

The image features a large, red, serif 'SUU' logo centered in the upper half. Below it, the text 'SOUTHERN UTAH UNIVERSITY' is written in a smaller, red, sans-serif font. Underneath that, 'A COMPONENT UNIT OF THE STATE OF UTAH' is written in a black, sans-serif font. The background is a collage of two photos: the top right shows a brick clock tower with a white clock face and the Roman numeral 'MMVIII' below it; the bottom half shows a large group of graduates in black gowns and caps walking on a paved path towards a brick building entrance. The scene is set outdoors with trees and a clear blue sky.

SUU

SOUTHERN UTAH UNIVERSITY

A COMPONENT UNIT OF THE STATE OF UTAH

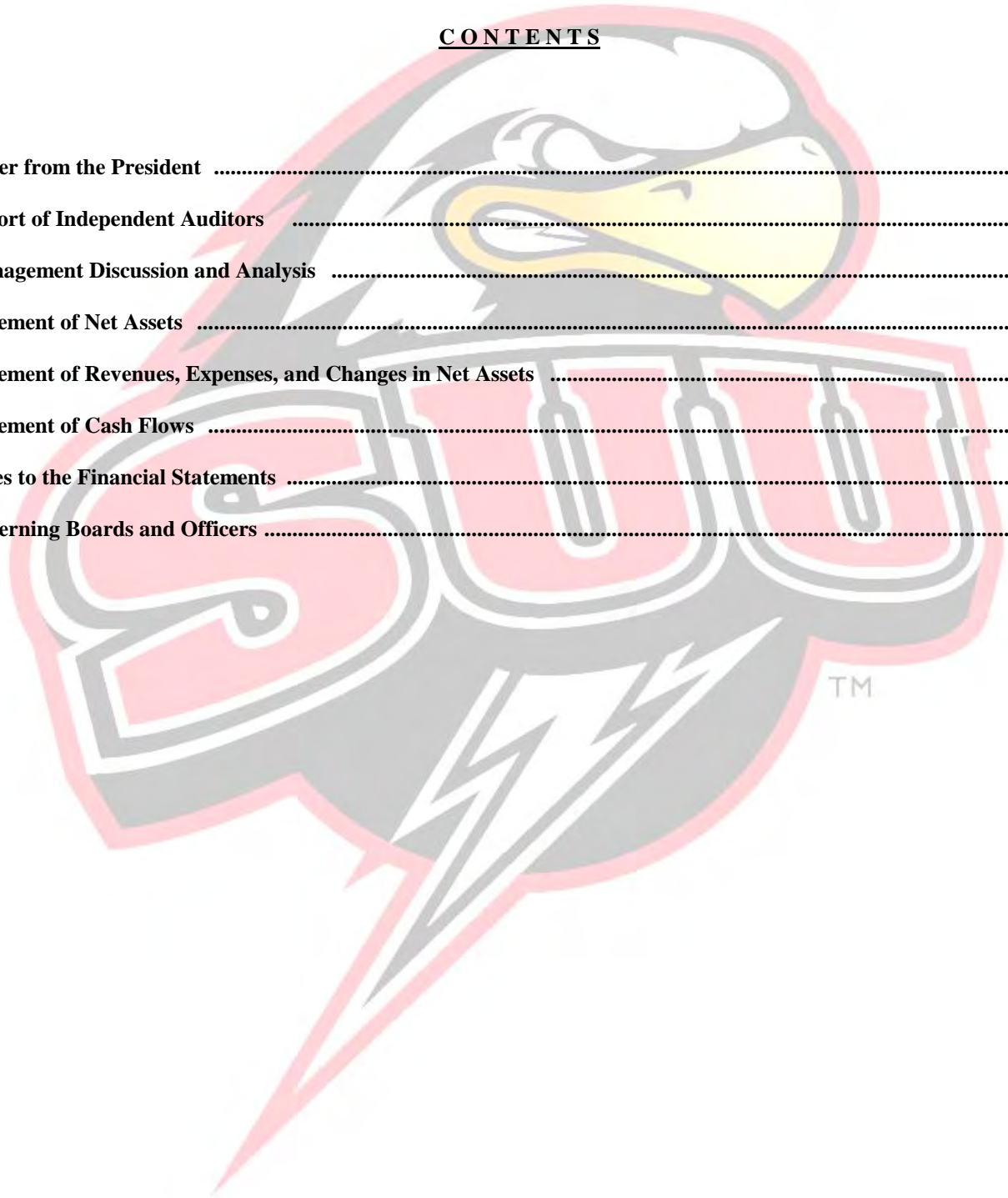
2010-11

ANNUAL FINANCIAL REPORT

SOUTHERN UTAH UNIVERSITY

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From the President...



During the German *blitzkrieg* of World War II when London was bombed for 76 consecutive nights, Prime Minister Winston Churchill endeavored to keep the spirits up of his fellow Brits. Thus was born the “Keep Calm and Carry On” campaign made famous by the posters that plastered buildings and walls throughout England’s capital city. A replica of one of those posters hangs in my office and is a constant reminder that many others have had much more grave challenges than I in much harder circumstances. Nonetheless, we would all do well to emulate this attitude and adopt this mantra regardless of our current situation.

Economic uncertainty of the past few years has certainly necessitated that we, as an institution, remain focused on our primary purpose of educating students while maintaining a positive and upbeat attitude in the face of unprecedented financial challenges. I am happy to say that Southern Utah University has weathered these storms and has emerged even stronger and more resilient than before thanks to the effort and determination of our committed staff, our accomplished

faculty, and our promising students.

As you may have heard, SUU launched a \$100 million capital campaign this past fall, opening the door for the largest and broadest enhancements and expansions ever undertaken within the scope of a single fundraising initiative at SUU. “The Future is Rising: The Campaign for Southern Utah University” holds much promise for students, faculty and staff across our campus, and we are encouraged by great success in the quiet phase of this campaign which has brought total fundraising to \$65 million in donations and pledges thus far. SUU’s future is most assuredly on the rise.

Our momentum is evident in every facet of campus life. In November of last year, we announced SUU’s successful bid to become the newest members of the Big Sky athletic conference in the fall of 2012. This marks the culmination of years of effort on the part of countless people committed to SUU and its future. This invitation to join the Big Sky is proof positive of our recent strides, both academically and athletically. SUU will reap many benefits as members of the Big Sky, including reduced travel costs, ease of scheduling and, at least in the case of football, the opportunity to play for an automatic post-season bid. Last, but certainly not least, SUU’s programs will be able to build on natural regional rivalries within the conference rather than with institutions with no geographic ties to Utah.

Speaking of changes, as we opened the fall 2011 semester, we also introduced a new University mission statement that better reflects our priorities moving forward. This new statement sets in stone our aim to fill a wholly unique niche within the Utah System of Higher Education as the state’s first and only public liberal arts and sciences institution. It sets forth all that is to come as the University enhances the very institutional traits that have heretofore set us apart as uniquely valuable within the state, namely: academic excellence, involvement and personal growth, and community and social responsibility.

In these efforts, this past year brought about many exciting accomplishments as testament to the possibility within the SUU experience:

- For the second consecutive time, SUU Nursing celebrated a 100-percent first-time NCLEX-RN pass rate among its most recent class of graduates. The NCLEX-RN (National Council Licensure Examination for Registered Nurses) is the required licensing test for students seeking a nursing career, and our students tout the highest pass rate for this exam in the state.

- Fourteen dance students as well as music and dance faculty from the College of Performing and Visual Arts joined with the Hubei Opera and Dance Drama Theatre in *The Dream of Helen*, a dance drama inspired by the life and achievements of Utah native, Helen Foster Snow. This collaborative international production was performed in Wuhan's Qui Tai Grand Theatre in China's Hubei Province.
- The fall 2011 semester brought about new curriculum guidelines for our students, namely in the Experiential Education Requirement (EER), which aims to enhance an already personalized academic environment with hands-on learning through meaningful real-world experiences.
- Our new 48,442-square-foot Center for Health and Molecular Sciences opened for classes with the fall semester. The expanded space for the College of Science and Engineering has already proven its worth, with a five-room rooftop greenhouse, expanded and updated labs and lab support areas, animal care rooms, a science-specific study lounge and expanded instructional space that includes the L.S. and Aline Skaggs Education Suite, the Dixie and Anne Leavitt Nursing Education Suite, and the Garth and Jerri Frehner Museum of Natural History.
- SUU and Bryce Canyon National Park renewed our educational alliance which began in 2006. The Alliance for Education — a similar version of which we have also entered into with the Zion Park Group — advances the mission of both entities by offering unique, hands-on service and learning opportunities in the National Parks for students from a variety of academic backgrounds.
- SUU has once again been ranked among the top schools in the West, according to the prestigious collegiate reviews from *The Princeton Review*. This is the eighth consecutive year the University has ranked among the top 25 percent of all schools in the nation.
- We continue to move forward with plans for SUMA, the Southern Utah Museum of Art, and will break ground for SUMA in the late spring of 2012. The museum will become a major regional attraction with education central to its mission of exhibiting, collecting and preserving historic and contemporary works of art significant to the interior American West. The museum will also host art exhibitions that represent the principal artistic styles and periods of world cultures.

The above examples are just a few of the many initiatives that help define Southern Utah University, which I am honored to lead. Thank you for your interest in and support of SUU's rising momentum. We look forward to a bright future.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael T. Benson". The signature is fluid and cursive, with a long horizontal stroke at the end.

