

NOTE 10. LONG-TERM LIABILITIES

A. Changes in Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2017, are presented in the following table. As referenced below, certain long-term liabilities are discussed in other Notes to the Financial Statements.

	Long-term Liabilities (expressed in thousands)			Ending Balance	Amounts Due Within One Year
	Beginning Balance	Additions	Reductions		
Governmental Activities					
General Obligation Bonds	\$ 2,498,895	\$ —	\$ (324,910)	\$ 2,173,985	\$ 271,535
State Building Ownership Authority Lease Revenue Bonds	242,976	—	(17,813)	225,163	16,567
Net Unamortized Premiums	92,827	—	(26,404)	66,423	18,707
Capital Leases (Note 9)	23,498	—	(1,882)	21,616	1,939
Notes Payable	339	—	(34)	305	37
Compensated Absences (Note 1) **	182,707	101,569	(102,719)	181,557	102,656
Claims **	48,092	20,929	(15,376)	53,645	23,817
Pollution Remediation Obligation	6,401	13	(523)	5,891	970
Settlement Obligations	365	—	(46)	319	46
Net Pension Liability (Note 18) *	992,495	38,954	—	1,031,449	—
Net OPEB Liability (Note 19) *	135,087	—	(25,469)	109,618	—
Total Governmental Long-term Liabilities	<u>\$ 4,223,682</u>	<u>\$ 161,465</u>	<u>\$ (515,176)</u>	<u>\$ 3,869,971</u>	<u>\$ 436,274</u>
Business-type Activities					
Student Assistance Revenue Bonds	\$ 1,256,026	\$ 872,250	\$ (305,469)	\$ 1,822,807	\$ 383,440
State Building Ownership Authority Lease Revenue Bonds	72,675	—	(5,238)	67,437	5,237
Water Loan Recapitalization Revenue Bonds	41,915	—	(5,235)	36,680	5,235
Net Unamortized Premiums	5,423	(8,016)	(2,698)	(5,291)	2,124
Claims and Uninsured Liabilities	5,726	174,438	(175,354)	4,810	4,810
Notes Payable	921,995	—	(921,995)	—	—
Net Pension Liability (Note 18) *	17,845	—	(378)	17,467	—
Net OPEB Liability (Note 19) *	2,191	—	(460)	1,731	—
Total Business-type Long-term Liabilities	<u>\$ 2,323,796</u>	<u>\$ 1,038,672</u>	<u>\$ (1,416,827)</u>	<u>\$ 1,945,641</u>	<u>\$ 400,846</u>
Discrete Component Units					
Revenue Bonds	\$ 1,064,601	\$ 196,875	\$ (57,666)	\$ 1,203,810	\$ 54,801
Net Unamortized Premiums/(Discounts)	15,772	1,968	(1,355)	16,385	668
Capital Leases/Contracts Payable (Notes 9 and 10)	228,208	513	(33,411)	195,310	23,325
Notes Payable	122,333	13,153	(28,577)	106,909	50,835
Claims	137,792	585,782	(575,306)	148,268	75,829
Leave/Termination Benefits (Note 1)	142,691	119,772	(106,903)	155,560	96,797
Capital Assets Held for Others	13,730	—	(404)	13,326	404
Net Pension Liability (Note 18) *	346,695	6,535	—	353,230	—
Net OPEB Liability (Note 19) *	1,401	—	(294)	1,107	—
Total Discrete Component Long-term Liabilities	<u>\$ 2,073,223</u>	<u>\$ 924,598</u>	<u>\$ (803,916)</u>	<u>\$ 2,193,905</u>	<u>\$ 302,659</u>

Amounts in the beginning balance column for Governmental Activities, Business-type Activities and Discrete Component Units have been adjusted as follows: for Governmental Activities, the net OPEB liability increased to \$135.087 million; for business-type Activities, the net OPEB liability increased \$2.191 million and; for Discrete Component Units (Utah Schools for the Deaf and Blind) the net OPEB liability increased \$1.401 million. See Note 2 and Note 19 for further explanation.

* The net Pension liability and net OPEB liability of governmental activities is liquidated in the General Fund, Education Fund, or Transportation Fund according to the applicable employing state agency. The changes in these liabilities are either netted as additions or reductions for this schedule since that information is not readily available for inclusion. See Note 18 and Note 19 for additional pension information.

