995 Issue C (1) | 1997–2027 | $ 25,000 | 1,610 |
| 1995 Issue D (1) | 1997–2022 | $ 25,000 | 890 |
| 1995 Issue E (1) | 1997–2028 | $ 25,000 | 2,135 |
| 1995 Issue F (1) | 1997–2028 | $ 25,000 | 1,570 |
| 1995 Issue G (1) | 1997–2027 | $ 25,000 | 2,365 |
| 1995 Issue H (1) | 1997–2027 | $ 25,000 | 2,440 |
| 1995 Issue I (1) | 1997–2027 | $ 25,000 | 2,925 |
| 1996 Series (1) | 1997–2009 | $ 32,440 | 265 |
| 1996 Issue A (1) | 1998–2028 | $ 25,000 | 2,645 |
| 1996 Series R (1) | 1997–2016 | $ 62,400 | 9,335 |
| 1996 Series B (1) | 2006–2027 | $ 25,000 | 3,210 |
| 1996 Series C (1) | 2006–2028 | $ 25,000 | 2,500 |
| 1996 Series D (1) | 2006–2028 | $ 25,000 | 4,420 |
| 1996 Series E (1) | 1998–2027 | $ 25,000 | 3,685 |
| 1997 Series A (1) | 1998–2027 | $ 25,000 | 4,860 |
| 1997 Series B (1) | 1999–2028 | $ 25,000 | 3,800 |
| 1997 Series C (1) | 1999–2028 | $ 25,000 | 4,485 |
| 1997 Series D (1) | 1999–2029 | $ 25,000 | 4,560 |
| 1997 Series E (1) | 1999–2029 | $ 25,000 | 5,930 |
| 1997 Series F (1) | 1999–2029 | $ 25,000 | 6,590 |
| 1997 Series G (1) | 1999–2029 | $ 25,000 | 7,305 |
| 1998 Series A (1) | 2000–2029 | $ 25,000 | 8,345 |
| 1998 Series B (1) | 2000–2029 | $ 25,000 | 7,585 |
| 1998 Series C (1) | 2000–2029 | $ 25,000 | 8,405 |
| 1998 Series D (1) | 2000–2030 | $ 25,000 | 8,550 |
| 1998 Issue E (1) | 2005–2030 | $ 25,000 | 7,860 |
| 1998 Issue F (1) | 2000–2030 | $ 25,000 | 12,825 |
| 1998 Series G (1) | 2000–2030 | $ 30,000 | 15,140 |
| 1999 Series A (1) | 2000–2030 | $ 30,000 | 14,350 |
| 1999 Series B (1) | 2001–2030 | $ 27,500 | 12,350 |
| 1999 Series C (1) | 2001–2031 | $ 30,000 | 8,120 |
| 1999 Series D (1) | 2002–2031 | $ 30,000 | 7,100 |
| 1999 Series E (1) | 2001–2031 | $ 30,000 | 5,990 |
| 1999 Series F (1) | 2001–2031 | $ 30,000 | 6,225 |
| 2000 Series A (1) | 2002–2031 | $ 25,000 | 3,765 |
| 2000 Series B (1) | 2010–2031 | $ 25,000 | 3,105 |
| 2000 Series C (1) | 2014–2031 | $ 25,000 | 20,890 |
| 2000 Series D (1) | 2010–2031 | $ 25,000 | 18,160 |
| 2000 Series E (1) | 2010–2032 | $ 25,000 | 17,435 |

**Continues**

(1) Not classified as a State Reserve Fund Moral Obligation Bond.
(2) Classified as a State Reserve Fund Moral Obligation Bond.

**Continued**

(Expressed in Thousands)

| Revenue Bonds | Maturity Date | Original Issues | Outstanding June 30, 2004 |
|---|---|---|---|
| 2000 Series F (1) | 2002–2031 | $ 25,000 | 18,355 |
| 2000 Series G (1) | 2003–2032 | $ 25,000 | 20,110 |
| 2001 Series A (1) | 2003–2032 | $ 25,000 | 21,235 |
| 2001 Series B (1) | 2016–2032 | $ 25,000 | 22,205 |
| 2001 Series C (1) | 2017–2033 | $ 25,000 | 21,925 |
| 2001 Series D (1) | 2018–2033 | $ 25,000 | 22,550 |
| 2001 Series E (1) | 2018–2033 | $ 25,000 | 22,750 |
| 2001 Series F (1) | 2018–2033 | $ 25,000 | 23,185 |
| 2002 Series A (1) | 2018–2033 | $ 28,515 | 24,650 |
| 2002 Series B (1) | 2018–2033 | $ 25,000 | 23,495 |
| 2002 Series C (1) | 2010–2033 | $ 28,055 | 26,055 |
| 2002 Series D (1) | 2003–2023 | $ 25,000 | 23,785 |
| 2002 Series E (1) | 2004–2034 | $ 25,000 | 24,150 |
| 2002 Series F (1) | 2012–2034 | $ 25,000 | 24,715 |
| 2002 Series G (1) | 2004–2034 | $ 28,500 | 27,295 |
| 2003 Series A (1) | 2013–2034 | $ 25,000 | 25,000 |
| 2003 Series B (1) | 2005–2034 | $ 29,500 | 28,665 |
| 2003 Series C (1) | 2005–2034 | $ 25,000 | 25,000 |
| 2003 Series D (1) | 2005–2034 | $ 25,000 | 25,000 |
| 2003 Series E (1) | 2005–2034 | $ 25,000 | 25,000 |
| 2003 Series F (1) | 2005–2034 | $ 25,000 | 25,000 |
| 2003 Series G (1) | 2005–2035 | $ 25,000 | 25,000 |
| 2003 Series 3 and 4 (1) | 2012–2034 | $ 48,585 | 48,195 |
| 2004 Series A (1) | 2006–2035 | $ 25,000 | 25,000 |
| 2004 Series B (1) | 2006–2035 | $ 25,000 | 25,000 |
| 2004 Series C (1) | 2006–2035 | $ 25,000 | 25,000 |
| 2004 Series I (1) | 2006–2035 | $ 19,350 | 19,350 |
| Subtotal – Single Family Mortgages | | | 946,465 |
| **Multi-Family Mortgages** | | | |
| 1985 Series B (1) | 2007 | $ 6,500 | 275 |
| 1992 Issue A (2) | 2024 | $ 22,130 | 9,150 |
| 1993 Issue A (2) | 2024 | $ 1,350 | 305 |
| 1995 Issue Cottonwood Project (1) | 1996–2025 | $ 7,400 | 6,535 |
| 1995 Issue A & B (1) | 2003–2036 | $ 4,695 | 4,435 |
| 1996 Issue A, B & C (1) | 2028 | $ 4,540 | 4,200 |
| 1996 Series A (1) | 1997–2022 | $ 10,320 | 2,545 |
| 1997 Series A & B (1) | 2002–2027 | $ 9,320 | 8,860 |
| 1998 Series Heather Estates Project (1) | 2000–2029 | $ 9,800 | 7,710 |
| 1998 Series A, B & C Hartland (1) | 2012–2028 | $ 10,710 | 9,918 |
| 1998 Aspen Villas Project (1) | 1999–2028 | $ 6,360 | 5,755 |
| 1998 Series B (1) | 1999–2016 | $ 10,434 | 10,057 |
| 1999 Series A & B (1) | 2010–2037 | $ 13,795 | 13,520 |
| 1999 Country Oaks (1) | 2011–2041 | $ 3,195 | 3,145 |
| 1999 Series A & B Bay Harbour (1) | 2031 | $ 3,600 | 3,488 |
| 1999 Series A, B & C Todd Hollow (1) | 2033 | $ 12,195 | 12,129 |
| 2000 Series A & B The Riverview (1) | 2012–2030 | $ 6,150 | 5,920 |

