

NOTE 10. LONG-TERM LIABILITIES

A. Changes in Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2018, 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.....	\$ 2,173,985	\$ 603,925	\$ (381,035)	\$ 2,396,875	\$ 251,315
State Building Ownership Authority Lease Revenue Bonds ..	225,163	28,830	(16,567)	237,426	9,670
Net Unamortized Premiums.....	66,423	71,360	(29,668)	108,115	24,095
Capital Leases (Note 9).....	21,616	13,705	(2,189)	33,132	2,281
Notes Payable.....	305	—	(37)	268	41
Compensated Absences (Note 1) ** ..	181,557	98,164	(95,216)	184,505	96,281
Claims Liability ** ..	53,645	17,404	(13,719)	57,330	18,817
Pollution Remediation Obligation ** ..	5,891	—	(525)	5,366	956
Settlement Obligations ** ..	319	—	(46)	273	46
Net Pension Liability (Note 18) * ..	1,031,449	—	(267,696)	763,753	—
Net OPEB Liability (Note 19) * ..	109,618	—	(10,560)	99,058	—
Total Governmental Long-term Liabilities	<u>\$ 3,869,971</u>	<u>\$ 833,388</u>	<u>\$ (817,258)</u>	<u>\$ 3,886,101</u>	<u>\$ 403,502</u>
Business-type Activities					
Student Assistance Revenue Bonds	\$ 1,822,807	\$ —	\$ (315,842)	\$ 1,506,965	\$ 323,711
State Building Ownership Authority Lease Revenue Bonds ..	67,438	15,545	(5,279)	77,704	5,156
Water Loan Recapitalization Revenue Bonds.....	36,680	—	(5,455)	31,225	5,705
Net Unamortized Premiums/(Discounts).....	(5,437)	1,099	(2,080)	(6,418)	1,582
Claims and Uninsured Liabilities.....	4,810	155,676	(156,121)	4,365	4,365
Notes Payable.....	—	635	—	635	18
Net Pension Liability (Note 18) * ..	17,468	—	(5,430)	12,038	—
Net OPEB Liability (Note 19) * ..	1,731	—	(167)	1,564	—
Total Business-type Long-term Liabilities	<u>\$ 1,945,497</u>	<u>\$ 172,955</u>	<u>\$ (490,374)</u>	<u>\$ 1,628,078</u>	<u>\$ 340,537</u>
Discrete Component Units					
Revenue Bonds	\$ 1,203,810	\$ 410,230	\$ (262,378)	\$ 1,351,662	\$ 68,556
Net Unamortized Premiums/(Discounts).....	16,385	5,846	(2,263)	19,968	914
Capital Leases/Contracts Payable (Notes 9 and 10).....	195,310	34,168	(26,815)	202,663	22,224
Notes Payable.....	106,909	409	(55,564)	51,754	6,441
Claims Liability	148,268	654,802	(653,463)	149,607	72,691
Leave/Termination Benefits (Note 1)	155,560	126,177	(117,669)	164,068	103,732
Capital Assets Held for Others.....	13,326	—	(403)	12,923	403
Net Pension Liability (Note 18) * ..	353,230	(80,213)	—	273,017	—
Net OPEB Liability (Note 19) * ..	1,107	—	(109)	998	—
Total Discrete Component Long-term Liabilities	<u>\$ 2,193,905</u>	<u>\$ 1,151,419</u>	<u>\$ (1,118,664)</u>	<u>\$ 2,226,660</u>	<u>\$ 274,961</u>

* The Net Pension Liability and Net Other Postemployment Benefit (OPEB) Liability of governmental activities are 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 further 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 Liability of governmental activities are liquidated in the Risk Management Internal Service Fund. Settlement Obligations of governmental activities are liquidated in the Crime Victim Reparation Fund (a Nonmajor Governmental Fund). The Pollution Remediation Obligations of the governmental activities are liquidated in the Environmental Reclamation Fund (a Nonmajor Governmental Fund).

Differences in Net Pension Liability – The Net Pension Liability (NPL) ending balances for governmental activities of \$763.753 million and for business-type activities of \$12.038 million differ from the NPL for the primary government of \$781.362 million as

reported in [Note 18](#) due to the following: the NPL for Student Assistance Programs of \$1.186 million and Utah Dairy Commission of \$526 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 \$7.280 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, 2018, the State had \$788.630 million of unissued general obligation highway bond authorizations remaining, and \$355.002 million of unissued general obligation building bond authorizations remaining.

