

STATE BOARD OF REGENTS OF THE STATE OF UTAH
STUDENT LOAN PURCHASE PROGRAM
An Enterprise Fund of the State of Utah

Financial Statements
For the Nine Months Ended March 31, 2008 and 2007

STATE BOARD OF REGENTS OF THE STATE OF UTAH
STUDENT LOAN PURCHASE PROGRAM
AN ENTERPRISE FUND OF THE STATE OF UTAH
FOR THE NINE MONTHS ENDED MARCH 31, 2008 AND 2007

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June 27, 2008

Mr. David A. Feitz
Executive Director, UHEAA

We have prepared the statement of net assets of the State Board of Regents of the State of Utah Student Loan Purchase Program as of March 31, 2008 and 2007, and the related statements of revenues, expenses, changes in fund net assets and cash flows for the nine months then ended. The financial statements are unaudited and have been prepared from records generated internally as well as from records of the Board's student loan servicer and trustee.

In our opinion, the unaudited financial statements referred to above present fairly, in all material respects, the financial position of the State Board of Regents of the State of Utah Student Loan Purchase Program as of March 31, 2008 and 2007, and the results of its operations, changes in fund net assets and cash flows for the nine months then ended in conformity with accounting principles generally accepted in the United States of America.



David Schwanke, CPA
Associate Executive Director for
Finance and Accounting

STATE BOARD OF REGENTS OF THE STATE OF UTAH
STUDENT LOAN PURCHASE PROGRAM

Statement of Net Assets
March 31, 2008 and 2007

	2008	2007
ASSETS		
Current Assets		
Cash and cash equivalents (Note 2)	\$ 36,566,276	\$ 34,443,246
Funds held by Trustee (Notes 2 and 3)	383,079,326	565,106,010
Receivables		
Student loans receivable (Note 4)	65,512,546	70,947,892
Interest receivable - student loans (Note 4)	30,171,691	20,769,184
Special allowance payments (Note 1)	6,127,246	11,063,473
Interest receivable - investments	23,715	28,524
Other receivables	449,768	308,215
Prepaid expenses	702,298	737,017
Prepaid bond interest (Note 6)	5,815,319	
Deferred federal default fee (Note 1)	2,323,680	2,127,628
Deferred bond issuance costs (Note 6)	597,954	633,828
Total Current Assets	531,369,819	706,165,017
Noncurrent Assets		
Funds held by Trustee (Notes 2 and 3)	78,984,246	76,949,657
Student loans receivable (Note 4)	1,916,523,646	1,656,798,098
Deferred federal default fee (Note 1)	8,939,325	11,263,005
Deferred bond issuance costs, less accumulated amortization of \$4,147,529 and \$3,502,294, respectively (Note 6)	13,012,785	12,436,538
Capital assets, less accumulated depreciation of \$2,003,937 and \$1,480,583, respectively (Note 5)	11,621,578	11,492,893
Total Noncurrent Assets	2,029,081,580	1,768,940,191
TOTAL ASSETS	2,560,451,399	2,475,105,208
LIABILITIES		
Current Liabilities		
Accounts payable	2,676,665	2,173,384
Payable to affiliate (Note 10)	268,439	51,099
Compensated absences (Note 7)	234,502	223,164
Other liabilities		50,366
Accrued interest payable (Note 6)	25,989,861	19,683,852
Bonds payable (Notes 6 and 7)	43,467,895	29,147,895
Estimated interest arbitrage rebate (Notes 7 and 11)	416,624	185,079
Total Current Liabilities	73,053,986	51,514,839
Noncurrent Liabilities		
Compensated absences (Note 7)	158,454	166,945
Bonds payable, net of unamortized premiums of \$40,291 and \$43,186, respectively (Notes 6 and 7)	2,164,752,396	2,108,550,291
Estimated interest arbitrage rebate (Notes 7 and 11)	71,909,859	69,707,296
Total Noncurrent Liabilities	2,236,820,709	2,178,424,532
TOTAL LIABILITIES	2,309,874,695	2,229,939,371
NET ASSETS		
Invested in capital assets, net of related debt	2,096,287	1,597,308
Restricted	174,477,991	169,279,614
Unrestricted (Note 9)	74,002,426	74,288,915
TOTAL NET ASSETS	\$ 250,576,704	\$ 245,165,837

*The accompanying notes are an integral part
of these financial statements.*

STATE BOARD OF REGENTS OF THE STATE OF UTAH
STUDENT LOAN PURCHASE PROGRAM

Statement of Revenue, Expenses, and Changes in Fund Net Assets
For the Nine Months Ended March 31, 2008 and 2007

	2008	2007
OPERATING REVENUES		
Interest on student loans (Note 4)	\$ 57,204,832	\$ 51,172,912
Special allowance (Note 1)	25,849,623	34,999,507
Investment income (Notes 2 and 3)	19,750,072	24,731,571
Lender Services revenue	325,461	347,693
Billings for internal services	1,059,150	917,776
Rental revenue (Note 10)	1,151,083	1,061,914
Total operating revenues	105,340,221	113,231,373
OPERATING EXPENSES		
Interest expense (Note 6)	77,659,950	73,397,346
Bond related expense (Note 6)	3,713,748	3,746,068
Student loan servicing expense (Note 8)	6,636,675	6,593,083
General and administrative expense (Note 10)	2,504,875	2,514,444
Operations expense (Note 10)	2,967,960	2,700,516
Depreciation expense (Note 5)	399,568	347,196
Student loan principal reductions (Note 12)	4,206,540	5,057,676
Financial Assistance administrative expense	328,537	297,967
Financial Assistance grants	720,000	720,000
Federal default fee (Note 1)	1,621,862	1,443,000
Provision for interest arbitrage rebate (Note 11)		2,322,000
Uninsured claims expense (Note 4)	387,659	31,356
Total operating expenses	101,147,374	99,170,652
OPERATING INCOME	4,192,847	14,060,721
NONOPERATING REVENUES (EXPENSES)		
State Financial Assistance appropriations (Note 13)	11,457,216	9,137,745
State Financial Assistance distributions (Note 13)	(10,695,324)	(8,406,406)
Total non-operating revenues (expenses)	761,892	731,339
Transfers - Interfund transfer from State Board of Regents		745,479
CHANGES IN NET ASSETS	4,954,739	15,537,539
NET ASSETS – Beginning	245,621,965	229,628,298
NET ASSETS – Ending	\$ 250,576,704	\$ 245,165,837

*The accompanying notes are an integral part
of these financial statements.*

STATE BOARD OF REGENTS OF THE STATE OF UTAH
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Statement of Cash Flows
For the Nine Months Ended March 31, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Principal received on student loans	\$ 185,201,978	\$ 361,732,073
Interest received on student loans	42,529,175	37,646,452
Special allowance payments received	30,691,303	38,351,515
Student loan disbursements received from lenders	303,832,873	284,741,164
Student loan disbursements sent to schools	(303,837,910)	(284,750,897)
Payments received for lenders	25,339,359	30,221,896
Payments sent to lenders	(28,841,631)	(31,594,686)
Appropriations received for Financial Assistance	11,457,216	9,137,745
Financial Assistance distributions	(11,415,324)	(9,126,406)
Payments received for Lender Services	322,329	289,802
Payments received for internal services	1,115,134	906,144
Payments for loan purchases	(354,497,144)	(173,881,174)
Payments for loan consolidations	(34,367,671)	(155,165,192)
Payments for loan servicing	(5,594,701)	(6,232,705)
Payments for general and administrative expenses	(3,166,222)	(3,424,156)
Receipt of federal default fee		1,903
Payments for Computer Services expense	(618,071)	(770,169)
Payments for Operations expense	(2,967,201)	(2,715,084)
Payments for interest arbitrage	(160,537)	(274,981)
Payments received for rental revenue	1,124,293	1,061,965
Cash provided by (used in) operating activities	(143,852,752)	96,155,209
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from issuance of bonds	99,670,000	
Principal paid on bonds	(29,145,000)	(430,000)
Interest paid on bonds	(66,127,327)	(61,557,047)
Payments for bond related expense	(3,509,339)	(4,036,643)
Payments for bond issuance costs	(1,181,970)	(321,756)
Transfer in from State Board of Regents		743,556
Cash used in noncapital financing activities	(293,636)	(65,601,890)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(293,568)	(635,894)
Cash used in capital and related financing activities	(293,568)	(635,894)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturing investments	514,808,074	437,446,952
Interest received on investments	19,734,939	23,607,623
Purchases of investments	(396,218,239)	(496,267,208)
Cash provided by (used in) investing activities	138,324,774	(35,212,633)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,115,182)	(5,295,208)
CASH AND CASH EQUIVALENTS – Beginning of Year	42,681,458	39,738,454
CASH AND CASH EQUIVALENTS – End of Period	\$ 36,566,276	\$ 34,443,246

(continued next page)

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Statement of Cash Flows
For the Nine Months Ended March 31, 2008 and 2007

