

SUU

2015-16 ANNUAL FINANCIAL REPORT

SOUTHERN UTAH UNIVERSITY

A COMPONENT UNIT OF THE STATE OF UTAH



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From the President

From its beginning as a small teacher training institution in 1897, Southern Utah University (SUU) in Cedar City has grown and evolved until today it proudly ranks as Utah's fully accredited liberal arts and sciences university. SUU maintains a rich and expansive program of cultural enrichment and athletics that offers students a robust valuable campus experience. With incredible natural wonderlands nearby, SUU offers students a world of possibilities and the opportunity to gain an education that leads to life and career success.

I am pleased to be able to highlight a few of the many recent accomplishments of our students, faculty and staff, and University as a whole that make SUU such an extraordinary place.

- Southern Utah University claimed the official title of 2015-16 National Outdoor Champions as winners of the Outdoor Nation Challenge, a six-week challenge against 56 other schools across the country competing to be the "most outdoorsy in the nation". The competition was won by a landslide with 225,860 points, over 14,000 points ahead of the nearest competitor. According to Outdoor Nation, SUU had 20,678 total entries and over 2,500 participants getting outside and enjoying a wide variety of outdoor activities including bike riding, camping, hiking, hunting, fishing, swimming, hammocking, rock climbing, stargazing, and anything that helped people recreate outdoors.
- For the tenth consecutive year, The Princeton Review named SUU among its Best Colleges: Region by Region.
- The Confucius Institute, a non-profit educational organization designed to promote Chinese language, culture, and to facilitate international exchanges, awarded a chapter to SUU. This relationship with the Hanban/Confucius Institute Headquarters and Hunan Normal University in Beijing, China is a rare opportunity, but one that will expand educational opportunities by featuring musical concerts, performances, workshops and seminars and will be a resource center in terms of educational and business partnerships between China and Cedar City.
- SUU was awarded the National Society of Experiential Education's (NSEE) Outstanding Experiential Education Program Award, which recognizes an outstanding K-12 or higher education institution that demonstrated an exceptional commitment to experiential education in their classrooms and campus. This award was the only one given to an experiential education program in the country.
- According to the Utah System of Higher Education (USHE) annual enrollment report, SUU exceeded Utah's public colleges and universities average 2 percent enrollment bump with 16 percent growth for fall semester 2015, with an increase of 1,125 students over fall semester 2014. This is meaningful as SUU strives to support Utah's 66 by 2020 initiative, which calls for two-thirds of all Utah adults to hold either a college degree or technical certification by the year 2020, which with those levels of education will expand Utah's economy and prepare students for the demands of the job market.

- At the third annual NIATEC Invitation Cyber Defense Competition, members of SUU's Cyber Defense Club competed against a professionally trained security team and demonstrated communication, leadership, and collaboration skills while completing various business tasks related to cyber security. In doing so, SUU's participants took first place over teams from BYU and BYU-Idaho.
- The Accounting Degree Review ranked the top 45 online graduate accounting programs in the nation for 2015, listing SUU's Masters of Accountancy (MAcc) program 15th. The rankings were based on accreditation, cost, and available information regarding prestige and student satisfaction.
- The Thunderbird football team claimed their first ever Big Sky Conference Championship having gone undefeated at home and losing only one conference game during the regular season. The championship clinched an automatic berth into the FCS playoffs. Three Thunderbird football players received National Football League (NFL) consideration, with two players ultimately being drafted into the NFL and the other signing with an NFL team as an undrafted free agent. No other school in Utah had two players drafted into the NFL this year.
- The Thunderbird Men's Cross Country team also claimed their first ever Big Sky Conference Championships while hosting the championship event in Cedar City. The Thunderbirds were led by Hayden Hawks who finished first, with Mike Tate right behind him in second. In total, five Thunderbirds finished in the top ten and qualified for the All-Conference team. Additionally, Coach Eric Houle was named the Big Sky Coach of the Year.
- Dr. Xun Sun, SUU Associate Professor of Music, has been named by MusicalAmerica.com as one of the top professionals of the year for both his remarkable musicianship and activities as a promoter of international cultural exchange with his native China. He was singled out for this honor for utilizing his contacts on two continents to form cultural partnerships for members of the semi-professional Orchestra of Southern Utah and students from SUU's Department of Music.
- Andie Szekely, a senior student from Las Vegas, NV won a 2016 Young Designers & Technicians Award of The United States Institute for Theatre Technology (USITT) Lighting Design Award, sponsored by Barbizon Lighting Company. Of the 10 recipients, she is one of two undergraduate students to receive an award and is the only student from Utah to be recognized.
- The Military Order of the Purple Heart, Chapter 0802, has chosen SUU as the first university in Utah to be designated a Purple Heart Campus. With this designation, SUU joins an elite group of colleges across the country that have also received the proclamation. SUU appreciates the sacrifices Purple Heart recipients have made in defending liberty and freedom and believes it is important to acknowledge veterans for their courage and show them the honor and support they have earned.
- Progress on a new business building at SUU gained momentum as the Utah Legislature approved \$8 million in funding for the facility. The new facility will significantly improve the opportunity for a more efficient education of future business leaders, foster

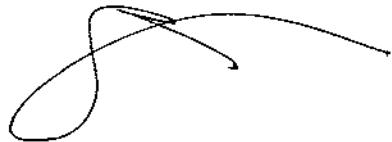
participatory and practical business education, and provide flexible learning spaces that will encourage mastery of information, greater collaboration, and innovative thinking.

- Following a nearly two-year construction, the new \$39 million Beverly Taylor Sorenson Center for the Arts complex was completed. The complex houses the Engelstad Shakespeare Theater, the Southern Utah Museum of Art, the Randall L. Jones Theater, and various educational areas and office spaces, and will incorporate visual arts, live theater, and dynamic arts education experiences to further enrich the cultural life of the region.

Again, these are only a few of the many accomplishments, successes and initiatives that motivate all of us in moving SUU forward. I am honored to be a part of this terrific institution and am proud of the significant influence for good it has on students, the campus, the local community and beyond.

Thank you for your interest in and support of Southern Utah University.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott L. Wyatt".

President Scott L Wyatt



**OFFICE OF THE
STATE AUDITOR**

INDEPENDENT STATE AUDITOR'S REPORT

To the Board of Trustees, Audit Committee
and

Scott L. Wyatt, President
Southern Utah University

Report on the Financial Statements

We have audited the accompanying financial statements of Southern Utah University (the University), a component unit of the State of Utah, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2016, and the changes in its financial position and its

cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 7–14 and the University's schedules of proportionate share and contributions on pages 46–47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the University's basic financial statements. The Letter from the President and the listing of the governing boards and officers have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2016 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Office of the State Auditor

Office of the State Auditor

December 19, 2016

SOUTHERN UTAH UNIVERSITY

MANAGEMENT DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED JUNE 30, 2016

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, 2016. 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.

Since its founding in 1897, the University has evolved from a teacher training school into its current role as Utah's comprehensive liberal arts and sciences university. Historically, it has served the southern region of Utah and areas of two contiguous states with undergraduate and graduate programs and applied technology training. More recently, it has expanded its reach both nationally and internationally. People 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 approximately 8,900 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 Position; the Statement of Revenues, Expenses, and Changes in Net Position; 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.

SOUTHERN UTAH UNIVERSITY

MANAGEMENT DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED JUNE 30, 2016

Statement of Net Position

The Statement of Net Position reports the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University at June 30. Net Position is categorized as “Net Investment in Capital Assets”, “Restricted” (Expendable or Nonexpendable), or “Unrestricted.” Net Investment in Capital Assets includes fixed assets of the University reduced by accompanying debt and accumulated depreciation. Restricted Nonexpendable assets include endowment and similar funds that are held in perpetuity. Restricted Expendable assets are subject to externally imposed restrictions governing their use. All other assets are listed as Unrestricted. Below is a Condensed Statement of Net Position as of June 30, 2016 and 2015.

Condensed Statement of Net Position

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Change</u>	<u>% Change</u>
Assets				
Current Assets	\$ 50,654,157	\$ 51,190,930	\$ (536,773)	-1.0%
Noncurrent Assets				
Other Noncurrent Assets	70,014,291	84,436,671	(14,422,380)	-17.1%
Capital Assets	<u>137,524,947</u>	<u>123,488,878</u>	<u>14,036,069</u>	<u>11.4%</u>
Total Assets	<u>258,193,395</u>	<u>259,116,479</u>	<u>(923,084)</u>	<u>-0.4%</u>
Deferred Outflows of Resources	<u>5,200,792</u>	<u>1,423,123</u>	<u>3,777,669</u>	<u>265.4%</u>
Liabilities				
Current Liabilities	23,364,759	25,674,245	(2,309,486)	-9.0%
Noncurrent Liabilities	<u>28,795,610</u>	<u>27,277,047</u>	<u>1,518,563</u>	<u>5.6%</u>
Total Liabilities	<u>52,160,369</u>	<u>52,951,292</u>	<u>(790,923)</u>	<u>-1.5%</u>
Deferred Inflows of Resources	<u>1,174,709</u>	<u>889,517</u>	<u>285,192</u>	<u>32.1%</u>
Net Position				
Net Investment in Capital Assets	120,943,486	105,818,795	15,124,691	14.3%
Restricted Nonexpendable	19,469,379	19,510,078	(40,699)	-0.2%
Restricted Expendable	28,148,393	44,979,416	(16,831,023)	-37.4%
Unrestricted	<u>41,497,851</u>	<u>36,390,504</u>	<u>5,107,347</u>	<u>14.0%</u>
Total Net Position	<u>\$ 210,059,109</u>	<u>\$ 206,698,793</u>	<u>\$ 3,360,316</u>	<u>1.6%</u>

Current Asset decreases were a combination of net increases in Cash & Cash Equivalents and offsetting decreases in short-term investments mainly as a result of those short-term investments being converted to cash and cash equivalents. Current Assets also decreased as a result of net decreases in receivables resulting from a reduction in pledges receivable for the Center for the Arts project, offset by an increase in amounts due from related parties (primarily DFCM) for amounts billed for construction of the Center for the Arts, increases in bookstore inventory, and increases in net prepaid expenses related to Utah Shakespeare Festival. Other Noncurrent Assets decreased primarily as a result of a net decrease in restricted cash and cash equivalents that was used to fund the purchases of lessee improvements for the Center for the Arts. The increase in Capital Assets was caused by capitalization of portions of the Center for the Arts project, net of depreciation and retirement of other capital assets. A \$3.1 million increase in Deferred Outflows of Resources related to Pensions was also recognized (see Note N), as well as a \$710K deferral of outflows of resources related to retirement of the 2008 Series Bonds (See Note L).

