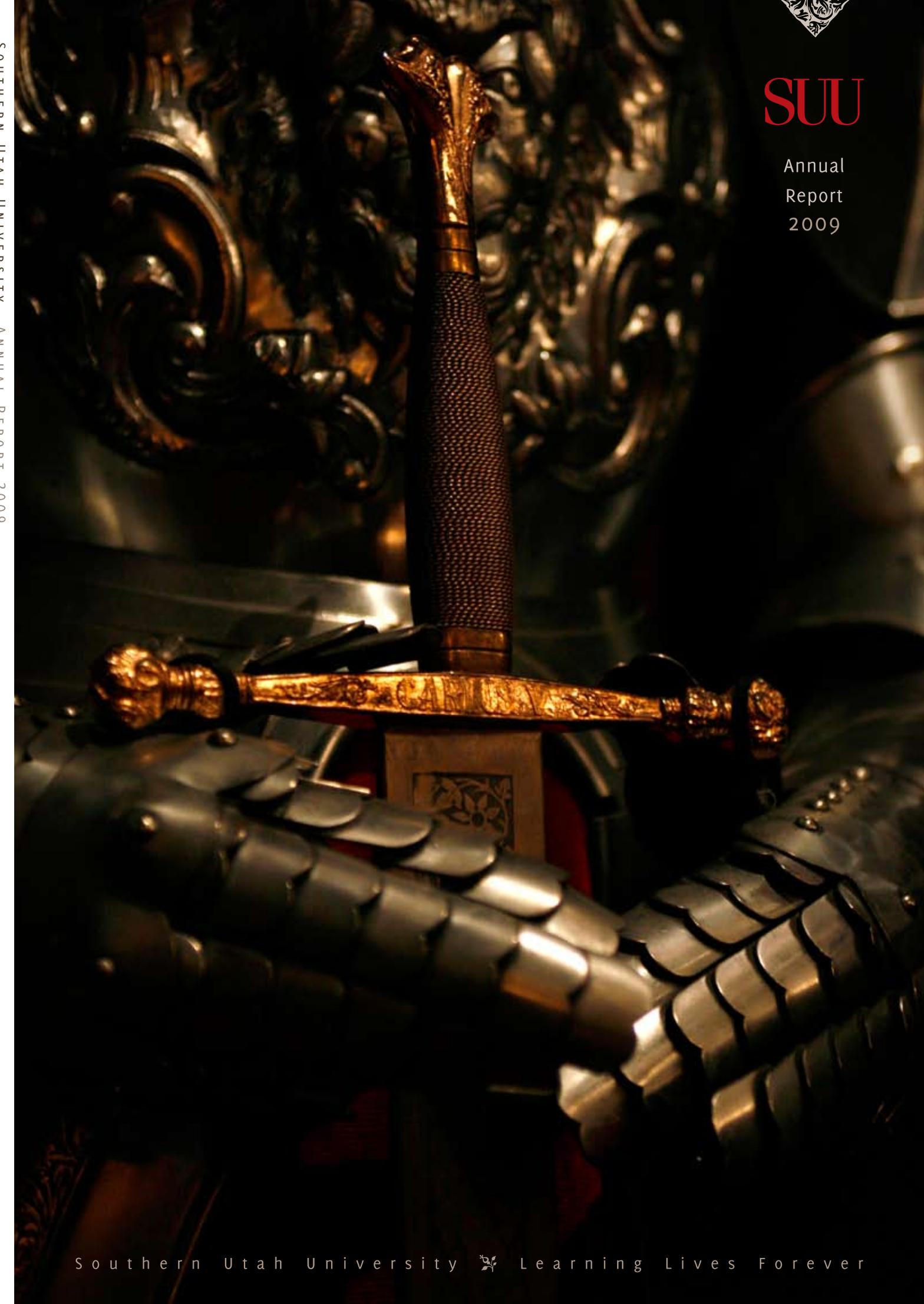


SOUTHERN UTAH UNIVERSITY ANNUAL REPORT 2009



SUU

Annual
Report
2009





On the Cover:

A coat of armor stands sentinel in the Great Hall of the Haze Hunter Conference Center. The Great Hall is modeled after medieval European banquet halls; it contains academic banners, symbols of heraldry, stained glass, and portraits of those who have been inducted into the SUU Hall of Honor.



Thunderbird
Outside Harris Center



ANNUAL REPORT 2009

SOUTHERN UTAH UNIVERSITY

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With a heritage unlike any other in the history of higher education, Southern Utah University remains championed by countless individuals who place the success of this great institution above all else. Indeed, we draw strength from the inspiring stories of our forebears who sacrificed everything to establish a fledgling institution of higher education in 1897. It is this spirit of sacrifice that motivates us to forge ahead in difficult times such as those in which we find ourselves. We strive to emulate the charge Sir Winston Churchill gave his fellow British during the dark days of World War II: “Keep Calm and Carry On.”