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

Differences in Net Pension Liability. The Net Pension Liability (NPL) ending balances for governmental activities of \$1.031 billion and for business-type activities of \$17.467 million differ from the

NPL for the Primary Government of \$1.058 billion as reported in Note 18 due to the following: the NPL for Student Assistance Programs of \$1.812 million and Utah Dairy Commission of \$487

thousand are included in business-type activities, but are excluded from the Primary Government NPL reported in Note 18 and; the Utah Schools for the Deaf and Blind (nonmajor discrete component unit) of \$11.345 million is excluded from the business-type and governmental activities reported above, but is included in the NPL for the Primary Government in Note 18. These differences are due to the way Utah Retirement Systems pension trust and defined contribution plans) combine and report the State's retirement plans for Note 18 which is different than how the State reports the NPL by fund type in accordance with generally accepted accounting principles.

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, 2017, the State had \$1.111 billion of unissued general obligation highway bond authorizations remaining, and \$575.700 million of unissued general obligation building bond authorizations remaining.

During fiscal year 2017, no general obligation or general obligation refunding bonds were issued. General obligation bonds payable information is presented below.

General Obligation Bonds Payable (dollars expressed in thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2017
2009 A Highway Issue	03/17/09	2010 – 2018	2.00 % – 5.00 %	\$ 394,360	\$ 50,530
2009 C Highway/Capital Facility Issue	09/29/09	2011 – 2018	2.00 % – 5.00 %	\$ 490,410	138,360
2009 D Highway Issue	09/29/09	2019, 2024	4.15 %, 4.55 %	\$ 491,760	491,760
2010 A Highway/Capital Facility Issue	09/30/10	2011 – 2017	1.75 % – 5.00 %	\$ 412,990	38,915
2010 B Highway Issue	09/30/10	2019 – 2025	3.19 % – 3.54 %	\$ 621,980	621,980
2010 C Refunding Issue	10/21/10	2016 – 2019	4.00 % – 5.00 %	\$ 172,055	143,545
2011 A Highway/Capital Facility Issue	07/06/11	2012 – 2021	2.00 % – 5.00 %	\$ 609,920	246,820
2012 A Capital Facility/Refunding Issue	10/03/12	2014 – 2017	4.00 % – 5.00 %	\$ 37,350	28,145
2013 Highway Issue	07/30/13	2014 – 2028	3.00 % – 5.00 %	\$ 226,175	192,950
2015 Refunding Issue	04/29/15	2019 – 2026	3.50 % – 5.00 %	\$ 220,980	220,980
Total General Obligation Bonds Outstanding					2,173,985
Plus Unamortized Bond Premium					61,448
Total General Obligation Bonds Payable					<u>\$ 2,235,433</u>

**General Obligation Bond Issues
Debt Service Requirements to Maturity**

For the Fiscal Year Ended June 30

(expressed in thousands)

Fiscal Year	Principal						
	2009A Highway Bonds	2009C Highway / Capital Bonds	2009D Highway Bonds	2010A Highway / Capital Bonds	2010B Highway Facility	2010C Refunding Bonds	2011A Highway / Capital Bonds
2018.....	\$ 25,265	\$ 67,495	\$ —	\$ 38,915	\$ —	\$ 28,635	\$ 70,855
2019.....	25,265	70,865	—	—	—	70,435	43,995
2020.....	—	—	74,145	—	29,470	44,475	43,990
2021.....	—	—	87,715	—	101,775	—	43,990
2022.....	—	—	86,740	—	102,480	—	43,990
2023-2027.....	—	—	243,160	—	388,255	—	—
2028-2032.....	—	—	—	—	—	—	—
Total.....	<u>\$ 50,530</u>	<u>\$ 138,360</u>	<u>\$ 491,760</u>	<u>\$ 38,915</u>	<u>\$ 621,980</u>	<u>\$ 143,545</u>	<u>\$ 246,820</u>