**Continues**

(1) Not classified as a State Reserve Fund Moral Obligation Bond.
(2) Classified as a State Reserve Fund Moral Obligation Bond.

**Continued**

(Expressed in Thousands)

| Revenue Bonds | Maturity Date | Original Issues | Outstanding June 30, 2004 |
|---|---|---|---|
| 2000 Series A Holiday Village (1) | 2032 | $ 4,030 | $ 3,527 |
| 2000 Series A Shaleh Meadows (1) | 2010–2033 | $ 6,600 | 6,600 |
| 2000 Series Tooele Gateway (1) | 2033 | $ 3,263 | 3,228 |
| 2001 Issue Candlestick (1) | 2036 | $ 6,400 | 6,400 |
| 2001 Series Kings Row (1) | 2016–2033 | $ 7,500 | 7,440 |
| 2001 Series Mill Creek II Project (1) | 2019 | $ 1,850 | 1,807 |
| 2001 Series A Haven Point Project (1) | 2026–2043 | $ 11,100 | 11,100 |
| 2001 Series A Holly Stonehedge I Village Square II (1) | 2018–2037 | $ 6,895 | 6,770 |
| 2002 Series A The Bluffs Apartment Project (1) | 2018–2044 | $ 11,700 | 11,700 |
| 2002 Series A Bountiful Retreat Project (1) | 2007–2043 | $ 4,635 | 4,600 |
| 2002 Series A City Front (1) | 2006–2035 | $ 9,700 | 9,700 |
| 2002 Series A Canyon View (1) | 2014–2044 | $ 4,100 | 4,100 |
| 2003 Series A Sunset Ridge (1) | 2028–2045 | $ 15,500 | 15,500 |
| 2003 Series A Coppergate (1) | 2027–2045 | $ 14,100 | 14,100 |
| 2003 Series A Layton Pointe (1) | 2035 | $ 3,800 | 3,800 |
| 2004 Series A&B Tanglewood Project (1) | 2017–2035 | $ 9,400 | 9,400 |
| 2004 Series A Foxboro Terrace Project (1) | 2007–2046 | $ 10,000 | 10,000 |
| 2004 Series AT&T Laurelwood Project (1) | 2018–2042 | $ 4,510 | 4,510 |
| 2004 Series Diamond Fork Project (1) | 2004–2046 | $ 3,525 | 3,525 |
| 2004 Series Rose Cove Project (1) | 2004–2046 | $ 6,705 | 6,705 |
| Subtotal – Multi-Family Mortgages | | | 252,459 |
| Total Utah Housing Corporation Bonds | | | $ 1,198,924 |
| **Board of Regents/Student Loan Bonds:** | | | |
| 1988 Series C (2) | 2013 | $ 25,000 | $ 25,000 |
| 1993 Series A (2) | 2023 | $ 35,000 | 35,000 |
| 1994 Series J (2) | 2006 | $ 3,250 | 3,250 |
| 1994 Series K (2) | 2024 | $ 20,500 | 20,500 |
| 1995 Series L (2) | 2025 | $ 79,500 | 79,500 |
| 1995 Series N (2) | 2006–2008 | $ 8,450 | 8,450 |
| 1996 Series P (2) | 2006–2008 | $ 9,300 | 9,300 |
| 1996 Series Q (2) | 2031 | $ 49,700 | 49,700 |
| 1997 Series R (2) | 2031 | $ 51,355 | 51,355 |
| 1997 Series E (2) | 2027 | $ 80,000 | 80,000 |
| 1997 Series F (2) | 2006–2008 | $ 10,900 | 10,900 |
| 1998 Series G (2) | 2033 | $ 49,500 | 49,500 |
| 1998 Series H (2) | 2006 | $ 15,075 | 5,000 |
| 1998 Series I (2) | 2007–2008 | $ 5,300 | 5,300 |
| 1998 Series J (2) | 2033 | $ 40,000 | 40,000 |
| 1999 Series K (2) | 2033 | $ 29,500 | 29,500 |
| 1999 Series L (2) | 2033 | $ 40,000 | 40,000 |
| 1999 Series M (2) | 2033 | $ 20,000 | 20,000 |
| 1999 Series N (2) | 2008 | $ 23,000 | 23,000 |
| 1999 Series O (2) | 2038 | $ 102,000 | 102,000 |
| 2000 Series S (2) | 2008 | $ 44,000 | 44,000 |
| 2000 Series T (2) | 2035 | $ 49,500 | 49,500 |
| 2000 Series U (2) | 2039 | $ 35,000 | 35,000 |
| 2001 Series P (2) | 2035 | $ 45,000 | 45,000 |
| 2001 Series Q (2) | 2035 | $ 10,000 | 10,000 |
| 2001 Series R (2) | 2040 | $ 75,000 | 75,000 |
| 2001 Series S (2) | 2041 | $ 100,100 | 100,100 |
| 2001 Series T (2) | 2036 | $ 12,350 | 12,350 |
| 2001 Series U (2) | 2009–2010 | $ 7,565 | 7,565 |

**Continues**

(1) Not classified as a State Reserve Fund Moral Obligation Bond.
(2) Classified as a State Reserve Fund Moral Obligation Bond.

