

**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 Six Months Ended December 31, 2020

**STATE BOARD OF REGENTS OF THE STATE OF UTAH**  
**STUDENT LOAN PURCHASE PROGRAM**  
AN ENTERPRISE FUND OF THE STATE OF UTAH  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2020

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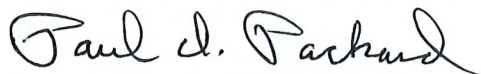
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March 24, 2021

Mr. David S. Schwanke, CPA  
Interim Executive Director

We have prepared the statement of net position of the State Board of Regents of the State of Utah Student Loan Purchase Program as of December 31, 2020, and the related statements of revenues, expenses, changes in fund net position and cash flows for the six 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 December 31, 2020, and the results of its operations, changes in fund net position and cash flows for the six months then ended in conformity with accounting principles generally accepted in the United States of America.



Paul I. Packard, CPA, CISA  
Director of Accounting



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

Statement of Net Position  
December 31, 2020  
(in thousands of dollars)

<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents (Note 2)	\$ 72,457
Funds held by Trustee (Notes 2 and 3)	31,364
Receivables	
Student loans (Note 4)	203,586
Interest - student loans (Note 4)	41,840
Other receivables	1,689
Prepaid expenses	864
Total Current Assets	<u>351,800</u>
Noncurrent Assets	
Student loans receivable (Note 4)	967,608
Capital assets, net (Note 5)	8,491
Total Noncurrent Assets	<u>976,099</u>
<b>TOTAL ASSETS</b>	<u><u>1,327,899</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred pension expense (Note 13)	592
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>592</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	2,784
Special allowance (Note 1)	6,758
Payable to affiliate (Note 11)	914
Compensated absences (Note 9)	586
Other liabilities	580
Accrued interest payable (Note 6)	674
Bonds and notes payable (Notes 6 and 9)	158,669
Total Current Liabilities	<u>170,965</u>
Noncurrent Liabilities	
Compensated absences (Note 9)	431
Net pension liability (Note 13)	447
Bonds and notes payable (Notes 6 and 9)	836,737
Total Noncurrent Liabilities	<u>837,615</u>
<b>TOTAL LIABILITIES</b>	<u><u>1,008,580</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred gain on bond refundings (Note 6)	7,057
Deferred pension income (Note 13)	361
Deferred building maintenance	30
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>7,448</u>
<b>NET POSITION</b>	
Net investment in capital assets	6,414
Restricted (Note 10)	127,714
Unrestricted (Note 10)	178,335
<b>TOTAL NET POSITION</b>	<u><u>\$ 312,463</u></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**

Statement of Revenues, Expenses, and Changes in Net Position  
For the Six Months Ended December 31, 2020  
(in thousands of dollars)

<b>OPERATING REVENUES</b>	
Interest on student loans (Note 4)	\$ 24,567
Federal loan servicing revenue (Note 1)	8,607
Investment income (Notes 2 and 3)	190
Other revenue (Note 11)	1,899
Total Operating Revenues	<u>35,263</u>
<b>OPERATING EXPENSES</b>	
Interest expense (Note 6 and 9)	9,201
Bond and financing related expense (Note 6)	3,246
Special allowance (Note 1)	13,693
Student loan servicing expense	3,519
General and administrative expense (Note 11)	1,704
Federal loan servicing expense	11,509
Depreciation expense (Note 5)	647
Uninsured claims expense (Note 4)	1,036
Total Operating Expenses	<u>44,555</u>
<b>OPERATING LOSS</b>	<u>(9,292)</u>
<b>NONOPERATING REVENUES</b>	
Gain on interest rate swap termination	15,510
Total Nonoperating Revenues	<u>15,510</u>
Transfer to Utah System of Higher Education	<u>(50)</u>
<b>CHANGE IN NET POSITION</b>	6,168
<b>NET POSITION – Beginning of Year</b>	<u>306,295</u>
<b>NET POSITION – End of Period</b>	<u><u>\$ 312,463</u></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**

Statement of Cash Flows  
For the Six Months Ended December 31, 2020  
(in thousands of dollars)

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Principal received on student loans	\$ 78,558
Interest received on student loans	12,502
Special allowance payments	(13,842)
Net borrower payments received for (sent to) related funds	966
Payments received for internal services	1,346
Payments for loan purchases	(5,167)
Payments for student loan servicing expense	(5,641)
Payments for general and administrative expense	567
Payments for federal loan servicing expense	(11,627)
Payments received for federal loan servicing revenue	13,282
Payments received for rental revenue	361
Payments for student loan disbursements	(208)
Cash provided by operating activities	<u>71,097</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfer to Utah System of Higher Education	(50)
Proceeds from issuance of line of credit	222,402
Proceeds from issuance of notes	218,000
Principal paid on bonds and notes	(517,314)
Interest paid on bonds and notes	(8,363)
Payments for bond related expense	(131)
Payments for bond/line of credit issuance costs	(3,070)
Cash used in noncapital financing activities	<u>(88,526)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of capital assets	(141)
Payments received for deferred building maintenance	30
Cash used in capital and related financing activities	<u>(111)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from maturing investments	999,092
Interest received on investments	42
Purchases of investments	(959,893)
Cash provided by investing activities	<u>39,241</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>21,701</b>
<b>CASH AND CASH EQUIVALENTS – Beginning of Year</b>	<b>50,756</b>
<b>CASH AND CASH EQUIVALENTS – End of Period</b>	<b><u>\$ 72,457</u></b>

(continued next page)

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

Statement of Cash Flows  
For the Six Months Ended December 31, 2020  
(in thousands of dollars)

(continued)

RECONCILIATION OF OPERATING LOSS TO CASH  
PROVIDED BY OPERATING ACTIVITIES

Operating loss	\$	(9,292)
Adjustments to reconcile loss to net cash provided by operating activities		
Amortization and depreciation		3,916
Interest expense for noncapital and capital financing		5,932
Interest revenue from nonoperating investing activities		(190)
Bond related expense		3,246
Change in assets/liabilities		
Student loans receivable		66,197
Borrower interest receivable		(4,197)
Special allowance		(148)
Other receivables		5,189
Prepaid expenses		88
Accounts payable and payable to affiliate		356
		<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$	<u>71,097</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 Six Months Ended December 31, 2020

### 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 of the State Board of Regents of the State of Utah for the purpose of originating, purchasing, and servicing the loans of qualified students. Bonds issued by the Program are not general obligations of the State of Utah.

Effective July 1, 2020, the State Board of Regents of the State of Utah changed its name to the Utah Board of Higher Education (the Board). The Program continues as a separate program of the Board.

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. When an expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the Program's general policy to use restricted resources first. The following funds are administered by the Program:

- Short-Term Note Fund – Unencumbered funds generated by various financing facilities and transfers authorized by 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, 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. The net position of this fund is reported as unrestricted.
- 1993 Revenue Bond Fund – Proceeds from revenue bond issuances under the General Student Loan Program Indenture dated August 1, 1993 and Supplemental Indentures were recorded in this fund. An escrow fund has been established to defease the remaining outstanding Series 2010 EE bonds which are scheduled to be redeemed on November 2, 2020. Proceeds were used to pay bond issuance costs, and establish trustee funds as required by the General Indenture. Principal and interest payments on student loans purchased with bond proceeds, and other revenues were deposited in this fund and were used for debt service of the bonds, and operating expenses in accordance with the provisions of the General Indenture. The net position of this fund was transferred to the Short-Term Note Fund, leaving a zero balance in this fund as of December 31, 2020.
- 2012 Revenue Bond Fund – Proceeds from revenue bond issuance under the General Student Loan Program Indenture dated October 1, 2012 are recorded in this fund. Outstanding issuances include Series 2012-1 Notes. Proceeds are used to retire outstanding funding notes, and establish trustee funds as required by the General Indenture. Principal and interest payments on student loans purchased with bond proceeds, and other



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## STUDENT LOAN PURCHASE PROGRAM

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For the Six Months Ended December 31, 2020

revenues are deposited in this fund and are used for debt service of the bonds, and operating expenses in accordance with the provisions of the General Indenture. The net position of this fund is reported as restricted.

- 2014 Revenue Bond Fund – Proceeds from revenue bond issuance under the General Student Loan Program Indenture dated July 1, 2014 are recorded in this fund. Outstanding issuances include Series 2014-1 Notes. Proceeds are used to retire outstanding revenue bonds, and establish trustee funds as required by the General Indenture. Principal and interest payments on student loans purchased with bond proceeds, and other revenues are deposited in this fund and are used for debt service of the bonds, and operating expenses in accordance with the provisions of the General Indenture. The net position of this fund is reported as restricted.
- 2015 Revenue Bond Fund – Proceeds from revenue bond issuance under the General Student Loan Program Indenture dated June 1, 2015 are recorded in this fund. Outstanding issuances include Series 2015-1 Notes. Proceeds are used to retire outstanding advances, establish trustee funds as required by the General Indenture, and pay cost of issuance. Principal and interest payments on student loans purchased with bond proceeds, and other revenues are deposited in this fund and are used for debt service of the bonds, and operating expenses in accordance with the provisions of the General Indenture. The net position of this fund is reported as restricted.
- 2016 Revenue Bond Fund – Proceeds from revenue bond issuance under the General Student Loan Program Indenture dated October 1, 2016 are recorded in this fund. Outstanding issuances include Series 2016-1 Notes. Proceeds are used to retire outstanding advances, establish trustee funds as required by the General Indenture, and pay cost of issuance. Principal and interest payments on student loans purchased with bond proceeds, and other revenues are deposited in this fund and are used for debt service of the bonds, and operating expenses in accordance with the provisions of the General Indenture. The net position of this fund is reported as restricted.
- 2017 Revenue Bond Fund – Proceeds from revenue bond issuance under the General Student Loan Program Indenture dated February 1, 2017 are recorded in this fund. Outstanding issuances include Series 2017-1 Notes. Proceeds are used to retire outstanding advances, establish trustee funds as required by the General Indenture, and pay cost of issuance. Principal and interest payments on student loans purchased with bond proceeds, and other revenues are deposited in this fund and are used for debt service of the bonds, and operating expenses in accordance with the provisions of the General Indenture. The net position of this fund is reported as restricted.
- 2020 Revenue Bond Fund – Proceeds from revenue bond issuance under the General Student Loan Program Indenture dated November 1, 2020 are recorded in this fund. Outstanding issuances include Series 2020-1 Notes. Proceeds are used to retire outstanding

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Notes to the Financial Statements  
For the Six Months Ended December 31, 2020

advances, establish trustee funds as required by the General Indenture, and pay cost of issuance. Principal and interest payments on student loans purchased with bond proceeds, and other revenues are deposited in this fund and are used for debt service of the bonds, and operating expenses in accordance with the provisions of the General Indenture. The net position of this fund is reported as restricted.