President Michael T. Benson



Auston G. Johnson, CPA
UTAH STATE AUDITOR

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INDEPENDENT STATE AUDITOR'S REPORT

To the Board of Trustees, Audit Committee
and
Michael T. Benson, President
Southern Utah University

We have audited the accompanying basic financial statements of Southern Utah University (hereinafter referred to as the "University"), a component unit of the State of Utah, as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial comparative information has been derived from the University's 2010 financial statements and, in our report dated December 21, 2010, we expressed an unqualified opinion on the basic financial statements.

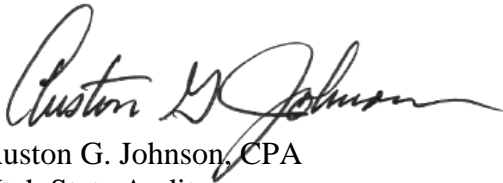
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University as of June 30, 2011, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2011 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of

our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink, appearing to read "Auston G. Johnson". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Auston G. Johnson, CPA
Utah State Auditor
December 21, 2011

SOUTHERN UTAH UNIVERSITY

MANAGEMENT DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED JUNE 30, 2011

Introduction

The following discussion and analysis provides an overview of the financial position and activities of Southern Utah University (University) for the year ended June 30, 2011. This discussion was prepared by management and should be read in conjunction with the audited financial statements and the notes thereto, which follow this section.

Through its 114-year history, the University has evolved from a teacher training school into its current role as a comprehensive, regional university. It serves the southern region of Utah and the contiguous counties of two states with undergraduate and graduate programs and applied technology training. People of the region look to the University for public education, outreach services, culture, sporting events, economic and business development, regional history, public affairs, and major academic specialties. The University enrolls just over 8,000 undergraduate and graduate students.

Financial

The annual report consists of three basic financial statements that provide information on the University as a whole: the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows. Each of these statements will be discussed.

The University's financial statements include, as a blended component unit, the activity of the Southern Utah University Foundation (Foundation). The Foundation was established to support, promote, sponsor, and carryout educational and related activities and objectives at the University. Separate unaudited financial statements of the Foundation can be obtained from the University.



SOUTHERN UTAH UNIVERSITY

MANAGEMENT DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED JUNE 30, 2011

Statement of Net Assets

The Statement of Net Assets reports the Assets, Liabilities and Net Assets (Assets less Liabilities) of the University at June 30. The Net Assets are categorized as "Invested in Capital Assets", "Restricted" (Expendable or Nonexpendable), or "Unrestricted." Net Assets Invested in Capital Assets are the fixed assets of the University reduced by accompanying debt and accumulated depreciation. Restricted Nonexpendable Net Assets are endowment and similar funds that are held in perpetuity. Restricted Expendable Net Assets are subject to externally imposed restrictions governing their use. All other Net Assets are listed as Unrestricted. Below is a Condensed Statement of Net Assets as of June 30, 2011 and 2010.

Condensed Statement of Net Assets				
	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>Change</u>	<u>% Change</u>
Assets				
Current Assets	\$ 42,415,678	\$ 37,630,443	\$ 4,785,235	12.7%
Noncurrent Assets				
Capital Assets	139,180,271	124,852,136	14,328,135	11.5%
Other Noncurrent Assets	<u>20,517,370</u>	<u>19,440,049</u>	<u>1,077,321</u>	<u>5.5%</u>
Total Assets	<u>202,113,319</u>	<u>181,922,628</u>	<u>20,190,691</u>	<u>11.1%</u>
Liabilities				
Current Liabilities	14,193,739	10,760,514	3,433,225	31.9%
Noncurrent Liabilities	<u>22,175,977</u>	<u>23,420,370</u>	<u>(1,244,393)</u>	<u>-5.3%</u>
Total Liabilities	<u>36,369,716</u>	<u>34,180,884</u>	<u>2,188,832</u>	<u>6.4%</u>
Net Assets				
Invested in Capital Assets	117,071,717	102,168,838	14,902,879	14.6%
Restricted Nonexpendable	12,414,030	10,457,346	1,956,684	18.7%
Restricted Expendable	12,556,586	11,491,928	1,064,658	9.3%
Unrestricted	<u>23,701,270</u>	<u>23,623,632</u>	<u>77,638</u>	<u>0.3%</u>
Total Net Assets	<u>\$ 165,743,603</u>	<u>\$ 147,741,744</u>	<u>\$ 18,001,859</u>	<u>12.2%</u>

Current Assets increases were a result of a net increase in Short-term Investments provided by normal operations along with an increase in amounts due from related parties, due from the Utah Division of Facilities Construction and Management (DFCM). Additionally, prepaid expenses increased as a result of the University transitioning to a self-funded health insurance plan. Net Capital Assets increased primarily due to the addition of the Department of Science's Center for Health and Molecular sciences. An increase in market value for non-current investments coupled with a decrease in restricted cash account for the increase in other noncurrent assets.

Current liabilities increases are attributable to increases in amounts due to both vendors and to DFCM. There was also a decrease in Utah Shakespeare Festival (USF) deferred revenues. Noncurrent liabilities decreased as payments were made reducing outstanding bond debt along with a decrease in noncurrent termination benefits liabilities.

The invested in Capital Assets account increased as a result of the addition of the Science center and other additions, net of depreciation expense. Restricted Nonexpendable Net Assets increases resulted from the gain of fair market value in investments held in the Endowment accounts. Restricted Expendable Net Assets increased as a result of the University adding reserve funds for bond payments. The additional reserve funds were deemed necessary, by management, as a result of the bond Surety filing for bankruptcy.



SOUTHERN UTAH UNIVERSITY

MANAGEMENT DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED JUNE 30, 2011

Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets present the University's results of operations for the year ended June 30. Below is a Condensed Statement of Revenues, Expenses, and Changes in Net Assets for the year ended June 30, 2011 and 2010.

Condensed Statement of Revenues, Expenses, and Changes in Net Assets

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>Change</u>	<u>% Change</u>
Operating Revenues				
Tuition and Fees	\$ 28,922,972	\$ 25,845,830	\$ 3,077,142	11.9%
Grants and Contracts	389,448	433,662	(44,214)	-10.2%
Sales and Services	13,923,792	12,151,144	1,772,648	14.6%
Auxiliary Enterprises	5,579,233	5,390,372	188,861	3.5%
Other	39,968	43,887	(3,919)	-8.9%
Total Operating Revenues	48,855,413	43,864,895	4,990,518	11.4%
Operating Expenses				
Salaries	44,552,301	41,132,238	3,420,063	8.3%
Benefits	17,109,104	16,318,651	790,453	4.8%
Depreciation	5,532,242	5,132,169	400,073	7.8%
Repairs and Maintenance	1,540,461	1,931,798	(391,337)	-20.3%
Services and Supplies	13,194,689	11,293,232	1,901,457	16.8%
Student Aid	10,249,300	8,739,513	1,509,787	17.3%
Utilities	2,586,853	2,640,672	(53,819)	-2.0%
Other Operating Expenses	11,810,724	10,642,542	1,168,182	11.0%
Total Operating Expenses	106,575,674	97,830,815	8,744,859	8.9%
Operating Loss	(57,720,261)	(53,965,920)	(3,754,341)	7.0%
Nonoperating Revenues (Expenses)				
State Appropriations	29,450,389	28,950,422	499,967	1.7%
Grants and Contracts	26,199,874	23,002,038	3,197,836	13.9%
Gifts	2,914,431	4,835,111	(1,920,680)	-39.7%
Investment Income	1,842,245	803,073	1,039,172	129.4%
Other Nonoperating Revenues				
(Expenses)	(20,892)	72,357	(93,249)	-128.9%
Interest Expense	(1,060,227)	(1,188,295)	128,068	-10.8%
Net Nonoperating Revenue	59,325,820	56,474,706	2,851,114	5.0%
(Expenses)	(1,060,227)	(1,188,295)	128,068	-10.8%
Income (Loss) Before Other Revenue	1,605,559	2,508,786	(903,227)	-36.0%
Other Revenues	16,396,300	3,138,287	13,258,013	422.5%
Net Increase (Decrease)	18,001,859	5,647,073	12,354,786	218.8%
in Net Assets	18,001,859	5,647,073	12,354,786	218.8%
Net Assets - Beginning of Year				
(as adjusted)	147,741,744	142,094,671	5,647,073	4.0%
Net Assets - End of Year	\$ 165,743,603	\$ 147,741,744	\$ 18,001,859	12.2%



SOUTHERN UTAH UNIVERSITY

MANAGEMENT DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED JUNE 30, 2011

Tuition and fee rate increases resulted in higher Tuition and Fee revenue. Sales and Services increased as a result of increased revenues in the following areas: Utah Shakespeare Festival admissions and international tour, event services, and student activities.

State Appropriations were slightly higher as a result of small budget increases throughout the State. Grants and Contracts revenue increases were due to additional funding for the SMART, Pell, and Upward Bound programs. Additionally, a grant to help fund the design of the Science Center was received. Investment income increased due to a recovery of market value for all investments. Interest on Indebtedness decreased as a result of the 2010 repayment of the 2005 Series Pavilion/Stadium bonds.