SOUTHERN UTAH UNIVERSITY

MANAGEMENT DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED JUNE 30, 2016

The decrease in Current Liabilities is a result of net decreases to unearned revenues primarily as a result of lower unearned Aviation course fees in fiscal year 2016 from fiscal year 2015, and a decrease in notes payable that is due to payment in full of a \$3.3 million line of credit that was outstanding at the end of fiscal year 2015 (see Note L). The decreases in Current Liabilities was offset by increases in amounts due to the Utah Shakespeare Festival Foundation and to DFCM (a related party) for construction of the Center for the Arts, increases in payroll and benefit liabilities, notes payable, and in accrued benefits and deductions payable. Noncurrent Liabilities increased as a result of recognition of a \$2.5 million increase to net pension liability (see Note N), offset by net decreases to accrued compensated absences and termination benefits, and a decrease to noncurrent bonds payable as a result of defeasance of the 2008 Series bonds (see Note L).

The University's Net Position increased as a result of the following: Net Investment in Capital Assets increased as a result of capitalization of the Center for the Arts project over net depreciation and net asset retirements during the year. Restricted Nonexpendable Net Position remained constant as a result of steady receipts of endowment donations from University friends and alumni for both scholarships and other operating needs. Decreases in Restricted Expendable Net Position resulted from the decreases in funding for the Center for the Arts in the form of gifts and grants in 2016, which was lower in 2016 than in 2015. The increases in Unrestricted Net Position are attributed to the recording of the University portion of the net pension liability and the payoff of the line of credit for construction of the Center for the Arts.



SOUTHERN UTAH UNIVERSITY

MANAGEMENT DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED JUNE 30, 2016

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the results of operations for the year ended June 30. Below is a Condensed Statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2016 and 2015.

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

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Change</u>	<u>% Change</u>
Operating Revenues				
Tuition and Fees	\$ 61,233,427	\$ 65,446,703	\$ (4,213,276)	-6.4%
Grants and Contracts	1,204,876	753,125	451,751	60.0%
Sales and Services of Educational Activities	14,972,631	15,170,338	(197,707)	-1.3%
Sales and Services of Auxiliary Enterprises	4,512,272	4,109,925	402,347	9.8%
Other	28,608	27,836	772	2.8%
Total Operating Revenues	81,951,814	85,507,927	(3,556,113)	-4.2%
Operating Expenses				
Salaries	55,838,831	52,030,245	3,808,586	7.3%
Benefits	22,137,400	20,263,582	1,873,818	9.2%
Depreciation	5,978,493	6,248,767	(270,274)	-4.3%
Repairs and Maintenance	1,247,540	1,160,275	87,265	7.5%
Services and Supplies	39,936,629	42,069,296	(2,132,667)	-5.1%
Student Aid	6,770,627	5,208,623	1,562,004	30.0%
Utilities	2,267,305	2,175,686	91,619	4.2%
Other Operating Expenses	10,660,527	10,343,805	316,722	3.1%
Total Operating Expenses	144,837,352	139,500,279	5,337,073	3.8%
Operating Loss	(62,885,538)	(53,992,352)	(8,893,186)	-16.5%
Nonoperating Revenues (Expenses)				
State Appropriations	35,218,539	33,290,083	1,928,456	5.8%
Grants and Contracts	21,269,140	21,460,934	(191,794)	-0.9%
Private Gifts and Grants	4,310,621	4,230,618	80,003	1.9%
Investment Income	1,118,941	962,011	156,930	16.3%
Other Nonoperating Revenues (Expenses)	(32,789)	(703,693)	670,904	95.3%
Interest on Indebtedness	(650,192)	(806,755)	156,563	19.4%
Net Nonoperating Revenue (Expenses)	61,234,260	58,433,198	2,801,062	4.8%
Income (Loss) Before Other Revenue	(1,651,278)	4,440,846	(6,092,124)	-137.2%
Other Revenues	5,011,594	8,684,744	(3,673,150)	-42.3%
Change in Net Position	3,360,316	13,125,590	(9,765,274)	-74.4%
Prior Period Adjustment Related to Pensions		(9,680,979)	9,680,979	100.0%
Net Position - Beginning of Year	206,698,793	203,254,182	3,444,611	1.7%
Net Position - End of Year	\$ 210,059,109	\$ 206,698,793	\$ 3,360,316	1.6%

The net decrease in Tuition and Fees was largely a result of an increase in scholarship allowances which increased from \$20.6 million in FY 2015 to \$25.3 million in FY 2016. Operating Grants and Contracts increased primarily due

SOUTHERN UTAH UNIVERSITY

MANAGEMENT DISCUSSION AND ANALYSIS

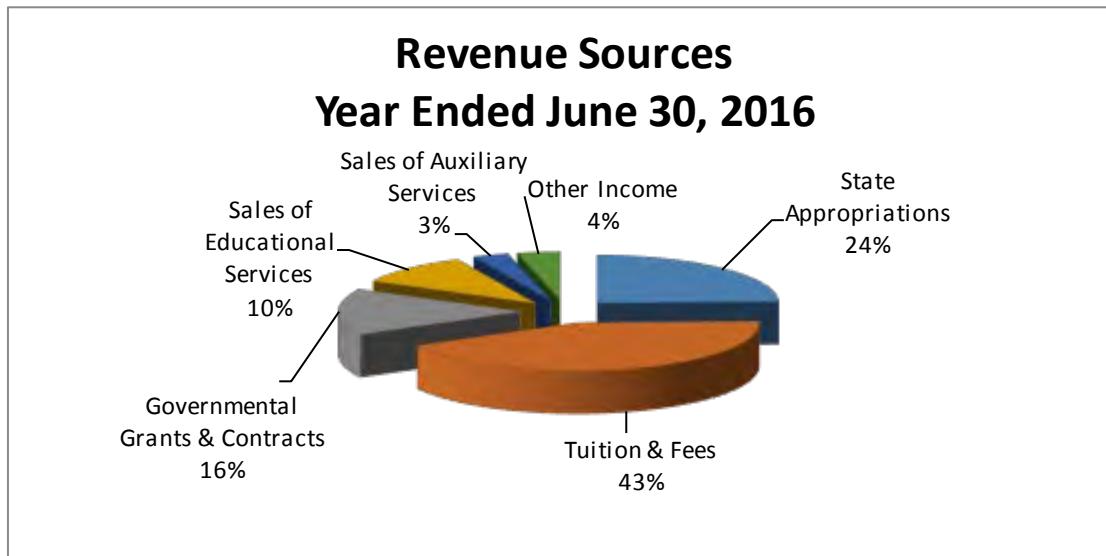
FISCAL YEAR ENDED JUNE 30, 2016

to continued funding of Youth Intern Partnership with the National Parks Service and funding for a new Confucius Institute of China at SUU. Auxiliary Enterprises revenues increased primarily from higher Bookstore sales and Housing rentals.

The increase in salaries was due primarily to market and retention adjustments, additional hiring in several campus departments, as well as development of the International Student Engagement department. Benefits increased primarily as a result of a negative net pension expense resulting from implementation of the new GASB 68 standard (see Note N). Services and supplies decreased as a result of the need for less aviation services, offset by an increase of operating costs associated with the Center for the Arts. Student Aid expenses increased as a result of more focused recruitment and retention initiatives, which included additional student aid.

State appropriations increased due to additional funding for salaries, operating expenses, and one-time funding for a STEM initiative. Non-Operating Grants and Contracts decreased as a result of more grants being closed than new grant funding received. Investment income increased primarily due to unusually high increases on market value for investments held during the prior year. Other nonoperating expenses decreased as a result of decreased sales and fewer plant assets being retired at a loss.