- Warehouse Facility Fund – Proceeds from the issuance of a line of credit under the Warehouse Loan, Security and Servicing Agreement dated September 22, 2020 are recorded in this fund. Proceeds were used to retire outstanding revenue bonds and make deposits to the Reserve Fund under the agreement. Principal and interest payments on student loans acquired with the proceeds, and other revenues were deposited in this fund and were used for debt service of the facility, and operating expenses in accordance with the provisions of the agreement. The net position of this fund was transferred to the Short-Term Note Fund, leaving a zero balance in this fund as of December 31, 2020.
- Office Facility Bond Fund – Proceeds from the revenue bond issuance under the State Board of Regents Revenue Refunding Bonds Indenture dated May 1, 2012 are recorded in this fund. Proceeds are used to pay cost of issuance and refund outstanding revenue bonds. 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. The net position of this fund is reported as restricted.

Basis of Accounting – The Program follows all applicable Governmental Accounting Standards Board pronouncements. Also, 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 Position.

Student Loans Receivable – Student loan receivables are carried at their unpaid principal balance adjusted for an allowance for loan losses and unamortized loan premiums. Loan premiums are amortized as a reduction to interest income using the straight-line method over a seven year period. Substantially all of the Program's student loans receivable serve as collateral for the Program's bonds and notes payable.

Allowance for Uninsured Claims – An allowance for uninsured claims has been established to recognize the estimated uninsured portion of future federally insured claim payments to be made to the Program. Insurance on defaulted student loans is paid at a 100% rate for loans which were first disbursed prior to October 1, 1993, a 98% rate for loans which were first disbursed between October 1, 1993 and June 30, 2006 and at a 97% rate for loans which were first

# STATE BOARD OF REGENTS OF THE STATE OF UTAH

## STUDENT LOAN PURCHASE PROGRAM

Notes to the Financial Statements  
For the Six Months Ended December 31, 2020

disbursed after June 30, 2006. Insurance on non-default claims (primarily bankruptcy, death, or disability) is paid at a rate of 100%.

Interest on Student Loans – The Federal Government makes quarterly interest payments on federally insured subsidized student loans during the period students attend school, grace periods, and during certain other permitted deferment periods. During repayment and forbearance periods, interest is paid by the borrower. For federally insured unsubsidized loans, interest is paid by the borrower during all status periods. Interest on student loans is accrued as earned.

Special Allowance – Federal legislation provides for a special allowance payment for lenders participating in the Student Loan Guarantee 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, and the interest rate. The rate of special allowance payments is based on the bond equivalent 91 day T-Bill rate or the 1-month LIBOR index, depending on the characteristics of the loan.

Under the 2005 Higher Education Reconciliation Act Amendments, for certain loans first disbursed on or after April 1, 2006, if the interest on such loan at the stated interest rate is higher than the special allowance support level (1-month LIBOR rate plus a percentage determined by the U.S. Department of Education) to such loan, including Special Allowance Payments, the holder of the loan must repay the difference to the United States Government at least annually.

Federal Loan Servicing Revenue – The Federal Government makes monthly payments to the Program for loans serviced based on a contract fee schedule. Also, a third-party client makes monthly payments to the Program for student loan documents processed based on a contract fee schedule.

Capital Assets – Capital assets are stated at cost – net of accumulated depreciation. The Program capitalizes assets that exceed a \$5,000 threshold and have an estimated useful life greater than one year. Using the straight-line method, depreciation is provided over the estimated useful lives, ranging from three to ten years for furniture, equipment, and software and forty years for buildings. The Program performs on-going reviews of capital assets for continued useful life and lack of impairment and has determined there was no impairment at December 31, 2020.

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 effective interest method of amortization.

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Bond Issuance Costs – Bond issuance costs are expensed in the period incurred in accordance with Statement 65 of the Governmental Accounting Standards Board.

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.

Deferred Outflows and Inflows of Resources – In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Program has items which qualify for reporting in this category. The Program reports unrecognized expenses from outflows related to pensions. These amounts are deferred and recognized as an outflow of resources in the period that the amounts become payable.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Program has items which qualify for reporting in this category. The Program reports deferred gain on bond refundings, deferred building maintenance, and inflows related to pensions. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Pensions – For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems’ (the System) pension plan and additions to / deductions from the System fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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Notes to the Financial Statements  
For the Six Months Ended December 31, 2020

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.

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

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 (*Utah Code*, Title 51, Chapter 7) that relate to the deposit and investment of public funds.

The Program follows the requirements of the Money Management Act (the Act) 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 Money Management Council.

Investments – The 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 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.
- Bankers’ acceptances.
- Obligations of the United States Treasury, including bills, notes, and bonds.
- Obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae).
- Bonds, notes, and other evidence of indebtedness of political subdivisions of the State.
- Fixed rate corporate obligations and variable rate securities rated “A” or higher, or the equivalent of “A” or higher, by two nationally recognized statistical rating organizations.
- Shares or certificates in a money market mutual fund as defined in the Act.
- The Utah Public Treasurers’ Investment Fund (PTIF).

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STUDENT LOAN PURCHASE PROGRAM**

Notes to the Financial Statements  
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Investments are recorded at fair value in accordance with Statement 72 of the Governmental Accounting Standards Board which pertains to Fair Value Measurement and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease in investment assets and investment income.

Additionally, the Program follows the fair value measurement guidelines established by generally accepted accounting principles which recognize a three-tiered fair value hierarchy as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices;
- Level 3: Unobservable inputs.

The Program’s investments are classified as follows:

- Investments in mutual funds and government securities are Level 1 and are valued using prices quoted in active markets for those securities.
- Investments in PTIF are Level 2 and are valued using PTIF calculated fair value factors applied to average daily balances in the funds.

At December 31, 2020, the Program’s investments and the related maturities are listed below:

<u>Investments</u>	Fair <u>Value</u>	<u>Investment Maturities (in years)</u>	
		Less than <u>one year</u>	<u>1 to 5 years</u>
Mutual Funds	\$ 29,733,882	\$ 29,733,882	\$ -
Public Treasurers’ Investment Fund	70,245,397	70,245,397	-
U.S. Government Securities	786,710	-	786,710
Total Investments	<u>\$ 100,765,989</u>	<u>\$ 99,979,279</u>	<u>\$ 786,710</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 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 for certain allowed investments. Details can be obtained by reading *Utah Code* Section 51-7-11. At December 31, 2020, the Program’s investments in the PTIF had an average maturity of less than one year.

**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 Act as previously discussed. At December 31, 2020, the Program had \$29,733,882 invested in mutual funds with a AAA rating and \$70,245,397 invested in the Public Treasurers’ Investment

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Fund that were not rated by any nationally recognized statistical rating organization registered with the Securities and Exchange Commission (SEC).

Custodial Credit Risk (Deposits) – The risk that, in the event of a bank failure, the Program’s deposits not covered by depository insurance may not be returned. The Program follows the requirements of the Act regarding bank deposits. Subject to the application of the bank and FDIC rules and regulations, FDIC insurance is provided for the Program’s bank deposits up to \$250,000 for each bank utilized. As of December 31, 2020, \$1,788,181 of the Program’s bank balances of \$2,038,181 was uninsured.

Public Treasurers’ Investment Fund – The Utah State Treasurer’s Office operates the 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 Act. The Act established the Money Management 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 to collateralize the debt. The following is a summary of cash and investments held by the respective revenue bond funds at December 31, 2020:

<b>2012 Revenue Bond Fund:</b>	
Collection Account	\$ 2,250,240
Special Allowance Rebate Account	629,285
Reserve Account	778,050
<b>Total 2012 Revenue Bond Fund</b>	<b>\$ 3,657,575</b>

<b>2014 Revenue Bond Fund:</b>	
Collection Account	\$ 1,745,182
Special Allowance Rebate Account	221,784
Reserve Account	415,500
<b>Total 2014 Revenue Bond Fund</b>	<b>\$ 2,382,466</b>

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For the Six Months Ended December 31, 2020

**2015 Revenue Bond Fund:**

Collection Account	\$ 1,953,665
Special Allowance Rebate Account	768,231
Reserve Account	<u>623,250</u>
<b>Total 2015 Revenue Bond Fund</b>	<b><u><u>\$ 3,345,146</u></u></b>

**2016 Revenue Bond Fund:**

Collection Account	\$ 3,025,090
Special Allowance Rebate Account	1,149,177
Reserve Account	<u>1,117,342</u>
<b>Total 2016 Revenue Bond Fund</b>	<b><u><u>\$ 5,291,609</u></u></b>

**2017 Revenue Bond Fund:**

Collection Account	\$ 2,833,596
Special Allowance Rebate Account	1,102,935
Reserve Account	<u>630,000</u>
<b>Total 2017 Revenue Bond Fund</b>	<b><u><u>\$ 4,566,531</u></u></b>

**2020 Revenue Bond Fund:**

Collection Account	\$ 6,178,265
Reserve Account	<u>5,100,000</u>
<b>Total 2020 Revenue Bond Fund</b>	<b><u><u>\$ 11,278,265</u></u></b>

**Office Facility Bond Fund:**

Revenue Account	\$ 18,194
Debt Service Account	<u>824,478</u>
<b>Total Office Facility Bond Fund</b>	<b><u><u>\$ 842,672</u></u></b>

**Grand Total** **\$ 31,364,264**



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4. STUDENT LOANS RECEIVABLE

Student loans receivable carry variable interest rates or have fixed rates ranging from 0% to 11%. The loans were 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 deferment, forbearance, or income-based repayment plans.