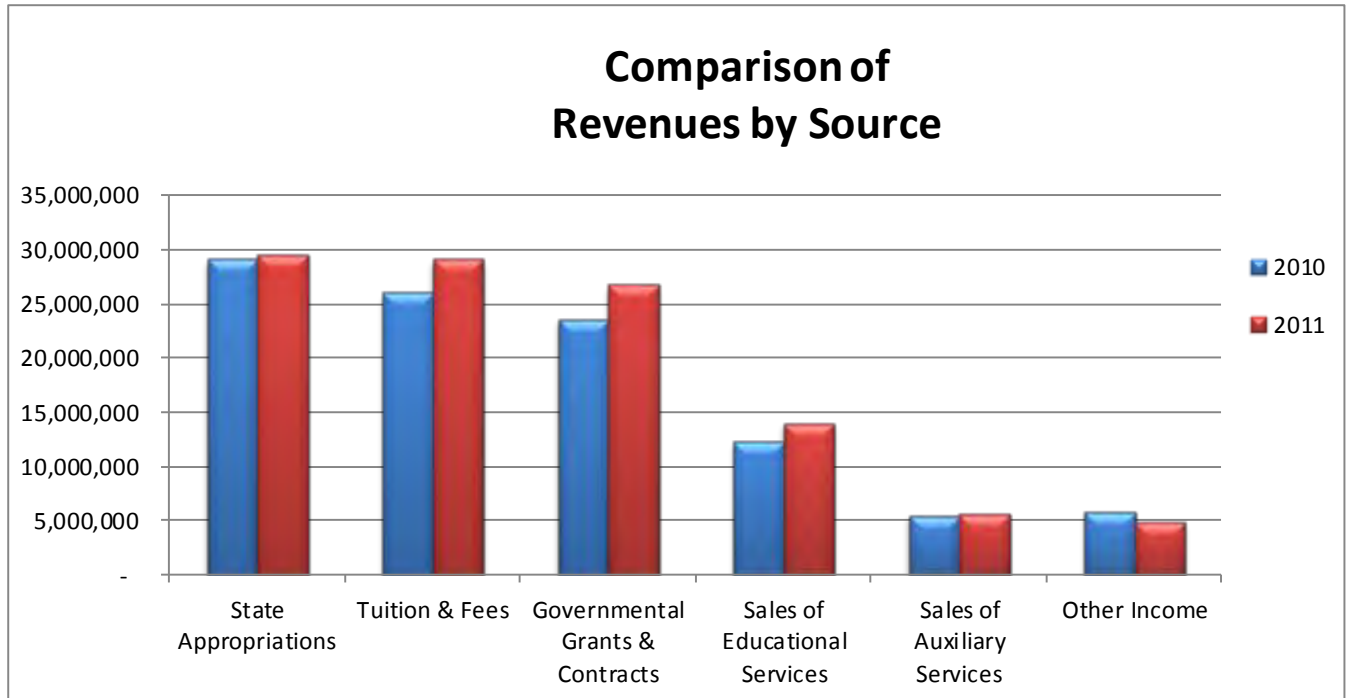
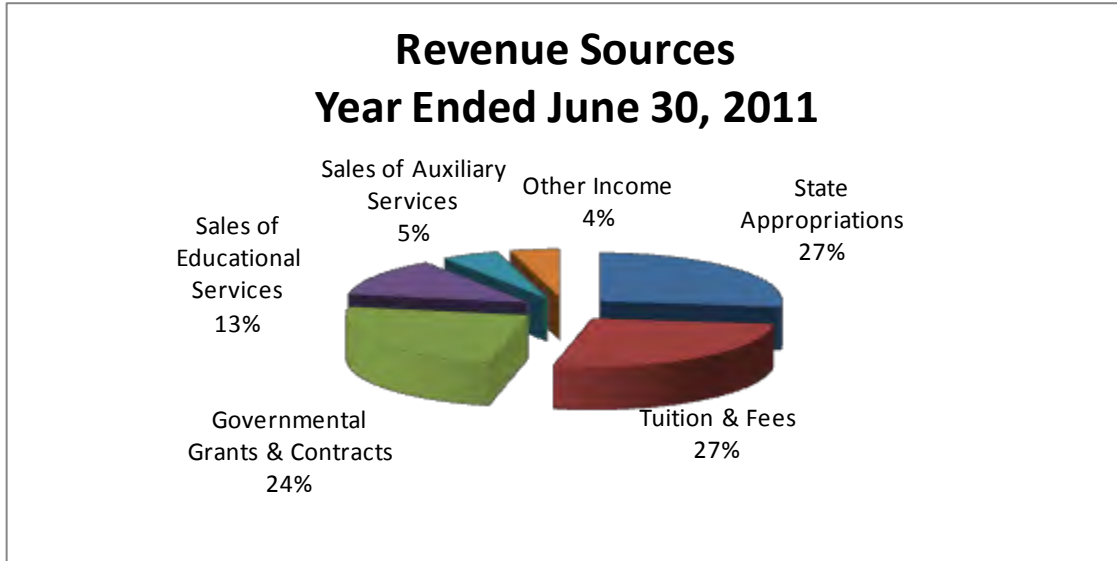
The increase in compensation and benefits is a result of an increase in the average number of employees during the year. Student Aid increases were necessary to keep pace with tuition increases and the University's effort focusing on recruiting and retaining students. Repairs and Maintenance decreased as fewer DFCM projects were funded during the year. Services and Supplies increased as a result of additional efforts for securing sponsorships and marketing opportunities for the community through the Athletics program, non-capital improvements, and increased student activities. Other Operating expenses increased as a result of the transition to a self-funded health insurance plan and an increase in travel related expenses, primarily in the Athletics, USF, and Study Abroad programs. Utilities expense remained relatively constant over the two year period.

Other Revenues increases were primarily due to the completion of the Department of Science's Center for Health and Molecular sciences.



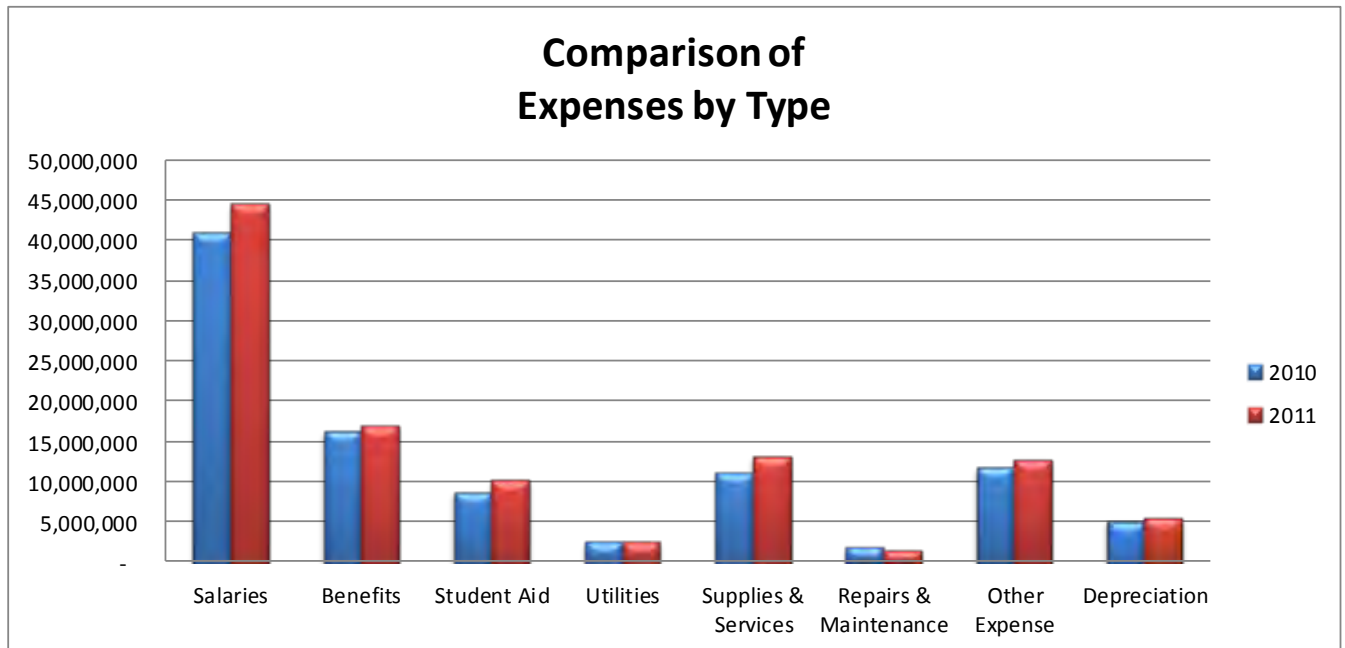
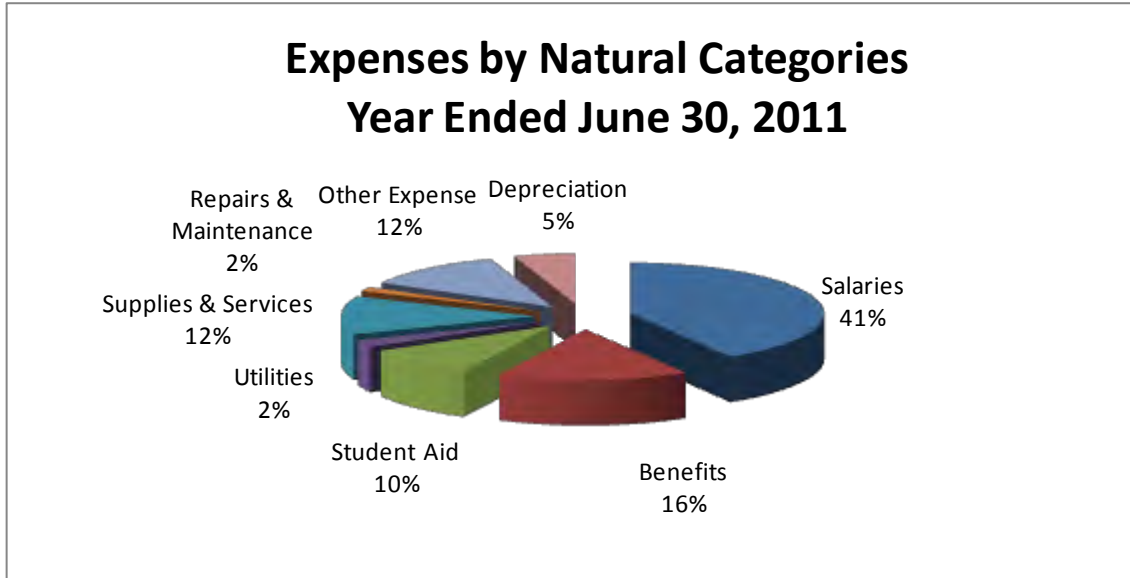
SOUTHERN UTAH UNIVERSITY