The following graphs illustrate all funding sources, except Capital Appropriations, Capital Grants and Gifts and Additions to Permanent Endowments of the University, as a percentage of total revenues for the year ended June 30, 2016, with a comparison to the prior year:

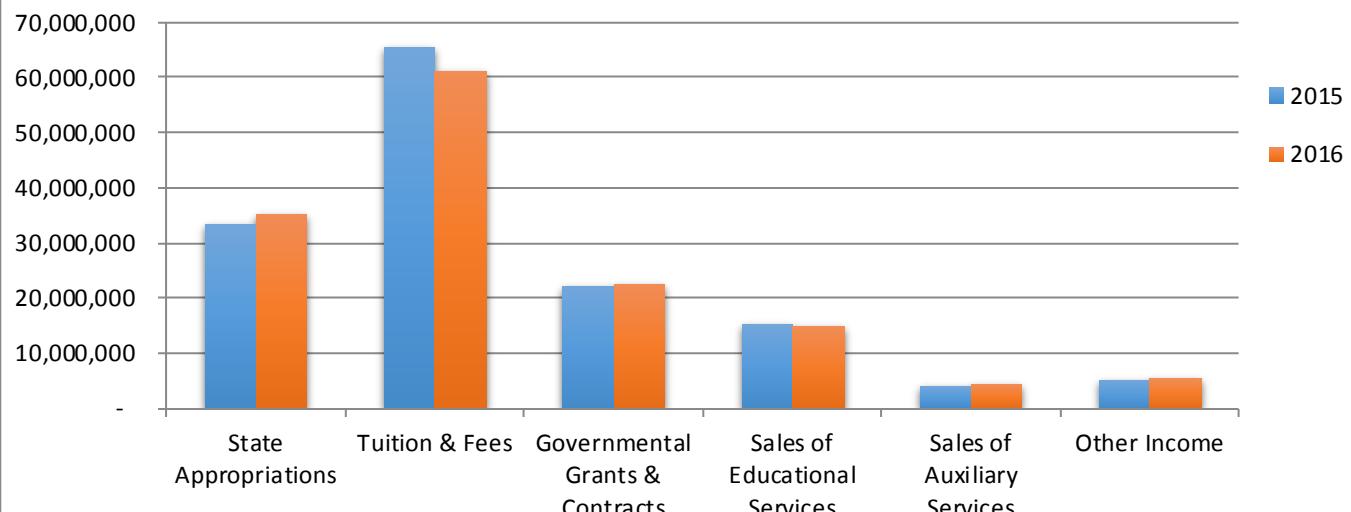


SOUTHERN UTAH UNIVERSITY

MANAGEMENT DISCUSSION AND ANALYSIS

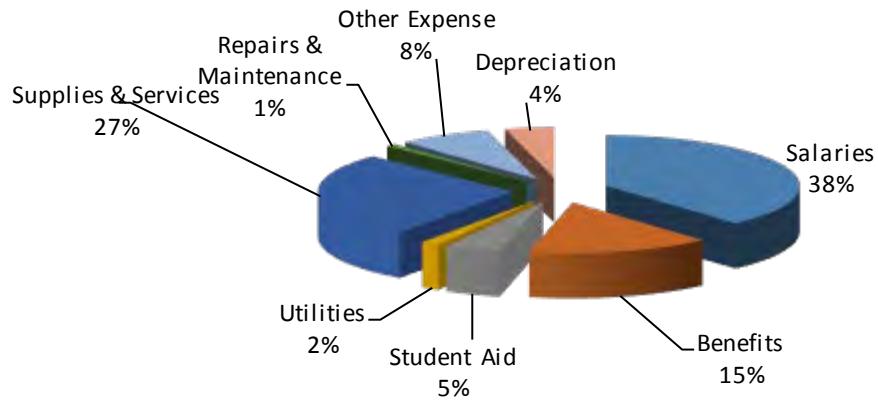
FISCAL YEAR ENDED JUNE 30, 2016

Comparison of Revenues by Source



The following graphs illustrate expenses of the University by natural classification as a percentage of total expense for the year ended June 30, 2016, with a comparison to the prior year:

Expenses by Natural Categories Year Ended June 30, 2016

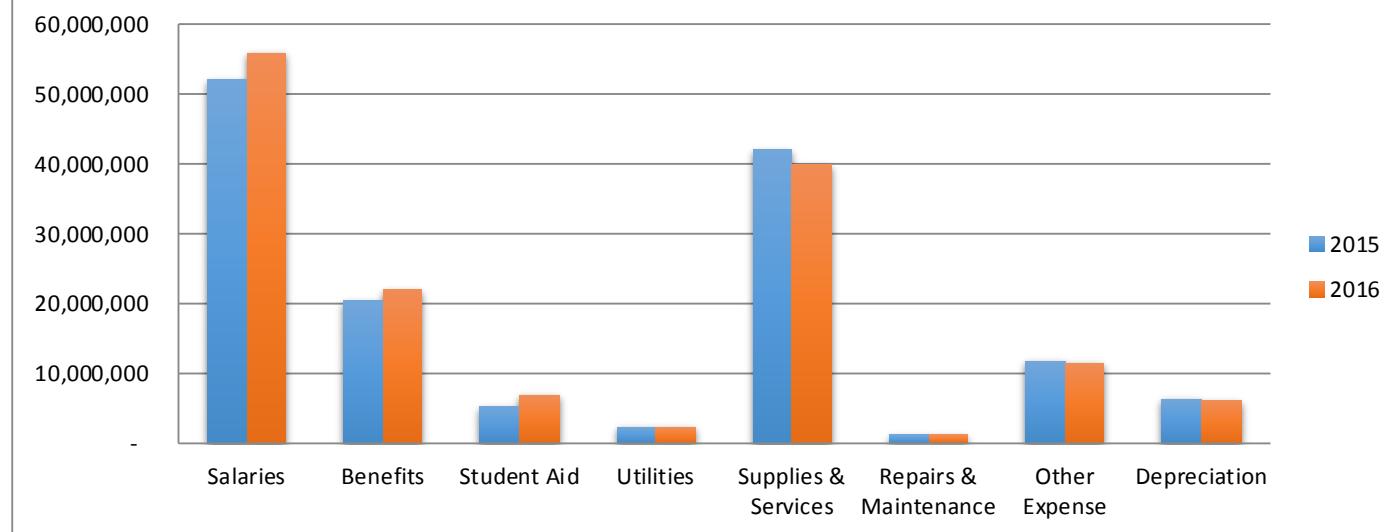


SOUTHERN UTAH UNIVERSITY

MANAGEMENT DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED JUNE 30, 2016

Comparison of Expenses by Type



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 fiscal years ended June 30, 2016 and 2015.

Condensed Statement of Cash Flows

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Change</u>	<u>% Change</u>
Cash Provided (Used) by:				
Operating Activities	\$ (63,565,103)	\$ (44,936,592)	\$ (18,628,511)	-41.5%
Noncapital Financing Activities	63,441,347	62,685,859	755,488	1.2%
Capital Financing Activities	(15,694,497)	(8,046,478)	(7,648,019)	-95.0%
Investing Activities	<u>9,329,802</u>	<u>(22,463,338)</u>	<u>31,793,140</u>	<u>141.5%</u>
Net Increase (Decrease) in Cash	(6,488,451)	(12,760,549)	6,272,098	49.2%
Cash - Beginning of Year	<u>38,570,491</u>	<u>51,331,040</u>	<u>(12,760,549)</u>	<u>-24.9%</u>
Cash - End of Year	<u>\$ 32,082,040</u>	<u>\$ 38,570,491</u>	<u>\$ (6,488,451)</u>	<u>-16.8%</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, capital debt payments, proceeds from the sale of capital assets, and capital asset purchases. Investing Activities include proceeds from the sale of investments and

SOUTHERN UTAH UNIVERSITY

MANAGEMENT DISCUSSION AND ANALYSIS

FISCAL YEAR ENDED JUNE 30, 2016

interest/dividend earnings and payments for the purchase of investments.

The amount of cash used by Operating Activities decreased as a result of increased payments to suppliers and employees; however, these decreases in operating cash outflows were offset by increased receipts from tuition and fees, increased receipts from auxiliary and educational services, and decreased payments for student financial aid. Cash provided by Noncapital Financing Activities increased as a result of receipts from state appropriations and from non-operating and noncapital gifts/grants. Cash flows from Capital Financing Activities decreased as a result of purchases of capital assets, increased payments on capital debt, and decreased capital appropriations; however, some of these capital financing cash outflows were offset by proceeds from capital grants and gifts as well as additional capital debt. Cash flows from Investing Activities increased because of the sale of investments purchases; although, receipts from the purchase of investments, along with interest and dividends offset the increase.

Future Economic Factors that May Affect the University

Economists and business leaders continue to be optimistic about the state's economy and forecast that economic growth in the state will continue to grow at a rate higher than the national average. Utah's unemployment rate continues to drop, and the state's consumer attitude continues to rise, leading to an overall healthy economic outlook for Utah.

The University is also continuing to see modest growth in enrollments, with current projections for continued enrollment growth. With increased enrollment and modest increases in tuition and fees, combined with the critical need of continued funding from the State of Utah, the University believes it is well positioned to manage current and future budget challenges.

Summary

The accompanying financial statements, including footnotes, reflect the budgeting challenges of this past year while continuing to show that the University's financial position remains solid during these challenging times.



SOUTHERN UTAH UNIVERSITY

STATEMENT OF NET POSITION

AS OF JUNE 30, 2016

ASSETS	Southern Utah University		
	University	Foundation	Total
Current Assets:			
Cash and Cash Equivalents (Note B)	\$ 22,069,849	\$ 1,239,410	\$ 23,309,259
Short-term Investments (Note B)	11,043,540	257,000	11,300,540
Receivables, Net of Allowance (Note C)	5,772,255	744,419	6,516,674
Due From Related Parties (Notes C & D)	3,037,057		3,037,057
Loans and Notes Receivable, Net (Note E)	419,370		419,370
Inventories (Note F)	987,340		987,340
Prepaid Expenses (Note G)	5,083,917		5,083,917
Total Current Assets	48,413,328	2,240,829	50,654,157
Noncurrent Assets:			
Restricted Cash and Cash Equivalents (Note B)	8,772,781		8,772,781
Investments (Note B)	42,265,847	1,328,605	43,594,452
Pledges Receivable (Note C)	6,058,993	246,660	6,305,653
Loans and Notes Receivable, Net (Note E)	11,341,013		11,341,013
Capital Assets, Net of Accumulated Depreciation (Note H)	137,524,947		137,524,947
Net Pension Asset (Note N)	392		392
Total Noncurrent Assets	205,963,973	1,575,265	207,539,238
Total Assets	254,377,301	3,816,094	258,193,395
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions (Note N)	4,489,853		4,489,853
Deferred Outflows Related to Refunding of Debt (Note L)	710,939		710,939
Total Deferred Outflows of Resources	5,200,792	-	5,200,792

Continued on next page...