During fiscal year 2018, the State issued \$118.700 million Series 2017 general obligation refunding bonds to advance refund the Series 2013 general obligation highway bonds, and \$485.225 million Series 2017 and 2018 general obligation bonds to fund the prison relocation and highway projects.

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, 2018
2009 A Highway Issue	03/17/09	2010 – 2018	2.00 % – 5.00 %	\$ 394,360	\$ 25,265
2009 C Highway/Capital Facility Issue	09/29/09	2011 – 2018	2.00 % – 5.00 %	\$ 490,410	70,865
2009 D Highway Issue	09/29/09	2019, 2024	4.15 % - 4.55 %	\$ 491,760	491,760
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	114,910
2011 A Highway/Capital Facility Issue	07/06/11	2012 – 2021	2.00 % – 5.00 %	\$ 609,920	175,965
2013 Highway Issue	07/30/13	2014 – 2028	3.00 % – 5.00 %	\$ 226,175	71,225
2015 Refunding Issue	04/29/15	2019 – 2026	3.50 % – 5.00 %	\$ 220,980	220,980
2017 Highway/Prison Issue	07/10/17	2018 – 2032	3.00 % – 5.00 %	\$ 142,070	142,070
2017 Refunding Issue	12/15/17	2018 - 2028	2.21%	\$ 118,700	118,700
2018 Highway/Prison Issue	02/28/18	2018 - 2032	3.13 % – 5.00 %	\$ 343,155	343,155
Total General Obligation Bonds Outstanding					2,396,875
Plus Unamortized Bond Premium					101,317
Total General Obligation Bonds Payable					<u>\$ 2,498,192</u>

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

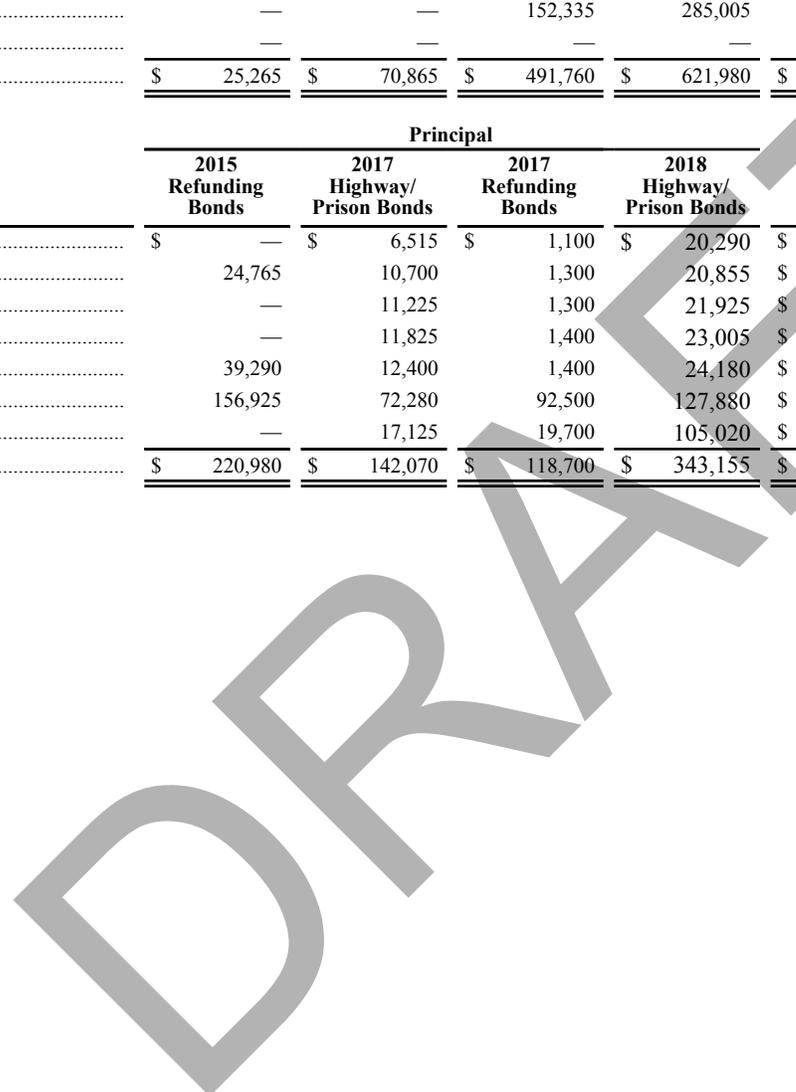
For the Fiscal Year Ended June 30

(expressed in thousands)