The following graphs illustrate all funding sources, except Capital Appropriations, Capital Grants and Gifts and additions to Permanent Endowments of the University for the year ended June 30, 2011, with a comparison to the prior year:



SOUTHERN UTAH UNIVERSITY

The following graphs illustrate expenses of the University by natural classification as a percentage of total expense for the year ended June 30, 2011, with a comparison to the prior year:



SOUTHERN UTAH UNIVERSITY

MANAGEMENT DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED JUNE 30, 2011

Statement of Cash Flows

The Statement of Cash Flows provides an additional perspective on the University's financial results for the fiscal year. The statement identifies sources and uses of cash by broad categories of activity including Operations, Noncapital Financing Activities, Capital Financing Activities and Investing Activities. Below is a Condensed Statement of Cash Flows for the year ended June 30, 2011 and 2010.

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>Change</u>	<u>% Change</u>
Cash Provided (Used) by:				
Operating Activities	\$ (49,229,129)	\$ (47,056,371)	\$ (2,172,758)	4.6%
Noncapital Financing Activities	56,899,986	54,361,724	2,538,262	4.7%
Capital Financing Activities	(6,219,130)	(6,909,308)	690,178	-10.0%
Investing Activities	<u>(3,741,093)</u>	<u>21,940,083</u>	<u>(25,681,176)</u>	<u>-117.1%</u>
Net Increase (Decrease) in Cash	(2,289,366)	22,336,128	(24,625,494)	-110.2%
Cash - Beginning of Year	<u>33,942,409</u>	<u>11,606,281</u>	<u>22,336,128</u>	<u>192.4%</u>
Cash - End of Year	<u>\$ 31,653,043</u>	<u>\$ 33,942,409</u>	<u>\$ (2,289,366)</u>	<u>-6.7%</u>

Noncapital Financing Activities include state appropriations, most grants and contracts, noncapital gifts, other non-operating revenue and agency fund activity. Capital Financing Activities are those associated with capital assets such as capital appropriations, gifts, proceeds from capital debt, purchase of assets and capital debt payments. Investing Activities include proceeds from the sale of investments and interest/dividend earnings reduced by the purchase of investments.

Use of cash from Operating activities increased as tuition and fee and grant revenue increases were offset by payments to suppliers and increases in student financial aid expense. Cash provided by noncapital financing activities increased from receipts from grants and contracts. Cash used by Capital Financing Activities decreased as a result of the 2010 early repayment of the Pavilion/Stadium Expansion Student Building Fee Revenue Refunding bonds offset by the purchase of additional capital assets during the year. Investment purchases and the re-investment of proceeds from matured and sold investments resulted in a net decrease of cash in the Investing Activities section of the statement.

Economic Factors that May Affect the Future

Economists and business leaders see a mixed bag of both hope and trouble in the state's economy, but they continue to indicate that Utah is in better shape than most states. Positives include job growth, retail and car sales – a major source of local and state tax revenue, while negative signs are the falling numbers of jobs in manufacturing and construction, and continued concerns about the housing market including foreclosures and bankruptcies. The University shares the belief of many economists that 2012 will be a better year and that growth is likely to be modest and slow. The University's Fiscal Year 2012 budget includes a state General Fund budget reduction of 1.7 percent which is more than being covered through an increase in tuition. The University believes it is in a strong financial position and able to manage future budget challenges.

Summary

The accompanying financial statements, including footnotes, reflect the challenges of budget reductions this past year while indicating that the University's financial position remains solid during these challenging times.



SOUTHERN UTAH UNIVERSITY

STATEMENT OF NET ASSETS

As of June 30, 2011

	<u>2011</u>	Comparative Only <u>2010</u> (Restated)
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note B)	\$ 21,058,856	\$ 22,843,881
Short-term Investments (Note B)	10,473,478	6,279,039
Receivables, Net of Allowance for Doubtful Accounts (Note C)	3,879,477	3,776,189
Due From Related Parties (Note D)	1,757,837	208,068
Loans Receivable, Net (Note E)	362,468	334,463
Inventories (Note F)	806,755	797,585
Prepaid Expenses (Note G)	<u>4,076,807</u>	<u>3,391,218</u>
Total Current Assets	42,415,678	37,630,443
Noncurrent Assets:		
Restricted Cash and Cash Equivalents (Note B)	10,594,187	11,098,528
Investments (Note B)	6,789,965	5,105,486
Pledges Receivable, Net (Note C)	672,393	587,619
Loans Receivable, Net (Note E)	1,754,511	1,941,802
Real Estate	706,314	706,614
Capital Assets, Net of Accumulated Depreciation (Note H)	<u>139,180,271</u>	<u>124,852,136</u>
Total Noncurrent Assets	159,697,641	144,292,185
Total Assets	<u>202,113,319</u>	<u>181,922,628</u>
LIABILITIES		
Current Liabilities:		
Accounts and Interest payable (Note I)	3,160,567	1,481,185
Due to Related Parties (Note D)	1,416,174	653,101
Payroll and Withholding Taxes Payable	1,068,417	488,852
Deposits and Other Liabilities	658,296	468,715
Deferred Revenues (Note F)	4,874,624	4,925,681
Compensated Absences & Termination Benefits (Note J)	1,611,000	1,757,602
Bonds, Notes, and Contracts Payable (Notes J & K)	<u>1,404,661</u>	<u>985,378</u>
Total Current Liabilities	14,193,739	10,760,514
Noncurrent Liabilities:		
Compensated Absences & Termination Benefits (Note J)	1,078,549	1,303,455
Bonds, Notes, and Contracts Payable (Notes J & K)	<u>21,097,428</u>	<u>22,116,915</u>
Total Noncurrent Liabilities	22,175,977	23,420,370
Total Liabilities	<u>36,369,716</u>	<u>34,180,884</u>
NET ASSETS		
Invested in Capital Assets Net of Related Debt	117,071,717	102,168,838
Restricted:		
Nonexpendable - Scholarships	10,847,495	8,882,628
Nonexpendable - Other	1,566,535	1,574,718
Expendable - Scholarships	1,652,306	1,766,989
Expendable - Capital Projects	3,736,501	3,571,198
Expendable - Loans	2,455,473	2,606,698
Expendable - Other	4,712,306	3,547,043
Unrestricted	<u>23,701,270</u>	<u>23,623,632</u>
Total Net Assets	<u>\$ 165,743,603</u>	<u>\$ 147,741,744</u>

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

SOUTHERN UTAH UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For The Year Ended June 30, 2011

	<u>2011</u>	Comparative Only <u>2010</u> (Restated)
Operating Revenues:		
Student Tuition and Fees (Note L)	\$ 28,922,972	\$ 25,845,830
(net of scholarship discounts and allowances of \$13,455,159 for 2011 and \$11,118,696 for 2010)		
Governmental Grants and Contracts	389,448	433,662
Sales and Services of Educational Activities	13,923,792	12,151,144
Sales and Services of Auxiliary Enterprises (Note L)	5,579,233	5,390,372
(net of scholarship discounts and allowances of \$1,358,893 for 2011 and \$1,088,517 for 2010)		
Interest Income on Student Loans	<u>39,968</u>	<u>43,887</u>
Total Operating Revenues	48,855,413	43,864,895
Operating Expenses:		
Salaries	44,552,301	41,132,238
Benefits	17,109,104	16,318,651
Depreciation	5,532,242	5,132,169
Repairs and Maintenance	1,540,461	1,931,798
Services and Supplies	13,194,689	11,293,232
Student Aid	10,249,300	8,739,513
Utilities	2,586,853	2,640,672
Other Operating Expenses	<u>11,810,724</u>	<u>10,642,542</u>
Total Operating Expenses	106,575,674	97,830,815
Operating Income (Loss)	<u>(57,720,261)</u>	<u>(53,965,920)</u>
Nonoperating Revenues (Expenses)		
Government Appropriations - State	29,450,389	28,950,422
Government Grants and Contracts	26,199,874	23,002,038
Private Gifts and Grants	2,914,431	4,835,111
Investment Income	1,842,245	803,073
Other Nonoperating Revenue (Expense)	(20,892)	72,357
Interest on Indebtedness	<u>(1,060,227)</u>	<u>(1,188,295)</u>
Net Nonoperating Revenue	59,325,820	56,474,706
Income (Loss) Before Other Revenue	<u>1,605,559</u>	<u>2,508,786</u>
Other Revenue		
Capital Appropriations	12,962,655	228,319
Capital Grants & Gifts	2,578,003	2,688,023
Additions to Permanent Endowments	<u>855,642</u>	<u>221,945</u>
Total Other Revenue	16,396,300	3,138,287
Increase (Decrease) in Net Assets	18,001,859	5,647,073
Net Assets - Beginning of Year (Restated)	147,741,744	142,094,671
Net Assets - End of Year	<u>\$ 165,743,603</u>	<u>\$ 147,741,744</u>