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Fiscal Year	Principal					
	2012A Building / Refunding Bonds	2013 Highway Bonds	2015 Refunding Bonds	Total Principal Required	Total Interest Required	Total Amount Required
2018.....	\$ 28,145	\$ 12,225	\$ —	\$ 271,535	\$ 80,688	\$ 352,223
2019.....	—	12,850	—	223,410	69,723	293,133
2020.....	—	13,525	24,765	230,370	59,508	289,878
2021.....	—	14,200	—	247,680	49,269	296,949
2022.....	—	14,950	—	248,160	39,187	287,347
2023-2027.....	—	85,875	196,215	913,505	62,035	975,540
2028-2032.....	—	39,325	—	39,325	802	40,127
Total.....	<u>\$ 28,145</u>	<u>\$ 192,950</u>	<u>\$ 220,980</u>	<u>\$ 2,173,985</u>	<u>\$ 361,212</u>	<u>\$ 2,535,197</u>

C. Revenue Bonds

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

Governmental Activities

The Utah State Building Ownership Authority (SBOA) has issued bonds for the purchase and construction of facilities to be leased to state agencies and other organizations. The bonds are secured by the facilities and repayment is made from lease income appropriated by the Legislature and is not considered pledged revenue of the State. The outstanding bonds payable at June 30, 2017, are reported as a long-term liability of the governmental activities, except for \$71.280 million and \$1.243 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 Position.

Business-type Activities

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

The Student Assistance Programs include \$255.980 million of fixed-rate bonds, \$106.011 million of bonds at a rate set at the 3-month LIBOR plus spread, and \$1.422 billion of bonds at a rate set at the 1-month LIBOR plus rates from 0.55 to 1.50 percent. The Programs' bonds also include adjustable rate bonds that are set by an auction procedure every 28 days in the amount of \$39.100 million.

The Student Assistance Programs' bonds issued under the 1993 Trust Estate are limited obligations of the Board secured by and payable solely from the Trust Estate established by the indenture. The bonds and notes were issued to finance eligible student loans. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the bonds and notes, and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay \$397.011 million of outstanding student loan revenue bonds and student loan backed notes which are payable through 2046. Principal and interest paid for the current year and total net revenues before interest expense were \$71.604 million and \$6.435 million, respectively.

The Student Assistance Programs' notes issued under the 2012 Trust Estate are special limited obligations of the Board secured by the payable solely from the Trust Estate established by the indenture. The notes were issued to refinance eligible student loans and retire outstanding funding notes of the Board. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the notes and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay \$217.344 million of outstanding student loan backed notes which are payable through 2031. Principal and interest paid for the current year and total net revenue before

interest expense were \$52.694 million and \$4.121 million, respectively.

The notes issued under the 2014 Trust Estate are special limited obligations of the Board secured by and payable solely from the Trust Estate established by the indenture. The notes were issued to retire outstanding student loan revenue bonds of the Board. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the notes and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay \$163.331 million of outstanding student loan backed notes which are payable through 2039. Principal and interest paid for the current year and total net revenues before interest expense were \$36.232 million and \$4.136 million, respectively.

The notes issued under the 2015 Trust Estate are special limited obligations of the Board secured by and payable solely from the Trust Estate established by the indenture. The notes were issued to retire a portion of the outstanding advances from the Warehouse Facility to the Board. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the notes and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay \$259.627 million of outstanding student loan backed notes which are payable through 2043. Principal and interest paid for the current year and total net revenue before interest expense were \$72.797 million and \$4.475 million, respectively.

The notes issued under the 2016 Trust Estate are special limited obligations of the Board secured by and payable solely from the Trust Estate established by the indenture. The notes were issued to retire a portion of the outstanding advances from the Warehouse Facility to the Board. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the notes and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay \$392.428 million of outstanding student loan backed notes which are payable through 2056. Principal and interest paid for the current year and total net revenue before interest expense were \$64.403 million and \$413 thousand, respectively.

The notes issued under the 2017 Trust Estate are special limited obligations of the Board secured by and payable solely from the Trust Estate established by the indenture. The notes were issued to retire a portion of the outstanding advances from the Warehouse Facility to the Board. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the notes and net

revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay \$388.986 million of outstanding student loan backed notes which are payable through 2024. Principal and interest paid for the current year and total net revenue before interest expense were \$33.756 million and \$1.766 million, respectively.

The bonds issued under the Office Facility Bond fund are limited obligations of the board secured solely by a pledge of the proceeds from the sale of the bonds and the monies and revenues in the fund and accounts held by the Trustee under the indenture. No other money, revenue or income of the Board is pledged to the repayment of the Office Facility Bonds. The bonds were issued to refund the Series 2002 and Series 2004 Bonds. The Board has pledged these assets and net revenues to repay \$4.080 million of outstanding Office Facility Bonds which are payable through 2024. Principal and interest paid for the current fiscal year and total net revenues before interest expense were \$809 thousand and \$558 thousand, respectively.