(continued)

	<u>2008</u>	<u>2007</u>
RECONCILIATION OF OPERATING INCOME TO CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income	\$ 4,192,847	\$ 14,060,721
Adjustments to reconcile income to net cash provided by operating activities		
Amortization and depreciation	858,473	824,855
Interest expense for noncapital and capital financing	76,977,257	72,448,375
Interest revenue from nonoperating investing activities	(19,750,072)	(24,731,571)
Bond related expense	3,713,748	3,746,068
State Financial Assistance appropriations	11,457,216	9,137,745
State Financial Assistance distributions	(10,695,324)	(8,406,406)
Change in assets/liabilities		
Student loans receivable	(207,737,850)	25,129,473
Borrower interest receivable	(8,425,733)	(1,772,939)
Special allowance receivable	4,841,679	3,351,976
Other receivables	(132,257)	(26,383)
Prepaid expenses	(27,054)	(5,021)
Guarantor federal default fee	1,621,862	1,443,000
Accounts payable, payable to affiliate, and arbitrage	(747,544)	955,316
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (143,852,752)</u>	<u>\$ 96,155,209</u>

*The accompanying notes are an integral part
of these financial statements.*

STATE BOARD OF REGENTS OF THE STATE OF UTAH

STUDENT LOAN PURCHASE PROGRAM

Notes to the Financial Statements
For the Nine Months Ended March 31, 2008 and 2007

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – The State Board of Regents of the State of Utah Student Loan Purchase Program (the Program), an enterprise fund of the State of Utah, was formed in 1977, as a separate program for the purpose of making loans to, and purchasing the loans of, qualified students attending eligible institutions of higher education. The Program began operations January 1, 1979. Bonds issued by the Program are not general obligations of the State of Utah.

Fund Accounting – The Program maintains accounting records under the fund accounting concept. The funds are separate sets of self-balancing accounts set up in accordance with the authorizing acts and bond indentures. The following funds are administered by the Program:

- Short-Term Note Fund – Unencumbered funds generated by various financing facilities and transfers authorized by the State Board of Regents of the State of Utah (the Board) in accordance with bond indenture provisions are maintained in this fund. The Program utilizes a portion of these funds to purchase student loans. Payments, including principal and interest on student loans held by this fund, and special allowance payments are deposited in this fund and are used to purchase student loans and pay operating expenses. Program funds designated to meet future collateral and operating requirements and other Program needs are held as investments.
- 1988 Revenue Bond Fund – Proceeds from revenue bond issuances under the General Student Loan Program Indenture dated July 15, 1988, and Supplemental Indentures are recorded in this fund. Outstanding issuances include 1988 Series C; 1994 Series K; 1995 Series L, and N; 1996 Series P and Q; 1997 Series R; 2000 Series S, T, and U; 2003 Series V; 2005 Series W and X; and 2007 Series Y. Proceeds are used to pay bond issuance costs, originate or purchase eligible student loans, and establish trustee funds as required by the General Indenture and Supplemental Indentures. Principal and interest payments on student loans purchased with bond proceeds, special allowance payments, and other revenues are deposited in this fund and are used for student loan purchases, debt service of the bonds and operating expenses in accordance with the provisions of the General Indenture and Supplemental Indentures. All net assets of this bond fund are reported as restricted net assets.
- 1993 Revenue Bond Fund – Proceeds from revenue bond issuances under the General Student Loan Program Indenture dated August 1, 1993 and Supplemental Indentures are recorded in this fund. Outstanding issuances include Series 1993 A; Series 1997 E; Series 1997 F; Series 1998 G, I and J; Series 1999 K, L, and M; Series 1999 N, and O; Series 2001 P, Q, and R; Series 2001 S, T, and U; Series 2002 V and W; Series 2002 X; Series 2003 Y; Series 2004 Z; Series 2005 AA; Series 2006 BB and CC; and Series 2006 DD. Proceeds are used to pay bond issuance costs, originate or purchase eligible student loans, and establish trustee funds as required by the General Indenture. Principal and interest payments on student loans purchased with bond proceeds, special allowance

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payments, and other revenues are deposited in this fund and are used for student loan purchases, debt service of the bonds and operating expenses in accordance with the provisions of the General Indenture. All net assets of this bond fund are reported as restricted net assets.

- Office Facility Bond Fund – Proceeds from the revenue bond issuance under the State Board of Regents Office Facility Project Indenture dated February 1, 2002 and June 1, 2004 are recorded in this fund. Proceeds are used to pay cost of issuance and finance the cost of acquiring, furnishing and equipping office space for use by the Board. Funds within the Board of Regents budget that would otherwise be expended for rent will be deposited in this fund, and will be used for debt service of the bonds and operating expenses in accordance with the provisions of the General Indenture.

Basis of Accounting – The accounting and reporting policies of the Program conform with generally accepted accounting principles and follow the accrual basis of accounting. Under this basis of accounting, revenues are recognized when earned, and expenses are recognized when incurred. The Program's funds are accounted for on a flow of economic resources measurement focus. All assets and liabilities associated with the Program are included on the Statement of Net Assets. The Program follows all applicable Governmental Accounting Standards Board (GASB) pronouncements and all Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, except those in conflict with GASB pronouncements. As allowed by GASB Statement No. 20, the Program has elected to not apply FASB pronouncements issued after that date.

Student Loan Fees – Fees paid as part of the acquisition price of a student loan are deferred and recognized as an adjustment to yield over the estimated lives of the loans using a method that approximates the interest method of amortization (See Note 4).

Federal Default Fee – The federal default fee is capitalized and amortized over the estimated lives of the loans using an accelerated method of amortization beginning 36 months from the date the federal default fee is paid by the Program.

Interest on Student Loans – The Federal Government pays quarterly interest subsidy payments on certain federally insured student loans during the period students attend school and during certain other permitted deferment periods. When loans are in repayment, interest is paid by the borrower. Interest on student loans is accrued as earned.

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Special Allowance – Federal legislation provides for a special allowance subsidy to lenders participating in the Guaranteed Student Loan Program. The amount of special allowance that is payable on an eligible loan is determined by multiplying the average daily balance of principal and capitalized interest on the loan by the applicable special allowance rate. The rates for special allowance payments are based on formulas that differ according to the type of the loan, the date the loan was first disbursed, the interest rate and the type of funds used to finance such loan. The rate of special allowance payments is based on the bond equivalent 91 day T-Bill rate or the 90 day commercial paper index depending on the characteristics of the loan.

Capital Assets – Capital assets are stated at cost – net of accumulated depreciation. The Program capitalizes assets that exceed a \$5,000 threshold. Depreciation is provided over the estimated useful lives ranging from three to forty years using the straight-line method.

Deferred Bond Issuance Costs – Costs of bond issuances are deferred and amortized over the lives of the respective maturities of the outstanding bonds using the straight-line method.

Bond Discount and Premium – Discounts and premiums on the sale of bonds are deferred and amortized over the lives of the respective maturities of outstanding bonds using a method that approximates the interest method of amortization.

Operating and Nonoperating Income – The Program distinguishes operating revenues and expenses from nonoperating items. The Program includes, within the operating income section, those revenues generated and expenses incurred that are related to the Program's principal ongoing operations and revenues and expenses related to the Program's Office Facility. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Statement of Cash Flows – For purposes of the Statement of Cash Flows, cash and cash equivalents include checking accounts and short-term investments in the Utah Public Treasurers' Investment Fund, excluding those held by the trustee.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Disclosures – The footnotes related to the 2007 financial statements have not been repeated in this report but are available in the separately issued financial statements for the nine months ended March 31, 2007. Certain reclassifications have been made to the prior year financial statements to conform with current year presentation.

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Notes to the Financial Statements
For the Nine Months Ended March 31, 2008 and 2007

2. CASH AND CASH EQUIVALENTS AND FUNDS HELD BY TRUSTEE AND AGENT

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The Program follows the requirements of the Utah Money Management Act (*Utah Code*, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of Program funds 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.

Investments – The Money Management Act also defines the types of securities authorized as appropriate investments for the Program 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 Money Management Act authorizes the Program to invest in:

- Negotiable or 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 Services or Standard & Poor’s.
- Bankers’ acceptances.
- Obligations of the United States Treasury, including bills, notes, and bonds.
- 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.
- Shares or certificates in a money market mutual fund as defined in the Act.
- The Utah Public Treasurers’ Investment Fund.

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Notes to the Financial Statements
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At March 31, 2008, the Program's investments and funds held by trustee and their maturities were as listed below:

<u>Investments</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>		
		<u>Less than one year</u>	<u>1 to 5 years</u>	<u>Over 10 years</u>
Mutual Funds	\$ 2,305,391	\$ 2,305,391		
Public Treasurers' Investment Fund	494,041,370	494,041,370		
Repurchase Agreements	1,425,693	1,425,693		
U.S. Government Securities	<u>857,394</u>			<u>\$ 857,394</u>
Total Investments	<u>\$ 498,629,848</u>	<u>\$ 497,772,454</u>	<u>\$ 0</u>	<u>\$ 857,394</u>

Interest Rate Risk – The risk that changes in interest rates will adversely affect the fair value of an investment. The Program's policy for managing its exposure to fair value loss arising from increasing interest rates 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.