Student loans are guaranteed with respect to principal and accrued interest by agreements with various state guarantee agencies, including the Utah Student Loan Guarantee Program, another program of the Utah Board of Higher Education.

The following is a summary of the status of student loans receivable at December 31, 2020:

	<b>Student and Deferment</b>	<b>Repayment and Forbearance</b>	<b>Unamortized Premiums</b>	<b>Student Loan Receivable Allowance</b>	<b>Total</b>
Short-Term Note Fund	\$ 1,715,351	\$ 107,110,581	\$ -	\$ (1,219,454)	\$ 107,606,478
2012 Revenue Bond Fund	8,392,278	135,995,882	-	(777,771)	143,610,389
2014 Revenue Bond Fund	4,633,844	111,726,109	-	(647,769)	115,712,184
2015 Revenue Bond Fund	9,499,317	131,184,809	2,921,451	(833,845)	142,771,732
2016 Revenue Bond Fund	13,744,601	198,995,465	4,252,563	(1,222,840)	215,769,789
2017 Revenue Bond Fund	13,414,857	199,958,182	4,120,109	(1,222,617)	216,270,531
2020 Revenue Bond Fund	7,946,691	223,284,971	-	(1,778,747)	229,452,915
Total	<u>\$ 59,346,939</u>	<u>\$ 1,108,255,999</u>	<u>\$ 11,294,123</u>	<u>\$ (7,703,043)</u>	<u>\$ 1,171,194,018</u>

Insurance on defaulted student loans is paid at a 100% rate for loans which were first disbursed prior to October 1, 1993, a 98% rate for loans which were first disbursed between October 1, 1993 and June 30, 2006 and at a 97 % rate for loans which were first disbursed after June 30, 2006. Insurance on non-default claims (primarily bankruptcy, death, or disability) is paid at a rate of 100%. At December 31, 2020, the Program has established a student loan receivable allowance of \$7,703,043.

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5. CAPITAL ASSETS

Capital asset activity for the six months ended December 31, 2020 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Buildings	\$ 13,470,647	\$ -	\$ -	\$ 13,470,647
Furniture and equipment	758,245	-	-	758,245
Computer equipment and software	4,441,835	85,290	-	4,527,125
Totals at historical cost	<u>18,670,727</u>	<u>85,290</u>	<u>-</u>	<u>18,756,017</u>
Less accumulated depreciation for:				
Buildings	(6,075,511)	(214,967)	-	(6,290,478)
Furniture and equipment	(519,769)	(41,510)	-	(561,279)
Computer equipment and software	(3,022,678)	(390,708)	-	(3,413,386)
Total accumulated depreciation	<u>(9,617,958)</u>	<u>(647,185)</u>	<u>-</u>	<u>(10,265,143)</u>
Capital Assets, net	<u>\$ 9,052,769</u>	<u>\$ (561,895)</u>	<u>\$ -</u>	<u>\$ 8,490,874</u>

6. BONDS AND NOTES PAYABLE

2012 Revenue Bond Fund – The Program has outstanding student loan backed notes under the authority of the 2012 General Indenture. The notes are limited obligations of the Board and are secured, as provided in the indentures, by all assets of the 2012 Revenue Bond Fund and the revenues and receipts derived from such assets.

The indenture provides that a periodic analysis of cash receipts must be performed. Cash receipts remaining after the payment of bond costs, program related expenses, and administrative expenses must be used to reduce bond principal.

Notes payable for the 2012 Revenue Bond Fund consisted of the following at December 31, 2020:

<u>Issue</u>	<u>Final Maturity Date</u>	<u>Interest Rate Type</u>	<u>Balance</u>
2012-1	12/26/2031	1-Month LIBOR plus 0.75%	\$ 126,589,773

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Debt Service forecasts to maturity on the Series 2012-1 Notes as of December 31, 2020, are summarized below:

<b>Fiscal Year</b>	<b>Principal Amount</b>	<b>Interest Amount</b>
2021	\$ 12,539,183	\$ 531,267
2022	25,165,944	900,973
2023	24,120,678	680,093
2024	20,972,281	473,237
2025	17,087,515	309,507
2026-2027	26,704,172	187,475
Total	\$ 126,589,773	\$ 3,082,552

The debt service interest rate forecasts are calculated using the interest rates in effect at December 31, 2020. Actual results could differ from these estimates.

The Series 2012-1 Notes are subject to an optional prepayment of the notes when the Student Loan Pool Balance is 10% or less than the initial Student Loan Pool Balance.

The notes issued under the 2012 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 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 \$126,589,773 of outstanding student loan backed notes which are payable through fiscal year 2032. Principal and interest paid for the current year and total net revenues before interest expense were \$6,967,171 and \$534,871, respectively.

The notes outstanding under the 2012 General Indenture are secured by a pledge of the student loans and other assets of the 2012 Revenue Bond Fund. The 2012 General Indenture contains provision governing events of default and remedies, including the possible remedy of acceleration of amounts due under such notes in certain circumstances and the disposition of assets following events of default.

2014 Revenue Bond Fund – The Program has outstanding student loan backed notes under the authority of the 2014 General Indenture. The notes are limited obligations of the Board and are secured, as provided in the indentures, by all assets of the 2014 Revenue Bond Fund and the revenues and receipts derived from such assets.

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The indenture provides that a periodic analysis of cash receipts must be performed. Cash receipts remaining after the payment of bond costs, program related expenses, and administrative expenses must be used to reduce bond principal.

Notes payable for the 2014 Revenue Bond Fund consisted of the following at December 31, 2020:

<b>Issue</b>	<b>Final Maturity Date</b>	<b>Interest Rate Type</b>	<b>Balance</b>
2014-1	12/26/2038	1-Month LIBOR plus 0.55%	\$ 94,525,263

Debt Service forecasts to maturity on the Series 2014-1 Notes as of December 31, 2020, are summarized below:

<b>Fiscal Year</b>	<b>Principal Amount</b>	<b>Interest Amount</b>
2021	\$ 7,194,213	\$ 312,003
2022	13,622,836	557,885
2023	13,311,907	463,974
2024	12,191,077	373,407
2025	10,278,022	297,452
2026-2030	37,927,208	528,924
Total	\$ 94,525,263	\$ 2,533,645

The debt service interest rate forecasts are calculated using the interest rates in effect at December 31, 2020. Actual results could differ from these estimates.

The Series 2014-1 Notes are subject to an optional prepayment of the notes when the Student Loan Pool Balance is 10% or less than the initial Student Loan Pool Balance.

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, resulting in a deferred gain on bond refundings. At December 31, 2020, the unamortized deferred gain on bond purchases was \$842,553. 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 \$94,525,263 of outstanding student loan backed notes which are payable through fiscal year 2039. Principal and interest paid for the current year and total net revenues before interest expense were \$6,433,404 and \$952,338, respectively.

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The notes outstanding under the 2014 General Indenture are secured by a pledge of the student loans and other assets of the 2014 Revenue Bond Fund. The 2014 General Indenture contains provision governing events of default and remedies, including the possible remedy of acceleration of amounts due under such notes in certain circumstances and the disposition of assets following events of default.

2015 Revenue Bond Fund – The Program has outstanding student loan backed notes under the authority of the 2015 General Indenture. The notes are limited obligations of the Board and are secured, as provided in the indentures, by all assets of the 2015 Revenue Bond Fund and the revenues and receipts derived from such assets.

The indenture provides that a periodic analysis of cash receipts must be performed. Cash receipts remaining after the payment of bond costs, program related expenses, and administrative expenses must be used to reduce bond principal.

Notes payable for the 2015 Revenue Bond Fund consisted of the following at December 31, 2020:

<u>Issue</u>	<u>Final Maturity Date</u>	<u>Interest Rate Type</u>	<u>Balance</u>
2015-1 A	2/25/2043	1-Month LIBOR plus 0.60%	\$ 121,982,877
2015-1 B	5/25/2043	1-Month LIBOR plus 1.50%	10,850,000
Total			<u>\$ 132,832,877</u>

Debt Service forecasts to maturity on the Series 2015-1 Notes as of December 31, 2020, are summarized below:

<u>Fiscal Year</u>	<u>Principal Amount</u>	<u>Interest Amount</u>
2021	\$ 10,902,820	\$ 515,200
2022	22,183,556	902,377
2023	21,339,152	723,907
2024	17,388,348	561,940
2025	15,117,097	433,548
2026-2027	45,901,904	652,671
Total	<u>\$ 132,832,877</u>	<u>\$ 3,789,643</u>

The debt service interest rate forecasts are calculated using the interest rates in effect at December 31, 2020. Actual results could differ from these estimates.