Fiscal Year	Principal						
	2009A Highway Bonds	2009C Highway / Capital Bonds	2009D Highway Bonds	2010B Highway Facility	2010C Refunding Bonds	2011A Highway / Capital Bonds	2013 Highway Issue
2019.....	\$ 25,265	\$ 70,865	\$ —	\$ —	\$ 70,435	\$ 43,995	\$ 12,850
2020.....	—	—	74,145	29,470	44,475	43,990	13,525
2021.....	—	—	87,715	101,775	—	43,990	14,200
2022.....	—	—	86,740	102,480	—	43,990	14,950
2023.....	—	—	90,825	103,250	—	—	15,700
2024-2028	—	—	152,335	285,005	—	—	—
2029-2033	—	—	—	—	—	—	—
Total	\$ 25,265	\$ 70,865	\$ 491,760	\$ 621,980	\$ 114,910	\$ 175,965	\$ 71,225

Continues Below

Fiscal Year	Principal						
	2015 Refunding Bonds	2017 Highway/ Prison Bonds	2017 Refunding Bonds	2018 Highway/ Prison Bonds	Total Principal Required	Total Interest Required	Total Amount Required
2019.....	\$ —	\$ 6,515	\$ 1,100	\$ 20,290	\$ 251,315	\$ 89,424	\$ 340,739
2020.....	24,765	10,700	1,300	20,855	\$ 263,225	77,602	\$ 340,827
2021.....	—	11,225	1,300	21,925	\$ 282,130	65,677	\$ 347,807
2022.....	—	11,825	1,400	23,005	\$ 284,390	53,869	\$ 338,259
2023.....	39,290	12,400	1,400	24,180	\$ 287,045	41,470	\$ 328,515
2024-2028	156,925	72,280	92,500	127,880	\$ 886,925	72,978	\$ 959,903
2029-2033	—	17,125	19,700	105,020	\$ 141,845	8,706	\$ 150,551
Total	\$ 220,980	\$ 142,070	\$ 118,700	\$ 343,155	\$ 2,396,875	\$ 409,726	\$ 2,806,601



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 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, 2018, are reported as a long-term liability of the governmental activities, except for \$81.834 million and \$1.097 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 \$215.195 million of fixed-rate bonds, \$87.711 million of bonds at a rate set at the 3-month LIBOR plus spread, and \$1.165 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 \$338.611 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 \$69.063 million and \$8.224 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 \$180.963 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 \$40.892 million and \$4.735 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 \$136.781 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 \$29.645 million and \$4.113 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 \$209.165 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 \$55.508 million and \$5.732 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 \$319.126 million of outstanding student loan backed notes, which are payable through 2057. Principal and interest paid for the current year and total net revenue before interest expense were \$81.428 million and \$7.907 million, 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 \$318.924 million of outstanding student loan backed notes, which are payable through 2057. Principal and interest paid for the current year and total net revenue before interest expense were \$78.214 million and \$7.889 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 \$3.395 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 \$810 thousand and \$331 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 \$34.258 million. For the current year, principal and interest paid was \$6.861 million and total repayment from pledged revenues was \$11.067 million. Of the bonds payable outstanding at June 30, 2018, \$31.225 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, 2018, is presented below.

Pledged Revenue — Discrete Component Units
(dollars 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	\$1,282,085	\$356,340	\$233,214
Term of Commitment	Thru 2043	Thru 2050	Thru 2049
Percent of Revenue Pledged	100.00%	100.00%	100.00%
Current Year Pledged Revenue	\$422,468	\$54,707	\$16,460
Current Year Principal and Interest Paid	\$74,467	\$15,614	\$12,796