The State's Water Loan Programs have issued recapitalization revenue bonds to provide additional capital for the State's revolving water resources loan programs. The bonds are secured by and repayments are made from the pledged principal and interest payments (pledged revenues) of specific revolving water resources loan funds. These pledged revenues will not be available for other purposes until the end of fiscal year 2023 when the bonds are completely paid off. Pledged revenues were projected to produce 150 percent of debt service requirements over the life of the bonds. The total principal and interest remaining to be paid on the bonds is \$40.955 million. For the current year, principal and interest paid was \$6.893 million and total repayment from pledged revenues was \$9.886 million. Of the bonds payable outstanding at June 30, 2017, \$36.680 million are reported in the Water Loan Programs Fund (major enterprise fund). These portions are reported as liabilities of the business-type activities on the government-wide Statement of Net Position.

Discrete Component Units

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

Information on pledged revenues for discrete component units for the fiscal year ended June 30, 2017, is presented below.

Pledged Revenue — Discrete Component Units (expressed in thousands)

	University of Utah	Utah State University	Nonmajor Component Units
Type of Revenue Pledged *	A, B, C	A, B	A
Amount of Pledged Revenue	\$1,255,534	\$317,255	\$210,043
Term of Commitment	Thru 2043	Thru 2047	Thru 2046
Percent of Revenue Pledged	100.00%	100.00%	100.00%
Current Year Pledged Revenue	\$346,545	\$50,588	\$15,840
Current Year Principal and Interest Paid	\$59,378	\$13,402	\$12,601

* Type of Revenue Pledged:

A = Student and housing fees, auxiliary net revenues from bookstores, parking, stadium and event centers, and other campus generated charges and fees.

B = Research net revenue generated from the recovery of allocated facilities and administrative rates to grants and contracts.

C = Hospital and clinic net revenues from providing various health and psychiatric services to the community.

(Notes continue on next page.)

**Revenue Bonds Payable — Primary Government
Governmental Activities**
(dollars expressed in thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2017
SBOA Lease Revenue Bonds:					
Series 1998 C	08/15/98	2000 – 2019	3.80 % – 5.50 %	\$ 101,557	\$ 10,020
Series 2009 E	09/09/09	2018 – 2030	4.62 % – 5.77 %	\$ 89,470	89,470
Series 2010	11/30/10	2011 – 2024	2.00 % – 5.00 %	\$ 24,555	14,576
Series 2011	10/25/11	2012 – 2031	2.13 % – 4.00 %	\$ 5,250	3,175
Series 2012 A	11/20/12	2017 – 2027	1.50 % – 5.00 %	\$ 11,755	10,885
Series 2012 B	11/20/12	2013 – 2022	1.50 % – 2.25 %	\$ 9,100	3,342
Series 2015	04/29/15	2016 – 2030	3.00 % – 5.00 %	\$ 785	70
Series 2016	04/05/16	2016 – 2038	2.25 % – 5.00 %	\$ 93,625	93,625
Total Lease Revenue Bonds Outstanding					225,163
Plus Unamortized Bond Premium					4,975
Total Lease Revenue Bonds Payable					<u>\$ 230,138</u>

Business-type Activities
(dollars expressed in thousands)

Student Assistance Programs:

1993 Trust Estate Student Loan Indentures	1999 – 2011	2030 – 2046	Variable and Fixed	\$ 1,337,655	\$ 397,011
2012 Trust Estate Student Loan Indentures	2012	2032	Variable	\$ 518,700	217,344
2014 Trust Estate Student Loan Indentures	2014	2039	Variable	\$ 277,000	163,331
2015 Trust Estate Student Loan Indentures	2015	2043	Variable	\$ 415,500	259,627
2016 Trust Estate Student Loan Indentures	2016	2057	Variable	\$ 452,250	392,428
2017 Trust Estate Student Loan Indentures	2017	2057	Variable	\$ 420,000	388,986
SLPP Office Facility Bond Fund	2012	2014 – 2024	2.00 % – 5.00 %	\$ 7,295	4,080
Total Revenue Bonds Outstanding					1,822,807
Plus Unamortized Bond Discount					(10,518)
Total Revenue Bonds Payable					<u>\$ 1,812,289</u>