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

SOUTHERN UTAH UNIVERSITY
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2011

	<u>2011</u>	Comparative Only <u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees	\$ 29,019,506	\$ 25,866,207
Receipts from Grants/Contracts	416,315	463,398
Receipts from Auxiliary and Educational Services	18,972,880	18,794,250
Collection of Loans to Students and Employees	378,236	385,144
Loans Issued to Students and Employees	(351,826)	(350,000)
Payments for Employee Services and Benefits	(61,549,834)	(57,608,663)
Payments to Suppliers	(25,865,106)	(25,867,194)
Payments for Student Financial Aid	(10,249,300)	(8,739,513)
Net Cash (Used) by Operating Activities	<u>(49,229,129)</u>	<u>(47,056,371)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	29,450,389	28,950,422
Receipts from Grants/Contracts	24,375,209	21,432,784
Gifts/Grants for Other Than Capital Purposes	2,256,526	3,774,502
Receipts for Permanent Endowments	550,644	221,945
Other Nonoperating Revenue (Expense)		(56,077)
Agency Account Receipts	1,934,573	1,573,107
Agency Account Payments	<u>(1,667,355)</u>	<u>(1,534,959)</u>
Net Cash Provided by Noncapital Financing Activities	<u>56,899,986</u>	<u>54,361,724</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Receipts from Capital Appropriations	671,719	
Receipts from Capital Grants/Gifts	2,613,759	2,600,550
Proceeds from Sale of Capital Assets	330,000	128,434
Purchases of Capital Assets	(7,814,638)	(5,758,206)
Principal Paid on Capital Debt/Leases	(959,743)	(2,780,580)
Interest Paid on Capital Debt/Leases	<u>(1,060,227)</u>	<u>(1,099,506)</u>
Net Cash (Used) by Capital Financing Activities	<u>(6,219,130)</u>	<u>(6,909,308)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale/Maturity of Investments	6,428,557	23,133,665
Receipt of Interest/Dividends from Investments	337,429	1,486,033
Purchase of Investments	<u>(10,507,079)</u>	<u>(2,679,615)</u>
Net Cash Provided (Used) by Investing Activities	<u>(3,741,093)</u>	<u>21,940,083</u>
Net Increase (Decrease) in Cash	(2,289,366)	22,336,128
Cash & Cash Equivalents - Beginning of Year	<u>33,942,409</u>	<u>11,606,281</u>
Cash & Cash Equivalents - End of Year	<u>\$ 31,653,043</u>	<u>\$ 33,942,409</u>

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

SOUTHERN UTAH UNIVERSITY

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2011

(continued)

	<u>2011</u>	Comparative Only <u>2010</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ (57,720,261)	\$ (53,965,920)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	5,532,242	5,132,169
Operations and Maintenance Expense paid by Division of Facility Construction and Management	1,748,693	1,363,076
Changes in Assets and Liabilities:		
Receivables (Net)	31,563	492,639
Due from Related Parties	(295,388)	(202,398)
Student Loans Receivable	159,286	148,883
Inventories	(9,476)	354,418
Prepaid Expenses	(685,589)	(256,343)
Accounts Payable	1,679,382	(541,467)
Due to Related Parties	251,057	12,360
Accrued Liabilities	(77,638)	(10,512)
Accrued Payroll	579,565	128,309
Deferred Revenues	(51,057)	673,795
Compensated Absences	(371,508)	(385,380)
Net Cash (Used) by Operating Activities	<u>\$ (49,229,129)</u>	<u>\$ (47,056,371)</u>
 Noncash Investing, Noncapital Financing, and Capital Financing Transactions		
Change in Fair Value of Investments Recognized as Investment Income	\$ 1,410,122	\$ (45,595)
Donation of Investment Securities	304,998	19,448
Donation of Capital Assets	463,060	314,440
Capital Assets acquired through note payable	385,000	
Dividends and Interest on investments re-invested	84,283	120,962
Donation of Real Estate		150,338
Repairs and Maintenance paid by Division of Facility Construction and Management	1,748,693	1,363,076
Capital Projects paid by Division of Facility Construction and Management	12,290,936	228,319
 Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets		
Cash and Cash Equivalents Classified as Current Assets	\$ 21,058,856	\$ 22,843,881
Cash and Cash Equivalents Classified as Noncurrent Assets	<u>10,594,187</u>	<u>11,098,528</u>
Total Cash and Cash Equivalents	<u>\$ 31,653,043</u>	<u>\$ 33,942,409</u>

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

SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2011

NOTE A. Summary of Significant Accounting Policies

The significant accounting policies followed by the University are described below to enhance the usefulness of the financial statements to the reader.

Reporting Entity

The University is a component unit of the State of Utah as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. The financial activity of the University is included in the State's Comprehensive Annual Financial Report as a non-major discrete component unit.

The University's financial statements include the accounts of the University, all auxiliary enterprises and other restricted and unrestricted funds of the University, and the Southern Utah University Foundation (the Foundation). The Foundation, a non-profit organization, was incorporated under Utah law in 1996. The Foundation was established to provide support for the University, its students and faculty, and to promote, sponsor, and carry-out educational, scientific, charitable, and related activities and objectives at the University. The University has a controlling number of positions on the Board of Directors of the Foundation.

The Foundation is included in the financial statements of the University as a blended component unit. A blended component unit is an entity which is legally separate from the University but which is so intertwined with the University that it is, in substance, the same as the University. Separate unaudited financial statements of the Foundation can be obtained from the University.

In preparing the financial statements, all significant transactions and balances between the University and the Foundation are eliminated.

Basis of Accounting

Under the provisions of the GASB standards, the University is permitted to report as a special-purpose government engaged in business-type activities (BTA). BTA reporting requires the University to present only the basic financial statements and required supplementary information (RSI) for an enterprise fund. This includes a Management's Discussion and Analysis, a Statement of Net Assets or Balance Sheet, a Statement of Revenues, Expenses, and Changes in Net Assets, a Statement of Cash Flows, notes to the financial statements, and other applicable RSI.

The required basic financial statements described above are prepared using the economic resources measurement focus and the accrual basis of accounting.

In accordance with GASB Statement No. 20, the University is required to follow all applicable GASB pronouncements. In addition, the University should apply all applicable Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The University has elected to not apply FASB pronouncements issued after November 30, 1989.

Cash Equivalents

The University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the Utah Public Treasurers' Investment Fund are also considered cash equivalents. The Utah State Treasurer's Office operates the Utah Public Treasurer's Investment Fund (PTIF) which is invested in accordance with the State Money Management Act. The State Money Management Council provides regulatory oversight for the PTIF.

Investments

The University accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 52, *Land and Other Real Estate Held as Investment by Endowments*. Changes in unrealized gains (losses) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Assets. The valuation of real estate investments at June 30, 2011 are based on an analysis of changes in the local market applied to the most recent appraisals for all material real estate investments.

Accounts Receivable

Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, staff and other private parties. Accounts receivable also include amounts due from federal, state, and local governments, or private sources in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.



SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2011

Inventories

Inventories are carried at the lower of cost or market on the first-in, first-out (“FIFO”) method.

Restricted Cash and Cash Equivalents and Investments

Cash and cash equivalents and investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets, are classified as noncurrent assets in the statement of net assets.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. All land is capitalized and not depreciated. New buildings with a cost of \$20,000 or more are capitalized. Renovations to buildings, infrastructure, and land improvements that increase the value or extend the useful life of the structure with a cost of \$20,000 or more are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. For equipment and intangibles, the University’s capitalization policy includes all items with a unit cost of \$3,000 or more, and an estimated useful life of greater than one year. All library books are capitalized with a useful life of 20 years. Collections and works of art valued in excess of \$2,000 are capitalized. Useful lives for collections and works of art shall be determined on a case by case basis, typically 20 years. Depreciation is computed for all capital assets using the straight-line method over the estimated useful lives of the assets; generally 30 to 40 years for buildings, 20 to 40 years for infrastructure, land improvements, library and other collections, 3 to 20 years for equipment, and 3 years for intangibles.

Deferred Revenues

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but earned in the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Compensated Absences

Non-academic University employee vacation pay is accrued at year-end for financial statement purposes. The liabilities and expenses incurred are recorded at year-end as a component of compensated absences and termination benefits in the Statement of Net Assets, and as a

component of salaries and benefits expense in the Statement of Revenues, Expenses, and Changes in Net Assets.

Noncurrent Liabilities

Noncurrent liabilities include (1) principal amounts of revenue bonds, notes, and contracts (leases) payable with contractual maturities greater than one year; (2) estimated amounts for compensated absences and termination benefits and other liabilities that will not be paid within the next fiscal year; and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as noncurrent assets.

Net Assets

The University’s net assets are classified as follows:

Invested in capital assets, net of related debt: This represents the University’s total investment in capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets.

Restricted – expendable: Restricted expendable net assets include resources which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted – nonexpendable: Nonexpendable restricted net assets consist of endowment and similar type funds which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted: Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational activities. These resources are used for transactions relating to the education and general operations of the University, and may be used at the discretion of the governing board to meet current expenses for any legal purpose. These resources are also used for auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

When both restricted and unrestricted resources are available for use, it is the University’s policy to use restricted resources first, then unrestricted resources as they are needed.



SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2011

Classification of Revenues and Expenses

The University has classified its revenues and expenses as either operating or non-operating revenues and expenses according to the following criteria:

Operating Revenues and Expenses: Operating revenues and expenses include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) some federal, state, and local grants and contracts, (4) interest on institutional student loans (5) the cost of providing services, (6) administration expenses, and (7) depreciation of capital assets.