**Continued**

(Expressed in Thousands)

| Revenue Bonds | Maturity Date | Original Issues | Outstanding June 30, 2004 |
|---|---|---|---|
| 2002 Series V (2) | 2036 | $ 65,000 | $ 65,000 |
| 2002 Series W (2) | 2036 | $ 9,250 | 9,250 |
| 2002 Series X (2) | 2009 | $ 35,850 | 35,850 |
| 2002 Series Office Facility Project (2) | 2022 | $ 8,152 | 7,606 |
| 2003 Series V (2) | 2010 | $ 43,350 | 43,350 |
| 2003 Series Y (2) | 2037 | $ 83,900 | 83,900 |
| 2004 Series Z (2) | 2038 | $ 83,100 | 83,100 |
| 2004 Series Office Facility Project (2) | 2024 | $ 3,685 | 3,685 |
| Total Board of Regents/Student Loan Bonds | | | $ 1,397,511 |
| **Utah State Building Ownership Authority and Water Loan Programs:** | | | |
| 1992 A Utah State Building Ownership Authority Refunding (2) | 1993–2011 | $ 26,200 | 14,405 |
| 1992 B Utah State Building Ownership Authority (2) | 1994–2011 | $ 1,380 | 785 |
| 1993 A Utah State Building Ownership Authority (2) | 1995–2013 | $ 6,230 | 3,650 |
| 1994 A Utah State Building Ownership Authority (1) | 1995–2005 | $ 30,915 | 1,895 |
| 1995 A Utah State Building Ownership Authority (1) | 1996–2007 | $ 93,000 | 11,860 |
| 1995 Water Refunding Recapitalization Program (2) | 1996–2005 | $ 8,430 | 1,060 |
| 1996 A Utah State Building Ownership Authority (1) | 1997–2007 | $ 44,725 | 5,735 |
| 1996 B Utah State Building Ownership Authority (1) | 1999–2013 | $ 16,875 | 11,555 |
| 1997 A Utah State Building Ownership Authority (1) | 1999–2018 | $ 4,150 | 3,350 |
| 1998 A Utah State Building Ownership Authority (1) | 1999–2020 | $ 25,710 | 14,080 |
| 1998 B Utah State Building Ownership Authority – Capital Appreciation (1) | 2005 | $ 23,091 | 30,341 |
| 1998 C Utah State Building Ownership Authority (1) | 2000–2019 | $ 105,100 | 104,860 |
| 1999 A Utah State Building Ownership Authority (1) | 2001–2021 | $ 9,455 | 8,525 |
| 2001 A Utah State Building Ownership Authority (1) | 2005–2021 | $ 69,850 | 69,850 |
| 2001 B Utah State Building Ownership Authority (1) | 2002–2024 | $ 25,780 | 25,355 |
| 2001 C Utah State Building Ownership Authority (1) | 2005–2021 | $ 30,300 | 30,300 |
| 2003 Utah State Building Ownership Authority (1) | 2005–2025 | $ 22,725 | 22,725 |
| Total Utah State Building Ownership Authority and Water Loan Programs | | | $ 360,331 |

**Continues**

(1) Not classified as a State Reserve Fund Moral Obligation Bond.
(2) Classified as a State Reserve Fund Moral Obligation Bond.

**Continued**

(Expressed in Thousands)

| Revenue Bonds | Maturity Date | Original Issues | Outstanding June 30, 2004 |
|---|---|---|---|
| **Colleges and Universities**: | | | |
| University of Utah (1) | 2006–2027 | $ 317,325 | $ 243,642 |
| Utah State University (1) | 2004–2026 | $ 84,805 | 53,545 |
| Weber State University (1) | 2004–2031 | $ 20,995 | 16,650 |
| Southern Utah University (1) | 2014–2023 | $ 25,015 | 15,195 |
| Utah Valley State College (1) | 2011–2021 | $ 19,565 | 16,620 |
| Dixie State College of Utah (1) | 2010–2023 | $ 10,790 | 8,660 |
| College of Eastern Utah (1) | 2022 | $ 1,250 | 1,035 |
| Salt Lake Community College (1) | 2005–2016 | $ 23,205 | 13,760 |
| Snow College (1) | 2023 | $ 2,500 | $ 2,029 |
| Total Colleges and Universities | | | $ 371,136 |

(1) Not classified as a State Reserve Fund Moral Obligation Bond.
(2) Classified as a State Reserve Fund Moral Obligation Bond.

## Population

According to the Utah Population Estimates Committee, Utah's population in 2003 was 2,385,000 persons, which represents a growth rate of 2.0 percent from 2002. The U.S. Census Bureau ranks Utah as the 34th largest of the fifty states and the District of Columbia. However, its rate of population increase from 2002 to 2003 was the eighth highest in the nation. Utah also continues to have a distinctive demographic profile: the state's population is younger, women tend to have more children, people on average live in larger households, and people tend to survive to older ages in comparison to other states.

Utah continues to have the youngest population in the nation. Although the State's median age increased slightly from 27.1 in 2000 to 27.5 in 2003, it is still well below the national median of 36.2. Utahns under age 19 accounted for 35.0 percent of the total population in 2003, while those 65 years and over accounted for 8.7 percent of the population. Males in Utah accounted for 50.2 percent of the population in 2003, compared to 50.1 percent in 2000, while females accounted for 49.8 percent of the population in 2003, down from 49.9 percent in 2000. In 2003, Utah had the largest household size in the nation, with an average 3.07 persons per household, compared with 2.61 for the U.S. The average family size in Utah is also the largest in the nation at 3.55, compared with the national average of 3.19.