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

SOUTHERN UTAH UNIVERSITY

STATEMENT OF NET POSITION

AS OF JUNE 30, 2016

LIABILITIES	University	Southern Utah University Foundation	Total
Current Liabilities:			
Accounts and Interest Payable (Note I)	5,310,547	455	5,311,002
Due to Related Parties (Note D)	4,007,705		4,007,705
Payroll and Withholding Taxes Payable (Note I)	1,167,347		1,167,347
Accrued Benefits & Deductions Payable (Note Q)	1,336,896		1,336,896
Deposits and Other Liabilities (Note J)	765,634		765,634
Unearned Revenues (Note G)	7,128,444		7,128,444
Compensated Absences and Termination Benefits (Note K)	2,218,082		2,218,082
Bonds, Notes, and Contracts Payable (Note L)	1,403,393	26,256	1,429,649
Total Current Liabilities	23,338,048	26,711	23,364,759
Noncurrent Liabilities:			
Compensated Absences and Termination Benefits (Note K)	989,383		989,383
Bonds, Notes, and Contracts Payable (Note L)	15,711,092	169,214	15,880,306
Net Pension Liability (Notes K & N)	11,925,921		11,925,921
Total Noncurrent Liabilities	28,626,396	169,214	28,795,610
Total Liabilities	51,964,444	195,925	52,160,369
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions (Note N)	1,174,709		1,174,709
Total Deferred Inflows of Resources	1,174,709	-	1,174,709
NET POSITION:			
Net Investment in Capital Assets	120,943,486		120,943,486
Restricted Nonexpendable:			
Pensions	392		392
Scholarships	12,393,206		12,393,206
Other	7,075,781		7,075,781
Restricted Expendable:			
Scholarships	3,359,818		3,359,818
Capital Projects	17,000,945		17,000,945
Loans	2,005,838		2,005,838
Other	5,160,621	621,171	5,781,792
Unrestricted	38,498,853	2,998,998	41,497,851
Total Net Position	\$ 206,438,940	\$ 3,620,169	\$ 210,059,109

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

SOUTHERN UTAH UNIVERSITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FISCAL YEAR ENDED JUNE 30, 2016

	University	Southern Utah University Foundation	Total
Operating Revenues			
Student Tuition and Fees	\$ 61,233,427	\$ -	\$ 61,233,427
(net of scholarship discounts and allowances of \$24,334,069)			
Governmental Grants and Contracts	1,204,876		1,204,876
Sales and Services of Educational Activities	14,957,356	15,275	14,972,631
Sales and Services of Auxiliary Enterprises	4,512,272		4,512,272
(net of scholarship discounts and allowances of \$988,333)			
Interest Income on Student Loans	28,608		28,608
Total Operating Revenues	<u>81,936,539</u>	<u>15,275</u>	<u>81,951,814</u>
Operating Expenses			
Salaries	55,838,831		55,838,831
Benefits	22,137,400		22,137,400
Depreciation	5,978,493		5,978,493
Repairs and Maintenance	1,245,206	2,334	1,247,540
Services and Supplies	39,936,094	535	39,936,629
Student Aid	6,770,627		6,770,627
Utilities	2,263,991	3,314	2,267,305
Other Operating Expenses	<u>10,655,184</u>	<u>5,343</u>	<u>10,660,527</u>
Total Operating Expenses	<u>144,825,826</u>	<u>11,526</u>	<u>144,837,352</u>
Operating Income (Loss)	<u>(62,889,287)</u>	<u>3,749</u>	<u>(62,885,538)</u>
Nonoperating Revenues (Expenses)			
Government Appropriations - State	35,218,539		35,218,539
Government Grants and Contracts	21,269,140		21,269,140
Private Gifts and Grants	4,095,620	215,001	4,310,621
Investment Income	1,081,776	37,165	1,118,941
Other Nonoperating Revenue (Expense)	(32,789)		(32,789)
Interest on Indebtedness	<u>(598,070)</u>	<u>(52,122)</u>	<u>(650,192)</u>
Net Nonoperating Revenue	<u>61,034,216</u>	<u>200,044</u>	<u>61,234,260</u>
Income (Loss) Before Other Revenue	<u>(1,855,071)</u>	<u>203,793</u>	<u>(1,651,278)</u>
Other Revenue			
Capital Appropriations	639,550		639,550
Capital Grants & Gifts	3,515,389		3,515,389
Nonreciprocal Transfers In (Out)	300,000	(300,000)	-
Additions to Permanent Endowments	<u>856,655</u>		<u>856,655</u>
Total Other Revenue	<u>5,311,594</u>	<u>(300,000)</u>	<u>5,011,594</u>
Increase (Decrease) in Net Position	3,456,523	(96,207)	3,360,316
Net Position - Beginning of Year	<u>202,982,417</u>	<u>3,716,376</u>	<u>206,698,793</u>
Net Position - End of Year	<u>\$ 206,438,940</u>	<u>\$ 3,620,169</u>	<u>\$ 210,059,109</u>

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

SOUTHERN UTAH UNIVERSITY

STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2016

	University	Southern Utah University Foundation	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Tuition and Fees	\$ 59,873,289	\$ -	\$ 59,873,289
Receipts from Grants/Contracts	1,267,455		1,267,455
Receipts from Auxiliary and Educational Services	13,421,012	15,275	13,436,287
Collection of Loans to Students and Employees	414,423		414,423
Loans Issued to Students and Employees	(408,073)		(408,073)
Payments for Employee Services and Benefits	(78,387,948)		(78,387,948)
Payments to Suppliers	(52,978,440)	(11,469)	(52,989,909)
Payments for Student Financial Aid	(6,770,627)		(6,770,627)
Net Cash Provided (Used) by Operating Activities	(63,568,909)	3,806	(63,565,103)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Appropriations	35,218,539		35,218,539
Receipts from Grants/Contracts	19,843,811		19,843,811
Gifts/Grants for Other Than Capital Purposes	4,893,105	3,487,591	8,380,696
Agency Account Receipts	1,791,782		1,791,782
Agency Account Payments	(1,793,481)		(1,793,481)
Net Cash Provided (Used) by Noncapital Financing Activities	59,953,756	3,487,591	63,441,347
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Receipts from Capital Grants/Gifts	8,658,265		8,658,265
Proceeds from Capital Debt	9,521,778	-	9,521,778
Nonreciprocal Transfers In (Out)	300,000	(300,000)	-
Purchases of Capital Assets	(19,042,573)		(19,042,573)
Principal Paid on Capital Debt/Leases	(10,120,447)	(3,350,389)	(13,470,836)
Interest Paid on Capital Debt/Leases	(1,309,009)	(52,122)	(1,361,131)
Net Cash Provided (Used) by Capital Financing Activities	(11,991,986)	(3,702,511)	(15,694,497)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale/Maturity of Investments	42,161,661		42,161,661
Receipt of Interest/Dividends from Investments	994,642	37,169	1,031,811
Purchase of Investments	(33,773,149)	(90,521)	(33,863,670)
Net Cash Provided (Used) by Investing Activities	9,383,154	(53,352)	9,329,802
Net Increase (Decrease) in Cash	(6,223,985)	(264,466)	(6,488,451)
Cash & Cash Equivalents - Beginning of Year	37,066,615	1,503,876	38,570,491
Cash & Cash Equivalents - End of Year	<u>\$ 30,842,630</u>	<u>\$ 1,239,410</u>	<u>\$ 32,082,040</u>

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

SOUTHERN UTAH UNIVERSITY

STATEMENT OF CASH FLOWS (CONTINUED)

FISCAL YEAR ENDED JUNE 30, 2016

	University	Southern Utah University Foundation	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ (62,889,287)	\$ 3,749	\$ (62,885,538)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	5,978,493		5,978,493
Operations and Maintenance Expense paid by Division of Facility Construction and Management	1,061,562		1,061,562
Difference between Actuarial Calculated Pension Expense and Actual Contributions	(221,147)		(221,147)
Changes in Assets and Liabilities:			
Receivables (Net)	(5,041,365)	-	(5,041,365)
Due from Related Parties	162,464		162,464
Student Loans Receivable	59,750		59,750
Inventories	(149,951)		(149,951)
Prepaid Expenses	(285,473)		(285,473)
Accounts Payable	702,651	57	702,708
Due to Related Parties	(9,649)		(9,649)
Accrued Liabilities	(350,740)		(350,740)
Accrued Payroll	308,846		308,846
Unearned Revenues	(2,632,149)		(2,632,149)
Compensated Absences	(262,914)		(262,914)
Net Cash Provided (Used) by Operating Activities	<u>\$ (63,568,909)</u>	<u>\$ 3,806</u>	<u>\$ (63,565,103)</u>
Noncash Noncapital Financing, Capital Financing, and Investing Transactions			
Repairs and Maintenance paid by Division of Facility Construction and Management (DFCM)	\$ 1,061,562	\$ -	\$ 1,061,562
Capital Projects paid by DFCM	639,550		639,550
Loss on Retirement of Capital Assets	(32,789)		(32,789)
Investment Securities donated	11,096		11,096
Change in Fair Value of Investments Recognized as Investment Income	(266,447)		(266,447)
Re-investment of Investment Dividends and Interest	431,609		431,609
Deferred Outflows of Resources related to Refunding of Debt	710,939		710,939
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position			
Cash and Cash Equivalents Classified as Current Assets	\$ 22,069,849	\$ 1,239,410	\$ 23,309,259
Cash and Cash Equivalents Classified as Noncurrent Assets	<u>8,772,781</u>		<u>8,772,781</u>
Total Cash and Cash Equivalents	<u>\$ 30,842,630</u>	<u>\$ 1,239,410</u>	<u>\$ 32,082,040</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, 2016

NOTE A. Summary of Significant Accounting Policies

The significant accounting policies followed by Southern Utah University (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. In addition, the financial statements include the Southern Utah University Foundation (the Foundation).

The Foundation is a legally separate, non-profit organization, incorporated under Utah law in 1996. The Foundation is included in the University's financial statements as a blended component unit because the University appoints a controlling number of positions on the Board of Directors of the Foundation and the University has the ability to impose their will on the Foundation, significantly influencing the programs, projects and activities of the Foundation. Additionally, the Foundation provides services entirely or almost entirely to the University.