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The Series 2015-1 Notes are subject to an optional prepayment of the notes when the Student Loan Pool Balance is 10% or less than the initial Student Loan Pool Balance.

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 2015 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 \$132,832,877 of outstanding student loan backed notes which are payable through fiscal year 2043. Principal and interest paid for the current year and total net revenues before interest expense were \$8,839,234 and \$584,891, respectively.

The notes outstanding under the 2015 General Indenture are secured by a pledge of the student loans and other assets of the 2015 Revenue Bond Fund. The 2015 General Indenture contains provision governing events of default and remedies, including the possible remedy of acceleration of amounts due under such notes in certain circumstances and the disposition of assets following events of default.

2016 Revenue Bond Fund – The Program has outstanding student loan backed notes under the authority of the 2016 General Indenture. The notes are limited obligations of the Board and are secured, as provided in the indentures, by all assets of the 2016 Revenue Bond Fund and the revenues and receipts derived from such assets.

The indenture provides that a periodic analysis of cash receipts must be performed. Cash receipts remaining after the payment of bond costs, program related expenses, and administrative expenses must be used to reduce bond principal.

Notes payable for the 2016 Revenue Bond Fund consisted of the following at December 31, 2020:

<u>Issue</u>	<u>Final Maturity Date</u>	<u>Interest Rate Type</u>	<u>Balance</u>
2016-1 A	9/25/2056	1-Month LIBOR plus 0.75%	\$ 201,310,586
2016-1 B	9/25/2056	1-Month LIBOR plus 1.50%	10,450,000
Total			<u>\$ 211,760,586</u>

Debt Service forecasts to maturity on the Series 2016-1 Notes as of December 31, 2020, are summarized below:

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Fiscal Year	Principal Amount	Interest Amount
2021	\$ 14,873,099	\$ 940,851
2022	30,032,068	1,688,241
2023	29,286,650	1,411,213
2024	24,659,410	1,153,271
2025	21,228,976	947,707
2026-2030	78,155,393	2,162,365
2031-2033	13,524,990	104,119
Total	\$ 211,760,586	\$ 8,407,767

The debt service interest rate forecasts are calculated using the interest rates in effect at December 31, 2020. Actual results could differ from these estimates.

The Series 2016-1 Notes are subject to an optional prepayment of the notes when the Student Loan Pool Balance is 10% or less than the initial Student Loan Pool Balance.

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 2015 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 \$211,760,586 of outstanding student loan backed notes which are payable through fiscal year 2057. Principal and interest paid for the current year and total net revenues before interest expense were \$13,864,045 and \$695,368, respectively.

The notes outstanding under the 2016 General Indenture are secured by a pledge of the student loans and other assets of the 2016 Revenue Bond Fund. The 2016 General Indenture contains provision governing events of default and remedies, including the possible remedy of acceleration of amounts due under such notes in certain circumstances and the disposition of assets following events of default.

2017 Revenue Bond Fund – The Program has outstanding student loan backed notes under the authority of the 2017 General Indenture. The notes are limited obligations of the Board and are secured, as provided in the indentures, by all assets of the 2017 Revenue Bond Fund and the revenues and receipts derived from such assets.

The indenture provides that a periodic analysis of cash receipts must be performed. Cash receipts remaining after the payment of bond costs, program related expenses, and administrative expenses must be used to reduce bond principal.

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Notes payable for the 2017 Revenue Bond Fund consisted of the following at December 31, 2020:

<u>Issue</u>	<u>Final Maturity Date</u>	<u>Interest Rate Type</u>	<u>Balance</u>
2017-1 A	1/25/2057	1-Month LIBOR plus 0.75%	\$ 196,712,863
2017-1 B	1/25/2057	1-Month LIBOR plus 1.50%	17,800,000
Total			<u>\$ 214,512,863</u>

Debt Service forecasts to maturity on the Series 2017-1 Notes as of December 31, 2020, are summarized below:

<u>Fiscal Year</u>	<u>Principal Amount</u>	<u>Interest Amount</u>
2021	\$ 14,316,767	\$ 980,929
2022	29,215,209	1,769,898
2023	28,589,085	1,492,619
2024	24,829,924	1,230,141
2025	21,131,048	1,018,525
2026-2030	80,892,966	2,398,342
2031-2033	15,537,864	137,325
Total	<u>\$ 214,512,863</u>	<u>\$ 9,027,779</u>

The debt service interest rate forecasts are calculated using the interest rates in effect at December 31, 2020. Actual results could differ from these estimates.

The Series 2017-1 Notes are subject to an optional prepayment of the notes when the Student Loan Pool Balance is 10% or less than the initial Student Loan Pool Balance.

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 2015 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 \$214,512,863 of outstanding student loan backed notes which are payable through fiscal year 2057. Principal and interest paid for the current year and total net revenues before interest expense were \$13,302,593 and \$677,713, respectively.



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The notes outstanding under the 2017 General Indenture are secured by a pledge of the student loans and other assets of the 2017 Revenue Bond Fund. The 2017 General Indenture contains provision governing events of default and remedies, including the possible remedy of acceleration of amounts due under such notes in certain circumstances and the disposition of assets following events of default.

2020 Revenue Bond Fund – The Program has outstanding student loan backed notes under the authority of the 2020 General Indenture. The notes are limited obligations of the Board and are secured, as provided in the indentures, by all assets of the 2020 Revenue Bond Fund and the revenues and receipts derived from such assets.

The indenture provides that a periodic analysis of cash receipts must be performed. Cash receipts remaining after the payment of bond costs, program related expenses, and administrative expenses must be used to reduce bond principal.

Notes payable for the 2020 Revenue Bond Fund consisted of the following at December 31, 2020:

<u>Issue</u>	<u>Final Maturity Date</u>	<u>Interest Rate Type</u>	<u>Balance</u>
2020-1 A	7/25/2060	1.55%	\$ 131,250,000
2020-1 B	7/25/2060	1-Month LIBOR plus 1.10%	91,200,000
Total			<u>\$ 222,450,000</u>

Debt Service forecasts to maturity on the Series 2020-1 Notes as of December 31, 2020, are summarized below:

<u>Fiscal Year</u>	<u>Principal Amount</u>	<u>Interest Amount</u>
2021	\$ 19,592,311	\$ 2,032,842
2022	36,314,648	2,658,241
2023	35,721,942	2,135,794
2024	33,657,805	1,625,521
2025	28,677,215	1,184,180
2026-2028	68,486,079	1,177,389
Total	<u>\$ 222,450,000</u>	<u>\$ 10,813,967</u>

The debt service interest rate forecasts are calculated using the interest rates in effect at December 31, 2020. Actual results could differ from these estimates.

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The Series 2020-1 Notes are subject to an optional prepayment of the notes when the Student Loan Pool Balance is 10% or less than the initial Student Loan Pool Balance.

The notes issued under the 2020 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 2020 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 \$222,450,000 of outstanding student loan backed notes which are payable through fiscal year 2061. Total net loss before interest expense was \$1,736,105.

Office Facility Bond Fund – The Program has issued revenue refunding bonds under the authority of the general indenture dated May 1, 2012 (Series 2012 Bonds). 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 Building, used to pay rent for office space) and (ii) other legally available moneys of the Board, including certain revenues and reserves of the Program.

The Board has annually received and anticipates receiving appropriations from the Utah Legislature which are to be applied to the general expenditures of the Board. The State General Fund appropriations for operations to the Board for the five years ended June 30, 2020 are set forth below:

<b>Fiscal Year Ended June 30</b>	<b>General Operating</b>	<b>Restricted</b>	<b>Total Appropriations</b>
2020	\$ 3,192,000	\$ -	\$ 3,192,000
2019	\$ 3,952,000	\$ -	\$ 3,952,000
2018	\$ 3,781,000	\$ -	\$ 3,781,000
2017	\$ 3,735,000	\$ -	\$ 3,735,000
2016	\$ 3,678,000	\$ -	\$ 3,678,000

Bonds payable for the Office Facility Bond Fund consisted of the following at December 31, 2020:

<b>Issue</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Balance</b>
Series 2012	2/1/2021-2/1/2024	4.0% - 5.0%	\$ 1,980,000

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Debt service forecasts to maturity on the Office Facility Bond issue as of December 31, 2020 are summarized below:

<u>Fiscal Year</u>	<u>Principal Amount</u>	<u>Interest Amount</u>
2021	\$ 725,000	\$ 40,850
2022	765,000	52,700
2023	240,000	22,100
2024	250,000	12,500
Total	<u>\$ 1,980,000</u>	<u>\$ 128,150</u>

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

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 moneys 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 \$1,980,000 of outstanding Office Facility Bonds which are payable through fiscal year 2024. Interest paid for the current fiscal year and total net revenues before interest expense were \$40,850 and \$441,304, respectively.

The 2012 Office Bonds outstanding under the Office Facility Bond Indenture are secured by a pledge of the revenues and funds of the Office Facility Bond Fund. The Office Facility Bond Indenture contains provision governing events of default and remedies, including the possible remedy of acceleration of amounts due under such bonds in certain circumstances and the application of revenues following events of default.

7. SEGMENT INFORMATION

The Board issues student loan revenue bonds and student loan back notes under separate indentures to finance its student loan portfolios. Investors in those bonds and notes rely solely on the revenue generated by the pledged assets in each indenture. The Program assets are only available in accordance with the applicable bond resolutions, federal and Utah state laws, and other outstanding agreements.