Non-operating Revenues and Expenses: Non-operating revenues and expenses include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, expenses not meeting the definition of operating expenses, and other revenue sources that are defined as non-operating cash flows by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*, such as state appropriations, grants, and investment income.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

Disclosures

The basic financial statements include certain prior year summarized comparative information but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Certain reclassifications have been made to the prior year comparative information to conform to the current year presentation. Accordingly, such information should be read in conjunction with the University's financial statements for the year ended June 30, 2010, from which the summarized information was derived.



SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2011

NOTE B. Cash and Cash Equivalents, Short-term Investments, and Investments

Cash and cash equivalents (instruments purchased with an original maturity of 3 months or less), short-term investments and investments (instruments having an original maturity greater than 3 months and equity type investments) are recorded at fair value.

At June 30, 2011, cash and cash equivalents and short-term investments consisted of:

<u>Cash and Cash Equivalents - Current</u>	
Cash	\$ 827,297
Utah PTIF	20,231,559
Total (fair value)	\$ 21,058,856

<u>Cash and Cash Equivalents - Restricted</u>	
Cash	\$ 282,447
Money Market	2,010,917
Utah PTIF	8,300,823
Total (fair value)	\$ 10,594,187

<u>Short-term Investments</u>	
Certificates of Deposit	\$ 3,507,541
Corporate Securities	6,964,434
Premium on Investments	1,503
Total (fair value)	\$ 10,473,478

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

Except for endowment funds, the University follows the requirements of the Utah Money Management Act (Utah Code, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of University funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

For endowment funds, the entity follows the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and State Board of Regents Rule 541, Management and Reporting of Institutional Investments (Rule 541).

According to the Uniform Prudent Management of Institutional Funds Act, Section 13-29 of the Utah Code, the governing board may appropriate for expenditure for the purposes for which an endowment is established, as much of the net appreciation, realized and unrealized, of the fair value of the assets of an endowment over the historic dollar value as is prudent under the facts and circumstances prevailing at the time of the action or decision.

The endowment income spending policy at June 30, 2011, is 2.5% of the 12-quarter moving average of the fair value of the endowment pool. The spending policy is reviewed periodically and any necessary changes are made. The amount of net appreciation on investments of donor-restricted endowments available for authorization for expenditure at June 30, 2011 was approximately \$2,200,000. The net appreciation is a component of restricted, expendable net assets.

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the University’s deposits may not be returned to it. The University does not have a formal deposit policy for custodial credit risk. As of June 30, 2011, \$4,768,459 of the University’s bank balances of \$7,617,724 was uninsured and uncollateralized.



SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2011

Investments

The Utah Money Management Act defines the types of securities authorized as appropriate investments for the University's non-endowment funds 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.

At June 30, 2011, the investment portfolio composition was as follows:

	<u>Investments</u>	
Mutual Funds	\$	6,473,890
Other Equity Investments		<u>316,075</u>
Total (fair value)	\$	<u><u>6,789,965</u></u>

These statutes authorize the University to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; bonds, notes and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Money Management Act; and the Utah State Public Treasurer's Investment Fund.

The UPMIFA and Rule 541 allow the University to invest endowment funds (including gifts, devises, or bequests of property of any kind from any source) in any of the above investments or any of the following subject to satisfying certain criteria: mutual funds registered with the Securities and Exchange Commission, investments sponsored by the Common Fund; any investment made in accordance with the donor's directions in a written instrument; investments in corporate stock listed on a major exchange (direct ownership); and any alternative investment funds that derive returns primarily from high yield and distressed debt (hedged or non-hedged), private capital (including venture capital and private equity), natural resources, and private real estate assets or absolute return and long/short hedge funds.

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

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, Utah Code Annotated, 1953, as amended. 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.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the Utah Money Management Act or UPMIFA and Rule 541, as applicable. For non-endowment funds, Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years. For endowment funds, Rule 541 is more general, requiring only that investments be made as a prudent investor would, by considering the purposes, terms, distribution requirements and other circumstances of the endowments and by exercising reasonable care, skill, and caution.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's policy for reducing its exposure to credit risk is to comply with the Utah Money Management Act, UPMIFA, and Rule 541 as previously discussed.



SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2011

As of June 30, 2011, the University had the following investments with the following maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>Investment Maturities (in Years)</u>		
			1-5	6-10	More than 10
State of Utah PTIF	\$ 28,532,382	\$ 28,532,382	\$ -	\$ -	\$ -
Bond Mutual Fund	248,982			248,982	
Corporate Notes	6,964,434	998,106	3,988,562		1,977,766
	<u>35,745,798</u>	<u>\$ 29,530,488</u>	<u>\$ 3,988,562</u>	<u>\$ 248,982</u>	<u>\$ 1,977,766</u>
 <u>Other Investments/ Endowment Funds</u>					
Equity Mutual Funds	6,224,908				
Equity Investments	316,076				
Total Investments	<u>\$ 42,286,782</u>				

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The University’s policy for reducing this risk of loss is to comply with the Rules of the Money Management Council or the UPMIFA and Rule 541, as applicable. Rule 17 of the Money Management Council limits non-endowment fund investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio. For endowment funds, Rule 541 requires that a minimum of 25% of the overall endowment portfolio be invested in fixed income or cash equivalents. Also, the overall endowment portfolio cannot consist of more than 75% equity investments.

Rule 541 also limits investments in alternative investment funds to between 0% and 30% based on the size of the University’s endowment fund.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The University does not have a formal policy for custodial credit risk. As of June 30, 2011, the University had \$6,964,434 in debt securities which were held by Wells Fargo Bank, N.A. but not in the University’s name.

At June 30, 2011, the University had the following investments with the following quality ratings:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Quality Ratings</u>		
		AAA - AA	A	Unrated
State of Utah PTIF	\$ 28,532,382	\$ -	\$ -	\$ 28,532,382
Bond Mutual Fund	248,982			248,982
Corporate Notes	6,964,434	1,977,766	4,986,668	
Total	<u>\$ 35,745,798</u>	<u>\$ 1,977,766</u>	<u>\$ 4,986,668</u>	<u>\$ 28,781,364</u>



SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2011

NOTE C. Receivables

Receivables consisted of the following at June 30, 2011:

	Balance	Current Portion
Student Tuition and Fees	\$ 872,783	\$ 872,783
Federal, State, and Private Grants and Contracts	671,894	671,894
Auxiliary Service Charges	483,796	483,796
Continuing & Professional Studies Fees	38,942	38,942
Utah Shakespearean Festival Ticket Sales	371,642	371,642
Interest and Dividends Receivable	37,357	37,357
Contributions and Gifts (Pledges)	1,814,961	1,142,568
Other Operating	574,495	574,495
Allowance for Doubtful Accounts	(314,000)	(314,000)
Total	\$ 4,551,870	\$ 3,879,477

NOTE D. Due To/Due From Related Party

Southern Utah University receives and provides services, supplies, repairs and maintenance and capital projects through departments, agencies, and other component units of the State of Utah. The following tables are a summary of the amounts due from and to the Division of Facilities and Construction Management (DFCM) for repairs and maintenance and capital projects and all other related parties for services and supplies as of the year ended June 30, 2011.

Related Party Receivables consisted of the following at June 30, 2011:

	Balance
Due from DFCM	\$ 1,260,051
Due from Other related parties	497,786
Total	\$ 1,757,837

Related Party Payables consisted of the following at June 30, 2011:

	Balance
Due to DFCM	\$ 1,152,757
Due to Other related parties	263,417
Total	\$ 1,416,174



SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2011

NOTE E. Loans Receivable

Student loans made through the Federal Perkins Loan Program (the Program) comprised substantially all of the loans receivable at June 30. The Program provided for cancellations of loans at rates of 10% to 30% per year up to a maximum of 100% if the participant complied with certain provisions. In the past, the Federal Government has reimbursed the University for amounts cancelled under these provisions; however, for the past few years there have been no reimbursements.

As the University determines that loans are uncollectible and not eligible for reimbursement by the Federal Government, the loans are written off and assigned to the U.S. Department of Education. The University has provided an allowance for uncollectible loans, which in management's opinion, is sufficient to absorb loans that will ultimately be written off. At June 30, 2011, the allowance for uncollectible loans was \$96,600.

NOTE F. Inventories

Total inventories at June 30, 2011 were \$806,755. They consisted of a gifted collection of *Westward America*, Deluxe and Collector Editions held for resale in the amount of \$15,802, as well as Bookstore inventory in the amount of \$790,953.

NOTE G. Prepaid Expenses and Deferred Revenues

Prepaid expenses are those disbursements for goods or services applicable to the subsequent fiscal year when they will be recorded as expenses. Deferred revenues are receipts of funds that are applicable to the subsequent fiscal year when they become earned and recorded as revenues.

Prepaid Expenses and Deferred Revenues at June 30, 2011, consisted of the following:

	Prepaid Expenses	Deferred Revenues
Utah Shakespearean Festival	\$ 2,907,692	\$ 2,748,963
Student Tuition and Fees		1,704,864
Grants and Contracts		119,660
Miscellaneous	1,169,115	301,137
Total	\$ 4,076,807	\$ 4,874,624



SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2011

NOTE H. Capital Assets

Capital assets are stated at cost at the date of acquisition or fair value at the date of donation in the case of gifts.

The beginning balance of Art Work and Collections was restated due to a correction of an error on previous

statements. The correction had no impact on current year revenues and expenses. The original beginning balance for Art Work/Collections was \$763,727 and was adjusted up by \$606,440 for a new beginning balance of \$1,370,167. In addition the beginning balance of Net Assets increased from \$147,135,304 to \$147,741,744.