SBOA Lease Revenue Bonds:

Series 1998 C	08/15/98	2000 – 2019	3.80 % – 5.50 %	\$ 3,543	\$ 385
Series 2009 A	03/25/09	2011 – 2019	3.00 % – 5.00 %	\$ 25,505	2,200
Series 2009 B	09/09/09	2012 – 2019	3.00 % – 5.00 %	\$ 8,455	2,425
Series 2009 C	09/09/09	2024, 2029	5.29 %, 5.77 %	\$ 16,715	16,715
Series 2010	11/30/10	2011 – 2024	2.00 % – 5.00 %	\$ 12,180	7,829
Series 2012 A	11/20/12	2017 – 2027	1.50 % – 5.00 %	\$ 3,855	3,735
Series 2012 B	11/20/12	2013 – 2022	1.50 % – 2.25 %	\$ 2,600	833
Series 2015	04/29/15	2016 – 2030	3.00 % – 5.00 %	\$ 29,230	28,790
Series 2016	04/05/16	2016 – 2038	2.25 % – 5.00 %	\$ 4,525	4,525
Total Lease Revenue Bonds Outstanding					67,437
Plus Unamortized Bond Premium					5,080
Total Lease Revenue Bonds Payable					<u>\$ 72,517</u>

Water Loan Programs:

Series 2010 B Recapitalization Revenue Bonds	02/23/10	2014 – 2017	2.25 % – 5.00 %	\$ 16,125	\$ 5,455
Series 2010 C Recapitalization Revenue Bonds	02/23/10	2018 – 2022	4.19 % – 4.79 %	\$ 31,225	31,225
Total Recapitalization Revenue Bonds Outstanding					36,680
Plus Unamortized Bond Premium					0
Total Recapitalization Revenue Bonds Payable					<u>\$ 36,680</u>
Total Revenue/Lease Revenue/Recapitalization Revenue Bonds Payable					<u>\$ 2,151,624</u>

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

Fiscal Year	Principal							
	1993 Trust Estate Student Loan Indentures	2012 Trust Estate Student Loan Indentures	2014 Trust Estate Student Loan Indentures	2015 Trust Estate Student Loan Indentures	2016 Trust Estate Student Loan Indentures	2017 Trust Estate Student Loan Indentures	SLPP Office Facility Bond Fund	1998 Utah State Building Ownership Authority
2018	\$ 88,887	\$ 37,011	\$ 22,352	\$ 52,720	\$ 94,380	\$ 87,406	\$ 685	\$ 8,295
2019	52,528	35,767	21,404	48,322	88,287	80,491	700	2,110
2020	52,229	35,090	20,004	40,105	73,944	66,787	715	—
2021	44,242	23,377	15,345	29,975	55,015	51,040	725	—
2022	42,865	22,737	15,359	27,995	51,600	47,457	765	—
2023-2027	116,260	63,362	52,273	60,510	29,202	55,805	490	—
2028-2032	—	—	16,594	—	—	—	—	—
2033-2037	—	—	—	—	—	—	—	—
2038-2042	—	—	—	—	—	—	—	—
Total	<u>\$ 397,011</u>	<u>\$ 217,344</u>	<u>\$ 163,331</u>	<u>\$ 259,627</u>	<u>\$ 392,428</u>	<u>\$ 388,986</u>	<u>\$ 4,080</u>	<u>\$ 10,405</u>

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Fiscal Year	Principal							
	2009A Utah State Building Ownership Authority	2009B Utah State Building Ownership Authority	2009C Utah State Building Ownership Authority	2009E Utah State Building Ownership Authority	2010 Utah State Building Ownership Authority	2011 Utah State Building Ownership Authority	2012A Utah State Building Ownership Authority	2012B Utah State Building Ownership Authority
2018	\$ 1,075	\$ 1,185	\$ —	\$ 4,010	\$ 3,330	\$ 395	\$ 1,005	\$ 1,305
2019	1,125	1,240	—	—	3,510	405	1,445	985
2020	—	—	1,305	5,295	2,995	415	1,490	1,005
2021	—	—	1,370	5,555	3,145	430	1,555	665
2022	—	—	1,445	5,830	3,275	440	1,630	215
2023-2027	—	—	8,485	34,885	6,150	750	7,495	—
2028-2032	—	—	4,110	33,895	—	340	—	—
2033-2037	—	—	—	—	—	—	—	—
2038-2042	—	—	—	—	—	—	—	—
Total	<u>\$ 2,200</u>	<u>\$ 2,425</u>	<u>\$ 16,715</u>	<u>\$ 89,470</u>	<u>\$ 22,405</u>	<u>\$ 3,175</u>	<u>\$ 14,620</u>	<u>\$ 4,175</u>