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. 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.

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. The basic financial statements include a Management's Discussion

and Analysis, a Statement of Net Position or Balance Sheet, a Statement of Revenues, Expenses, and Changes in Net Position, a Statement of Cash Flows, and notes to the financial statements. The required basic financial statements described above are prepared using the economic resources measurement focus and the accrual basis of accounting.

Cash and Cash Equivalents and Investments

Cash and cash equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date.

Investments are recorded at fair value or net asset value (NAV) in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. The University distributes earnings from pooled investments based on the average daily investment of each participating account, or for endowments, distributes earnings according to the University's spending policy.

According to the Uniform Prudent Management of Institutional Funds Act, Section 51-8 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, 2016, was 2.75% 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, 2016 was approximately \$597,000. The net appreciation was a component of restricted, expendable net position.

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

SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2016

uncollectible amounts. Donor pledges are also included as accounts receivable. Only those pledges deemed by management as collectible are recorded; therefore, no estimate is made for uncollectible amounts.

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 Position.

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 \$100,000 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 \$100,000 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 \$5,000 or more (\$3,000 or more for fiscal years prior to 2015), 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 to 5 years for intangibles. Leasehold improvements are depreciated over the life of the lease.

Unearned Revenues

Unearned 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. Unearned 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 Position, and as a component of salaries and benefits expense in the Statement of Revenues, Expenses, and Changes in Net Position.

Pensions

For purposes of measuring the net pension liability, 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 Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 Position

The University's Net Position is classified as follows:

Net investment in capital assets: 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 position 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 position 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

SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2016

purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted: Unrestricted net position 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.

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 Position. 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.



SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2016

NOTE B. Deposits and Investments

At June 30, 2016, cash and cash equivalents and investments consisted of:

	University	Foundation	Total
Cash and Cash Equivalents - Current:			
Cash	1,817,237	37,919	1,855,156
Utah PTIF	<u>20,252,612</u>	<u>1,201,491</u>	<u>21,454,103</u>
Total (fair value)	<u>22,069,849</u>	<u>1,239,410</u>	<u>23,309,259</u>
Cash and Cash Equivalents - Restricted:			
Cash and Money Market	\$ 5,508,642	\$ -	\$ 5,508,642
Utah PTIF	<u>3,264,139</u>	<u>-</u>	<u>3,264,139</u>
Total (fair value)	<u>\$ 8,772,781</u>	<u>\$ -</u>	<u>\$ 8,772,781</u>
Short-term Investments:			
Certificates of Deposit	\$ 1,014,111	\$ -	\$ 1,014,111
Securities	10,029,429	257,000	10,029,429
Other Equity Investments	<u>257,000</u>	<u>257,000</u>	<u>257,000</u>
Total (fair value)	<u>\$ 11,043,540</u>	<u>\$ 257,000</u>	<u>\$ 11,300,540</u>
Noncurrent Investments:			
Common Stocks	\$ 789,172	\$ -	\$ 789,172
Securities	28,869,640	28,869,640	28,869,640
Mutual Funds	12,161,885	1,328,605	12,161,885
Donated Property Held for Resale	51,400	1,328,605	1,380,005
Alternative Investments	393,750	393,750	393,750
Total (fair value)	<u>\$ 42,265,847</u>	<u>\$ 1,328,605</u>	<u>\$ 43,594,452</u>

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, 2016, the University's bank balances were \$8,623,448, of which \$7,556,002 was uninsured and uncollateralized.

Investments

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 University 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).

The Money Management Act defines the types of securities authorized as appropriate investments for the University's

SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2016

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.

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; 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 Money Management Act; and the Utah State Public Treasurers' Investment Fund.

The Utah State Treasurers' Office operates the Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act (*Utah Code*, Section 51, Chapter 7). 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, are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool was approximately equal to the value of the pool shares.

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.

Fair Value of Investments – The University measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines 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; and,
- *Level 3:* Unobservable inputs.



SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2016

At June 30, 2016 the University had the following recurring fair value measurements:

	Fair Value Measurements Using		
	6/30/2016	Level 1	Level 2
Investments by Fair Value Level			Level 3
Debt Securities			
Corporate Bonds	\$ 31,957,164		\$ 31,957,164
Utah Public Treasurer's Investment Fund	24,718,242		24,718,242
U.S. Agencies	6,941,905		6,941,905
Money Market Mutual Funds	733,129		733,129
Total Debt Securities	\$ 64,350,440	\$ -	\$ 64,350,440
Equity Securities			
Common Stock	\$ 789,172	\$ 789,172	
Equity Mutual Funds	12,161,885		12,161,885
Total Equity Securities	\$ 12,951,057	\$ 789,172	\$ 12,161,885
Other			
Donated Assets (Real Estate)	\$ 1,380,005		\$ 1,380,005
Total Investments by Fair Value Level	\$ 78,681,502	\$ 789,172	\$ 76,512,325
			\$ 1,380,005
Investments Measured at Net Asset Value (NAV)			
Private Equity Partnerships	\$ 393,750		
Flexible Premium Deferred Annuity	257,000		
Total Investments Measured at NAV	\$ 650,750		
Total Investments Measured at Fair Value	\$ 79,332,252		

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- Corporate Bonds: quoted prices for similar securities in active markets;
- Utah Public Treasurers' Investment Fund: application of the June 30, 2016 fair value factor, as calculated by the Utah State Treasurer, to the University's average daily balance in the Fund.
- U. S. Agencies: quoted prices for identical securities in markets that are not active;
- Money Market and Equity Mutual Funds: published fair value per share (unit) for each fund.

Donated Real Estate held for resale classified in Level 3 is valued at the fair value of the gift as of June 30, 2016.

Investments valued using the net asset value (NAV) per share (or its equivalent) are considered "alternative investments" and, unlike more traditional investments, generally do not have readily obtainable market values and take the form of limited partnerships. The University values these investments based on the partnerships' audited financial statements. Where June 30 valuations are not available, the value is progressed from the most recently available valuation taking into account subsequent calls and distributions. The following table presents the unfunded commitments, redemption frequency, and the redemption notice period for the University's alternative investment measured at NAV:

Investments Measured at Net Asset Value (NAV)	Unfunded Fair Value	Redemption Commitments	Redemption Frequency	Redemption Notice Period
Private Equity Partnerships	\$ 393,750	-	Quarterly	45-60 days
Flexible Premium Deferred Annuity	257,000	-	N/A	N/A
Total Investments Measured at NAV	\$ 650,750	\$ -		

SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2016

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 the 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 days - 15 months or less. The Act further limits the remaining term to maturity on all investments in

obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 10 years for institutions of higher education. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 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.



As of June 30, 2016, the University had the following investments with the following maturities:

Investment Type:	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
State of Utah PTIF	\$ 24,718,242	\$ 24,718,242	\$ -	\$ -	\$ -
Corporate Securities	31,957,164	10,040,823	21,357,522	558,819	
U. S. Agencies	6,941,905	-	6,941,905	-	
	<u>\$ 63,617,311</u>	<u>\$ 34,759,065</u>	<u>\$ 28,299,427</u>	<u>\$ 558,819</u>	<u>\$ -</u>

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, the UPMIFA, and Rule 541 as previously discussed.

SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2016

At June 30, 2016, the University had the following investments with the following quality ratings:

Investment Type:	Fair Value	Quality Ratings				
		AA	A	BB	BBB	Unrated
State of Utah PTIF	\$ 24,718,242	\$ -	\$ -	\$ -	\$ -	\$ 24,718,242
Corporate Notes	31,957,164	999,591	10,975,163	1,249,500	18,732,910	
U. S. Agencies	6,941,905	6,941,905				
Total	<u>\$ 63,617,311</u>	<u>\$ 7,941,496</u>	<u>\$ 10,975,163</u>	<u>\$ 1,249,500</u>	<u>\$ 18,732,910</u>	<u>\$ 24,718,242</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, 2016, the University had \$38,899,069 in debt securities and \$789,172 in equity securities which were held by the investment's counterparty.



SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2016

NOTE C. Receivables, Net of Allowance for Doubtful Accounts

Receivables consisted of the following at June 30, 2016:

	University	Foundation	Total	Current Portion
Student Tuition and Fees	\$ 1,835,121	\$ -	\$ 1,835,121	\$ 1,230,121
Federal, State, and Private Grants and Contracts	909,207		909,207	909,207
Auxiliary Service Charges	54,278		54,278	54,278
Continuing & Professional Studies Fees	282,836		282,836	282,836
Utah Shakespearean Festival Ticket Sales	517,102		517,102	517,102
Interest and Dividends Receivable	206,906		206,906	206,906
Other Operating	1,499,278		1,499,278	1,499,278
Allowance for Doubtful Accounts	(605,000)		(605,000)	
Total Receivables, net of Allowance	4,699,728	-	4,699,728	4,699,728
Contributions and Gifts (Pledges)	7,131,520	991,079	8,122,599	1,816,946
Total	\$ 11,831,248	\$ 991,079	\$ 12,822,327	\$ 6,516,674



NOTE D. Due To/Due From Related Parties

The 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 net amount due to the Division of Facilities and Construction Management (DFCM) for repairs and maintenance and capital projects and amounts due from and due to all other related parties for services and supplies as of the year ended June 30, 2016.

Related Party Receivables consisted of the following at June 30, 2016:

	Balance
DFCM	\$ 2,820,213
Governor's Office of Economic Development	121,882
Utah Vocational Rehabilitation	34,965
State of Utah	31,793
Salt Lake Community College	12,158
Utah Division of State History	9,020
University of Utah	4,270
Utah Humanities Council	3,000
Other	(245)
Total	\$ 3,037,057

SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2016

Related Party Payables consisted of the following at June 30, 2016:

	Balance
DFCM	\$ 4,007,091
Other related parties	614
Total	<u>\$ 4,007,705</u>

NOTE E. Loans Receivable

Student loans made through the Federal Perkins Loan Program (the Program) comprised a significant portion of the loans receivable at June 30, 2016. 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.