* 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, 2018
SBOA Lease Revenue Bonds:					
Series 1998 C.....	08/15/98	2000 – 2019	3.80 % – 5.50 %	\$ 101,557	\$ 2,025
Series 2009 E.....	09/09/09	2018 – 2030	4.62 % – 5.77 %	\$ 89,470	85,460
Series 2010.....	11/30/10	2011 – 2024	2.00 % – 5.00 %	\$ 24,555	12,306
Series 2011.....	10/25/11	2012 – 2031	2.13 % – 4.00 %	\$ 5,250	2,780
Series 2012 A.....	11/20/12	2017 – 2027	1.50 % – 5.00 %	\$ 11,755	10,005
Series 2012 B.....	11/20/12	2013 – 2022	1.50 % – 2.25 %	\$ 9,100	2,330
Series 2015.....	04/29/15	2016 – 2030	3.00 % – 5.00 %	\$ 785	65
Series 2016.....	04/05/16	2016 – 2038	2.25 % – 5.00 %	\$ 93,625	93,625
Series 2017.....	12/15/17	2020 – 2024	5.00 %	\$ 25,910	25,910
Series 2018.....	02/21/18	2020 – 2039	3.00 % – 5.00 %	\$ 2,920	2,920
Total Lease Revenue Bonds Outstanding.....					237,426
Plus Unamortized Bond Premium.....					6,798
Total Lease Revenue Bonds Payable.....					<u>\$ 244,224</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	\$ 338,611
2012 Trust Estate Student Loan Indentures.....	2012	2032	Variable	\$ 518,700	180,963
2014 Trust Estate Student Loan Indentures.....	2014	2039	Variable	\$ 277,000	136,781
2015 Trust Estate Student Loan Indentures.....	2015	2043	Variable	\$ 415,500	209,165
2016 Trust Estate Student Loan Indentures.....	2016	2057	Variable	\$ 452,250	319,126
2017 Trust Estate Student Loan Indentures.....	2017	2057	Variable	\$ 420,000	318,924
SLPP Office Facility Bond Fund.....	2012	2014 – 2024	2.00 % – 5.00 %	\$ 7,295	3,395
Total Revenue Bonds Outstanding.....					1,506,965
Plus Unamortized Bond Discount.....					(11,645)
Total Revenue Bonds Payable.....					<u>\$ 1,495,320</u>

SBOA Lease Revenue Bonds:

Series 1998 C.....	08/15/98	2000 – 2019	3.80 % – 5.50 %	\$ 3,543	\$ 85
Series 2009 A.....	03/25/09	2011 – 2019	3.00 % – 5.00 %	\$ 25,505	1,125
Series 2009 B.....	09/09/09	2012 – 2019	3.00 % – 5.00 %	\$ 8,455	1,240
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	6,769
Series 2012 A.....	11/20/12	2017 – 2027	1.50 % – 5.00 %	\$ 3,855	3,610
Series 2012 B.....	11/20/12	2013 – 2022	1.50 % – 2.25 %	\$ 2,600	540
Series 2015.....	04/29/15	2016 – 2030	3.00 % – 5.00 %	\$ 29,230	27,700
Series 2016.....	04/05/16	2016 – 2038	2.25 % – 5.00 %	\$ 4,525	4,375
Series 2018.....	02/21/18	2020 – 2039	3.00 % – 5.00 %	\$ 15,545	15,545
Total Lease Revenue Bonds Outstanding.....					77,704
Plus Unamortized Bond Premium.....					5,227
Total Lease Revenue Bonds Payable.....					<u>\$ 82,931</u>

Water Loan Programs:

Series 2010 C Recapitalization Revenue Bonds.....	02/23/10	2018 – 2022	4.19 % – 4.79 %	\$ 31,225	\$ 31,225
Total Recapitalization Revenue Bonds Outstanding.....					31,225
Plus Unamortized Bond Premium.....					0
Total Recapitalization Revenue Bonds Payable.....					<u>\$ 31,225</u>
Total Revenue/Lease Revenue/Recapitalization Revenue Bonds Payable.....					<u>\$ 1,853,700</u>

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

Principal

Fiscal Year	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
2019	\$ 58,400	\$ 29,949	\$ 19,811	\$ 44,776	\$ 85,543	\$ 84,531	\$ 700	\$ 2,110
2020	76,700	29,734	19,447	43,127	73,944	72,506	715	—
2021	48,500	27,212	18,265	30,209	55,015	55,411	725	—
2022	47,800	19,323	14,070	27,860	51,600	51,521	765	—
2023	39,063	19,405	14,180	26,532	48,420	46,453	240	—
2024-2028	68,148	55,340	51,008	36,661	4,604	8,502	250	—
2029-2033	—	—	—	—	—	—	—	—
2034-2038	—	—	—	—	—	—	—	—
2039-2043	—	—	—	—	—	—	—	—
Total	<u>\$ 338,611</u>	<u>\$ 180,963</u>	<u>\$ 136,781</u>	<u>\$ 209,165</u>	<u>\$ 319,126</u>	<u>\$ 318,924</u>	<u>\$ 3,395</u>	<u>\$ 2,110</u>