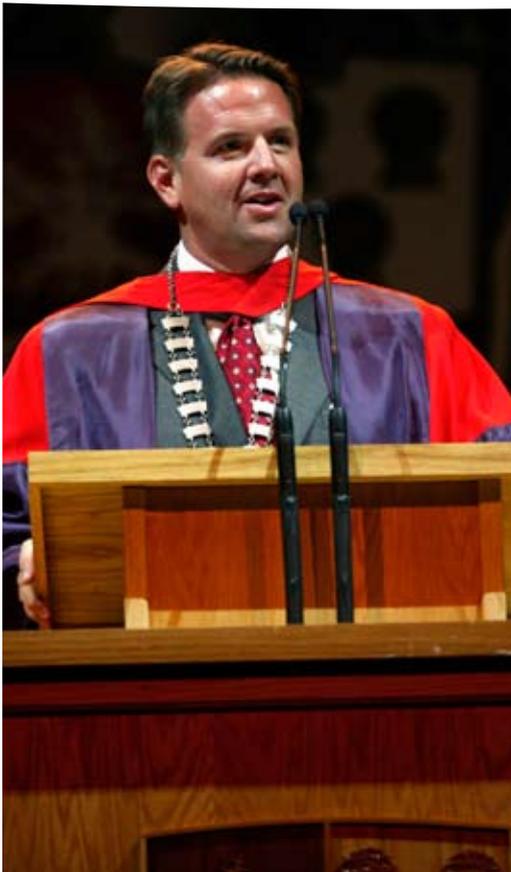
From a small two-year school in rural southern Utah to a fully-accredited university offering both undergraduate and graduate degrees and international partnerships, the progress of Southern Utah University continues to be a source of pride for countless stakeholders who share a common interest in our efforts and accomplishments. It is this pride that continues to direct all we do at SUU, and 2009 has uncovered many new reasons to be excited about the Thunderbird future we continue to shape.

I hope that as you review this first-ever annual report which includes both highlights of the past year along with our financial statements, you will gain an even greater appreciation for the foundation put into place by our pioneering progenitors while appreciating what the current generation is doing to carry this legacy forward.

Go Thunderbirds!

Michael T. Benson
President





Top: Mike, Truman, Debi and Tatum Benson at the 2009 Summit League Track & Field Championships.

Bottom Right: President Benson with Regent Marlon Snow, Governor Gary Herbert and Commissioner Bill Sederburg at the 2009 Thor's Thunder Classic Golf Tournament, Southern Utah University's annual scholarship fund raiser.





By our *Students* we measure our success

Nothing has happened in education
until it has happened to a student.

Joseph Carroll



In Everything, Excellence:

SUU's gymnasts (above) recorded the second-highest GPA among all NCAA gymnastics programs, tallying a 3.68 cumulative grade point average. Among them, senior political science major Alissa Mitchell (Prior Lake, MN), junior criminal justice major Laura Hollinger (Albuquerque, NM) and sophomore nutrition major Anna Schumacher (Green Bay, WI) each earned a 4.0 GPA. This marks the 17th consecutive year SUU has finished in the NCAA's academic top three, including nine academic national championships, since 1993.

Going for Gold:

Students from the College of Computing, Integrated Engineering and Technology brought home five medals from the SkillsUSA state competition where thousands of Utah students contend in technical and skill evaluations. Computer aided design major Shane Johnson (Cedar City, UT) placed first in Technical Drafting; electronics engineering technology majors Daniel Thompson (Cannonville, UT) and Shane Christensen (Richfield, UT) placed second in Mechatronics; Ammon Losee (Delta, UT), also an electronics engineering technology major, took third in Electronics Applications; and electronics engineering technology major Richard Sherwood (West Jordan, UT) took third in Electronics Technology.



***Moving Forward:** Our 110th annual Commencement festivities saw SUU's largest ever graduating class, comprised of 1,755 students, throw caps to the wind on Saturday, May 2, 2009.*

COMMENCEMENT





Topping the Charts:

KSUU-Power 91, the student-run campus radio station, (above) collected seven gold and four silver awards at the annual Utah Broadcasters Association UBEE Awards. SUU 2009 graduate Christopher Holmes (Springville, UT) was awarded four gold UBEE awards. Holmes’ creative work then garnered national recognition when he was awarded the national Broadcast Education Association’s top collegiate prize.

One to Watch:

Sharon Sternberg, (below) a forensic science graduate student from Monrovia, California, was awarded one of six annual research awards from the Rocky Mountain Psychological Association for her ongoing thesis work on psychopathic tendencies. Sternberg credits her success to the student-faculty collaboration she is afforded at SUU and to the University’s Undergraduate Research and Scholarship Program. She is currently working to replicate her original findings and will soon submit her thesis for defense and then industry publication.





Raising the Bar:

Our students are better prepared for the rigors of higher education now than ever before, as 2009 saw an increase in the official test scores of our incoming students—elevating the academic environment across campus.