In August 2014, the University entered into a loan agreement with a third party borrower in the amount of \$10,149,500 to partially finance the construction of the Center for the Arts. The note has a 40-year term with interest at 1.39%. Interest-only payments are required for the first seven years of the note. Thereafter, principal and interest payments sufficient to pay off the note will be required. The note is secured by an interest in the building and an associated ground lease.

At June 30, 2016, the current and long-term loans receivable amounts net of allowance were \$419,370 and \$11,341,013, respectively. The allowance for uncollectible loans was \$71,000.

NOTE F. Inventories

Total inventories at June 30, 2016 were \$987,340. They consisted of a gifted collection of *Westward America*, Deluxe and Collector Editions held for resale in the amount of \$12,830, as well as Bookstore inventory in the amount of \$974,510.

NOTE G. Prepaid Expenses and Unearned Revenues

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

Prepaid Expenses and Unearned Revenues at June 30, 2016, consisted of the following:

	Prepaid Expenses	Unearned Revenues
Utah Shakespeare Festival	\$ 3,825,563	\$ 2,387,496
Tuition & Fees		4,179,041
Grants and Contracts		123,758
Miscellaneous	1,258,354	438,149
Total	<u>\$ 5,083,917</u>	<u>\$ 7,128,444</u>



SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2016

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 and consisted of the following at June 30, 2016:

	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016
Land	\$ 8,303,090	\$ -	\$ -	\$ 8,303,090
Land Imp/Infrastructure	10,199,503	247,810	- (49,741)	10,447,313
Buildings	171,969,322	9,319,647	(49,741)	181,239,228
Leasehold Improvements	-	12,108,193	-	12,108,193
Equipment	12,523,205	956,787	(597,097)	12,882,895
Vehicles	1,613,413	51,583	(52,567)	1,612,429
Intangibles	571,934	-	-	571,934
Art Work/Collections	2,778,210	310,000	-	3,088,210
Library Collections	7,019,485	111,535	-	7,131,020
Construction-in-Progress	<u>3,064,590</u>	<u>6,387</u>	<u>(3,064,590)</u>	<u>6,387</u>
Total	218,042,752	23,111,942	(3,763,995)	237,390,699
 Less: Accumulated Depreciation				
Land Imp/Infrastructure	7,508,747	656,777	-	8,165,524
Buildings	69,968,349	3,936,127	(33,494)	73,870,982
Equipment	10,980,668	753,892	(580,555)	11,154,005
Vehicles	1,245,600	171,088	(52,566)	1,364,122
Intangibles	571,933	-	-	571,933
Art Work/Collections	620,459	21,796	-	642,255
Library Collections	<u>3,658,118</u>	<u>438,813</u>	<u>-</u>	<u>4,096,931</u>
Total	<u>94,553,874</u>	<u>5,978,493</u>	<u>(666,615)</u>	<u>99,865,752</u>
 Capital Assets, net	<u>\$ 123,488,878</u>	<u>\$ 17,133,449</u>	<u>\$ (3,097,380)</u>	<u>\$ 137,524,947</u>

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. There were no contractual commitments outstanding to DFCM as of June 30, 2016 for construction in progress.

SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2016

NOTE I. Accounts, Interest, and Payroll Related Payables

Accounts and Interest payable consisted of the following at June 30, 2016:

	University	Foundation	Total
Vendors	\$ 3,791,281	\$ 455	\$ 3,791,736
Veterans Administration	312,658		312,658
Interest	88,211		88,211
Sales Tax	153		153
Other	1,118,244		1,118,244
Total	<u>\$ 5,310,547</u>	<u>\$ 455</u>	<u>\$ 5,311,002</u>

Payroll and Withholding Taxes payable consisted of the following at June 30, 2016:

	Balance
Accrued Payroll	\$ 1,109,630
FICA & Medicare	57,717
Total Payroll & Withholding Taxes	<u>\$ 1,167,347</u>



NOTE J. Deposits and Other Liabilities

Deposits and Other Liabilities consisted of the following at June 30, 2016:

	Balance
Agency Funds	\$ 277,745
International Students	274,780
Gift Certificates	146,424
Utah Shakespeare Festival	37,185
Enrollment	29,500
Total	<u>\$ 765,634</u>

SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2016

NOTE K. Compensated Absences, Termination Benefits, Net Pension Liability, and Other Post-Employment Benefits

Compensated absences, termination benefits, and net pension liability activity for the year ended June 30, 2016 was as follows:

	Balance			Balance		
	June 30, 2015	Additions	Reductions	June 30, 2016	Current Portion	Noncurrent Portion
Compensated Absences	\$ 1,663,975	\$ 1,610,673	\$ (1,539,982)	\$ 1,734,666	\$ 1,672,660	\$ 62,006
Termination Benefits	1,806,404	106,596	(440,201)	1,472,799	545,422	927,377
Sub-total	3,470,379	1,717,269	(1,980,183)	3,207,465	2,218,082	989,383
Net Pension Liability	9,370,780	2,555,141		11,925,921		11,925,921
Total	\$ 12,841,159	\$ 4,272,410	\$ (1,980,183)	\$ 15,133,386	\$ 2,218,082	\$ 12,915,304

Other Post-Employment Benefits

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 full retirement age of 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 full retiree health care benefits payments for the year ended June 30, 2016 was \$53,784. The number of participants for the year ended June 30, 2016 was nine.

The University, as authorized by its Board of Trustees, offers an early retirement incentive option to eligible employees that includes a stipend of an amount equal to the lesser of 20 percent of the employee's annual base salary at the time of early retirement or the employee's estimated Social Security benefit at full retirement age, along with the continuation of certain health care insurance premiums for a period of the lesser of 5 years or until the employee

reaches Social Security full retirement age. 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 stipend and benefits payments for the year ended June 30, 2016 was \$440,201. The number of participants for the year ended June 30, 2016 was 24.

The projected future cost of the full retiree health care benefits, early retirement stipends, and early retirement 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 5.98, 1.20, and 2.58 percent, respectively. These increases are based on historical data. The net present value of the total projected costs is calculated using the estimated yield (0.90 percent) for short term investments. The net present value is the amount recognized on the financial statements as a liability for termination benefits.

NOTE L. Bonds, Notes, and Contracts Payables

On May 11, 2016, the Board of Regents of the State of Utah issued, for and on behalf of the University, Auxiliary System and Student Building Fee Revenue Refunding Bonds, Series 2016 (2016 Bonds) in the amount of \$8,420,000. Principal and interest on the 2016 Bonds are payable May 1 and November 1 of each year, with interest payments commencing November 1, 2016. The 2016 Bonds are subject to optional, mandatory sinking fund, and extraordinary optional redemption prior to maturity. The 2016 Bonds were issued for the purpose of refunding in advance of their maturity certain auxiliary system and

student building fee revenue bonds previously issued by the Board of Regents, for and on behalf of the University in 2008 (2008 Series Bonds). The refunding activity had limited impact on the retirement period but did result in a decrease of aggregate debt service payments of \$3.1 million and a present value economic gain of approximately \$2.7 million.

At the time of issuance, the University funded an advance refunding of the 2008 Series Bonds which represented the difference between the reacquisition price of the 2016

SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

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Bonds and the net carrying amount of the 2008 Series Bonds. This amount was placed into escrow, and together with interest earnings, is necessary to pay interest and principal to fully refund the 2008 Series Bonds. As a result, the University recognizes a deferred outflow of resources related to refunding of debt in the amount of \$710,939.

This amount is to be amortized over a two-year period of time, at which time the defeasance of the 2008 Series Bonds will be complete.



Bonds, Notes, and Contracts liability activity for the year ended June 30, 2016 was as follows:

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Current Portion	Noncurrent Portion
Bonds Payable	\$ 17,190,000	\$ 8,420,000	(\$10,020,000)	\$ 15,590,000	\$ 1,205,000	\$ 14,385,000
Unamortized Bond Premium	509,793	579,660	(104,379)	985,074	148,658	836,416
Unamortized Bond Discount	(29,711)		29,711	-	-	-
Charitable Remainder Annuity						
Trust and Unitrust	51,924	522,118	(34,631)	539,411	49,735	489,676
Sub-total SUU Portion	<u>17,722,006</u>	<u>9,521,778</u>	<u>(10,129,299)</u>	<u>17,114,485</u>	<u>1,403,393</u>	<u>15,711,092</u>
Line of Credit	3,350,389		(3,350,389)	-	-	-
Charitable Remainder Annuity						
Trust - SUU Foundation	221,723	2	(26,255)	195,470	26,256	169,214
Sub-total SUU Foundation Portion	<u>3,572,112</u>	<u>2</u>	<u>(3,376,644)</u>	<u>195,470</u>	<u>26,256</u>	<u>169,214</u>
Total	<u>\$ 21,294,118</u>	<u>\$ 9,521,780</u>	<u>\$ (13,505,943)</u>	<u>\$ 17,309,955</u>	<u>\$ 1,429,649</u>	<u>\$ 15,880,306</u>

SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2016

Revenue bonds payable consisted of the following at June 30, 2016:

	Date of Issue	Interest Rate	Original Amount of Issue	Retired or Paid 2015-16	Balance June 30, 2016
Bonds Payable					
Auxiliary System, Series 2008	7/22/2008	3.500-5.250%	12,025,000	9,230,000	800,000
Auxiliary System, Series 2011	8/11/2011	2.000-4.000%	8,285,000	790,000	6,370,000
Auxiliary System, Series 2016	4/27/2016	2.000-3.000%	8,420,000	-	8,420,000
Total Bonds Payable			\$ 28,730,000	\$ 10,020,000	\$ 15,590,000

The scheduled maturities of the revenue bonds are as follows at June 30, 2016:

Year	Principal	Interest	Total
2017	1,205,000	529,271	1,734,271
2018	1,250,000	496,381	1,746,381
2019	1,325,000	446,381	1,771,381
2020	1,360,000	402,381	1,762,381
2021	1,400,000	357,182	1,757,182
2022-2026	4,595,000	1,082,156	5,677,156
2027-2031	3,100,000	442,500	3,542,500
2032-2033	1,355,000	61,200	1,416,200
Total Bonds payable before unamortized premium/discount	\$ 15,590,000	\$ 3,817,452	\$ 19,407,452

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

The University is required to maintain certain debt service reserves aggregating \$1,146,000. As of June 30, 2016, the balance in the debt service reserve funds met or exceeded this requirement.