Continues Below

Principal

Fiscal Year	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
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	—	—	1,520	5,395	3,445	455	1,710	—
2024-2028	—	—	8,960	40,155	2,705	375	5,785	—
2029-2033	—	—	2,115	23,230	—	260	—	—
2034-2038	—	—	—	—	—	—	—	—
2039-2043	—	—	—	—	—	—	—	—
Total	<u>\$ 1,125</u>	<u>\$ 1,240</u>	<u>\$ 16,715</u>	<u>\$ 85,460</u>	<u>\$ 19,075</u>	<u>\$ 2,780</u>	<u>\$ 13,615</u>	<u>\$ 2,870</u>

Continues Below

Principal

Fiscal Year	2015 Utah State Building Ownership Authority	2016 Utah State Building Ownership Authority	2017 Utah State Building Ownership Authority	2018 Utah State Building Ownership Authority	2010C Water Loan Recap Revolving Program	Total Principal Amount Required	Total Interest Amount Required	Total Amount Required
2019	\$ 705	\$ 3,300	\$ —	\$ —	\$ 5,705	\$ 344,240	\$ 54,880	399,120
2020	1,910	3,475	4,805	590	5,955	345,413	43,773	389,186
2021	2,020	3,625	5,120	610	6,220	265,652	34,613	300,265
2022	2,115	3,800	5,460	645	6,515	244,309	26,350	270,659
2023	2,220	4,025	5,085	675	6,830	225,653	18,664	244,317
2024-2028	15,210	22,850	5,440	3,940	—	329,933	41,425	371,358
2029-2033	3,585	26,525	—	4,870	—	60,585	11,239	71,824
2034-2038	—	30,400	—	5,845	—	36,245	3,724	39,969
2039-2043	—	—	—	1,290	—	1,290	45	1,335
Total	<u>\$ 27,765</u>	<u>\$ 98,000</u>	<u>\$ 25,910</u>	<u>\$ 18,465</u>	<u>\$ 31,225</u>	<u>\$ 1,853,320</u>	<u>\$ 234,713</u>	<u>2,088,033</u>

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

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2018
University of Utah Revenue Bonds	1998 – 2017	2018 – 2043	1.5 to 6.28%	\$ 1,156,600	\$ 947,789
Utah State University Revenue Bonds.....	2007 – 2016	2005 – 2047	1.03 to 5.25%	\$ 342,351	231,451
Nonmajor Component Units Revenue Bonds...	2004 – 2018	2013 – 2046	1.63 % – 6.00 %	\$ 211,040	172,422
Total Revenue Bonds Outstanding.....					1,351,662
Plus Unamortized Bond Premium					19,964
Total Revenue Bonds Payable					<u>\$ 1,371,626</u>

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

Fiscal Year	Principal			Total Principal Required	Interest Required	Total Amount Required
	University of Utah	Utah State University	Nonmajor Component Units			
2019.....	\$ 53,082	\$ 6,701	\$ 8,773	\$ 68,556	\$ 56,150	\$ 124,706
2020.....	56,690	6,838	8,896	72,424	53,735	126,159
2021.....	56,098	7,660	9,203	72,961	50,795	123,756
2022.....	58,983	7,993	9,177	76,153	47,950	124,103
2023.....	64,580	8,351	9,929	82,860	44,698	127,558
2024-2028	321,202	45,743	48,726	415,671	163,694	579,365
2029-2033	215,938	45,535	39,608	301,081	80,081	381,162
2034-2038	103,596	40,965	16,245	160,806	32,732	193,538
2039-2043	17,602	32,855	10,185	60,642	12,846	73,488
2044-2048	18	25,360	9,365	34,743	4,210	38,953
2049-2053	—	3,450	2,315	5,765	287	6,052
Total	<u>\$ 947,789</u>	<u>\$ 231,451</u>	<u>\$ 172,422</u>	<u>\$ 1,351,662</u>	<u>\$ 547,178</u>	<u>\$ 1,898,840</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, 2018, is \$324.444 million in tax-exempt conduit debt.