In 2003, Salt Lake County continued to be the State's largest county, with a population of 940,465. The other Utah counties with a large population were Utah (410,768), Davis (256,554), and Weber (205,882). Three out of every four people in the State live in the northern metropolitan area including Weber, Davis, Salt Lake, and Utah Counties, where 1,813,669 residents (76 percent) of the State's population reside.

| Year | Population |
|---|---|
| 1970 | 1,066,000 |
| 1980 | 1,474,000 |
| 1990 | 1,729,000 |
| 1995 | 1,995,000 |
| 1996 | 2,043,000 |
| 1997 | 2,099,000 |
| 1998 | 2,142,000 |
| 1999 | 2,193,000 |
| 2000 | 2,247,000 |
| 2001 | 2,296,000 |
| 2002 | 2,339,000 |
| 2003 | 2,385,000 |
| 2004 (estimate) | 2,468,000 |

Source: Utah Population Estimates Committee at July 1 each year.
2004 estimate – "Council of Economic Advisors' Revenue Assumptions Committee"

## Taxable Retail Sales and Personal Income

The following table shows the gross taxable retail sales, total personal income, and per capita income in Utah for the last ten years.

| Year Ended December 31 | Gross Taxable Retail Sales (A) (in millions) | Total Personal Income (B) (in millions) | Per Capita Personal Income (B) | Per Capita Percent of Change From Previous Year |
|---|---|---|---|---|
| 1994 | $ 21,527 | $ 34,437 | $ 17,566 | 6.2% |
| 1995 | $ 23,609 | $ 37,218 | $ 18,478 | 5.2% |
| 1996 | $ 25,844 | $ 40,386 | $ 19,529 | 5.7% |
| 1997 | $ 26,829 | $ 43,667 | $ 20,600 | 5.5% |
| 1998 | $ 28,645 | $ 47,019 | $ 21,708 | 5.4% |
| 1999 | $ 29,999 | $ 49,343 | $ 22,393 | 3.2% |
| 2000 | $ 31,645 | $ 53,561 | $ 23,878 | 6.6% |
| 2001 | $ 32,426 | $ 56,332 | $ 24,711 | 3.5% |
| 2002 | $ 32,512 | $ 57,732 | $ 24,898 | 0.8% |
| 2003 | $ 32,560 | $ 59,327 | $ 25,230 | 1.3% |

(A) Source: Utah State Tax Commission based on sales and use tax reports.
(B) Source: U.S. Department of Commerce, Bureau of Economic Analysis, July 2004

## Personal Income by Sector

For the Last Three Calendar Years (**A**) (Expressed in Millions)

| | 2001 | 2002 | 2003 | Percent Change 2002 to 2003 |
|---|---|---|---|---|
| **Government Sector**: | | | | |
| Federal Civilian | $ 2,194 | $ 2,398 | $ 2,438 | 1.7% |
| Federal Military | 479 | 537 | 634 | 18.1 |
| State and Local | 5,703 | 6,026 | 6,199 | 2.9 |
| Total Government | 8,376 | 8,961 | 9,271 | 3.5 |
| **Private Sector:** | | | | |
| Forestry, Fishing, and related activities | 55 | 51 | 52 | 2.0 |
| Mining | 551 | 510 | 520 | 2.0 |
| Utilities | 408 | 463 | 364 | (21.4) |
| Construction | 3,493 | 3,503 | 3,599 | 2.7 |
| Manufacturing | 5,938 | 5,817 | 6,110 | 5.0 |
| Wholesale Trade | 2,132 | 2,159 | 2,189 | 1.4 |
| Retail Trade | 3,580 | 3,722 | 3,861 | 3.7 |
| Transportation and Warehousing | 2,096 | 2,110 | 2,128 | 0.8 |
| Information | 1,671 | 1,568 | 1,541 | (1.7) |
| Financial and Insurance | 2,634 | 2,794 | 2,978 | 6.6 |
| Real Estate and Rental, and Leasing | 919 | 975 | 1,060 | 8.7 |
| Professional and Technical Services | 3,874 | 3,843 | 3,993 | 3.9 |
| Management and Enterprises Services | 1,178 | 1,067 | 1,084 | 1.6 |
| Administrative and Waste Services | 1,606 | 1,622 | 1,620 | (0.1) |
| Educational Services | 665 | 699 | 735 | 5.2 |
| Health Care and Social Assistance | 3,278 | 3,541 | 3,822 | 7.9 |
| Arts, Entertainment, and Recreation | 453 | 569 | 458 | (19.5) |
| Accommodation and Food Services | 1,201 | 1,274 | 1,294 | 1.6 |
| Farm Earnings | 275 | 198 | 265 | 33.8 |
| Other Services | 1,877 | 2,074 | 2,156 | 3.9 |
| Total Private | 37,884 | 38,559 | 39,829 | 3.3 |
| (Less) Social Insurance Contribution | (5,032) | (5,146) | (5,286) | 2.7 |
| Plus (Less) Residence Adjustment | 16 | 10 | 21 | 109.2 |
| Plus Dividends, Interest, and Rent | 9,129 | 8,896 | 8,722 | (2.0) |
| Plus Transfer Payments | 5,959 | 6,452 | 6,770 | 4.9 |
| Total Personal Income | $ 56,332 | $ 57,732 | 59,327 | 2.8% |

(A) Only three years of comparative data is presented because of changes in the industry classification system from the Standard Industrial Classification (SIC) to the North American Industry Classification System (NAICS) beginning in calendar year 2001.

Source: Bureau of Economic Analysis, U.S. Department of Commerce

## Composition of Labor Force

Annual Average — For the Last Four Calendar Years (**A**)

| | 2000 | 2001 | 2002 | 2003 |
|---|---|---|---|---|
| Nonagricultural Jobs: | | | | |
| Government | 185,349 | 190,117 | 195,246 | 196,537 |
| Mining | 7,291 | 7,209 | 6,880 | 6,670 |
| Construction | 72,309 | 71,620 | 67,838 | 67,599 |
| Manufacturing | 125,784 | 122,092 | 113,873 | 112,291 |
| Trade, Transportation, and Utilities | 219,823 | 219,954 | 216,032 | 213,970 |
| Information | 35,927 | 33,514 | 31,004 | 30,016 |
| Financial Activity | 58,731 | 62,214 | 63,352 | 64,674 |
| Professional and Business Services | 139,533 | 136,646 | 131,912 | 131,910 |
| Education and Health Services | 104,855 | 109,520 | 113,696 | 118,379 |
| Leisure and Hospitality | 95,391 | 98,328 | 100,943 | 99,634 |
| Other Services | 29,886 | 30,471 | 32,970 | 32,451 |
| Total Non-Farm Jobs | 1,074,879 | 1,081,685 | 1,073,746 | 1,074,131 |
| Civilian Labor Force | 1,104,208 | 1,161,070 | 1,180,007 | 1,184,315 |
| Total Employed | 1,068,371 | 1,110,359 | 1,107,946 | 1,117,732 |
| Unemployed | 35,837 | 50,711 | 72,061 | 66,653 |

(A) Only four years of comparative data is presented because of changes in the industry classification system from the Standard Industrial Classification (SIC) to the North American Industry Classification System (NAICS) beginning in calendar year 2001. The Utah Department of Workforce Services provided calendar year 2000 data that conforms to the NAICS groupings.