Credit Risk – The risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Program's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act as previously discussed. At March 31, 2008, the Program's investments totaling \$498,629,848 were all unrated.

Custodial Credit Risk – The risk that, in the event of a failure of the counterparty, the Program will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Program does not have a formal investment policy for custodial credit risk. At March 31, 2008, the Program's repurchase agreements, totaling \$1,425,693, which are invested in United States Treasuries, were uninsured and held by the counterparty.

Public Treasurers' Investment Fund – The Utah State Treasurer's Office operates the Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act. The Act established the Money Management

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Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. 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 based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

3. REVENUE BOND FUNDS

The bond indenture agreements require that certain trust funds be established. The following is a summary of cash and investments held by the respective revenue bond funds at March 31, 2008:

Short-Term Note Fund	\$ <u>13,990</u>
1988 Revenue Bond Fund:	
Revenue Account	\$ 33,373,678
Loan Account	160,980,474
Rebate Account	<u>33,924,341</u>
Total 1988 Revenue Bond Fund	\$ <u>228,278,493</u>
1993 Revenue Bond Fund:	
Revenue Account	\$ 83,792,276
Loan Account	104,934,752
Reserve Account	11,763,319
Rebate Account	<u>33,277,466</u>
Total 1993 Revenue Bond Fund	\$ <u>233,767,813</u>
Office Facility Bond Fund:	
Debt Service Account	\$ <u>3,276</u>
Total Office Facility Bond Fund	\$ <u>3,276</u>
Grand Total	\$ <u>462,063,572</u>

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4. STUDENT LOANS RECEIVABLE

Student loans receivable carry variable interest rates or have fixed rates ranging from less than 1% to 11%. The loans are made to students enrolled or accepted for enrollment at an eligible institution of higher education on at least a half-time basis. Six to twelve months after termination of at least a half-time academic work load, the borrower is required to commence repayment on the loan. Monthly repayment amounts and the length of the repayment period are determined by the amount to be repaid; however, the maximum length of repayment is ten years for Stafford loans and up to thirty years for consolidation loans from the due date of the first payment, exclusive of authorized periods of deferments and forbearance.

Student loans are guaranteed with respect to principal and accrued interest amounts through agreements with the state guarantee agency, the Utah Student Loan Guarantee Program, another program of the State Board of Regents.

The following is a summary of the status of student loans receivable at March 31, 2008:

	<u>Short-Term Note Fund</u>	<u>1988 Revenue Bond Fund</u>	<u>1993 Revenue Bond Fund</u>	<u>Total</u>
Student and Deferment	\$ 6,575,064	\$ 108,478,163	\$ 483,382,174	\$ 598,435,401
Repayment & Forbearance	28,868,624	416,969,732	906,747,668	1,352,586,024
Unamortized Premiums	175,398	2,524,820	20,682,968	23,383,186
Unamortized Transfer Fees	18,170	178,548	1,055,736	1,252,454
Unamortized Loan Origination Fees	109,275	2,282,172	7,250,322	9,641,769
Student Loan Receivable Allowance	<u>(35,329)</u>	<u>(1,322,654)</u>	<u>(1,904,659)</u>	<u>(3,262,642)</u>
Total	<u>\$ 35,711,202</u>	<u>\$ 529,110,781</u>	<u>\$ 1,417,214,209</u>	<u>\$ 1,982,036,192</u>

Insurance on student loans is paid at a 98% rate for loans which were first disbursed on or after October 1, 1993. At March 31, 2008, the Program has established an uninsured claims allowance for 98% insured loans totaling \$1,962,642. In addition, the Program has established a loan loss reserve of \$1,300,000 for estimated uninsured or uncollectible student loans.

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Notes to the Financial Statements
For the Nine Months Ended March 31, 2008 and 2007

5. CAPITAL ASSETS

Capital asset activity for the nine months ended March 31, 2008 was as follows:

Description:	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Buildings	\$ 12,343,901	\$ 215,781		\$ 12,559,682
Furniture and equipment	312,658	87,402		400,060
Computer equipment	474,053	155,774		629,827
Capitalized software	<u>15,931</u>	<u>20,015</u>	<u> </u>	<u>35,946</u>
Totals at historical cost	<u>13,146,543</u>	<u>478,972</u>	<u> </u>	<u>13,625,515</u>
Less accumulated depreciation for:				
Buildings	(1,344,320)	(250,593)		(1,594,913)
Furniture and equipment	(108,287)	(82,632)		(190,919)
Computer equipment	(147,248)	(63,953)		(211,201)
Capitalized software	<u>(4,514)</u>	<u>(2,390)</u>	<u> </u>	<u>(6,904)</u>
Total accumulated depreciation	<u>(1,604,369)</u>	<u>(399,568)</u>	<u> </u>	<u>(2,003,937)</u>
Capital assets, net	<u>\$ 11,542,174</u>	<u>\$ 79,404</u>	<u>\$ 0</u>	<u>\$ 11,621,578</u>

6. BONDS PAYABLE

1988 Revenue Bond Fund – The Program has outstanding student loan revenue bonds under the authority of the General Indenture for 1988 Series C dated July 15, 1988, and Supplemental Indentures for 1994 Series K, dated September 1, 1994; for 1995 Series L, dated August 1, 1995; for 1995 Series N, dated August 1, 1995; for 1996 Series Q dated April 1, 1996; for 1996 Series P, dated April 1, 1996; for 1997 Series R, dated January 1, 1997; for 2000 Series S, T, and U, dated August 1, 2000; for 2003 Series V, dated August 1, 2003; for 2005 Series W and X, dated February 1, 2005; and for 2007 Series Y, dated November 1, 2007. The bonds are special obligation bonds of the Board and are secured, as provided in the indentures, by all assets of the 1988 Revenue Bond Fund and the revenues and receipts derived from such assets.

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Bonds payable for the 1988 Revenue Bond Fund consisted of the following at March 31, 2008:

1988 Series C, Variable Rate Bonds, interest adjusted weekly, maturing November 1, 2013	\$ 25,000,000
1994 Series K, Variable Rate Bonds, interest adjusted each 35 day period, maturing November 1, 2024	20,500,000
1995 Series L, Variable Rate Bonds, interest adjusted weekly, maturing November 1, 2025	79,500,000
1995 Series N, Fixed Rate Bonds, 5.8% to 6.0%, maturing November 1, 2007 and May 1, 2008	1,200,000
1996 Series P, Fixed Rate Bonds, 5.75% to 5.95%, maturing November 1, 2007 and May 1, 2008	1,500,000
1996 Series Q, Variable Rate Bonds, interest adjusted weekly, maturing November 1, 2031	49,700,000
1997 Series R, Variable Rate Bonds, interest adjusted weekly, maturing November 1, 2031	51,355,000
2000 Series S, Variable Rate Bonds, interest adjusted each 35 day period, maturing on May 1, 2008	33,100,000
2000 Series T, Variable Rate Bonds, interest adjusted each 35 day period, maturing May 1, 2035	49,500,000
2000 Series U, Variable Rate Bonds, interest adjusted each 28 day period, maturing November 1, 2039	35,000,000
2003 Series V, Variable Rate Bonds, interest adjusted each 35 day period, maturing May 1, 2010	37,600,000
2005 Series W, Variable Rate Bonds, interest adjusted weekly, maturing November 1, 2039	91,080,000
2005 Series X, Variable Rate Bonds, interest adjusted weekly, maturing November 1, 2044	60,000,000

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2007 Series Y, Variable Rate Bonds, interest adjusted weekly, maturing November 1, 2042	<u>99,670,000</u>
Total	<u>\$ 634,705,000</u>

Debt service requirements to maturity on the 1988 revenue bond issue as of March 31, 2008, are summarized below:

<u>Fiscal Year</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total</u>
2008	\$ 35,800,000	\$ 20,455,124	\$ 56,255,124
2009		32,039,916	32,039,916
2010	37,600,000	32,039,916	69,639,916
2011		29,993,348	29,993,348
2012		29,993,348	29,993,348
2013-2017	25,000,000	145,372,988	170,372,988
2018-2022		143,404,238	143,404,238
2023-2027	100,000,000	134,363,300	234,363,300
2028-2032	101,055,000	114,322,169	215,377,169
2033-2037	49,500,000	85,648,405	135,148,405
2038-2042	126,080,000	62,027,125	188,107,125
2043-2045	<u>159,670,000</u>	<u>11,340,513</u>	<u>171,010,513</u>
Total	<u>\$ 634,705,000</u>	<u>\$ 841,000,390</u>	<u>\$1,475,705,390</u>

Substantially all of the Program's student loan revenue bonds under the 1988 Revenue Bond Fund bear an adjustable rate of interest. To estimate the interest component of the debt service requirements for the adjustable bond series, the applicable interest rate in effect at March 31, 2008 has been used to calculate the interest amount. Actual results could differ from these estimates.