E. Defeased Bonds and Bond Refunding

The State issued on December 12, 2017, \$118.700 million General Obligation Refunding Bonds Series 2017 to advance refund \$109.500 million General Obligation Bonds. \$118.495 million of principal amount of the refunding bonds 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 Position.

The advance refunding transaction resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$4.719 million. This difference, reported in the Statement of Net Position as a deferred outflow of resources, is being charged to operations through fiscal year 2029, using the bonds outstanding method, which approximates the effective interest method. The refunding reduced the State's aggregate debt service payments by \$5.949 million over 11 years and resulted in an economic gain

(difference between the present values of the old and new debt service payments) of \$5.215 million.

The State issued on December 28, 2017, \$25.910 million Lease Revenue Crossover Refunding Bonds to refund \$27.770 million of the \$85.460 million remaining 2009E Huntsman Cancer Hospital Expansion Lease Revenue bonds. While the 2017 Crossover Refunding Bond proceeds have been placed in escrow, they are still considered outstanding and the State remains responsible for continuing to pay debt service on both the 2017 Crossover Refunding Bonds and the 2009E bonds until the crossover date of May 15, 2019, at which time the refunded 2009E issues will be considered defeased.

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, 2018, the total amount outstanding of defeased general obligation bonds was \$483.695 million. At June 30, 2018, the total amount outstanding of defeased revenue bonds was \$16.985 million.

During fiscal year 2018, the University of Utah (major discrete component unit) issued two General Revenue Refunding Bonds. Series 2017A was issued to partially refund a portion of the Series 2013A General Revenue bonds. Series 2017B was also issued to partially refund a portion of the University's Hospital Revenue and

Refunding Bonds Series 2011A; General Revenue Commercial Paper Notes Series 2013B; General Revenue and Refunding Bonds Series 2014B; and General Revenue and Refunding Bonds Series 2015A-1. The refunding activity had limited impact on the retirement period, but did result in a decrease of aggregate debt service payments of \$107 thousand and a present value economic gain of approximately \$71 thousand.

During fiscal year 2018, Utah State University (major discrete component unit) issued Student Building Fee Revenue Refunding Bonds Series 2017 to partially refund a portion of the University's Student Building Fee Revenue Bonds Series 2013B. This refunding resulted in an increase of \$4.833 million in the net carrying amount of the refunded debt, a reduction in the future debt service payments of \$8.174 million, and an economic gain (difference between the present value of the old and new debt service payments) of \$2.806 million.

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 component unit column on the Statement of Net Position. At June 30, 2018, \$442.086 million of college and university bonds outstanding are considered defeased.

F. Contracts Payable

Discrete component units capital leases/contracts payable include \$5.600 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, 2018, the liability is \$5.366 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 16 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			
2019.....	\$ 2,848	\$ 2,349	\$ 1,244	\$ 6,441	\$ 2,329	\$ 8,770
2020.....	2,927	2,205	1,323	6,455	2,028	8,483
2021.....	2,411	2,204	1,371	5,986	1,758	7,744
2022.....	2,298	1,831	1,423	5,552	1,510	7,062
2023.....	2,341	1,241	2,626	6,208	2,098	8,306
2024-2028	13,843	1,449	3,872	19,164	3,195	22,359
2029-2033	797	52	1,099	1,948	82	2,030
Total	<u>\$ 27,465</u>	<u>\$ 11,331</u>	<u>\$ 12,958</u>	<u>\$ 51,754</u>	<u>\$ 13,000</u>	<u>\$ 64,754</u>

I. Debt Service Requirements for Derivatives

Business-type Activities

As explained in [Note 3.F.](#), the Student Assistance Programs (major enterprise 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		
2019.....	\$ (7,762)	\$ 9,748	\$ 1,986	\$ (9,748)	\$ (7,762)
2020.....	(6,203)	7,790	1,587	(7,790)	(6,203)
2021.....	(4,961)	6,230	1,269	(6,230)	(4,961)
2022.....	(3,193)	4,010	817	(4,010)	(3,193)
2023.....	(1,585)	1,990	405	(1,990)	(1,585)
2024.....	(193)	242	49	(242)	(193)
Total.....	<u>\$ (23,897)</u>	<u>\$ 30,010</u>	<u>\$ 6,113</u>	<u>\$ (30,010)</u>	<u>\$ (23,897)</u>