Financial information for each indenture and the Program unencumbered funds are presented below:

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

## Notes to the Financial Statements For the Six Months Ended December 31, 2020

### CONDENSED STATEMENT OF NET POSITION (in thousands of dollars)

	Short Term Note Fund	2012 Revenue Bond Fund	2014 Revenue Bond Fund	2015 Revenue Bond Fund	2016 Revenue Bond Fund	2017 Revenue Bond Fund	2020 Revenue Bond Fund	Office Facility Bond Fund
<b>Assets</b>								
Current assets	\$ 97,614	\$ 35,246	\$ 23,791	\$ 39,016	\$ 55,295	\$ 53,788	\$ 44,718	\$ 2,332
Capital assets	1,372	-	-	-	-	-	-	7,119
Other noncurrent assets	85,099	117,772	98,176	113,276	174,858	176,361	202,065	-
Total Assets	184,085	153,018	121,968	152,292	230,154	230,149	246,783	9,451
Deferred Outflows of Resources	592	-	-	-	-	-	-	-
<b>Liabilities</b>								
Current liabilities	3,731	26,429	14,585	23,353	31,930	30,922	39,205	810
Noncurrent liabilities	878	101,335	80,481	108,686	177,739	182,549	184,626	1,321
Total Liabilities	4,609	127,764	95,066	132,039	209,669	213,471	223,831	2,131
Deferred Inflows of Resources	361	-	843	-	-	-	6,214	30
<b>Net Position:</b>								
Net Investment in Capital Assets	1,372	-	-	-	-	-	-	5,042
Restricted	-	25,254	26,058	20,253	20,484	16,678	16,738	2,248
Unrestricted	178,335	-	-	-	-	-	-	-
Total Net Position	\$ 179,707	\$ 25,254	\$ 26,058	\$ 20,253	\$ 20,484	\$ 16,678	\$ 16,738	\$ 7,290

### CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in thousands of dollars)

	Short Term Note Fund	1993 Revenue Bond Fund	2012 Revenue Bond Fund	2014 Revenue Bond Fund	2015 Revenue Bond Fund	2016 Revenue Bond Fund	2017 Revenue Bond Fund	2020 Revenue Bond Fund	Warehouse Facility Fund	Office Facility Bond Fund
Operating revenues	\$ 10,503	\$ 2,181	\$ 3,454	\$ 2,333	\$ 3,615	\$ 5,464	\$ 5,304	\$ 1,068	\$ 1,012	\$ 328
Operating expenses	14,367	5,583	3,526	1,713	3,662	5,887	5,769	3,308	830	(88)
Operating income (loss)	(3,864)	(3,402)	(72)	620	(47)	(423)	(465)	(2,240)	182	416
Nonoperating revenues	-	15,510	-	-	-	-	-	-	-	-
Transfers	116,074	(134,920)	-	-	-	-	-	18,978	(182)	-
Change in Net Position	112,210	(122,812)	(72)	620	(47)	(423)	(465)	16,738	-	416
Net Position - Beginning of Year	67,497	122,812	25,326	25,438	20,300	20,907	17,143	-	-	6,874
Net Position - End of Period	\$ 179,707	\$ -	\$ 25,254	\$ 26,058	\$ 20,253	\$ 20,484	\$ 16,678	\$ 16,738	\$ -	\$ 7,290

### CONDENSED STATEMENT OF CASH FLOWS (in thousands of dollars)

	Short Term Note Fund	1993 Revenue Bond Fund	2012 Revenue Bond Fund	2014 Revenue Bond Fund	2015 Revenue Bond Fund	2016 Revenue Bond Fund	2017 Revenue Bond Fund	2020 Revenue Bond Fund	Warehouse Facility Fund	Office Facility Bond Fund
<b>Cash provided by (used in)</b>										
Operating activities	\$ 2,724	\$ 8,162	\$ 7,820	\$ 6,728	\$ 8,629	\$ 13,841	\$ 13,297	\$ 5,484	\$ 3,832	\$ 580
Noncapital financing activities	18,652	(59,624)	(6,998)	(6,463)	(8,864)	(13,899)	(13,327)	5,870	(3,832)	(41)
Capital and related financing activities	(136)	-	-	-	-	-	-	-	-	25
Investing activities	176	51,225	(786)	(387)	252	99	(63)	(11,278)	-	3

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8. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the six months ended December 31, 2020 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
Bonds and notes payable	\$ 1,081,162,134	\$ 222,450,000	\$ (298,959,773)	\$ 1,004,652,361	\$ 158,934,626
Unamortized premiums	1,261,381	-	(1,096,953)	164,428	53,328
Unamortized discounts	(13,701,592)	-	4,291,574	(9,410,018)	(318,606)
Net bonds and notes payable	1,068,721,923	222,450,000	(295,765,152)	995,406,771	158,669,348
Line of credit	-	218,000,000	(218,000,000)	-	-
Net pension liability	447,142	-	-	447,142	-
Compensated absences	1,227,984	139,776	(350,506)	1,017,254	586,326
Total long-term liabilities	<u>\$ 1,070,397,049</u>	<u>\$ 440,589,776</u>	<u>\$ (514,115,658)</u>	<u>\$ 996,871,167</u>	<u>\$ 159,255,674</u>

9. DESIGNATED AND RESTRICTED NET POSITION

The Program has designated \$178,300,000 of the Short-Term Note Fund Net Position for bond financing, loan repurchases, supplemental loans and working capital.

The Revenue Bond Fund net positions are restricted in total by the general and supplemental indentures (see Note 1).

10. RELATED PARTY TRANSACTIONS

The Program reimburses the University of Utah for payroll, benefits, and certain administrative expenses. The Program incurred \$11,474,534 of such expenses for the six months ended December 31, 2020. Of this amount, \$914,212 was payable at December 31, 2020.

The Student Loan Guarantee Program (SLGP), another program of the Board, guarantees student loans held by the Program. Claim payments received from the SLGP amounted to \$3,857,681 for the six months ended December 31, 2020. As of December 31, 2020, SLGP owed \$456,585 in defaulted loan claims to the Program. This amount is included in the Student Loan Receivables on the Statement of Net Position.

For the six months ended December 31, 2020, the Program charged the Board, the SLGP, and my529 for rent and other services, totaling \$1,730,467. Of this amount, \$432,294 was a receivable at December 31, 2020.

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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 December 31, 2020, there was no liability for non-purpose interest arbitrage rebate.

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 December 31, 2020, there was no liability for yield reduction payments.

12. RETIREMENT PLANS

Plan Descriptions – As required by State law, eligible nonexempt employees (as defined by the U.S. Fair Labor Standards Act) of the Program are covered either by the Utah Retirement Systems' (the System) State and School Noncontributory pension plan (Noncontributory plan) or the Tier 2 Public Employees Contributory pension plan (Tier 2 plan). The Tier 2 plan became effective July 1, 2011. All eligible employees, beginning on or after July 1, 2011, who had no previous service credit with the System, are members of the Tier 2 plan. Eligible exempt employees (as defined by the U.S. Fair Labor Standards Act) are covered by the Teachers Insurance and Annuity Association (TIAA) or Fidelity Investments (Fidelity).

The Program contributes to the System Noncontributory plan and the Tier 2 plan covering state employee groups, school districts and other local government entities. Those plans are multiple employer, cost-sharing, defined benefit, public employee pension plans. Retirement benefits are determined in accordance with Title 49 of the Utah Code and are based on age, years of credited service and highest average monthly salary.

The System is established and governed by the respective sections of Chapter 49 of the Utah Code Annotated, 1953, as amended. The defined benefit plans of the System may be amended statutorily by the State Legislature. The Utah State Retirement Office Act provides for the administration of the System under the direction of the Utah State Retirement Board, whose members are appointed by the governor.

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The System is a component unit of the State of Utah. System funds are fiduciary funds defined as pension (and other employee benefit) trust funds. Chapter 49 of the Utah Code grants authority to establish and amend the benefit terms. The System issues a publicly available financial report that includes financial statements and required supplementary information. A copy of the report may be obtained by contacting the System at 560 East 200 South, Salt Lake City, UT 84102 or visiting the website: [www.urs.org](http://www.urs.org).

Benefits and Contributions – The System provides retirement, disability, and death benefits. Retirement benefits, which vest after four years of employment, are as follows:

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefits	Benefit Percent per Year of Service	COLA**
Noncontributory	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2% per year all years	Up to 4%
Tier 2	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

*\*with actuarial reductions*

*\*\*All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) Increase for the year, although unused CPI increases not met may be carried forward to subsequent years.*

As a condition of participation in the System, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the System Board. Contributions are actuarially determined at an amount that is expected to finance the costs and benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability.

Employer contribution rates during the six months ended December 31, 2020 were 22.19% for the System Noncontributory plan and 18.99% for the System Tier 2 plan. The Tier 2 rates include a 9.94% required contribution to finance the unfunded actuarial accrued liability of the Noncontributory plan.

For the six months ended December 31, 2020, the Program's contributions to the System Noncontributory plan were \$68,805 based on an actuarially determined 22.19% of participating employee gross earnings. An additional 1.50% was contributed to the employee's 401(k) deferred salary plan.

For the six months ended December 31, 2020, the Program's contributions to the System Tier 2 plan were \$67,680 based on an actuarially determined 18.99% of participating employee gross earnings. An additional 1.03% was contributed to the employee's 401(k) deferred salary plan.

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The Program also contributes to TIAA and Fidelity which provide individual retirement fund contracts with each participating employee. Employees may allocate Program contributions to either or both of the providers and the contributions to the employee contracts become vested at the time contributions are made. Employees are eligible to participate from the date of employment and are not required to contribute to either fund. Benefits provided to retired employees are based on the value of the individual contracts and the estimated life expectancy of the employee at retirement.