Capital assets at June 30, 2011, consisted of the following:

	Balance June 30, 2010	Additions	Retirements	Balance June 30, 2011
Land	\$ 8,562,821	\$ 130,000	\$ (33,000)	\$ 8,659,821
Land Imp/Infrastructure	7,712,203	438,373		8,150,576
Buildings	155,140,716	16,693,133	(479,003)	171,354,846
Equipment	9,647,505	1,908,662	(428,828)	11,127,339
Vehicles	1,350,067	132,273	(70,458)	1,411,882
Intangibles	413,395	60,531		473,926
Art Work/Collections (restated)	1,370,167	894,698	(20,947)	2,243,918
Library Collections	6,682,112	327,702	(189,059)	6,820,755
Construction in Progress	3,059,736	743,622	(1,117,723)	2,685,635
Total (restated)	193,938,722	21,328,994	(2,339,018)	212,928,698
 Less: Accumulated Depreciation				
Land Imp/Infrastructure	5,241,397	228,869	-	5,470,266
Buildings	52,058,573	3,880,863	(208,626)	55,730,810
Equipment	6,729,610	999,830	(396,050)	7,333,390
Vehicles	1,022,928	113,756	(70,384)	1,066,300
Intangibles	386,489	31,772		418,261
Art Work/Collections	532,634	19,394	(6,285)	545,743
Library Collections	3,114,957	257,758	(189,058)	3,183,657
Total	69,086,588	5,532,242	(870,403)	73,748,427
Capital Assets, net (restated)	\$ 124,852,134	\$ 15,796,752	\$ (1,468,615)	\$ 139,180,271

The Division of Facilities Construction and Management (DFCM) administers most of the construction of facilities for State institutions, maintains records, and furnishes cost information for recording capital assets on the books of the University. Construction projects are recorded on the books of the University as funds are expensed or when projects are substantially completed if funded through State Appropriations administered through DFCM.

The University is committed to the completion of all projects that are added to construction in progress. Remaining estimated costs to be incurred by the university in completion of these projects as of June 30, 2011 was \$88,160,665. As of June 30, 2011, the University had outstanding contractual commitments with DFCM for construction and remodeling of University buildings of approximately \$1,891,403.



SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2011

Construction in progress at June 30, 2011 represents the University's cost related to the construction of the

following projects funded by state grants and private gifts:

Project	Estimated Costs	Construction in Progress	Percent Completed
West Campus Storage Facility	\$ 163,000	\$ 107,479	66%
Football Stadium Westside Dev	114,000	101,406	89%
Science Equipment: Bruker Axs Inc.	195,140	117,084	60%
SUMA	12,000,000	322,404	3%
Centrum Scoreboard	374,160	112,248	30%
USF Centre Campaign	78,000,000	1,925,014	2%
Total	\$ 90,846,300	\$ 2,685,635	

NOTE I. Accounts and Interest Payable

Accounts and Interest payable consisted of the following at June 30, 2011:

	Balance
Vendors	\$ 2,953,949
Interest	169,804
Sales Tax	11,806
Other	25,008
Total	\$ 3,160,567

NOTE J. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2011 was as follows:

	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011	Current Portion
Bonds, Notes, and Contracts Payable					
Bonds Payable	\$ 22,560,000	\$ -	\$ 940,000	\$ 21,620,000	\$ 975,000
Unamortized Bond Premium	158,935		17,283	141,652	17,147
Unamortized Bond Discount	(44,385)		(3,077)	(41,308)	(3,008)
Contracts/Leases Payable	8,747		5,537	3,210	3,210
Notes Payable		385,000		385,000	385,000
Remainder Annuity Trusts	418,996		25,461	393,535	27,312
Total	23,102,293	385,000	985,204	22,502,089	1,404,661
Compensated Absences & Termination Benefits					
Compensated Absences	1,358,218	1,322,858	1,170,200	1,510,876	1,203,081
Termination Benefits	1,702,839	53,500	577,666	1,178,673	407,919
Total	3,061,057	1,376,358	1,747,866	2,689,549	1,611,000
Total Long-Term Liabilities	\$ 26,163,350	\$ 1,761,358	\$ 2,733,070	\$ 25,191,638	\$ 3,015,661



SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2011

NOTE K. Bonds, Notes and Contracts Payable

Revenue bonds payable consisted of the following at June 30, 2011:

	Date of Issue	Interest Rate	Original Amount of Issue	Retired or Paid 2010-11	Balance June 30, 2011
Bonds Payable					
Auxiliary System, Series 2002A	1/22/2002	3.000-5.250%	\$ 4,540,000	\$ 535,000	\$ 1,785,000
Auxiliary System, Series 2003	2/27/2003	2.000-5.250%	10,060,000	90,000	8,430,000
Auxiliary System, Series 2008	7/22/2008	3.500-5.250%	12,025,000	315,000	11,405,000
Total Bonds Payable			\$ 26,625,000	\$ 940,000	\$ 21,620,000

The scheduled maturities of the revenue bonds are as follows at June 30, 2011:

	Year	Principal	Interest	Total
	2012	975,000	1,018,822	1,993,822
	2013	1,015,000	977,894	1,992,894
	2014	1,065,000	930,694	1,995,694
	2015	1,115,000	884,146	1,999,146
	2016	1,155,000	837,671	1,992,671
	2017-2021	6,630,000	3,320,528	9,950,528
	2022-2026	4,780,000	1,735,931	6,515,931
	2027-2031	3,320,000	882,113	4,202,113
	2032-2033	1,565,000	114,850	1,679,850
Total Bonds payable before unamortized premium		21,620,000	10,702,649	32,322,649
Net Unamortized Bond Premium		100,342		100,342
Total Bonds Payable		\$ 21,720,342	\$ 10,702,649	\$ 32,422,991

Principal and interest on these revenue bonds are collateralized by a first lien on and pledge of either (1) Student Center Building Fees, net revenues derived from the operation of the Auxiliary Enterprise System and investment income of the bond security reserve funds or (2) Stadium Facilities Student Building Fees and investment income on the bond security reserve funds (See Note L).

The University is required to maintain certain debt service reserves aggregating \$1,273,425. As of June 30, 2011 the balance in the debt service reserve funds met or exceeded this requirement. The University issued a surety bond with AMBAC for the purpose of funding the debt service reserve requirement for the Series 2003 bonds. On

November 8, 2010, AMBAC, the surety bond holder filed a petition under Chapter 11 of the U.S. Bankruptcy Code. Management transferred \$1,006,000 to a reserve fund and believes this amount is sufficient to cover the required debt service reserve.

Defeased Revenue Bonds

In prior years, the University defeased certain revenue bonds by placing the proceeds of new bonds and various bond revenues in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the University's financial statements. The total principal amount of the defeased bonds held in irrevocable trusts at June 30, 2011, was \$120,000.



SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2011

Contracts Payable

Capital Contracts payable are due in equal installments, including principal and interest, until the last payment

comes due in March 2012 and are secured by equipment costing \$27,043.

Future minimum lease payments for all contracts and capital leases payable as of June 30, 2011 were as follows:

Year	Principal	Interest	Total Payments
2012	\$ 3,210	\$ 25	\$ 3,235

Operating Lease

During fiscal year 2011, Southern Utah University entered into an operating lease to rent additional office space. The term of the lease is five years beginning on January 1, 2011 and ending December 31, 2015 with an option to renew the lease for an additional five years. The lease agreement states that in the first year the annual payable

amount is \$163,870 due in equal quarterly installments. Each January, the annual rent amount is adjusted by the Consumer price Index. In the fiscal year ended June 30, 2011 \$81,935 was paid on this lease and is included in Other Operating Expenses on the Statement of Revenues, Expenses, and changes in Net Assets.

Future minimum payments of the operating lease, adjusted for an average CPI of 2.25%:

Year	Payments
2012	165,716
2013	169,450
2014	173,267
2015	177,171
2016	89,572
Total	\$ 775,176



SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2011

Note Payable

During the year ending June 30, 2011, the university entered into a note payable in the amount of \$385,000.

The note is due in full in January 2012 and bears interest at zero percent.

Notes payable consisted of the following at June 30, 2011:

	Date of Issue	Interest Rate	Original Amount of Issue	Retired or Paid 2010-11	Balance June 30, 2011
Notes Payable Worthington Gallery	3/3/2011	0.00%	\$ 385,000	\$ -	\$ 385,000

The scheduled maturities of the notes payable are as follows:

Year	Principal	Interest	Total Payments
2012	\$ 385,000	\$ -	\$ 385,000

Remainder Annuity and Unitrusts Payable

Remainder Annuity and Unitrust payable are due in

monthly or annual installments for the lifetime of the donors or through the end of the agreement.