On August 13, 2014 the Foundation entered into a temporary line of credit with a financial institution in the amount of \$7,500,000. The availability of advances under this line of credit terminated as of September 5, 2015. The initial interest rate on the line of credit was 3.250% and was subject to change based on changes in an index which is the floating rate equal to the Prime Rate set by the lender and was due September 5, 2016. The line of credit was

paid in full on January 7, 2016 from the proceeds of gifts received that were pledged as security on the line of credit.



SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2016

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, 2016:

	Date Created	Interest Rate	Present Value	Current Portion
Charitable Remainder Annuity Trusts:				
J & C Wadsorth	9/25/2001	6.200%	\$ 195,470	\$ 26,256
K & H Englehart	11/10/2015	6.000%	496,339	40,777
Unitrust:				
Rodney A Brown	7/12/2000	7.500%	43,072	8,958
Total Annuities Payable			<u>\$ 734,881</u>	<u>\$ 75,991</u>

The estimates of future annuities payable are as follows:

Year	Principal	Interest	Payments
2017	\$ 78,305	\$ 34,464	\$ 112,769
2018	81,594	31,207	112,801
2019	85,066	27,769	112,835
2020	86,062	23,979	110,041
2021	79,634	20,304	99,938
2022-2036	<u>798,528</u>	<u>121,419</u>	<u>919,947</u>
Total	<u>\$ 1,209,189</u>	<u>\$ 259,142</u>	<u>\$ 1,468,331</u>

Operating Leases

The University has entered into operating leases to rent both additional office space and classroom space. The terms of the leases vary depending on the lease and the lessor. Additionally, the University has entered into an operating lease to rent both land and buildings that comprise the Englestad Shakespeare Theatre for a period of twenty (20) years commencing on June 1, 2016. For the fiscal year ended June 30, 2016, payments of \$500,250 were paid on these leases and are included in Other Operating Expenses on the Statement of Revenues, Expenses, and changes in Net Position.

Future minimum payments of the operating leases are as follows:

Year	Payments
2017	554,132
2018	481,865
2019	409,907
2020	380,274
2021 and beyond	7,922,088
Total	<u>\$ 9,748,266</u>

SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2016

NOTE M. Auxiliary System Bond Revenue Fund

The following schedule reflects the pledged receipts and disbursements of the Bond Revenue Fund of the Auxiliary System for the year ended June 30, 2016:

Pledged Receipts:

Operating Revenues	\$ 8,659,882
Operating & Maintenance Expenses	(5,396,948)
Total Pledged Net Receipts	<u><u>\$ 3,262,934</u></u>

Transfers to:

Debt Service	\$ 1,886,249
Trustee and Other Fees	4,750
Renewal & Replacement Reserves	1,199,431
Other Lawful Purposes	172,504
Total Transfers of Pledged Receipts	<u><u>\$ 3,262,934</u></u>

Debt Service Reconciliation:

Debt Service Principal and Interest payments	\$ 1,898,844
Bond Reserve Interest applied to Debt Service	(12,595)
Total Transfer to Debt Service	<u><u>\$ 1,886,249</u></u>



SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2016

NOTE N. Retirement Plans

As required by State law, eligible non-exempt employees (as defined by the U.S. Fair Labor Standards Act) of the University are covered by the Utah Retirement Systems (Systems) and eligible exempt employees (as defined by the U.S. Fair Labor Standards Act) are covered by the defined contribution plans, such as Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF) or Fidelity Investments (Fidelity).

Defined Benefit Plan

Eligible plan participants are provided with pensions through the following Systems:

- Public Employees Noncontributory Retirement System (Noncontributory System); Public Employees Contributory Retirement System (Contributory System);
- The Public Safety Retirement System (Public Safety System);
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System);

The Systems provide retirement, disability, and death benefits. Retirement benefits are as follows:

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Contributory System	Highest 5 years	30 years any age 25 years any age* 10 years age 62* 4 years age 65	1.25% per year to June 1975; 2.00% per year July 1975 to present	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% to 4 % depending upon employer
Tier 2 Public Employees System	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 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.

SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2016

Contributions

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Systems' Board. Contributions are

actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability.

Contribution rates are as follows:

	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates	Employer Rate for 401(k) Plan
Noncontributory System				
State and School Division Tier 1	N/A	N/A	22.19%	1.50%
Contributory System				
State and School Division Tier 1	N/A	6.00%	17.70%	N/A
State and School Division Tier 2*	N/A	N/A	18.24%	1.78%
Public Safety Retirement System				
Public Safety Tier 1	N/A	N/A	41.35%	N/A

*Tier 2 rates include a 9.94% required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

For the year ended June 30, 2016, the University and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 2,153,271	N/A
Contributory System	5,734	-
Public Safety System	98,109	-
Tier 2 Public Employees System	251,738	-
Total Contributions	\$ 2,508,852	-

Contributions reported are the Systems Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

For the year ended June 30, 2016, the University reported a net pension asset of \$392 and a net pension liability of \$11,925,921.

	Proportionate Share of Systems	Net Pension Asset	Net Pension Liability
Noncontributory System	0.3636182%	\$ -	\$ 11,422,289
Contributory System	0.1022645%	-	64,084
Public Safety System	0.2041688%	-	439,548
Tier 2 Public Employees System	0.1795573%	392	-
Total Net Pension Asset/Liability		\$ 392	\$ 11,925,921

The net pension asset and liability was measured as of December 31, 2015, and the total pension liability used to

calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2015 and rolled-

SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2016

forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the University's actual contributions to the Systems during the plan year over the total of all University contributions to the Systems during the plan year.

For the year ended June 30, 2016, we recognized pension expense of \$2,314,998. At June 30, 2016, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 929,557
Changes in assumptions	-	245,152
Net difference between projected and actual earnings on pension plan investments	3,102,265	-
Changes in proportion and differences between contributions and proportionate share of contributions	119,707	-
Contributions subsequent to the measurement date	1,267,881	-
Total	<u>\$ 4,489,853</u>	<u>\$ 1,174,709</u>

The \$1,267,881 reported as deferred outflows of resources related to pensions results from contributions made by the University prior to our fiscal year end, but subsequent to the measurement date of December 31, 2015. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	Net Deferred Outflows (Inflows) of Resources
2016	\$ 439,429
2017	439,429
2018	484,637
2019	689,780
2020	(1,102)
Thereafter	(4,908)

Actuarial Assumptions

The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: Inflation – 2.75%, Salary increases 3.50 – 10.50%, average, including inflation, Investment rate of return – 7.50%, net of pension plan investment expense, including inflation.

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 assumption changes were adopted from the most recent actuarial experience study: a decrease in the wage inflation assumption for all employee groups from 3.75% to 3.50%, a modification to the rate of salary increases for most groups, a decrease in the payroll growth assumption from 3.50% to 3.25%. The post retirement mortality assumption for female educators improved and the pre-retirement mortality assumption had minor changes. Additional changes were made to certain demographic assumptions. As a result, more members are anticipated to terminate employment prior to retirement, slightly fewer members are expected to become disabled, and members are expected to retire at a slightly later age.

SOUTHERN UTAH UNIVERSITY

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The actuarial assumptions used in the January 1, 2015, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2013.

The long-term expected rate of return on 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:

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long Term Expected Portfolio Real Rate of Return
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%	5.23%	
Inflation			2.75%
Expected arithmetic nominal return			7.98%

The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.75%, a real return of 4.75% that is net of investment expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contributions rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the Systems' Board. Based on those assumptions, the pension plan's 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.

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FISCAL YEAR ENDED JUNE 30, 2016

Sensitivity of the Proportionate Share of the Net Pension Asset and Liability to Changes in the Discount Rate

The following presents the proportionate share of the net pension asset and liability calculated using the discount

rate of 7.50 percent, as well as what the proportionate share of the net pension asset and liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50 percent) or 1 percentage point higher (8.50 percent) than the current rate:

System	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Noncontributory System	\$ 20,673,912	\$ 11,422,289	\$ 3,664,791
Contributory System	144,896	64,084	(4,467)
Public Safety System	769,477	439,548	167,484
Tier 2 Public Employees System	71,881	(392)	(55,168)
Total Net Pension (asset)/liability	\$ 21,660,166	\$ 11,925,529	\$ 3,772,640

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

Defined Contribution Savings Plans

Certain Defined Contribution Savings Plans are administered by the Systems' Board and are generally supplemental plans to the basic retirement benefits of the Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report. The University participates in the following Defined Contribution Savings Plans with the Systems: 401(k) Plan, 457(b) Plan, and Roth IRA Plan. Employee and University contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended June 30, 2016, were as follows:

401(k) Plan

Employer Contributions	\$ 221,372
Employee Contributions	213,176

457 Plan

Employer Contributions	-
Employee Contributions	10,718

Roth IRA Plan

Employer Contributions	N/A
Employee Contributions	9,778

TIAA-CREF and/or Fidelity provide individual defined contribution retirement fund contracts with each participating employee. Employees may allocate contributions by the University to any or all of the providers and the contracts become vested at the time the contribution is made. Employees are eligible to participate from the date of employment and are not required to contribute to the fund. Benefits provided to retired employees are based on the value of individual contracts and the estimated life expectancy of the employee at retirement. For the year ended June 30, 2016, the University's contribution to this multiple employer defined contribution plan was 14.2 percent of the employees' annual salary or \$4,599,522, and the fiscal year 2016 contributions are included in pension expense. The University has no further liability once annual contributions are made. Employee contributions for the year ended June 30, 2016 were \$755,746.