The 1988 Series C, 1995 Series L, 1996 Series Q, 1997 Series R, 2005 Series W and X bonds, and 2007 Series Y bonds bearing interest at an adjustable rate, which is determined weekly by a remarketing agent in accordance with the provisions of the indenture, are subject to redemption at the option of the Board in whole or in part on any date at a redemption price equal to the principal amount plus accrued interest, if any, to the redemption date.

The 1994 Series K, 2000 Series S and T, and 2003 Series V bonds bearing interest at an adjustable rate, which is set by an auction procedure every 35 days, are subject to redemption

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at the option of the Board in whole or in part on any date at a redemption price equal to the principal amount plus accrued interest, if any, to the redemption date.

The 2000 Series U bonds bearing interest at an adjustable rate, which is set by an auction procedure every 28 days, is subject to redemption at the option of the Board in whole or in part on any date at a redemption price equal to the principal amount plus accrued interest, if any, to the redemption date.

As of March 31, 2008 there were insufficient clearing bids on all of the Program's bonds bearing interest at an adjustable rate, which is set by auction procedure every 28 or 35 days. Interest on these bonds will be calculated at the maximum rate as defined in the indenture.

To the extent revenues or unexpended bond proceeds are not applied to finance eligible loans or in the event the Board suffers unreasonable burdens in administering and maintaining its Loan Purchase Program, the 1988 Series C, 1994 Series K, 1995 Series L and N bonds are subject to extraordinary redemption at the option of the Board, in whole, at any time. Redemption in part will be on the interest payment date, at the principal amount thereof plus accrued interest to the redemption date, without premium.

The Program has standby bond purchase agreements in place that include the amount of \$25,335,616 expiring November 20, 2013 to support the 1988 Series C bonds of \$25,000,000, the amount of \$85,293,699 expiring November 16, 2025 to support the 1995 Series L bonds of \$79,500,000, the amount of \$108,419,557 expiring April 29, 2025 to support the 1996 Series Q and 1997 Series R bonds of \$101,055,000, the amount of \$158,753,228 expiring February 11, 2024 to support the 2005 Series W and X bonds of \$151,080,000, and the amount of \$106,933,622 expiring November 29, 2012 to support the 2007 Series Y bonds of \$99,670,000.

As of March 31, 2008, the Program had drawn \$330,260,000 upon the liquidity facility to support certain bonds under the 1988 Series C; 1995 Series L; 1996 Series Q; 1997 Series R; 2005 Series W; and 2005 Series X which had not been remarketed.

1993 Revenue Bond Fund – The Program has outstanding student loan revenue bonds under the authority of the General Indenture for Series 1993 A, dated August 1, 1993 and Supplemental Indentures for 1997 Series E and F, dated October 1, 1997; for Series 1998 G, I, and J, dated August 1, 1998; for Series 1999 K, L, and M, dated January 1, 1999; for Series 1999 N and O, dated October 1, 1999; for Series 2001 P, Q, and R, dated January 1, 2001; for Series 2001 S, T, and U, dated September 1, 2001; for Series 2002 V and W, dated April 1, 2002; for Series 2002 X, dated September 1, 2002; for Series 2003 Y, dated March 1, 2003; for Series 2004 Z, dated May 1, 2004; for Series 2005 AA, dated September 1, 2005; for Series 2006 BB and CC, dated February 1, 2006; and for Series 2006 DD, dated June 1, 2006. The bonds are special obligation bonds of the Board and are secured, as provided in the indentures,

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by all assets of the 1993 Revenue Bond Fund and the revenues and receipts derived from such assets.

The indenture provides that bonds of each series must be designated a priority or priorities by class, with Class I constituting the highest priority under the Indenture and priority decreasing by increasing class roman numeral. Priority with respect to payment of bonds at any particular time and exercise of various rights and remedies is based upon the class of the bonds in descending order of priority.

Bonds payable for the 1993 Revenue Bond Fund consisted of the following at March 31, 2008:

Series 1993 A, Class I, Variable Rate Bonds, interest adjusted weekly, maturing November 1, 2023	\$35,000,000
Series 1997 E, Class II, Variable Rate Bonds, interest adjusted each 35 day period, maturing November 1, 2027	80,000,000
Series 1997 F, Class III, Fixed Rate Bonds, 5% to 5.2%, maturing in installments November 1, 2007 and May 1, 2008	2,000,000
Series 1998 G, Class II, Variable Rate Bonds, interest adjusted each 35 day period, maturing May 1, 2033	49,500,000
Series 1998 I, Class II, Fixed Rate Bonds, 4.7% to 4.75%, maturing November 1, 2007 and May 1, 2008	2,000,000
Series 1998 J, Class II, Variable Rate Bonds, interest adjusted each 35 day period, maturing May 1, 2033	40,000,000
Series 1999 K, Class II, Variable Rate Bonds, interest adjusted each 35 day period, maturing November 1, 2033	29,500,000
Series 1999 L, Class II, Variable Rate Bonds, interest adjusted each 35 day period, maturing November 1, 2033	40,000,000
Series 1999 M, Class IV, Variable Rate Bonds, interest adjusted each 35 day period, maturing November 1, 2033	20,000,000
Series 1999 N, Class II, Variable Rate Bonds, interest adjusted each 35 day period, maturing May 1, 2008	3,200,000
Series 1999 O, Class II, Variable Rate Bonds, interest adjusted each 28 day period, maturing November 1, 2038	102,000,000

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Series 2001 P, Class II, Variable Rate Bonds, interest adjusted each 35 day period, maturing November 1, 2035	45,000,000
Series 2001 Q, Class IV, Variable Rate Bonds, interest adjusted each 35 day period, maturing November 1, 2035	10,000,000
Series 2001 R, Class II, Variable Rate Bonds, interest adjusted each 28 day period, maturing November 1, 2040	75,000,000
Series 2001 S, Class II, Variable Rate Bonds, interest adjusted each 28 day period, maturing May 1, 2041	100,100,000
Series 2001 T, Class IV, Variable Rate Bonds, interest adjusted each 35 day period, maturing May 1, 2036	12,350,000
Series 2001 U, Class II, Fixed Rate Bonds, 4.45% to 4.55%, maturing May 1, 2009 and 2010	7,565,000
Series 2002 V, Class II, Variable Rate Bonds, interest adjusted each 35 day period, maturing November 1, 2036	65,000,000
Series 2002 W, Class IV, Variable Rate Bonds, interest adjusted each 35 day period, maturing November 1, 2036	9,250,000
Series 2002 X, Class II, Variable Rate Bonds, interest adjusted each 35 day period, maturing November 1, 2009	35,850,000
Series 2003 Y, Class II, Variable Rate Bonds, interest adjusted each 35 day period, maturing November 1, 2037	83,900,000
Series 2004 Z, Class II, Variable Rate Bonds, interest adjusted each 35 day period, maturing November 1, 2038	83,100,000
Series 2005 AA, Class II, Variable Rate Bonds, interest adjusted each 28 day period, maturing May 1, 2045	185,000,000
Series 2006 BB, Class II, Variable Rate Bonds, interest adjusted each 35 day period, maturing November 1, 2040	98,675,000
Series 2006 CC, Class II, Variable Rate Bonds, interest adjusted each 28 day period, maturing November 1, 2045	100,000,000
Series 2006 DD, Class II, Variable Rate Bonds, interest adjusted each 28 day period, maturing May 1, 2046	<u>250,000,000</u>
Total	<u>\$ 1,563,990,000</u>

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Debt service requirements to maturity on the 1993 revenue bond issue as of March 31, 2008, are summarized below:

<u>Fiscal Year</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total</u>
2008	\$ 7,200,000	\$ 26,197,970	\$ 33,397,970
2009	4,890,000	78,194,718	83,084,718
2010	38,525,000	77,108,109	115,633,109
2011		76,117,392	76,117,392
2012		76,117,392	76,117,392
2013-2017		380,586,961	380,586,961
2018-2022		380,586,961	380,586,961
2023-2027	35,000,000	377,769,461	412,769,461
2028-2032	80,000,000	357,037,361	437,037,361
2033-2037	320,600,000	319,024,125	639,624,125
2038-2042	542,775,000	210,597,224	753,372,224
2043-2046	<u>535,000,000</u>	<u>103,362,375</u>	<u>638,362,375</u>
Total	<u>\$1,563,990,000</u>	<u>\$2,462,700,049</u>	<u>\$4,026,690,049</u>

Substantially all of the Program's student loan revenue bonds under the 1993 Revenue Bond Fund bear an adjustable rate of interest. To estimate the interest component of the debt service requirement for the adjustable rate bond series, the applicable interest rate in effect at March 31, 2008 has been used to calculate the interest amount. Actual results could differ from these estimates.