Annuities payable consisted of the following at June 30, 2011:

	Date Created	Interest Rate	Present Value of Annuity Payable	Current Portion
Charitable Remainder Annuity Trusts:				
J & C Wadsworth	9/25/2001	6.200%	\$ 312,282	\$ 20,641
Unitrust:				
Rodney A Brown	7/12/2000	7.500%	81,253	6,671
Total Annuities Payable			\$ 393,535	\$ 27,312

The estimates of future annuities payable are as follows:

Year	Principal	Interest	Payments
2012	\$ 27,315	\$ 25,374	\$ 52,689
2013	29,101	23,612	52,713
2014	31,009	21,733	52,742
2015	33,043	19,728	52,771
2016	35,213	17,589	52,802
2017-2020	200,209	49,395	249,604
2021-2022	37,645	2,357	40,002
Total	\$ 393,536	\$ 159,787	\$ 553,323



SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2011

NOTE L. Auxiliary System Bond Revenue Fund

The pledged receipts and disbursements of the Bond Revenue Fund of the Auxiliary System for the year ended June 30, 2011 consisted of the following:

Pledged Receipts:

Operating Revenues	\$ 8,858,805
Operating & Maintenance Expenses	<u>(5,723,042)</u>
Net Operating Receipts	3,135,763
Investment Income on Reserve Funds	8,390
Total Pledged Net Receipts	<u>\$ 3,144,153</u>

Disbursements:

Transfers to:	
Debt Service	\$ 1,984,604
Renewal & Replacement Reserves	748,354
Other Lawful Purposes	411,195
Total Disbursements of Pledged Receipts	<u>\$ 3,144,153</u>



SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2011

NOTE M. Retirement Plans

As required by state law, the University participates in three retirement plans covering substantially all of its regular employees. Faculty and administrative employees participate in the Teachers Insurance and Annuity

Association (TIAA) and/or Fidelity Investments while all other staff employees participate in the Utah State Retirement System. The total payroll expenses for the years ended June 30, 2011, 2010, and 2009 were \$44,552,301 \$41,132,238, and \$41,940,415 respectively.

The covered payroll expenses and the retirement contributions were as follows for the years ended June 30:

Retirement Program	Covered Payroll Expenses		
	2011	2010	2009
TIAA	\$ 18,541,285	\$ 19,414,174	\$ 20,132,067
Fidelity	5,270,822	4,314,189	3,927,510
State-Contributory	51,180	52,477	94,627
State-Noncontributory	10,162,265	8,698,149	8,911,382
State-Public Safety	196,571	181,145	132,038
Total	\$ 34,222,123	\$ 32,660,134	\$ 33,197,624

Retirement Program	Retirement Contributions		
	2011	2010	2009
TIAA	\$ 2,632,862	\$ 2,756,813	\$ 2,858,753
Fidelity	748,457	612,615	557,706
State-Contributory	9,125	8,255	14,885
State-Noncontributory	1,806,858	1,248,622	1,276,825
State-Public Safety	64,377	50,086	35,320
Salary Deferral 401(k) - Employer	163,489	144,220	135,341
Salary Deferral 401(k) and 457 - Employee	286,346	291,428	334,997
Total	\$ 5,711,514	\$ 5,112,039	\$ 5,213,827

Retirement Contributions represent the funds which were contributed by the University, which includes 17.83% of covered employees' salaries participating in the Utah State Retirement Contributory System, 17.82% (including 1.5% to a 401(k) salary deferral program) of covered employees' salaries participating in the Utah State Retirement Noncontributory System, 34.25% (including 1.5% to a 401(k) salary deferral program) of covered employees' salaries participating in the Utah State Retirement Public Safety Noncontributory System and 14.20% of covered employees' salaries participating in the Teachers Insurance and Annuity Association or Fidelity Investments. The employees' and employer's shares of the contributions were paid by the University. Total contributions made were equal to the required contributions for those years.

administered by the Utah Retirement Systems (the Systems). The Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Utah State Retirement Board (Board). Beginning July 1, 1986 all new participants in the Systems must be enrolled in the Noncontributory system or the Public Safety systems. Employees enrolled prior to that date could elect to participate in either the Contributory or Noncontributory systems.

The Systems are established and governed by the respective sections of Title 49 of the Utah Code Annotated, 1953, as amended. The Utah State Retirement Systems Administration in Title 49 provides for the administration of the Systems and Plans under the direction of the Board whose members are appointed by

Utah Public Employee Contributory, Noncontributory, and Public Safety Retirement Systems are multi-employer, cost-sharing, defined benefit pension plans that are



SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2011

the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the State and School Contributory Retirement System, State and School Noncontributory Retirement System, and Public Safety Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102, or by calling 1-800-365-8772. Teacher's Insurance and Annuity Association and Fidelity Investments issue individual retirement contracts with each participating employee; therefore, the University has no liability for this retirement program.

In addition to providing pension benefits, the University, as authorized by its Board of Trustees, provided certain health care benefits for retired employees age 65 or older that retired before June 30, 1990. Substantially all regular University employees were eligible for those benefits at normal retirement age 65. These health care benefits for retiree's age 65 or older are not available to employees retiring after June 30, 1990. The cost of retiree health care benefits is funded on a pay-as-you go basis. The total normal retiree health care benefits payments for the years ended June 30, 2011 and 2010, were \$80,812 and \$76,681, respectively. The number of participants for the years ended June 30, 2011 and 2010 were 19 for both years.

The University, as authorized by its Board of Trustees, offers an early retirement incentive option to eligible employees that includes payment of an amount equal to 22% of the retiree's final salary for those retiring prior to July 1, 2006 and 20% for those retiring after June 30, 2006 along with the continuation of certain health care insurance premiums for the lesser of 5 years or Social Security full retirement age. Eligible employees were offered a 23% payment if they retired between March 1, 2009 and July 31, 2009. Full-time University employees whose accumulated age plus years of service equal at least 75 and are at least 57 are eligible to apply. The cost of early retiree benefits is funded on a pay-as-you-go basis. The total early retiree benefits payments for the years ended June 30, 2011 and 2010 were \$496,854 and \$537,965, respectively. The number of participants for the years ended June 30, 2011 and 2010 was 28 and 27, respectively.

The projected future cost of these stipends, medical, and dental insurance benefits has been calculated based on the known amount to be paid out in the next fiscal year plus projected increases of 2.0 percent for stipends, and 2.9-3.5

percent for medical and dental premiums. These increases are based on historical data. The net present value of the total projected costs is calculated using the estimated yield (0.54 percent) for short term investments. The net present value is the amount recognized on the financial statements as the liability for early retirement.

NOTE N. Funds Held in Trust by Others

Funds held in trust by others are neither in the possession of nor under the management of the University. These funds, which are not recorded on the University's financial records and which arose from contributions, are held and administered by external fiscal agents, selected by the donors, who distribute net income earned by such funds to the University, where it is recorded when received. Funds held in trust at June 30, 2011 were \$357,445 at cost and \$391,439 at fair value.

NOTE O. Functional Classification

At June 30, 2011, the University's operating expenses by functional classification were as follows:

Instruction	\$ 22,835,885
Research	120,654
Public Service	12,965,235
Academic Support	8,960,828
Student Services	10,788,114
Institutional Support	19,479,787
Operation and Maintenance of Plant	9,605,458
Student Aid	10,227,274
Auxiliary Enterprises Expenses	6,060,197
Depreciation	5,532,242
Total	\$ 106,575,674



SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2011

NOTE P. Insurance Coverage

The University insures its buildings, including those under construction, and contents against all insurable risks of direct physical loss or damage through policies administered by the State of Utah Risk Management Fund. This all-risk insurance coverage provides for repair or replacement of damaged property at a replacement cost basis subject to a \$1,000 per occurrence deductible. All revenues from the University operations, rental income for its residence halls, and tuition are insured against loss due to business interruption caused by fire or other insurable perils. Additionally, the University is protected against employee dishonesty exposures under a \$10 million blanket bond. The Utah State Risk Management Fund provides coverage to the University for general, automobile, personal injury, errors or omissions, and malpractice liability at \$10 million per occurrence. The University qualifies as a “governmental body” under the Utah Governmental Immunity Act which limits applicable claim settlements to \$648,700 for one person in any one occurrence or \$2,221,700 for two or more persons in any one occurrence and \$259,500 for property damage liability in any one occurrence.

All University employees are covered by worker’s compensation insurance, including employer’s liability coverage, by the Worker’s Compensation Fund of Utah.

The University has established a self-insurance fund for employee dental care that is administered through Educators Mutual Insurance Company. During the year ended June 30, 2011, the University adopted a self-insured medical plan for employees also administered by Educators Mutual Insurance Company (both plans referred to as Health Care Plan). GASB Statement No. 10 requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The University has recorded the investments of the Health Care Plan funds at June 30, 2011 and the estimated liability for self-insurance claims at that date in the Statement of Net Assets. The income and expenses related to the administration of the self-insurance and estimated provision for the claims liabilities for the year then ended are recorded in the Statement of Revenues, Expenses, and Changes in Net Assets.

Changes in the University’s estimated self-insurance claims liability are as follows:

	2011	2010
Estimated Claims Liability - Beginning of Year	\$ 127,213	\$ 83,175
Current Year Contributions and Changes in Estimates	8,158,343	470,645
Claim Payments, Including Related Legal and Administrative Expenses	(7,660,229)	(426,607)
Estimated Claims Liability - End of Year	\$ 625,327	\$ 127,213

NOTE Q. Festival City Development Foundation Transactions

The University receives from the Festival City Development Foundation an in-kind contribution of a portion of the housing needs for actors and technicians participating in the Shakespearean Festival. The value of the donated housing is estimated to be \$239,000. The University (Shakespeare Festival) in turn pays for utilities and maintenance on the buildings owned by the Festival City Development Foundation. The University has not reported the value of the donated housing as gift revenue and (or) operating expenses in the financial statements.

NOTE R. Subsequent Events

Revenue Refunding Bond Issue

On August 11, 2011, the University issued Series 2011 revenue refunding bonds in the amount of \$8,285,000. The bond proceeds were used to refund the Series 2003 bonds originally issued for \$10,060,000 on February 27, 2003. The results of this issue are appropriately not reflected in these financial statements.



SOUTHERN UTAH UNIVERSITY

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ANNUAL FINANCIAL REPORT PREPARED BY

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