Sources: Utah Department of Workforce Services

## Average Annual Unemployment Rate

For the Last Five Calendar Years

| Year | Utah | U.S. |
|---|---|---|
| 2000 | 3.2% | 4.0% |
| 2001 | 4.4% | 4.8% |
| 2002 | 6.1% | 5.8% |
| 2003 | 5.6% | 6.0% |
| 2004* | 5.3% | 5.6% |

* 2004 figures are a forecast.

Source: Utah Department of Workforce Services

## Gross Taxable Retail Sales and Use Tax Purchases

For the Last Five Calendar Years (Expressed in Thousands)

| | Gross Taxable Retail Sales and Purchases | | | | | Percent Change | Percent Change |
|---|---|---|---|---|---|---|---|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2001 to 2002 | 2002 to 2003 |
| **Major Industry:** | | | | | | | |
| Agriculture, Forestry, and Fishing | $ 26,499 | $ 32,173 | $ 35,596 | $ 37,667 | $ 41,251 | 5.8% | 9.5% |
| Mining | 180,267 | 202,157 | 207,660 | 157,344 | 141,246 | (24.2) | (10.2) |
| Construction | 421,476 | 407,857 | 368,364 | 315,095 | 305,795 | (14.5) | (3.0) |
| Manufacturing | 1,539,452 | 1,543,234 | 1,587,075 | 1,369,021 | 1,392,412 | (13.7) | 1.7 |
| Transportation | 140,231 | 149,218 | 144,106 | 96,434 | 89,823 | (33.1) | (6.9) |
| Communications | 1,191,317 | 1,414,682 | 1,557,602 | 1,439,856 | 1,446,260 | (7.6) | 0.4 |
| Electric, Gas, and Sanitation | 1,060,964 | 1,177,946 | 1,409,270 | 1,523,791 | 1,387,049 | 8.1 | (9.0) |
| Wholesale Trade | 3,278,676 | 3,444,614 | 3,278,275 | 3,099,989 | 3,105,001 | (5.4) | 0.2 |
| Retail – Building and Garden | 1,476,047 | 1,425,560 | 1,458,472 | 1,486,673 | 1,614,034 | 1.9 | 8.6 |
| Retail – General Merchandise | 2,619,315 | 2,797,187 | 3,109,893 | 3,598,472 | 3,820,217 | 15.7 | 6.2 |
| Retail – Food Stores | 3,492,673 | 3,640,537 | 3,517,793 | 3,202,859 | 3,053,661 | (9.0) | (4.7) |
| Retail – Motor Vehicle Dealers, Etc. | 3,175,267 | 3,389,595 | 3,576,620 | 3,734,295 | 3,812,401 | 4.4 | 2.1 |
| Retail – Apparel and Accessories | 759,845 | 789,358 | 803,018 | 831,992 | 853,364 | 3.6 | 2.6 |
| Retail – Furniture | 1,350,922 | 1,371,176 | 1,312,754 | 1,366,026 | 1,392,368 | 4.1 | 1.9 |
| Retail – Eating and Drinking Places | 1,814,710 | 1,906,402 | 1,945,538 | 2,013,285 | 2,067,534 | 3.5 | 2.7 |
| Retail – Miscellaneous | 1,804,517 | 1,958,130 | 2,023,517 | 2,122,603 | 2,195,189 | 4.9 | 3.4 |
| Finance, Insurance, and Real Estate | 449,726 | 469,097 | 442,357 | 457,361 | 390,057 | 3.4 | (14.7) |
| Services – Hotel and Lodging | 556,440 | 583,185 | 599,113 | 673,869 | 599,477 | 12.5 | (11.0) |
| Services – Personal | 190,113 | 199,676 | 208,377 | 211,604 | 210,603 | 1.5 | (0.5) |
| Services – Business | 1,041,709 | 1,222,525 | 1,147,355 | 1,004,714 | 973,215 | (12.4) | (3.1) |
| Services – Auto and Repair | 1,169,442 | 1,239,304 | 1,263,276 | 1,210,831 | 1,173,559 | (4.2) | (3.1) |
| Services – Amusement and Recreation | 649,682 | 714,251 | 727,114 | 731,443 | 729,540 | 0.6 | (0.3) |
| Services – Health | 86,329 | 93,274 | 96,295 | 104,390 | 113,896 | 8.4 | 9.1 |
| Services – Education | 207,028 | 224,239 | 225,478 | 220,365 | 205,386 | (2.3) | (6.8) |
| Public Administration | 67,973 | 66,505 | 67,043 | 77,846 | 93,453 | 16.1 | 20.0 |
| Private Motor Vehicle Sales | 509,906 | 605,250 | 613,687 | 597,282 | 668,029 | (2.7) | 11.8 |
| Occasional Retail Sales | 61,256 | 71,489 | 110,828 | 96,477 | 82,743 | (12.9) | (14.2) |
| Nondisclosable | 22,849 | 31,164 | 36,438 | 34,313 | 26,724 | (5.8) | (22.1) |
| Prior Period Payments, Refunds | 653,910 | 475,228 | 553,275 | 696,254 | 575,755 | 25.8 | (17.3) |
| Total | $29,998,541 | $31,645,013 | $32,426,189 | $32,512,151 | $32,560,042 | 0.3% | 0.1% |

Source: Utah State Tax Commission

## Bank Deposits

For the Last Ten Fiscal Years (Expressed in Thousands)

| Year Ended June 30 | Bank Deposits |
|---|---|
| 1994 | $ 15,460,358 |
| 1995 | $ 16,683,077 |
| 1996 | $ 18,315,221 |
| 1997 | $ 20,417,555 |
| 1998 | $ 21,522,892 |
| 1999 | $ 24,060,069 |
| 2000 | $ 43,296,445 * |
| 2001 | $ 87,155,101 * |
| 2002 | $ 90,890,502 * |
| 2003 | $ 92,562,634 * |

* Significant changes in certain banking operations resulted in a substantial increase in deposits starting in 2000.
Source: 2004/Sheshunoff Information Services.