The Series 1993 A bonds bearing interest at an adjustable rate, which is determined weekly by a remarketing agent in accordance with the provisions of the indenture, are subject to optional redemption on any date at a redemption price of par plus accrued interest, if any.

The Series 1997 E, Series 1998 G and J, Series 1999 K, L and M, Series 1999 N, Series 2001 P and Q, Series 2001 T, Series 2002 V and W, Series 2002 X, Series 2003 Y, Series 2004 Z, and Series 2006 BB bonds bearing interest at an adjustable rate, which is set by an auction procedure every 35 days, are subject to optional redemption on any date at a redemption price of par plus accrued interest, if any.

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The Series 1999 O, Series 2001 R, Series 2001 S, Series 2005 AA, Series 2006 CC, and Series 2006 DD bonds bearing interest at an adjustable rate, which is set by an auction procedure every 28 days, are subject to optional redemption on any date at a redemption price of par plus accrued interest, if any.

As of March 31, 2008 there were insufficient clearing bids on all of the Program's bonds bearing interest at an adjustable rate, which is set by auction procedure every 28 or 35 days. Interest on these bonds will be calculated at the maximum rate as defined in the indenture.

The Series 1997 E and 1997 F and Series 1998 G and 1998 J bonds are subject to extraordinary optional redemption, at the option of the Board, in whole or in part, at any time, in any order of maturities designated by the Board and by lot within a maturity, at a redemption price of par, plus accrued interest to the date of redemption, without premium.

The Program has in place an unused, irrevocable direct-pay letter of credit expiring November 15, 2011 in the amount of \$37,462,466 which supports the Series 1993 A bonds of \$35,000,000. As of March 31, 2008 the Board had not drawn any funds under the letter of credit.

Office Facility Bond Fund – The Program has issued revenue bonds under the authority of two general indentures, the first dated February 1, 2002 (Series 2002) and the second dated June 1, 2004 (Series 2004). The bonds are special limited obligation bonds of the Board payable primarily from (i) funds of the Board budgeted on an annual basis (including from sources and in the amounts that the Board has, prior to the issuance of the Bonds and acquisition of the Project, used to pay rent for office space) and (ii) other legally available moneys of the Board, including certain revenues and reserves of the Board's Student Loan Purchase Program.

Bonds payable for the Office Facility Bond Fund consisted of the following at March 31, 2008:

Revenue Bonds Series 2002 (Office Facility Project), Fixed Rate Bonds, 3.5% to 5.125%, maturing annually February 1, 2009 through February 1, 2022.	\$ 6,395,291
Revenue Bonds Series 2004 (Office Facility Project), Fixed Rate Bonds, 3.0% to 5.0%, maturing annually February 1, 2009 through February 1, 2024.	<u>3,130,000</u>
Total	<u>\$ 9,525,291</u>

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Debt service requirements to maturity on the Office Facility Bond issue as of March 31, 2008 are summarized below:

<u>Fiscal Year</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total</u>
2009	\$ 465,000	\$ 457,535	\$ 922,535
2010	485,000	438,935	923,935
2011	510,000	416,085	926,085
2012	535,000	394,410	929,410
2013	555,000	367,485	922,485
2014-2018	3,210,000	1,424,383	4,634,383
2019-2023	3,450,000	548,103	3,998,103
2024	275,000	13,750	288,750
Plus Unamortized Premium	<u>40,291</u>	<u> </u>	<u>40,291</u>
Total	<u>\$ 9,525,291</u>	<u>\$ 4,060,686</u>	<u>\$13,585,977</u>

The Series 2002 Bonds maturing on or after February 1, 2013, are callable for redemption prior to maturity at the option of the Board on or after February 1, 2012, in whole or in part at any time from such maturities or parts thereof as may be selected by the Board and by lot within each maturity at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption. The Series 2002 Bonds are subject to extraordinary optional redemption prior to maturity in whole on any date, at a redemption price of 100% of the principal amount of the Bonds to be redeemed, together with accrued interest to the redemption date.

The Series 2004 Bonds maturing on or after February 1, 2015, are subject to redemption at the option of the Board on February 1, 2014, and on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as may be selected by the Board at a redemption price equal to 100% of the principal amount of the Series 2004 Bonds to be redeemed, plus accrued interest there on to the redemption date.

The Series 2004 Bonds maturing on February 1, 2019 are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date of redemption, but without premium, on the dates and in the principal amounts as follows:

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<u>Mandatory Sinking Fund Redemption Date</u>	<u>Sinking Fund Requirements</u>
February 1, 2015	\$ 175,000
February 1, 2016	185,000
February 1, 2017	195,000
February 1, 2018	205,000
February 1, 2019 (Final Maturity)	<u>215,000</u>
Total	<u>\$ 975,000</u>

The Series 2004 Bonds maturing on February 1, 2024 are subject to mandatory sinking fund redemption at a Redemption Price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date of redemption, but without premium, on the dates and in the principal amounts as follows:

<u>Mandatory Sinking Fund Redemption Date</u>	<u>Sinking Fund Requirements</u>
February 1, 2020	\$ 225,000
February 1, 2021	235,000
February 1, 2022	250,000
February 1, 2023	260,000
February 1, 2024 (Final Maturity)	<u>275,000</u>
Total	<u>\$ 1,245,000</u>

The Series 2004 Bonds are subject to extraordinary optional redemption prior to maturity in whole on any date, at a redemption price of 100% of the principal amount of the Bonds to be redeemed, together with accrued interest to the redemption date.

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Notes to the Financial Statements
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7. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the nine months ended March 31, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Compensated absences	\$ 401,803	\$ 159,748	\$ (168,595)	\$ 392,956	\$ 234,502
Bonds payable, net of premiums and discounts	2,137,697,463	99,670,000	(29,147,172)	2,208,220,291	43,467,895
Estimated interest arbitrage rebate	<u>72,487,022</u>	<u> </u>	<u>(160,539)</u>	<u>72,326,483</u>	<u>416,624</u>
Total long-term liabilities	<u>\$ 2,210,586,288</u>	<u>\$ 99,829,748</u>	<u>\$ (29,476,306)</u>	<u>\$ 2,280,939,730</u>	<u>\$ 44,119,021</u>

8. LOAN SERVICING

The Program has a loan servicing agreement with an outside service organization. Under the terms of the agreement, the servicer provides the Program loan processing and servicing. Terms of the agreement require the Program to pay conversion fees for loans placed on the service and monthly processing fees based upon the number of accounts serviced. The current servicing agreement expires on December 1, 2012.

The Program performs origination and interim servicing functions for its participating lenders. In addition, the Program services internally a portion of the student loans purchased by the Program which are in repayment. Presently the Program expects to service a portion of its loans internally as well as continue adding loans to the existing outside service organization. The Program services approximately 68% of its portfolio internally and 32% with its outside service organization.

9. DESIGNATED AND RESTRICTED NET ASSETS

The Program has designated \$71,000,000 of the Short-Term Note Net Assets for specific purposes. The specific purposes for which these funds are designated and amounts applicable to each are as follows: \$8,000,000 to meet future collateral requirements; \$40,880,000 for future operating and servicing expenses; and \$22,120,000 for liquidity needs.

The 1988 and 1993 Revenue Bond Fund net assets are restricted by the general and supplemental indentures (see Note 1).

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10. RELATED PARTY TRANSACTIONS

The Program reimburses the University of Utah for payroll, benefits, and certain administrative expenses. The Program incurred \$5,259,319 of such expenses for the nine months ended March 31, 2008. Of this amount, \$253,591 was payable at March 31, 2008.

Another program of the Board, the Student Loan Guarantee Program, guarantees student loans held by the Program. Claim payments received from the Student Loan Guarantee Program amounted to \$26,127,889 for the nine months ended March 31, 2008.

For the nine months ended March 31, 2008, the Program charged rental income of \$629,227 to the Board, the Student Loan Guarantee Program, and the Utah Educational Savings Plan Trust. Of this amount, \$26,791 was a receivable at March 31, 2008.

11. ESTIMATED LIABILITY FOR PURPOSE AND NON-PURPOSE INTEREST ARBITRAGE REBATE

In accordance with the Internal Revenue Code of 1986, as amended (the Code), the Program is required to pay to the United States Treasury certain amounts related to the Program's tax-exempt bond issues. The estimated amount of non-purpose arbitrage payable represents the excess of amounts earned on taxable investments (other than educational loans) over the interest cost of the tax-exempt borrowing, plus income attributable to the excess. Rebate payments are due every fifth year during the life of each bond issue and when the bonds are retired. At March 31, 2008, the estimated liability for non-purpose interest arbitrage rebate was \$1,738,507.

The Code and the related Treasury Regulations also require the Program to keep the yield to the Program 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 each bond issue and when the bonds are retired. At March 31, 2008, the estimated liability for yield reduction payments was \$70,587,976.