For the six months ended December 31, 2020, the Program's contributions to the TIAA and Fidelity retirement plans were \$788,685 based on 14.20% of participating employee gross earnings. The Program has no further liability once contributions are made.

Net Pension Liability – The net pension liability is calculated annually and was last measured by the System as of December 31, 2019. The total System liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019 and rolled forward using generally accepted actuarial procedures. The Program's proportion of the net pension liability is equal to the ratio of the Program actual contributions to the System during the plan year over the total of all employer contributions to the System during the year.

For the six months ended December 31, 2020, no adjustments were made to the net pension liability. For the year ended June 30, 2020, the Program recognized deductions to the net pension liability of \$835,121 for the Noncontributory plan and \$60,019 for the Tier 2 plan. The deductions were based on the Program's proportion of the System net pension liability as of December 31, 2019. The total net pension liability at June 30, 2020 was \$409,677 for the Noncontributory plan and \$37,465 for the Tier 2 plan totaling \$447,142.

At December 31, 2019, the Program's proportion of the System net pension liability was 0.35% of the Noncontributory plan and 0.17% of the Tier 2 plan. For comparison, at December 31, 2018, the Program's proportion of the System net pension liability was 0.03% of the Noncontributory plan and 0.23% of the Tier 2 plan.

Net Pension Expense – The total employer net pension expense (net pension expense) is calculated annually, and was last measured by the System as of December 31, 2019. For the six months ended December 31, 2020, no adjustments were made to the net pension expense. For the year ended June 30, 2020, the Program recognized net pension expense of (\$695,657) for the Noncontributory plan and \$25,043 for the Tier 2 plan totaling (\$670,614).

The net pension expense contains the following System components: normal cost (annual cost of current service); plus interest on total pension liability; plus amortization of experience gains/losses, changes in assumptions, and changes in plan benefits; less expected return on plan assets.



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Pension – Deferred Outflows of Resources and Deferred Inflows of Resources – For the six months ended December 31, 2020, no adjustments were made to the deferred outflows or inflows of resources. For the year ended June 30, 2020, the Program recognized deferred outflows of resources (deferred outflows) and deferred inflows of resources (deferred inflows) as follows:

	<b>Noncontributory Plan</b>	<b>Tier 2 Plan</b>	<b>Total</b>
<b>Deferred Outflows:</b>			
Differences Between Expected and Actual Experience	\$ 338,499	\$ -	\$ 338,499
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-	-
Changes in Assumptions	37,131	15,997	53,128
Changes in Proportion	-	23,719	23,719
Contributions Subsequent to the Measurement Date	91,584	85,452	177,036
Total	\$ 467,214	\$ 125,168	\$ 592,382
<b>Deferred Inflows:</b>			
Differences Between Expected and Actual Experience	\$ (3,930)	\$ (12,858)	\$ (16,788)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	(244,229)	(18,318)	(262,547)
Changes in Assumptions	-	(12,763)	(12,763)
Changes of Proportion	(69,305)	-	(69,305)
Total	\$ (317,464)	\$ (43,939)	\$ (361,403)

The Program recognized deferred outflows of \$177,036 in the preceding schedule resulting from contributions made subsequent to the December 31, 2019 System measurement date. Those contributions will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. The other deferred outflows and inflows recognized in the preceding schedule will be recognized in future years pension expense as follows:

<u>Year ended June 30:</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2021	\$12,990
2022	12,990
2023	12,990
2024	12,990
2025	12,990
Thereafter	(11,007)
Total	\$53,943

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Actuarial Assumptions – The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: inflation 2.50%, salary increases 3.25% - 9.75% including inflation, and investment rate of return 6.95% net of pension plan investment expense including inflation.

The assumptions used in the January 1, 2019 actuarial valuation date were based on the results of a System actuarial experience study for the five year period ended December 31, 2016.

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation, and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The following actuarial assumptions were adopted on January 1, 2019: the investment return assumption remained unchanged at 6.95%; and the assumed inflation rate also remained unchanged at 2.50%. With the same assumed rate of inflation, both the payroll growth and wage inflation assumptions remained the same as the prior year assumptions.

The long-term expected rate of return on System pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Utah Retirement Systems</b>	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Real Rate of Return
Equity Securities	40%	6.15%	2.46%
Debt Securities	20	0.40	0.08
Real Assets	15	5.75	0.86
Private Equity	9	9.95	0.89
Absolute Return	16	2.85	0.46
Cash and Cash Equivalents	0	0.00	0.00
<b>Total</b>	<b>100%</b>		<b>4.75%</b>
	Inflation		<u>2.50</u>
	Expected Arithmetic Nominal Return		<u>7.25%</u>

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The total System long-term expected rate of return is 6.95%, which is comprised of a 2.50% inflation rate, an offset of 0.35% for administrative and investment expenses, and a real long-term expected rate of return of 4.80%.

Discount Rate – The discount rate used to measure the total System pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating employers will be made at actuarially determined, contractually required rates.

Based on those assumptions, the System pension plan fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the Program’s proportionate share of the System net pension liability, at December 31, 2019. This is calculated using the discount rate of 6.95%, as well as what the Program’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95%) or 1-percentage-point higher (7.95%) than the current rate:

	<b>1% Decrease (5.95%)</b>	<b>Current Discount Rate (6.95%)</b>	<b>1% Increase (7.95%)</b>
Program’s Proportionate Share Of the Net Pension Liability:			
Noncontributory Plan	\$1,348,512	\$409,677	\$(371,519)
Tier 2 Plan	<u>323,074</u>	<u>37,465</u>	<u>(183,259)</u>
Total	<u>\$1,671,586</u>	<u>\$447,142</u>	<u>\$(554,778)</u>

13. LEASE COMMITMENTS

The Program leases office equipment and a building which are classified as operating leases. Lease payments, recorded as expenses when incurred, totaled \$195,815 for the six months ended December 31, 2020. Future minimum lease commitments are as follows:

<u>Year ended June 30:</u>	<u>Operating</u>	<u>Capital</u>
2021	\$ 136,620	-
2022	45,540	-
Total	<u>\$ 182,160</u>	<u>\$ -</u>

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Notes to the Financial Statements  
For the Six Months Ended December 31, 2020

14. RISK MANAGEMENT

As a State entity, the Program participates in the Utah State Risk Management Fund (the Fund). The Program pays an annual premium for participation in the Fund. Through the Fund, the Program has both property and liability coverage.

The Fund provides property coverage through a combination of self-insurance and private carriers. The Fund provides liability coverage through self-insurance and private carriers up to \$10,000,000 per occurrence.

15. COVID-19 CONSIDERATIONS

The outbreak of the 2019 coronavirus disease (“COVID-19”) was declared a global pandemic by the World Health Organization on March 11, 2020. Responses by public health and governmental authorities to contain and combat its outbreak and spread are on-going. The pandemic has adversely affected workforces, economies, and financial markets globally, including the student loan industry.

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of the pandemic on the Program and its financial results will depend on future developments, including the duration and spread of the outbreak and the related impact it may have on student loan borrower confidence, all of which are uncertain at this time.

REQUIRED SUPPLEMENTARY INFORMATION

Program's Proportionate Share of the Net Pension Liability  
and  
Program's Defined Benefit Pension Contributions

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Required Supplementary Information  
For the Six Months Ended December 31, 2020

Proportionate Share of the Net Pension Liability – A schedule of the Program’s proportionate share of the net pension liability follows:

	<b>Noncontributory</b>	<b>Tier 2</b>	
	<b>Plan</b>	<b>Plan</b>	<b>Total</b>
<b>Program Proportion of the Net Pension Liability:</b>			
December 31, 2019	0.35%	0.17%	-
December 31, 2018	0.03%	0.23%	-
December 31, 2017	0.04%	0.34%	-
December 31, 2016	0.04%	0.58%	-
December 31, 2015	0.05%	0.80%	-
December 31, 2014	0.04%	0.62%	-
<b>Program Proportionate Share of the Net Pension Liability (Asset):</b>			
December 31, 2019	\$409,677	\$37,465	\$447,142
December 31, 2018	\$1,244,799	\$97,484	\$1,342,283
December 31, 2017	\$902,641	\$30,132	\$932,773
December 31, 2016	\$1,371,835	\$64,547	\$1,436,382
December 31, 2015	\$1,464,785	(\$1,740)	\$1,463,045
December 31, 2014	\$1,062,126	(\$18,893)	\$1,043,233
<b>Program Covered Payroll:</b>			
December 31, 2019	\$764,175	\$1,039,890	\$1,804,065
December 31, 2018	\$960,152	\$1,158,362	\$2,118,514
December 31, 2017	\$1,030,080	\$1,404,505	\$2,434,585
December 31, 2016	\$1,171,140	\$1,967,328	\$3,138,468
December 31, 2015	\$1,260,380	\$2,150,735	\$3,411,115
December 31, 2014	\$1,118,932	\$1,356,212	\$2,475,144
<b>Program Proportionate Share of the Net Pension Liability (Asset) As a Percentage of Covered Payroll:</b>			
December 31, 2019	53.61%	3.60%	-
December 31, 2018	129.64%	8.41%	-
December 31, 2017	87.62%	2.14%	-
December 31, 2016	117.13%	3.28%	-
December 31, 2015	116.22%	-0.08%	-
December 31, 2014	94.92%	-1.39%	-
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability:</b>			
December 31, 2019	94.20%	96.50%	-
December 31, 2018	84.10%	90.80%	-
December 31, 2017	89.20%	97.40%	-
December 31, 2016	84.90%	95.10%	-
December 31, 2015	84.50%	100.20%	-
December 31, 2014	87.20%	103.50%	-

Amounts were presented for the System years ended December 31, 2014 through 2019. Going forward, a full 10-year schedule will be presented as it becomes available.