## Largest Employers

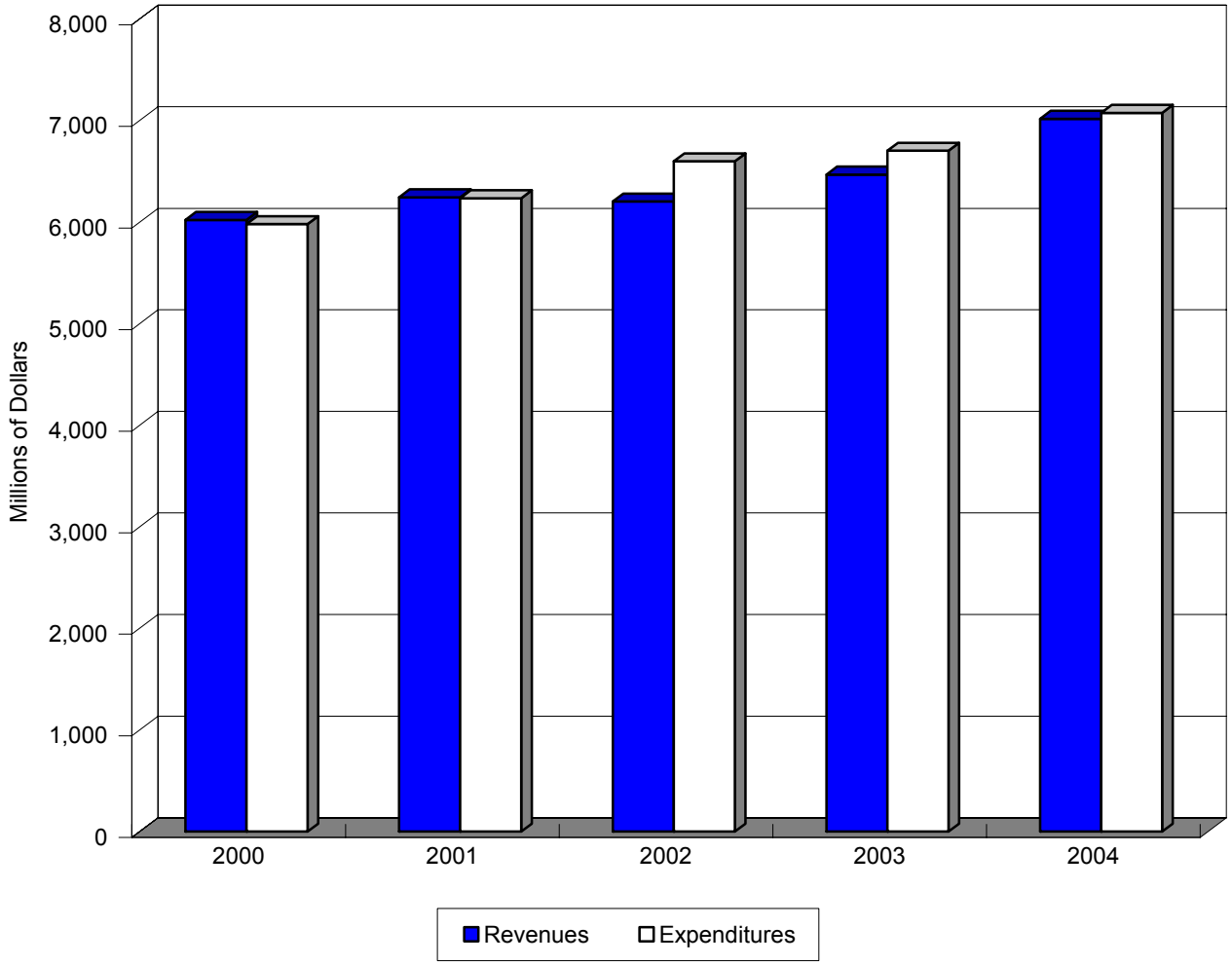
Annual Average 2003

| Firm Name | Business | Employee Range |
|---|---|---|
| Intermountain Health Care (IHC) | Hospitals and Clinics | 20,000+ |
| State of Utah | State Government | 20,000+ |
| University of Utah (Includes Hospital) | Higher Education | 15,000–19,999 |
| Brigham Young University | Higher Education | 15,000–19,999 |
| Hill Air Force Base | Military Installation | 10,000–14,999 |
| Wal-Mart Stores | Department Stores | 10,000–14,999 |
| Granite School District | Public Education | 7,000–9,999 |
| Convergys | Telemarketing | 7,000–9,999 |
| Jordan School District | Public Education | 7,000–9,999 |
| Davis County School District | Public Education | 5,000–6,999 |
| Kroger Group Cooperative | Retail Stores | 5,000–6,999 |
| Salt Lake County | Local Government | 5,000–6,999 |
| Utah State University | Higher Education | 5,000–6,999 |
| Internal Revenue Service | Federal Government | 5,000–6,999 |
| Alpine School District | Public Education | 5,000–6,999 |
| U.S. Postal Service | Mail Distribution | 5,000–6,999 |
| Novus (Discover Card) | Consumer Loans | 5,000–6,999 |
| Albertsons | Grocery Stores | 4,000–4,999 |
| Autoliv ASP (Morton Int'l.) | Automotive Components Manufacturing | 4,000–4,999 |
| ATK Aerospace Company | Aerospace Equipment Manufacturing | 4,000–4,999 |
| Delta Airlines | Air Transportation | 4,000–4,999 |
| Salt Lake School District | Public Education | 3,000–3,999 |
| Zions First National Bank | Banking | 3,000–3,999 |
| Weber County School District | Public Education | 3,000–3,999 |
| Icon Health & Fitness | Exercise Equipment Manufacturing | 3,000–3,999 |
| SOS Temporary Services | Temporary Employment Placement | 3,000–3,999 |
| Salt Lake City Corporation | Local Government | 3,000–3,999 |
| United Parcel Service | Courier Service | 3,000–3,999 |
| Weber State University | Higher Education | 2,000–2,999 |
| Teleperformance USA | Telemarketing | 2,000–2,999 |
| Utah Valley State College | Higher Education | 2,000–2,999 |
| Nebo School District | Public Education | 2,000–2,999 |
| Salt Lake Community College | Higher Education | 2,000–2,999 |
| Qwest Communications | Telephone Service/Communications | 2,000–2,999 |
| Provo City School District | Public Education | 2,000–2,999 |
| Washington County School District | Public Education | 2,000–2,999 |
| Home Depot | Building Supply Store | 2,000–2,999 |
| Macey's Inc. | Grocery Stores | 2,000–2,999 |
| JC Penney Company | Department Stores | 2,000–2,999 |
| Skywest Airlines | Air Transportation | 2,000–2,999 |
| PacificCorp (Utah Power) | Electric Power Generation and Distribution. | 2,000–2,999 |