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Fiscal Year	Principal						
	2015 Utah State Building Ownership Authority	2016 Utah State Building Ownership Authority	2010B Water Loan Recap Revolving Program	2010C Water Loan Recap Revolving Program	Total Principal Amount Required	Total Interest Amount Required	Total Amount Required
2018	\$ 1,095	\$ 150	\$ 5,455	\$ —	\$ 410,741	\$ 51,380	\$ 462,121
2019	705	3,300	—	5,705	348,029	41,960	389,989
2020	1,910	3,475	—	5,955	312,719	34,091	346,810
2021	2,020	3,625	—	6,220	244,304	27,465	271,769
2022	2,115	3,800	—	6,515	234,043	21,476	255,519
2023-2027	14,575	22,025	—	6,830	479,097	49,833	528,930
2028-2032	6,440	25,750	—	—	87,129	13,255	100,384
2033-2037	—	29,825	—	—	29,825	3,785	33,610
2038-2042	—	6,200	—	—	6,200	202	6,402
Total	<u>\$ 28,860</u>	<u>\$ 98,150</u>	<u>\$ 5,455</u>	<u>\$ 31,225</u>	<u>\$ 2,152,087</u>	<u>\$ 243,447</u>	<u>\$ 2,395,534</u>

Revenue Bonds Payable — Discrete Component Units
(dollars expressed in thousands)

<u>Bond Issue</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance June 30, 2017</u>
University of Utah Revenue Bonds	1998 – 2016	2018 – 2043	1.50 % – 6.28 %	\$ 1,156,600	\$ 857,477
Utah State University Revenue Bonds	2007 – 2016	2005 – 2047	1.03 % – 5.25 %	\$ 234,615	199,025
Nonmajor Component Units Revenue Bonds ...	2004 – 2016	2013 – 2046	1.63 % – 6.00 %	\$ 190,270	147,308
Total Revenue Bonds Outstanding					1,203,810
Plus Unamortized Bond Premium					16,385
Total Revenue Bonds Payable					<u>\$ 1,220,195</u>

Revenue Bond Issues — Discrete Component Units
Debt Service Requirements to Maturity
For Fiscal Years Ended June 30
(dollars expressed in thousands)

<u>Fiscal Year</u>	<u>Principal</u>			<u>Total Principal Required</u>	<u>Interest Required</u>	<u>Total Amount Required</u>
	<u>University of Utah</u>	<u>Utah State University</u>	<u>Nonmajor Component Units</u>			
2018	\$ 39,340	\$ 8,070	\$ 7,391	\$ 54,801	\$ 52,924	\$ 107,725
2019	48,100	6,010	7,683	61,793	49,737	111,530
2020	47,853	6,130	7,931	61,914	47,348	109,262
2021	47,248	6,400	7,813	61,461	44,830	106,291
2022	49,716	6,675	7,727	64,118	42,204	106,322
2023–2027	274,088	37,210	39,329	350,627	164,037	514,664
2028–2032	154,130	39,990	39,636	233,756	95,534	329,290
2033–2037	79,271	36,915	17,708	133,894	56,557	190,451
2038–2042	67,725	27,525	6,650	101,900	35,502	137,402
2043–2047	50,006	24,100	5,440	79,546	5,511	85,057
Total	<u>\$ 857,477</u>	<u>\$ 199,025</u>	<u>\$ 147,308</u>	<u>\$ 1,203,810</u>	<u>\$ 594,184</u>	<u>\$ 1,797,994</u>

D. Conduit Debt Obligations

The Utah Charter School Finance Authority (nonmajor discrete component unit) issued conduit debt obligations on behalf of various charter schools. The debt is the responsibility of the charter schools, and neither the State nor any political subdivision of the State is obligated in any manner for repayment of the debt. Accordingly, this debt has not been reported in the accompanying financial statements. The outstanding balance at June 30, 2017, is \$234.545 million in tax-exempt conduit debt.