Details regarding actuarial assumptions can be found in Footnote 12 which precedes this section of the statements.

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Required Supplementary Information  
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Defined Benefit Pension Contributions – A schedule of the Program’s pension contributions to the System follows:

	<b>Noncontributory Plan</b>	<b>Tier 2 Plan</b>	<b>Total</b>
<b>Contractually Required Program Contributions:</b>			
June 30, 2020	\$183,484	\$183,149	\$366,633
June 30, 2019	\$202,374	\$231,408	\$433,782
June 30, 2018	\$238,644	\$251,281	\$489,925
June 30, 2017	\$249,016	\$294,983	\$543,999
June 30, 2016	\$292,406	\$475,577	\$767,983
June 30, 2015	\$299,848	\$318,563	\$618,411
<b>Program Contributions in Relation to the Contractually Required Contributions:</b>			
June 30, 2020	(183,484)	(183,149)	(\$366,633)
June 30, 2019	(202,374)	(231,408)	(\$433,782)
June 30, 2018	(238,644)	(251,281)	(\$489,925)
June 30, 2017	(249,016)	(294,983)	(\$543,999)
June 30, 2016	(292,406)	(475,577)	(\$767,983)
June 30, 2015	(299,848)	(318,563)	(\$618,411)
<b>Program Contribution Deficiency (Excess):</b>			
June 30, 2020	\$0	\$0	\$0
June 30, 2019	\$0	\$0	\$0
June 30, 2018	\$0	\$0	\$0
June 30, 2017	\$0	\$0	\$0
June 30, 2016	\$0	\$0	\$0
June 30, 2015	\$0	\$0	\$0
<b>Program Covered Payroll:</b>			
June 30, 2020	\$774,521	\$914,830	\$1,689,351
June 30, 2019	\$854,259	\$1,155,884	\$2,010,143
June 30, 2018	\$1,007,362	\$1,255,150	\$2,262,512
June 30, 2017	\$1,051,144	\$1,473,442	\$2,524,586
June 30, 2016	\$1,234,301	\$2,375,509	\$3,609,810
June 30, 2015	\$1,265,715	\$1,611,345	\$2,877,060
<b>Program Contributions as a Percentage of Covered Payroll:</b>			
June 30, 2020	23.69%	20.02%	-
June 30, 2019	23.69%	20.02%	-
June 30, 2018	23.69%	20.02%	-
June 30, 2017	23.69%	20.02%	-
June 30, 2016	23.69%	20.02%	-
June 30, 2015	23.69%	19.77%	-

Amounts were presented for the years ended June 30, 2015 through 2020. Going forward, a full 10-year schedule will be presented as it becomes available.

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Required Supplementary Information  
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**Note to Required Supplementary Information**

The following actuarial assumption changes were adopted on January 1, 2019: the investment return assumption remained unchanged at 6.95%; and the assumed inflation rate also remained unchanged at 2.50%. With the same assumed rate of inflation, both the payroll growth and wage inflation assumptions remained the same as the prior year assumptions.



## SUPPLEMENTAL SCHEDULES

### Combining Financial Statements

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Combining Statement of Net Position  
December 31, 2020  
(in thousands of dollars)

	Short-Term Note Fund	2012 Revenue Bond Fund	2014 Revenue Bond Fund	2015 Revenue Bond Fund	2016 Revenue Bond Fund	2017 Revenue Bond Fund	2020 Revenue Bond Fund	Office Facility Bond Fund	Total
<b>ASSETS</b>									
<b>Current Assets</b>									
Cash and cash equivalents	\$ 70,405	\$ 123	\$ 18	\$ 92	\$ 196	\$ 112	\$ 76	\$ 1,435	\$ 72,457
Funds held by Trustee	-	3,658	2,382	3,345	5,291	4,567	11,278	843	31,364
Receivables									
Student loans	22,507	25,838	17,536	29,496	40,912	39,909	27,388	-	203,586
Interest - student loans	1,875	5,624	3,852	6,080	8,881	9,199	6,329	-	41,840
Other receivables	1,628	-	-	-	7	-	-	54	1,689
Due from/(to) related funds	353	-	-	-	-	-	(353)	-	-
Prepaid expenses	846	3	3	3	8	1	-	-	864
<b>Total Current Assets</b>	<b>97,614</b>	<b>35,246</b>	<b>23,791</b>	<b>39,016</b>	<b>55,295</b>	<b>53,788</b>	<b>44,718</b>	<b>2,332</b>	<b>351,800</b>
<b>Noncurrent Assets</b>									
Student loans receivable	85,099	117,772	98,176	113,276	174,858	176,362	202,065	-	967,608
Capital assets, net	1,372	-	-	-	-	-	-	7,119	8,491
<b>Total Noncurrent Assets</b>	<b>86,471</b>	<b>117,772</b>	<b>98,176</b>	<b>113,276</b>	<b>174,858</b>	<b>176,362</b>	<b>202,065</b>	<b>7,119</b>	<b>976,099</b>
<b>TOTAL ASSETS</b>	<b>184,085</b>	<b>153,018</b>	<b>121,967</b>	<b>152,292</b>	<b>230,153</b>	<b>230,150</b>	<b>246,783</b>	<b>9,451</b>	<b>1,327,899</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>									
Deferred pension expense	592	-	-	-	-	-	-	-	592
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>592</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>592</b>
<b>LIABILITIES</b>									
<b>Current Liabilities</b>									
Accounts payable	1,595	114	157	82	164	168	495	9	2,784
Special allowance	67	1,047	376	1,254	1,878	1,813	323	-	6,758
Payable to affiliate	908	-	-	-	-	-	-	6	914
Compensated absences	581	-	-	-	-	-	-	5	586
Other liabilities	580	-	-	-	-	-	-	-	580
Accrued interest payable	-	13	7	12	22	23	563	34	674
Bonds and notes payable	-	25,255	14,045	22,005	29,866	28,918	37,824	756	158,669
<b>Total Current Liabilities</b>	<b>3,731</b>	<b>26,429</b>	<b>14,585</b>	<b>23,353</b>	<b>31,930</b>	<b>30,922</b>	<b>39,205</b>	<b>810</b>	<b>170,965</b>
<b>Noncurrent Liabilities</b>									
Compensated absences	431	-	-	-	-	-	-	-	431
Net pension liability	447	-	-	-	-	-	-	-	447
Bonds and notes payable	-	101,335	80,481	108,686	177,739	182,549	184,626	1,321	836,737
<b>Total Noncurrent Liabilities</b>	<b>878</b>	<b>101,335</b>	<b>80,481</b>	<b>108,686</b>	<b>177,739</b>	<b>182,549</b>	<b>184,626</b>	<b>1,321</b>	<b>837,615</b>
<b>TOTAL LIABILITIES</b>	<b>4,609</b>	<b>127,764</b>	<b>95,066</b>	<b>132,039</b>	<b>209,669</b>	<b>213,471</b>	<b>223,831</b>	<b>2,131</b>	<b>1,008,580</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Deferred gain on bond refundings	-	-	843	-	-	-	6,214	-	7,057
Deferred pension income	361	-	-	-	-	-	-	-	361
Deferred building maintenance	-	-	-	-	-	-	-	30	30
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>361</b>	<b>-</b>	<b>843</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,214</b>	<b>30</b>	<b>7,448</b>
<b>NET POSITION</b>									
Net investment in capital assets	1,372	-	-	-	-	-	-	5,042	6,414
Restricted	-	25,254	26,058	20,253	20,484	16,679	16,738	2,248	127,714
Unrestricted	178,335	-	-	-	-	-	-	-	178,335
<b>TOTAL NET POSITION</b>	<b>\$ 179,707</b>	<b>\$ 25,254</b>	<b>\$ 26,058</b>	<b>\$ 20,253</b>	<b>\$ 20,484</b>	<b>\$ 16,679</b>	<b>\$ 16,738</b>	<b>\$ 7,290</b>	<b>\$ 312,463</b>

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

Combining Statement of Revenues, Expenses, and Changes in Net Position  
For the Six Months Ended December 31, 2020  
(in thousands of dollars)