12. COMMITMENTS

The Program has entered into forward purchase agreements with twenty-four eligible student loan lenders. The agreements have expiration dates ranging from March 31, 2008 to June 30, 2011. The forward purchase agreements provide for the Program to purchase all of the lender's eligible Federal Family Education Loan Program (FFELP) loans guaranteed by the Utah Higher Education Assistance Authority, and originated during the term of the agreement

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to the Program. During the nine months ended March 31, 2008, the Program purchased \$354,497,144 of FFELP loans. As of March 31, 2008, outstanding student loan principal subject to the forward purchase agreements is approximately \$332,438,000.

As part of its current borrower benefit package, the Program, upon acquisition of a loan, provides a reduction in the borrower's outstanding loan balance equal to the origination fee deducted from the borrower's loan proceeds. This benefit is applicable for Federal Family Education Loan Program loans guaranteed by the Utah Higher Education Assistance Authority between May 1, 2000 and June 30, 2007. For the nine months ended March 31, 2008, the Program provided benefits totaling \$4,206,540 to reduce the borrowers' outstanding loan balances. As of March 31, 2008, the estimated commitment to provide this borrower benefit is approximately \$6,853,000.

13. STUDENT FINANCIAL ASSISTANCE

The Program has administrative responsibility for certain need based grant and scholarship programs. During the nine months ended March 31, 2008, the Program received \$11,457,216 in appropriations from the State of Utah and distributed financial aid in the form of grants and scholarships totaling \$11,415,324.

14. RISK MANAGEMENT

The Program pays an annual premium to the Utah State Risk Management Fund (the Fund) which provides insurance coverage for both property and general liability. The Fund provides property coverage through a combination of self-insurance and private carriers. The Fund's general liability coverage is provided through self-insurance up to \$10,000,000 per occurrence.

SUPPLEMENTAL SCHEDULES

Combining Financial Statements

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Combining Statement of Net Assets
March 31, 2008

	Short-Term Note Fund	1988 Revenue Bond Fund	1993 Revenue Bond Fund	Office Facility Bond Fund	Total
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 26,266,494	\$ 1,824,902	\$ 8,281,340	\$ 193,540	\$ 36,566,276
Funds held by Trustee	13,990	194,354,152	188,707,908	3,276	383,079,326
Receivables					
Student loans receivable	1,510,239	21,651,716	42,350,591		65,512,546
Interest receivable - student loans	323,341	5,018,847	24,829,503		30,171,691
Special allowance payments	145,383	2,981,921	2,999,942		6,127,246
Interest receivable - investments		3,985	19,730		23,715
Other receivables	364,342		58,635	26,791	449,768
Due from/(to) related funds	(27,432)	796,002	(767,796)	(774)	
Prepaid expenses		682,014	20,284		702,298
Prepaid bond interest		544,241	5,271,078		5,815,319
Deferred federal default fee	2,323,680				2,323,680
Deferred bond issuance costs		272,663	313,927	11,364	597,954
Total Current Assets	<u>30,920,037</u>	<u>228,130,443</u>	<u>272,085,142</u>	<u>234,197</u>	<u>531,369,819</u>
Noncurrent Assets					
Funds held by Trustee		33,924,341	45,059,905		78,984,246
Student loans receivable	34,200,963	507,459,065	1,374,863,618		1,916,523,646
Deferred federal default fee	8,939,325				8,939,325
Deferred bond issuance costs, less accumulated amortization of \$4,147,529		3,849,225	9,038,879	124,681	13,012,785
Capital assets, less accumulated depreciation of \$2,003,937	12,570	149,875	494,364	10,964,769	11,621,578
Total Noncurrent Assets	<u>43,152,858</u>	<u>545,382,506</u>	<u>1,429,456,766</u>	<u>11,089,450</u>	<u>2,029,081,580</u>
TOTAL ASSETS	<u>74,072,895</u>	<u>773,512,949</u>	<u>1,701,541,908</u>	<u>11,323,647</u>	<u>2,560,451,399</u>
LIABILITIES					
Current Liabilities					
Accounts payable	40,714	841,311	1,765,253	29,387	2,676,665
Payable to affiliate	3,645	50,584	214,210		268,439
Compensated absences	8,090	85,734	140,678		234,502
Other liabilities					
Accrued interest payable		10,563,329	15,347,651	78,881	25,989,861
Bonds payable		35,800,000	7,200,000	467,895	43,467,895
Estimated interest arbitrage rebate		123,724	292,900		416,624
Total Current Liabilities	<u>52,449</u>	<u>47,464,682</u>	<u>24,960,692</u>	<u>576,163</u>	<u>73,053,986</u>
Noncurrent Liabilities					
Compensated absences	5,450	57,932	95,072		158,454
Bonds payable, net of unamortized premiums of \$40,291		598,905,000	1,556,790,000	9,057,396	2,164,752,396
Estimated interest arbitrage rebate		38,040,524	33,869,335		71,909,859
Total Noncurrent Liabilities	<u>5,450</u>	<u>637,003,456</u>	<u>1,590,754,407</u>	<u>9,057,396</u>	<u>2,236,820,709</u>
TOTAL LIABILITIES	<u>57,899</u>	<u>684,468,138</u>	<u>1,615,715,099</u>	<u>9,633,559</u>	<u>2,309,874,695</u>
NET ASSETS					
Invested in capital assets, net of related debt	12,570	149,875	494,364	1,439,478	2,096,287
Restricted		88,894,936	85,332,445	250,610	174,477,991
Unrestricted	74,002,426				74,002,426
TOTAL NET ASSETS	<u>\$ 74,014,996</u>	<u>\$ 89,044,811</u>	<u>\$ 85,826,809</u>	<u>\$ 1,690,088</u>	<u>\$ 250,576,704</u>

STATE BOARD OF REGENTS OF THE STATE OF UTAH
STUDENT LOAN PURCHASE PROGRAM
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Nine Months Ended March 31, 2008

	Short-Term Note Fund	1988 Revenue Bond Fund	1993 Revenue Bond Fund	Office Facility Bond Fund	Total
OPERATING REVENUES					
Interest on student loans	\$ 898,470	\$ 11,948,652	\$ 44,357,710		\$ 57,204,832
Special allowance	624,956	10,808,347	14,416,320		25,849,623
Investment income	1,022,295	6,509,407	12,209,862	\$ 8,508	19,750,072
Lender Services revenue	5,089	64,371	256,001		325,461
Billings for internal services	16,454	209,276	833,420		1,059,150
Rental revenue				1,151,083	1,151,083
Total operating revenues	<u>2,567,264</u>	<u>29,540,053</u>	<u>72,073,313</u>	<u>1,159,591</u>	<u>105,340,221</u>
OPERATING EXPENSES					
Interest expense		20,403,535	56,892,256	364,159	77,659,950
Bond related expense	1,688	1,594,177	2,115,383	2,500	3,713,748
Student loan servicing expense	142,684	1,569,732	4,924,259		6,636,675
General and administrative expense	32,931	412,998	1,690,785	368,161	2,504,875
Operations expense	85,148	571,799	2,311,013		2,967,960
Depreciation expense	3,143	36,033	109,798	250,594	399,568
Student loan principal reductions	439	420,386	3,785,715		4,206,540
Financial Assistance administrative expense	5,065	64,567	258,905		328,537
Financial Assistance grants	720,000				720,000
Federal default fee	1,621,862				1,621,862
Uninsured claims expense	4,616	34,745	348,298		387,659
Total operating expenses	<u>2,617,576</u>	<u>25,107,972</u>	<u>72,436,412</u>	<u>985,414</u>	<u>101,147,374</u>
OPERATING INCOME	<u>(50,312)</u>	<u>4,432,081</u>	<u>(363,099)</u>	<u>174,177</u>	<u>4,192,847</u>
NONOPERATING REVENUES (EXPENSES)					
State Financial Assistance appropriations	11,457,216				11,457,216
State Financial Assistance distributions	(10,695,324)				(10,695,324)
Total nonoperating revenues (expenses)	<u>761,892</u>				<u>761,892</u>
Transfers - Intrafund	<u>(275,000)</u>			<u>275,000</u>	
CHANGES IN NET ASSETS	<u>436,580</u>	<u>4,432,081</u>	<u>(363,099)</u>	<u>449,177</u>	<u>4,954,739</u>
NET ASSETS – Beginning	<u>73,578,416</u>	<u>84,612,730</u>	<u>86,189,908</u>	<u>1,240,911</u>	<u>245,621,965</u>
NET ASSETS – Ending	<u>\$ 74,014,996</u>	<u>\$ 89,044,811</u>	<u>\$ 85,826,809</u>	<u>\$ 1,690,088</u>	<u>\$ 250,576,704</u>

STATE BOARD OF REGENTS OF THE STATE OF UTAH
STUDENT LOAN PURCHASE PROGRAM
Combining Statement of Cash Flows
For the Nine Months Ended March 31, 2008