Source: Utah Department of Workforce Services, Workforce Information

## Revenues and Expenditures
## All Governmental Fund Types

For the Last Five Fiscal Years



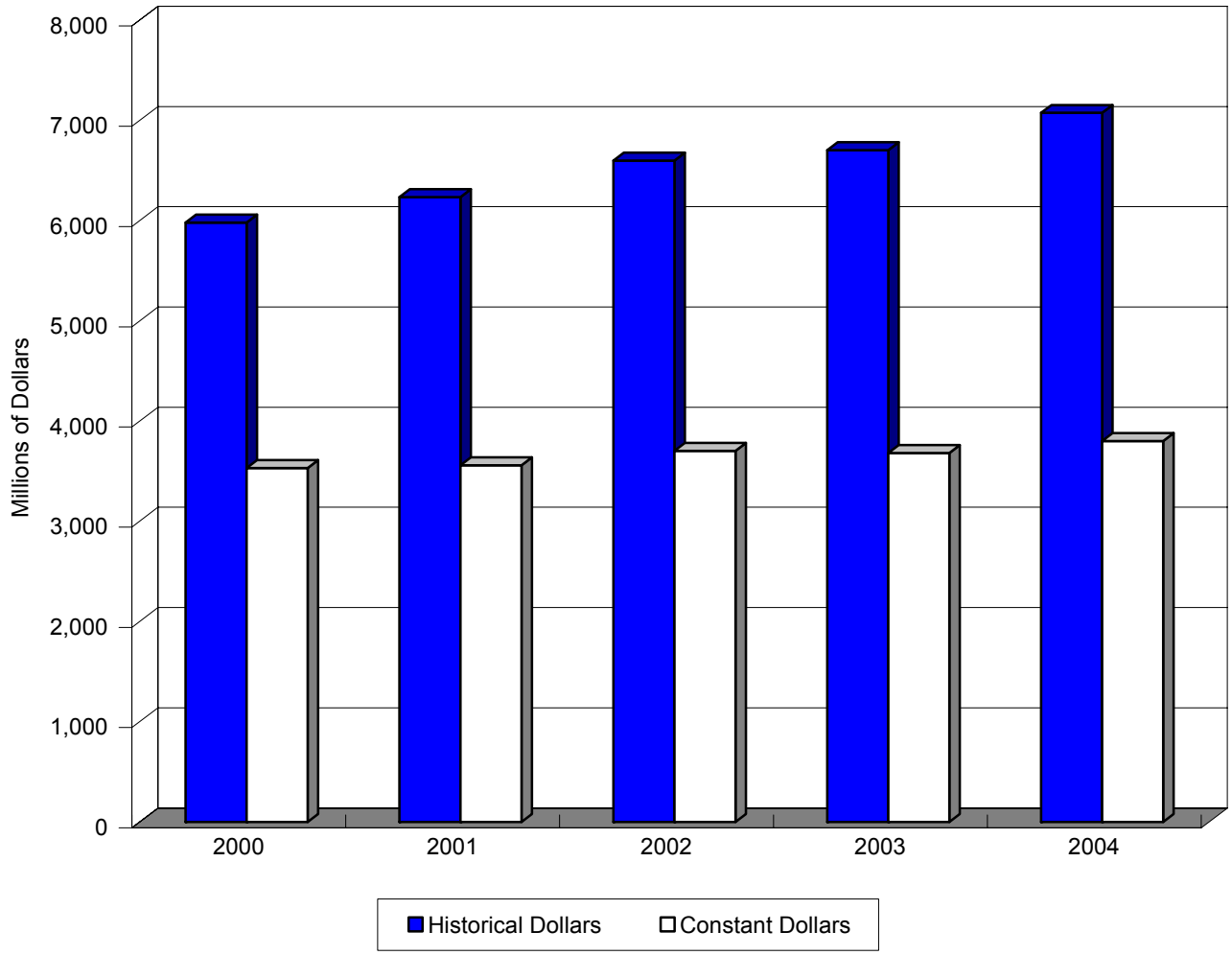

| | *(Dollars Expressed in Millions)* | | | | |
|---|---|---|---|---|---|
| | **2000** | **2001 (A)** | **2002 (B)** | **2003 (B)** | **2004 (B)** |
| Revenues and Liquor Control Profit Transfer | $ 6,023 | $ 6,243 | $ 6,202 | $ 6,468 | $ 7,017 |
| Percent Change Over Previous Year | 8.3% | 3.7% | n/a | 4.3% | 8.5% |
| Expenditures | $ 5,980 | $ 6,234 | $ 6,598 | $ 6,703 | $ 7,075 |
| Percent Change Over Previous Year | 1.4% | 4.2% | n/a | 1.6% | 5.5% |

(A) Prior to fiscal year 2002, revenues and expenditures of "All Governmental Fund Types" include: The General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Centennial Highway Fund, Sports Authority Fund, State Capitol Fund, Consumer Education Fund, Rural Development Fund, and Tobacco Endowment Fund), Capital Projects Fund, and Debt Service Fund.

(B) Beginning in fiscal year 2002, this summary includes revenues and expenditures of the State's major and nonmajor governmental funds except the Trust Lands permanent fund. These changes were necessary because of implementing Statement 34 of the Governmental Accounting Standards Board (GASB). Amounts reported in 2002 and thereafter are not comparable to prior years.