For employees participating in a System Defined Benefit Contribution Savings Plan, the University is required to contribute 1.50% - 1.78% of the employee's salary into a 401(k)/457 plan. For employees who choose to participate in the Tier 2 Public Employee defined contribution plan (Tier 2 DC), the University is required to contribute 20.05% of the employees' salary of which 10% is paid into a 401(k)/457 plan while the remainder is contributed to the Tier 1 Contributory Public Employee System, as required by law.

SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2016

NOTE O. Funds Held in Trust by Others

Funds held in trust by others were neither in the possession of nor under the management of the University. These funds, which were not recorded on the University's financial records and which arose from contributions, were held and administered by external fiscal agents, selected by the donors, who distributed net income earned by such funds to the University, where it was recorded when received. Funds held in trust at June 30, 2016 were \$310,332 at cost and \$357,652 at fair value.

NOTE P. Functional Classification

At June 30, 2016, the University's operating expenses by functional classification were as follows:

Instruction	\$ 47,602,963
Research	72,166
Public Service	14,527,919
Academic Support	10,437,771
Student Services	13,952,731
Institutional Support	21,196,096
Operation and Maintenance of Plant	19,235,639
Student Aid	6,770,627
Auxiliary Enterprises	5,382,143
Depreciation	5,659,297
Total	<u><u>\$ 144,837,352</u></u>

NOTE Q. 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 crime policy. 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 \$703,000 for one person in any one occurrence or \$2,407,700 for two or more persons in any one occurrence and \$281,300 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 medical and dental care plans that are administered through 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, 2016 and the estimated liability for self-insurance claims at that date in the Statement of Net Position. 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 Position.

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

Medical & Dental Claims Payable:	2015	2016
Estimated Claims Liability - Beginning of Year	\$ 1,158,804	\$ 1,995,015
Net Current Year Claims and Administration Expenses	10,238,773	10,071,653
Cash Paid for Claims	(9,402,562)	(10,729,772)
Estimated Claims Liability - End of Year	<u><u>\$ 1,995,015</u></u>	<u><u>\$ 1,336,896</u></u>

SOUTHERN UTAH UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2016

NOTE R. 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 \$252,000. 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 S. Subsequent Events

As of August 22, 2016, the University's agreement with Upper Limit Aviation to operate the aviation program was terminated, with the University taking control of all aviation program operations. As part of the termination settlement agreement, the University incurred the following costs:

Purchase of aircraft hangars	\$ 1,520,000
Settlement of fees for services performed	1,296,918
Purchase of personal property	580,000
Security Deposit - Dry Lease	48,365
Prepayment of Landing Fees	1,210
Prepayment of Airport Hangar Lease	444
Settlement fee	350
Prepayment of County taxes	(9,042)
Total	<u>\$ 3,438,245</u>

The funding for the purchase of the aircraft hangars was advanced by the University, but was subsequently funded through entering into a 10-year note in the amount of \$1,216,000, maturing in October 2026.

The University has also entered into a \$775,000, seven year capital lease for two flight simulators for use in flight instruction.

The University has also entered into various agreements for the lease of aircraft. The leases range from terms of 4 months to 24 months. The lease rates vary, but are comprised of a monthly base rental amount, plus a fee per hour based on flight hours (Hobbs meter hour). The estimated annual minimum lease payments for leasing aircraft is approximately \$1.9 million, not including variable flight hours.

In August 2016, the Utah Retirement Systems' Board lowered the pension liability discount rate from 7.50% to 7.20% effective January 1, 2016. The effect of this change in assumption will be reflected at the Systems' next measurement date of December 31, 2016. This change in assumption does not change the current required actuarial contribution rate.

SOUTHERN UTAH UNIVERSITY

REQUIRED SUPPLEMENTARY INFORMATION

FISCAL YEAR ENDED JUNE 30, 2016

Schedule of Proportionate Share of the Net Pension Liability

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
<i>Noncontributory System</i>		
Proportion of Systems net pension liability (asset)	0.3636182%	0.3579107%
Proportionate share of Systems net pension liability (asset)	\$ 11,422,289	\$ 8,992,609
Covered payroll	\$ 10,122,213	\$ 9,923,414
Proportionate share of Systems net pension liability (asset) as a percentage of its covered payroll	112.8%	90.6%
Plan fiduciary net position as a percentage of the total pension liability	84.5%	87.2%
<i>Contributory System</i>		
Proportion of Systems net pension liability (asset)	0.1022645%	0.0922137%
Proportionate share of Systems net pension liability (asset)	\$ 64,084	\$ 10,111
Covered payroll	\$ 32,395	\$ 33,177
Proportionate share of Systems net pension liability (asset) as a percentage of its covered payroll	197.8%	30.5%
Plan fiduciary net position as a percentage of the total pension liability	92.4%	98.7%
<i>Public Safety System</i>		
Proportion of Systems net pension liability (asset)	0.2041688%	0.1980694%
Proportionate share of Systems net pension liability (asset)	\$ 439,548	\$ 368,060
Covered payroll	\$ 238,257	\$ 227,905
Proportionate share of Systems net pension liability (asset) as a percentage of its covered payroll	184.48%	161.5%
Plan fiduciary net position as a percentage of the total pension liability	82.3%	84.3%
<i>Tier 2 Public Employees System</i>		
Proportion of Systems net pension liability (asset)	0.1795573%	0.1861719%
Proportionate share of Systems net pension liability (asset)	\$ (392)	\$ (5,642)
Covered payroll	\$ 1,160,145	\$ 913,709
Proportionate share of Systems net pension liability (asset) as a percentage of its covered payroll	-0.03%	-0.6%
Plan fiduciary net position as a percentage of the total pension liability	100.2%	103.5%

Note: Southern Utah University implemented GASB Statement No. 68 in fiscal year 2015. Information on the University's portion of the plans net pension liabilities (assets) is not available for periods prior to fiscal year 2015.

SOUTHERN UTAH UNIVERSITY

REQUIRED SUPPLEMENTARY INFORMATION

FISCAL YEAR ENDED JUNE 30, 2016

Schedule of Contributions Last 10 Fiscal Years

Noncontributory System

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually Required Contribution	\$ 2,153,271	\$ 2,319,809	\$ 2,027,040	\$ 1,946,347	\$ 1,748,575	\$ 1,806,858	\$ 1,248,622	\$ 1,276,825	\$ 1,216,323	\$ 1,217,725
Contributions in Relation to the Contractually Required Contribution	(2,153,271)	(2,319,809)	(2,027,040)	(1,946,347)	(1,748,575)	(1,806,858)	(1,248,622)	(1,276,825)	(1,216,323)	(1,217,725)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 9,970,411	\$ 10,143,115	\$ 9,817,043	\$ 10,307,651	\$ 10,528,325	\$ 10,162,265	\$ 8,698,149	\$ 8,911,382	\$ 8,553,593	\$ 7,882,884
Contributions as a Percentage of Covered Payroll	21.60%	22.87%	20.65%	18.88%	16.61%	17.78%	14.36%	14.22%	15.45%	

Contributory System

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually Required Contribution	\$ 5,734	\$ 5,739	\$ 5,117	\$ 4,399	\$ 6,661	\$ 9,125	\$ 8,255	\$ 14,885	\$ 13,775	\$ 12,407
Contributions in Relation to the Contractually Required Contribution	(5,734)	(5,739)	(5,117)	(4,399)	(6,661)	(9,125)	(8,255)	(14,885)	(13,775)	(12,407)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 32,395	\$ 32,426	\$ 32,041	\$ 30,828	\$ 53,848	\$ 51,180	\$ 52,477	\$ 94,627	\$ 87,574	\$ 78,875
Contributions as a Percentage of Covered Payroll	17.70%	17.70%	15.97%	14.27%	12.37%	17.83%	15.73%	15.73%	15.73%	15.73%

Public Safety System

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually Required Contribution	\$ 98,109	\$ 96,577	\$ 92,803	\$ 80,840	\$ 67,093	\$ 64,377	\$ 50,086	\$ 35,320	\$ 30,879	\$ 26,492
Contributions in Relation to the Contractually Required Contribution	(98,109)	(96,577)	(92,803)	(80,840)	(67,093)	(64,377)	(50,086)	(35,320)	(30,879)	(26,492)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 237,266	\$ 233,559	\$ 236,079	\$ 216,787	\$ 243,744	\$ 196,571	\$ 181,145	\$ 132,038	\$ 115,437	\$ 99,036
Contributions as a Percentage of Covered Payroll	41.35%	41.35%	39.31%	37.29%	27.53%	32.75%	27.65%	26.75%	26.75%	26.75%

Tier 2 Public Employees System

	2016	2015	2014	2013	2012	2011*	2010*	2009*	2008*	2007*
Contractually Required Contribution	\$ 251,738	\$ 85,958	\$ 66,156	\$ 49,068	\$ 14,621	N/A	N/A	N/A	N/A	N/A
Contributions in Relation to the Contractually Required Contribution	(251,738)	(85,958)	(66,156)	(49,068)	(14,621)					
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Covered Payroll	\$ 1,380,385	\$ 1,315,692	\$ 967,391	\$ 632,088	\$ 192,641					
Contributions as a Percentage of Covered Payroll	18.24%	6.53%	6.84%	7.76%	7.50%					

*Contractually Required Contributions, Contributions, and Covered Payroll include information for Tier 2 Employees. The Tier 2 Public Employees System was created in fiscal year 2011. Prior to the implementation of GASB Statement No. 68, Tier 2 information was not separately available.

SOUTHERN UTAH UNIVERSITY

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Annual Financial Report prepared by
Southern Utah University Controller's Office
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