	Short-Term Note Fund	1988 Revenue Bond Fund	1993 Revenue Bond Fund	Office Facility Bond Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Principal received on student loans	\$ 5,948,714	\$ 39,614,544	\$ 139,638,720		\$ 185,201,978
Interest received on student loans	674,157	8,537,655	33,317,363		42,529,175
Special allowance payments received	774,235	12,158,165	17,758,903		30,691,303
Student loan disbursements received from lenders	303,832,873				303,832,873
Student loan disbursements sent to schools	(303,837,910)				(303,837,910)
Payments received for lenders	25,339,359				25,339,359
Payments sent to lenders	(28,841,631)				(28,841,631)
Appropriations received for Financial Assistance	11,457,216				11,457,216
Financial Assistance distributions	(11,415,324)				(11,415,324)
Payments received for Lender Services	1,957	64,371	256,001		322,329
Payments received for internal services	72,438	209,276	833,420		1,115,134
Payments for loan purchases		(35,738,714)	(318,758,430)		(354,497,144)
Payments for loan consolidations	(676)	(4,330,678)	(30,036,317)		(34,367,671)
Payments for loan servicing	(92,299)	(1,352,826)	(4,149,576)		(5,594,701)
Payments for general and administrative expenses	(82,855)	(667,915)	(2,038,106)	\$ (377,346)	(3,166,222)
Payments for Computer Services expense	(9,733)	(110,610)	(497,728)		(618,071)
Payments for Operations expense	(90,522)	(572,091)	(2,304,588)		(2,967,201)
Payments for interest arbitrage			(160,537)		(160,537)
Payments received for rental revenue				1,124,293	1,124,293
Cash provided by (used in) operating activities	<u>3,729,999</u>	<u>17,811,177</u>	<u>(166,140,875)</u>	<u>746,947</u>	<u>(143,852,752)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers - Intrafund	(275,000)			275,000	
Proceeds from issuance of bonds		99,670,000			99,670,000
Principal paid on bonds		(18,200,000)	(10,500,000)	(445,000)	(29,145,000)
Interest paid on bonds		(13,460,623)	(52,188,544)	(478,160)	(66,127,327)
Payments for bond related expense		(1,561,678)	(1,947,661)		(3,509,339)
Payments for bond issuance costs		(1,184,015)	2,045		(1,181,970)
Cash provided by (used in) noncapital financing activities	<u>(275,000)</u>	<u>65,263,684</u>	<u>(64,634,160)</u>	<u>(648,160)</u>	<u>(293,636)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(1,746)	(21,082)	(77,437)	(193,303)	(293,568)
Cash used in capital and related financing activities	<u>(1,746)</u>	<u>(21,082)</u>	<u>(77,437)</u>	<u>(193,303)</u>	<u>(293,568)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from maturing investments	61,805	86,410,311	427,412,798	923,160	514,808,074
Interest received on investments	1,023,603	6,509,863	12,192,965	8,508	19,734,939
Purchases of investments	(66,197)	(178,391,340)	(216,836,994)	(923,708)	(396,218,239)
Cash provided by (used in) investing activities	<u>1,019,211</u>	<u>(85,471,166)</u>	<u>222,768,769</u>	<u>7,960</u>	<u>138,324,774</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
	4,472,464	(2,417,387)	(8,083,703)	(86,556)	(6,115,182)
CASH AND CASH EQUIVALENTS – Beginning of Year	21,794,030	4,242,289	16,365,043	280,096	42,681,458
CASH AND CASH EQUIVALENTS – End of Period	<u>\$ 26,266,494</u>	<u>\$ 1,824,902</u>	<u>\$ 8,281,340</u>	<u>\$ 193,540</u>	<u>\$ 36,566,276</u>

(continued next page)

STATE BOARD OF REGENTS OF THE STATE OF UTAH
STUDENT LOAN PURCHASE PROGRAM
Combining Statement of Cash Flows
For the Nine Months Ended March 31, 2008

(continued)

	Short-Term Note Fund	1988 Revenue Bond Fund	1993 Revenue Bond Fund	Office Facility Bond Fund	Total
RECONCILIATION OF OPERATING INCOME TO CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income	\$ (50,312)	\$ 4,432,081	\$ (363,099)	\$ 174,177	\$ 4,192,847
Adjustments to reconcile income to net cash provided by operating activities					
Amortization and depreciation	3,143	259,823	362,724	232,783	858,473
Interest expense for noncapital and capital financing		19,955,955	56,639,330	381,972	76,977,257
Interest revenue from nonoperating investing activities	(1,022,295)	(6,509,407)	(12,209,862)	(8,508)	(19,750,072)
Bond related expense	1,688	1,594,177	2,115,383	2,500	3,713,748
State Financial Assistance appropriations	11,457,216				11,457,216
State Financial Assistance distributions	(10,695,324)				(10,695,324)
Change in assets/liabilities:					
Student loans receivable	2,784,808	(2,418,286)	(208,104,372)		(207,737,850)
Borrower interest receivable	75,168	(185,594)	(8,315,307)		(8,425,733)
Special allowance receivable	149,279	1,349,818	3,342,582		4,841,679
Other receivables	(106,615)		1,149	(26,791)	(132,257)
Prepaid expenses		(20,092)	(6,962)		(27,054)
Guarantor federal default fee	1,621,862				1,621,862
Accounts payable and payable to affiliate and arbitrage	(488,619)	(647,298)	397,559	(9,186)	(747,544)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 3,729,999	\$ 17,811,177	\$ (166,140,875)	\$ 746,947	\$ (143,852,752)

STATE BOARD OF REGENTS OF THE STATE OF UTAH
STUDENT LOAN PURCHASE PROGRAM
Combining Statement of Net Assets
March 31, 2007

	Short-Term Note Fund	1988 Revenue Bond Fund	1993 Revenue Bond Fund	Office Facility Bond Fund	Total
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 20,413,874	\$ 2,189,773	\$ 11,825,471	\$ 14,128	\$ 34,443,246
Funds held by Trustee	13,539	91,298,099	473,791,680	2,692	565,106,010
Receivables					
Student loans receivable	1,851,662	22,938,791	46,157,439		70,947,892
Interest receivable - student loans	417,356	4,990,436	15,361,392		20,769,184
Special allowance payments	309,195	4,402,401	6,351,877		11,063,473
Interest receivable - investments		8,794	19,730		28,524
Other receivables	256,917		51,298		308,215
Due from/(to) related funds	(95,536)	172,561	(76,277)	(748)	
Prepaid expenses		735,008	2,009		737,017
Deferred guarantor insurance premiums	2,127,628				2,127,628
Deferred bond issuance costs		284,271	338,193	11,364	633,828
Total Current Assets	25,294,635	127,020,134	553,822,812	27,436	706,165,017
Noncurrent Assets					
Funds held by Trustee		33,428,571	43,521,086		76,949,657
Student loans receivable	37,837,745	517,805,738	1,101,154,615		1,656,798,098
Deferred federal default fees	11,263,005				11,263,005
Deferred bond issuance costs, less accumulated amortization of \$3,502,294		2,949,202	9,351,291	136,045	12,436,538
Capital assets, less accumulated depreciation of \$1,480,583	9,256	104,739	302,852	11,076,046	11,492,893
Total Noncurrent Assets	49,110,006	554,288,250	1,154,329,844	11,212,091	1,768,940,191
TOTAL ASSETS	74,404,641	681,308,384	1,708,152,656	11,239,527	2,475,105,208
LIABILITIES					
Current Liabilities					
Accounts payable	41,560	834,560	1,291,127	6,137	2,173,384
Payable to affiliate	1,036	12,242	37,771	50	51,099
Compensated absences	4,530	53,515	165,119		223,164
Other liabilities	50,366				50,366
Accrued interest payable		7,272,092	12,332,067	79,693	19,683,852
Bonds payable		18,200,000	10,500,000	447,895	29,147,895
Estimated interest arbitrage rebate			185,079		185,079
Total Current Liabilities	97,492	26,372,409	24,511,163	533,775	51,514,839
Noncurrent Liabilities					
Compensated absences	8,978	89,307	68,660		166,945
Bonds payable, net of unamortized premiums of \$43,186		535,035,000	1,563,990,000	9,525,291	2,108,550,291
Estimated interest arbitrage rebate		35,192,059	34,515,237		69,707,296
Total Noncurrent Liabilities	8,978	570,316,366	1,598,573,897	9,525,291	2,178,424,532
TOTAL LIABILITIES	106,470	596,688,775	1,623,085,060	10,059,066	2,229,939,371
NET ASSETS					
Invested in capital assets, net of related debt	9,256	104,739	302,852	1,180,461	1,597,308
Restricted		84,514,870	84,764,744		169,279,614
Unrestricted	74,288,915				74,288,915
TOTAL NET ASSETS	\$ 74,298,171	\$ 84,619,609	\$ 85,067,596	\$ 1,180,461	\$ 245,165,837