# Expenditures
# Historical and Constant Dollars
# All Governmental Fund Types

For the Last Five Fiscal Years




*(Dollars Expressed in Millions)*

| | 2000 | 2001 (B) | 2002 (C) | 2003 (C) | 2004 (C) |
|---|---|---|---|---|---|
| Historical Dollars | $ 5,980 | $ 6,234 | $ 6,598 | $ 6,703 | $ 7,075 |
| Percent Change Over Previous Year | 1.4% | 4.2% | n/a | 1.6% | 5.5% |
| Constant Dollars **(A)** | $ 3,532 | $ 3,560 | $ 3,703 | $ 3,681 | $ 3,802 |
| Percent Change Over Previous Year | (1.5)% | 0.8% | n/a | (0.6)% | 3.3% |

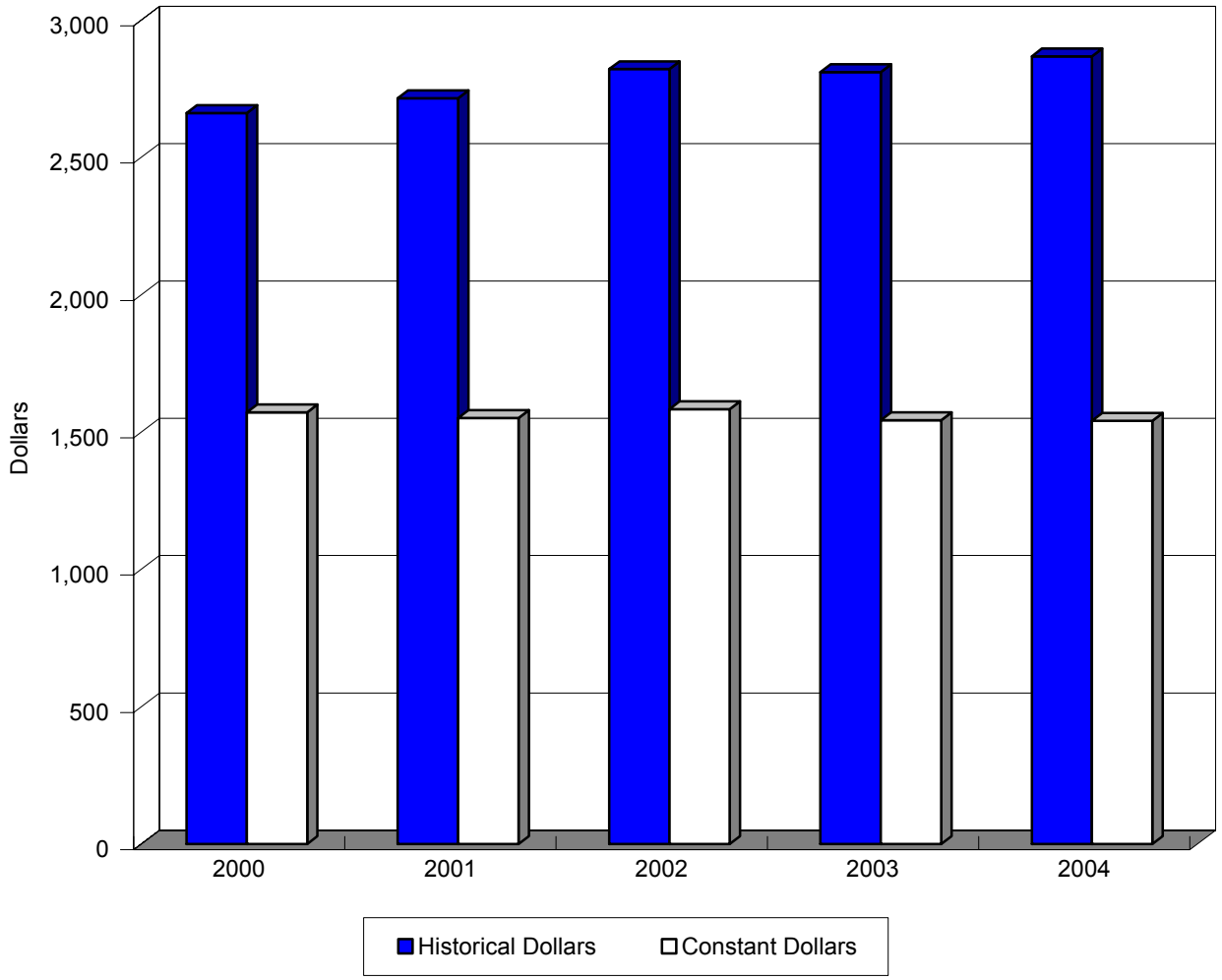
(A) Note: Expenditures expressed in constant dollars were derived by using the consumer price index for all urban consumers. Base Year 1982–1984 = 100

(B) Prior to fiscal year 2002, expenditures of "All Governmental Fund Types" include: The General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Centennial Highway Fund, Sports Authority Fund, State Capitol Fund, Consumer Education Fund, Rural Development Fund, and Tobacco Endowment Fund), Capital Projects Fund, and Debt Service Fund.

(C) Beginning in fiscal year 2002, this summary includes expenditures of the State's major and nonmajor governmental funds except the Trust Lands permanent fund. These changes were necessary because of implementing Statement 34 of the Governmental Accounting Standards Board (GASB). Amounts reported in 2002 and thereafter are not comparable to prior years.

## Per Capita Expenditures
## Historical and Constant Dollars
## All Governmental Fund Types

For the Last Five Fiscal Years




| | 2000 | 2001 (B) | 2002 (C) | 2003 (C) | 2004(C) |
|---|---|---|---|---|---|
| Historical Dollars | $ 2,661 | $ 2,715 | $ 2,821 | $ 2,810 | $ 2,867 |
| Percent Change Over Previous Year | (1.1)% | 2.0% | n/a | (0.4)% | 2.0% |
| Constant Dollars **(A)** | $ 1,572 | $ 1,551 | $ 1,583 | $ 1,543 | $ 1,541 |
| Percent Change Over Previous Year | (3.9)% | (1.3)% | n/a | (2.5)% | (0.1)% |

(A) Note: Expenditures expressed in constant dollars were derived by using the consumer price index for all urban consumers. Base Year 1982–1984 = 100

(B) Prior to fiscal year 2002, expenditures of "All Governmental Fund Types" include: The General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Centennial Highway Fund, Sports Authority Fund, State Capitol Fund, Consumer Education Fund, Rural Development Fund, and Tobacco Endowment Fund), Capital Projects Fund, and Debt Service Fund.

(C) Beginning in fiscal year 2002, this summary includes expenditures of the State's major and nonmajor governmental funds except the Trust Lands permanent fund. These changes were necessary because of implementing Statement 34 of the Governmental Accounting Standards Board (GASB). Amounts reported 2002 and thereafter, are not comparable to prior years.