E. Defeased Bonds and Bond Refunding

In prior years, the State defeased certain general obligation and revenue bonds by placing the proceeds of new bonds and other monies available for debt service in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Statement of Net Position. At June 30, 2017, the total amount outstanding of defeased general obligation bonds was \$374.195 million. At June 30, 2017, the total amount outstanding of defeased revenue bonds was \$27.885 million.

During fiscal year 2017, the University of Utah (major discrete component unit) issued General Revenue Refunding Bonds Series 2016B to partially refund a portion of the Series 2008A Research Facilities Revenue Refunding Bonds. The refunding activity had limited impact on the retirement period but did result in a decrease of aggregate debt service payments of \$165 thousand and a present value economic gain of approximately \$160 thousand.

In prior years, discrete 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 discrete component unit column on the Statement of Net Position. At June 30, 2017, \$255.151 million of college and university bonds outstanding are considered defeased.

F. Contracts Payable

Discrete component units capital leases/contracts payable include \$5.253 million in life annuity contracts.

G. Pollution Remediation Obligations

Under the federal Superfund law, the State is responsible for sharing remediation costs at sites where the Environmental Protection Agency expends Superfund trust monies for cleanup. Currently there are six sites in various stages of cleanup, from initial assessment to cleanup activities. The pollution remediation liabilities associated with these sites were measured using the actual contract cost, where no changes in cost are expected, or the expected cash flow technique. Liability estimates are subject to change due to price increases or reductions, technology, or changes in applicable laws or regulations governing the remediation efforts. As of June 30, 2017, the liability is \$5.891 million. The State does not anticipate recovering reimbursements from the parties who caused the pollution.

H. Notes Payable

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

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

**Notes Payable Debt Service Requirements to Maturity
Discrete Component Units**

For the Fiscal Year Ended June 30

(expressed in thousands)

Fiscal Year	Principal			Total Principal Required	Interest Required	Total Amount Required
	University of Utah	Utah State University	Nonmajor Component Units			
2018.....	\$ 45,670	\$ 2,730	\$ 2,435	\$ 50,835	\$ 2,695	\$ 53,530
2019.....	2,848	2,349	2,581	7,778	2,351	10,129
2020.....	2,907	2,205	2,624	7,736	2,045	9,781
2021.....	2,411	2,204	2,678	7,293	1,768	9,061
2022.....	2,298	1,831	1,504	5,633	1,515	7,148
2023–2027.....	13,104	2,589	4,536	20,229	4,564	24,793
2028–2032.....	4,106	154	2,192	6,452	748	7,200
2033–2037.....	—	—	953	953	66	1,019
Total.....	<u>\$ 73,344</u>	<u>\$ 14,062</u>	<u>\$ 19,503</u>	<u>\$ 106,909</u>	<u>\$ 15,752</u>	<u>\$ 122,661</u>

I. Debt Service Requirements for Derivatives**Business-type Activities**

As explained in Note 3.F., the Student Assistance Programs (major proprietary fund) Board had issued on December 30, 2010, the Series 2010 EE bonds for the purpose of refinancing certain

outstanding bonds in the 1993 indentures. As part of this issuance, the Board entered into an interest rate exchange (swap) agreement relating to the Board's student loan revenue bonds. The projected net cash flows of the swap agreement are summarized below.

**Student Assistance Programs
Swap Payments and Associated Debt**

For Fiscal Years Ending June 30

(expressed in thousands)

Fiscal Year	Counterparty Swap Payment			Interest Payments to Bondholders	Total Payments
	To	From	Net		
2018.....	\$ (7,735)	\$ 11,225	\$ 3,490	\$ (11,225)	\$ (7,735)
2019.....	(5,393)	9,314	3,921	(9,314)	(5,393)
2020.....	(3,960)	6,838	2,878	(6,838)	(3,960)
2021.....	(2,807)	4,847	2,040	(4,847)	(2,807)
2022.....	(1,709)	2,952	1,243	(2,952)	(1,709)
2023.....	(635)	1,097	462	(1,097)	(635)
Total.....	<u>\$ (22,239)</u>	<u>\$ 36,273</u>	<u>\$ 14,034</u>	<u>\$ (36,273)</u>	<u>\$ (22,239)</u>