	Short-Term Note Fund	1993 Revenue Bond Fund	2012 Revenue Bond Fund	2014 Revenue Bond Fund	2015 Revenue Bond Fund	2016 Revenue Bond Fund	2017 Revenue Bond Fund	2020 Revenue Bond Fund	Warehouse Facility Fund	Office Facility Bond Fund	Total
<b>OPERATING REVENUES</b>											
Interest on student loans	\$ 144	\$ 2,195	\$ 3,453	\$ 2,333	\$ 3,614	\$ 5,444	\$ 5,304	\$ 1,068	\$ 1,012	\$ -	\$ 24,567
Federal loan servicing revenue	8,607	-	-	-	-	-	-	-	-	-	8,607
Investment income	176	(14)	1	-	1	20	1	-	-	-	190
Other revenue	1,576	-	-	-	-	-	-	-	-	323	1,899
<b>Total Operating Revenues</b>	<b>10,503</b>	<b>2,181</b>	<b>3,454</b>	<b>2,333</b>	<b>3,615</b>	<b>5,464</b>	<b>5,305</b>	<b>1,068</b>	<b>1,012</b>	<b>328</b>	<b>35,263</b>
<b>OPERATING EXPENSES</b>											
Interest expense	-	4,607	606	333	632	1,118	1,142	504	234	25	9,201
Bond and financing related expense	870	12	28	27	28	30	30	2,221	-	-	3,246
Special allowance	55	480	2,092	746	2,523	3,781	3,645	323	48	-	13,693
Student loan servicing expense	(3)	422	588	438	279	654	654	291	196	-	3,519
General and administrative expense	1,515	55	78	60	72	109	109	29	-	(323)	1,704
Federal loan servicing expense	11,509	-	-	-	-	-	-	-	-	-	11,509
Depreciation expense	437	-	-	-	-	-	-	-	-	210	647
Uninsured claims expense	(17)	7	133	109	128	195	189	(60)	352	-	1,036
<b>Total Operating Expenses</b>	<b>14,366</b>	<b>5,583</b>	<b>3,525</b>	<b>1,713</b>	<b>3,662</b>	<b>5,887</b>	<b>5,769</b>	<b>3,308</b>	<b>830</b>	<b>(88)</b>	<b>44,555</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(3,863)</b>	<b>(3,402)</b>	<b>(71)</b>	<b>620</b>	<b>(47)</b>	<b>(423)</b>	<b>(464)</b>	<b>(2,240)</b>	<b>182</b>	<b>416</b>	<b>(9,292)</b>
<b>NONOPERATING REVENUES</b>											
Gain on interest rate swap termination	-	15,510	-	-	-	-	-	-	-	-	15,510
<b>Total Nonoperating Revenues</b>	<b>-</b>	<b>15,510</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,510</b>
Transfer to Utah System of Higher Education	(50)	-	-	-	-	-	-	-	-	-	(50)
Transfers - Intrafund	116,124	(134,920)	-	-	-	-	-	18,978	(182)	-	-
<b>CHANGES IN NET POSITION</b>	<b>112,211</b>	<b>(122,812)</b>	<b>(71)</b>	<b>620</b>	<b>(47)</b>	<b>(423)</b>	<b>(464)</b>	<b>16,738</b>	<b>-</b>	<b>416</b>	<b>6,168</b>
<b>NET POSITION - Beginning of Year</b>	<b>67,496</b>	<b>122,812</b>	<b>25,325</b>	<b>25,438</b>	<b>20,300</b>	<b>20,907</b>	<b>17,143</b>	<b>-</b>	<b>-</b>	<b>6,874</b>	<b>306,295</b>
<b>NET POSITION - End of Period</b>	<b>\$ 179,707</b>	<b>\$ -</b>	<b>\$ 25,254</b>	<b>\$ 26,058</b>	<b>\$ 20,253</b>	<b>\$ 20,484</b>	<b>\$ 16,679</b>	<b>\$ 16,738</b>	<b>\$ -</b>	<b>\$ 7,290</b>	<b>\$ 312,463</b>

**STATE BOARD OF REGENTS OF THE STATE OF UTAH**  
**STUDENT LOAN PURCHASE PROGRAM**  
 Combining Statement of Cash Flows  
 For the Six Months Ended December 31, 2020  
 (in thousands of dollars)

	Short-Term Note Fund	1993 Revenue Bond Fund	2012 Revenue Bond Fund	2014 Revenue Bond Fund	2015 Revenue Bond Fund	2016 Revenue Bond Fund	2017 Revenue Bond Fund	2020 Revenue Bond Fund	Warehouse Facility Fund	Office Facility Bond Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>											
Principal received on student loans	\$ 2,992	\$ 9,501	\$ 10,019	\$ 7,447	\$ 9,679	\$ 15,537	\$ 15,246	\$ 4,640	\$ 3,497	\$ -	\$ 78,558
Interest received on student loans	(622)	1,076	1,719	1,106	1,989	3,092	2,767	844	531	-	12,502
Special allowance payments	(537)	(444)	(2,118)	(736)	(2,535)	(3,812)	(3,660)	-	-	-	(13,842)
Net borrower payments received for (sent to) related funds	966	-	-	-	-	-	-	-	-	-	966
Payments received for internal services	1,346	-	-	-	-	-	-	-	-	-	1,346
Payments for loan purchases	(1,370)	(1,443)	(1,127)	(589)	(147)	(206)	(285)	-	-	-	(5,167)
Payments for student loan servicing expense	(2,152)	(656)	(592)	(440)	(284)	(660)	(661)	-	(196)	-	(5,641)
Payments for general and administrative expense	654	128	(81)	(60)	(73)	(110)	(110)	-	-	219	567
Payments for federal loan servicing expense	(11,627)	-	-	-	-	-	-	-	-	-	(11,627)
Payments received for federal loan servicing revenue	13,282	-	-	-	-	-	-	-	-	-	13,282
Payments received for rental revenue	-	-	-	-	-	-	-	-	-	-	361
Payments for student loan disbursements	(208)	-	-	-	-	-	-	-	-	-	(208)
Cash provided by operating activities	2,724	8,162	7,820	6,728	8,629	13,841	13,297	5,484	3,832	580	71,097
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>											
Equity transfer	19,524	198,322	-	-	-	-	-	(214,311)	(3,535)	-	-
Transfer to Utah System of Higher Education	(50)	-	-	-	-	-	-	-	-	-	(50)
Proceeds from issuance of notes	-	-	-	-	-	-	-	222,402	-	-	222,402
Proceeds from issuance of line of credit	-	-	-	-	-	-	-	-	218,000	-	218,000
Principal paid on bonds and notes	-	(253,581)	(6,352)	(6,072)	(8,247)	(12,789)	(12,188)	-	(218,085)	-	(517,314)
Interest paid on bonds and notes	-	(4,353)	(615)	(361)	(592)	(1,075)	(1,114)	-	(212)	(41)	(8,363)
Payments for bond related expense	27	(12)	(31)	(30)	(25)	(35)	(25)	-	-	-	(131)
Payments for bond/line of credit issuance costs	(849)	-	-	-	-	-	-	(2,221)	-	-	(3,070)
Cash provided by (used in) noncapital financing activities	18,652	(59,624)	(6,998)	(6,463)	(8,864)	(13,899)	(13,327)	5,870	(3,832)	(41)	(88,526)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>											
Acquisition of capital assets	(136)	-	-	-	-	-	-	-	-	(5)	(141)
Payments received for deferred building maintenance	-	-	-	-	-	-	-	-	-	30	30
Cash used in capital and related financing activities	(136)	-	-	-	-	-	-	-	-	25	(111)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
Proceeds from maturing investments	-	279,514	9,817	8,167	11,913	18,731	18,031	216,533	436,345	41	999,092
Interest received on investments	176	(168)	1	-	1	26	1	-	-	5	42
Purchases of investments	-	(228,121)	(10,604)	(8,554)	(11,662)	(18,658)	(18,095)	(227,811)	(436,345)	(43)	(959,893)
Cash provided by (used in) investing activities	176	51,225	(786)	(387)	252	99	(63)	(11,278)	-	3	39,241
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>											
	21,416	(237)	36	(122)	17	41	(93)	76	-	567	21,701
CASH AND CASH EQUIVALENTS – Beginning of Year	48,989	237	87	140	75	155	205	-	-	868	50,756
CASH AND CASH EQUIVALENTS – End of Period	\$ 70,405	\$ -	\$ 123	\$ 18	\$ 92	\$ 196	\$ 112	\$ 76	\$ -	\$ 1,435	\$ 72,457

(continued next page)

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

Combining Statement of Cash Flows  
For the Six Months Ended December 31, 2020  
(in thousands of dollars)

(continued)

	Short-Term Note Fund	1993 Revenue Bond Fund	2012 Revenue Bond Fund	2014 Revenue Bond Fund	2015 Revenue Bond Fund	2016 Revenue Bond Fund	2017 Revenue Bond Fund	2020 Revenue Bond Fund	Warehouse Facility Fund	Office Facility Bond Fund	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH PROVIDED BY OPERATING ACTIVITIES											
Operating income (loss)	\$ (3,863)	\$ (3,402)	\$ (71)	\$ 620	\$ (47)	\$ (423)	\$ (464)	\$ (2,240)	\$ 182	\$ 416	\$ (9,292)
Adjustments to reconcile income (loss) to net cash provided by operating activities											
Amortization and depreciation	437	3,089	-	-	48	58	42	48	-	194	3,916
Interest expense for noncapital and capital financing	-	1,518	606	333	584	1,060	1,100	456	234	41	5,932
Interest revenue from nonoperating investing activities	(176)	14	(1)	-	(1)	(20)	(1)	-	-	(5)	(190)
Bond related expense	870	12	28	27	28	30	30	2,221	-	-	3,246
Change in assets/liabilities:											
Student loans receivable	(95,014)	340,505	7,841	6,073	8,794	13,978	13,473	(229,453)	-	-	66,197
Transfer of student loans	96,646	(339,624)	-	-	-	-	-	239,610	3,368	-	-
Transfer special allowance	(528)	480	-	-	-	-	-	-	48	-	-
Borrower interest receivable	(1,118)	6,549	(551)	(329)	(759)	(802)	(858)	(6,329)	-	-	(4,197)
Special allowance	46	(444)	(26)	10	(12)	(30)	(15)	323	-	-	(148)
Other receivables	5,198	-	-	-	-	-	-	-	-	(9)	5,189
Prepaid expenses	88	-	-	-	-	-	-	-	-	-	88
Accounts payable and payable to affiliate	138	(535)	(6)	(6)	(6)	(10)	(10)	848	-	(57)	356
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 2,724	\$ 8,162	\$ 7,820	\$ 6,728	\$ 8,629	\$ 13,841	\$ 13,297	\$ 5,484	\$ 3,832	\$ 580	\$ 71,097