STATE BOARD OF REGENTS OF THE STATE OF UTAH
STUDENT LOAN PURCHASE PROGRAM
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Nine Months Ended March 31, 2007

	Short-Term Note Fund	1988 Revenue Bond Fund	1993 Revenue Bond Fund	Office Facility Bond Fund	Total
OPERATING REVENUES					
Interest on student loans	\$ 1,064,329	\$ 12,891,582	\$ 37,217,001		\$ 51,172,912
Special allowance	1,084,203	14,045,750	19,869,554		34,999,507
Investment income	896,433	4,498,422	19,322,616	\$ 14,100	24,731,571
Lender Services revenue	7,550	86,357	253,786		347,693
Billings for internal services	19,986	228,170	669,620		917,776
Rental revenue				1,061,914	1,061,914
Total operating revenues	<u>3,072,501</u>	<u>31,750,281</u>	<u>77,332,577</u>	<u>1,076,014</u>	<u>113,231,373</u>
OPERATING EXPENSES					
Interest expense		16,934,439	56,088,267	374,640	73,397,346
Bond related expense	1,688	1,638,661	2,104,469	1,250	3,746,068
Student loan servicing expense	176,492	1,818,891	4,597,700		6,593,083
General and administrative expense	111,835	527,010	1,489,641	385,958	2,514,444
Operations expense	77,796	665,514	1,957,206		2,700,516
Depreciation expense	2,205	23,608	71,997	249,386	347,196
Student loan principal reductions	60	144,082	4,913,534		5,057,676
Financial Assistance administrative expense	6,487	73,810	217,670		297,967
Financial Assistance grants	720,000				720,000
Federal default fee	1,443,000				1,443,000
Provision for interest arbitrage rebate		828,000	1,494,000		2,322,000
Uninsured claims expense	(4,281)	18,674	16,963		31,356
Total operating expenses	<u>2,535,282</u>	<u>22,672,689</u>	<u>72,951,447</u>	<u>1,011,234</u>	<u>99,170,652</u>
OPERATING INCOME	<u>537,219</u>	<u>9,077,592</u>	<u>4,381,130</u>	<u>64,780</u>	<u>14,060,721</u>
NONOPERATING REVENUES (EXPENSES)					
State Financial Assistance appropriations	9,137,745				9,137,745
State Financial Assistance distributions	(8,406,406)				(8,406,406)
Total nonoperating revenues (expenses)	<u>731,339</u>				<u>731,339</u>
Transfers - Interfunds transfer from					
State Board of Regents	745,479				745,479
Transfers - Intrafund	(500,000)			500,000	
CHANGES IN NET ASSETS	<u>1,514,037</u>	<u>9,077,592</u>	<u>4,381,130</u>	<u>564,780</u>	<u>15,537,539</u>
NET ASSETS – Beginning	<u>72,784,134</u>	<u>75,542,017</u>	<u>80,686,466</u>	<u>615,681</u>	<u>229,628,298</u>
NET ASSETS – Ending	<u>\$ 74,298,171</u>	<u>\$ 84,619,609</u>	<u>\$ 85,067,596</u>	<u>\$ 1,180,461</u>	<u>\$ 245,165,837</u>

STATE BOARD OF REGENTS OF THE STATE OF UTAH
STUDENT LOAN PURCHASE PROGRAM
Combining Statement of Cash Flows
For the Nine Months Ended March 31, 2007

	Short-Term Note Fund	1988 Revenue Bond Fund	1993 Revenue Bond Fund	Office Facility Bond Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Principal received on student loans	\$ 6,956,580	\$ 70,495,290	\$ 284,280,203		\$ 361,732,073
Interest received on student loans	825,580	8,879,967	27,940,905		37,646,452
Special allowance payments	1,327,361	15,261,022	21,763,132		38,351,515
Student loan disbursements received from lenders	284,741,164				284,741,164
Student loan disbursements sent to schools	(284,750,897)				(284,750,897)
Payments received for lenders	30,221,896				30,221,896
Payments sent to lenders	(31,594,686)				(31,594,686)
Appropriations received for Financial Assistance	9,137,745				9,137,745
Financial Assistance distributions	(9,126,406)				(9,126,406)
Payments received for Lender Services	(48,526)	85,913	252,415		289,802
Payments received for internal services	55,226	228,170	622,748		906,144
Payments for loan purchases		(2,996,728)	(170,884,446)		(173,881,174)
Payments for loan consolidations	(13,191)	(67,704,102)	(87,447,899)		(155,165,192)
Payments for loan servicing	(125,726)	(1,613,203)	(4,493,776)		(6,232,705)
Payments for general and administrative expenses	(105,816)	(853,694)	(1,990,026)	\$ (474,620)	(3,424,156)
Receipt of federal default fee	1,903				1,903
Payments for Computer Services expense	(17,083)	(173,182)	(579,904)		(770,169)
Payments for Operations expense	(123,525)	(650,813)	(1,940,746)		(2,715,084)
Payments for interest arbitrage		(43,296)	(231,685)		(274,981)
Payments received for rental revenue				1,061,965	1,061,965
Cash provided by operating activities	<u>7,361,599</u>	<u>20,915,344</u>	<u>67,290,921</u>	<u>587,345</u>	<u>96,155,209</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Proceeds from issuance of bonds					
Principal paid on bonds				(430,000)	(430,000)
Interest paid on bonds		(12,588,621)	(48,473,692)	(494,734)	(61,557,047)
Payments for bond related expense		(2,078,215)	(1,958,428)		(4,036,643)
Payments for bond issuance costs			(321,756)		(321,756)
Transfer in from State Board of Regents	743,556				743,556
Cash provided by (used in) noncapital financing activities	<u>743,556</u>	<u>(14,666,836)</u>	<u>(50,753,876)</u>	<u>(924,734)</u>	<u>(65,601,890)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(5,746)	(65,695)	(190,363)	(374,090)	(635,894)
Proceeds from issuance of bonds					
Payments for bond issuance costs					
Cash used in capital and related financing activities	<u>(5,746)</u>	<u>(65,695)</u>	<u>(190,363)</u>	<u>(374,090)</u>	<u>(635,894)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from maturing investments	253,446	97,030,513	338,951,869	1,211,124	437,446,952
Interest received on investments	896,384	4,300,913	18,396,227	14,099	23,607,623
Purchases of investments	(62,832)	(111,353,323)	(383,923,925)	(927,128)	(496,267,208)
Cash provided by (used in) investing activities	<u>1,086,998</u>	<u>(10,021,897)</u>	<u>(26,575,829)</u>	<u>298,095</u>	<u>(35,212,633)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
	9,186,407	(3,839,084)	(10,229,147)	(413,384)	(5,295,208)
CASH AND CASH EQUIVALENTS— Beginning of Year	11,227,467	6,028,857	22,054,618	427,512	39,738,454
CASH AND CASH EQUIVALENTS— End of Period	<u>\$ 20,413,874</u>	<u>\$ 2,189,773</u>	<u>\$ 11,825,471</u>	<u>\$ 14,128</u>	<u>\$ 34,443,246</u>

(continued next page)

STATE BOARD OF REGENTS OF THE STATE OF UTAH
STUDENT LOAN PURCHASE PROGRAM
Combining Statement of Cash Flows
For the Nine Months Ended March 31, 2007

(continued)

	Short-Term Note Fund	1988 Revenue Bond Fund	1993 Revenue Bond Fund	Office Facility Bond Fund	Total
RECONCILIATION OF OPERATING INCOME TO CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income	\$ 537,219	\$ 9,077,592	\$ 4,381,130	\$ 64,780	\$ 14,060,721
Adjustments to reconcile income to net cash provided by operating activities					
Amortization and depreciation	2,205	239,036	327,879	255,735	824,855
Interest expense for noncapital and capital financing		16,503,583	55,576,503	368,289	72,448,375
Interest revenue from nonoperating investing activities	(896,433)	(4,498,422)	(19,322,616)	(14,100)	(24,731,571)
Bond related expense	1,688	1,638,661	2,104,469	1,250	3,746,068
State Financial Assistance appropriations	9,137,745				9,137,745
State Financial Assistance distributions	(8,406,406)				(8,406,406)
Change in assets/liabilities					
Student loans receivable	5,564,034	(3,754,949)	23,320,388		25,129,473
Borrower interest receivable	28,748	(91,036)	(1,710,651)		(1,772,939)
Special allowance receivable	243,126	1,215,272	1,893,578		3,351,976
Other receivables	(22,308)		(4,075)		(26,383)
Prepaid expenses		(16,891)	11,870		(5,021)
Guarantor federal default fee	1,443,000				1,443,000
Accounts payable and payable to affiliate and arbitrage	(271,019)	602,498	712,446	(88,609)	955,316
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 7,361,599	\$ 20,915,344	\$ 67,290,921	\$ 587,345	\$ 96,155,209