Learning to Serve, Serving to Learn:

Senior secondary education major Lacie Jo Robinson (Fredonia, AZ) was awarded the Utah Campus Compact's Civically Engaged Student award for her work with SUU's Service and Learning Center for the past three years. Robinson has served as the student service center vice president and then president, and as the student representative for the campus Service-Learning Committee. Robinson credits many of her most poignant learning experiences at SUU to campus-sponsored service activities.





Get a Life:

Winston Churchill said, "We make a living by what we get; we make a life by what we give." It is with this inspiration that 1,520 freshman Thunderbird students flooded the southern Utah region in service during SUU's second annual Service Saturday. In addition to setting the tone for these students' continued community engagement while at SUU, Service Saturday has proven a boon to the region's non-profit organizations who oftentimes lack sufficient manpower to accomplish large-scale projects.



A Sea of Red:

A record 10,028 fans packed Eccles Coliseum when the T-Birds faced off against Dixie State for the first time in more than 40 years, cheering the Thunderbirds on to a 36-7 victory. As the season opener, the rowdy game day atmosphere these fans cultivated set a new precedent for SUU athletics and served as an electrifying start to the 2009-10 athletics season.



A Fitting Tribute:

Former Dean of Students Sterling Church (above) developed an atmosphere of friendship and school spirit campus wide, ensuring student life would forever remain a priority at SUU. Now, four decades from when Church initially took the helm, more than 1,600 former student leaders joined again as Thunderbirds to champion the completion of an auditorium designed specifically for student use—a project first envisioned by Church decades ago. The Sterling R. Church Auditorium in the Sharwan Smith Student Center promises to enhance activities hosted by SUU’s Student Association and the more than 140 student-run clubs and organizations.

In Fine Fettle:

Nearly 50 percent of our student body made their physical well-being a priority through campus recreation. A record 1,867 SUU students participated in University-sponsored intramural athletic activities, bringing many of these programs to maximum capacity. The SUU Fitness Center welcomed 2,306 students who held semester-long passes, marking all time highs for student membership and class participation. And 330 students joined the campus aerobics classes that ran throughout the spring and fall semesters of 2009.



Consider the Alternative:

In 2009, 142 SUU students spent their spring or holiday breaks in Mexico, engaged in a range of service activities in Guaymas and Empalme. Students from the Construction Management program served as foremen in the home construction and completion of a water purification system within an impoverished community. Service and Learning volunteers completed local construction and grounds work projects, distributed clothing, shoes and toys for families in need, and hosted educational and recreational activities for orphaned children. And Rural Health Scholar students assisted in basic medical and dental services at charity hospitals and volunteered with community organizations.

Expanding Views:

SUU partnered with community leaders and civic organizations to bring the Royal Ballet School of Great Britain, one of the great ballet schools of the world, to Cedar City where the British troupe collaborated with SUU students, local studios and the region's high schools in an unprecedented performance. For their part in the collaboration, SUU faculty, staff and students aimed to nurture the young southern Utah artist by expanding world views and opening doors to new opportunities.

*Led by senior **Sharla Manuele** from New Castle, UT, the SUU women swept every award at the 2009 Summit League Cross Country Championships with an overall score of 32—more than 60 points lower than the second place team’s finish. SUU’s men earned second place. Manuele was honored as the Conference Women’s MVP and sophomore **Cameron Levins**, from British Columbia, earned a first-team all-conference honor.*

With unanimous judges' consent, the SUU Ballroom Dance Team took home top honors and two national titles as the current U.S. National Collegiate Ballroom Dance Formation Champions. In addition, SUU's Ballroom Dance Company received a USA Dance Organizational Scholarship for excellence after performing two high-intensity competitive formation routines that concluded with the only standing ovation of the championships.

A student-designed motorcycle broke the two-wheel electric vehicle land speed record at the Bonneville Salt Flats during its annual Speed Week. Computer Aided Design major **Shane Johnson** (Cedar City, UT) designed the record-shattering vehicle under the direction of Professional in Residence **Richard Cozzens**, and together, student and mentor worked with AirTech Streamlining to design the shell and chassis of the vehicle that reached 176 miles per hour—11 miles per hour over the former world record.

Utah Governor **Gary R. Herbert** appointed **Jeffrey Kinsel** (top right), an SUU senior communication major from Heber City, UT, as the official spokesperson for more than 173,000 college and university students statewide as the 2009–10 student representative on the Utah State Board of Regents.

SUU Track and Field used a dramatic finish over the course of the final two events to capture the men's outdoor track and field conference title in front of a home crowd at the Eccles Coliseum when SUU hosted the Summit League championships. Junior **Carlos Valle** (Sandy, UT) was named as the Summit League Outdoor Track and Field MVP and junior **Nate Jewkes** (South Jordan, UT) earned the League’s Newcomer of the Year award.

T-Bird Volleyball star **Analaine Pelaez** (bottom left) garnered the first postseason honor for SUU's new athletic team as the 2009 Summit League Freshman of the Year. She also picked up first-team and all-freshman accolades for her performance during the inaugural season of Division I volleyball at SUU. Pelaez, a physical education and human performance major from Hooper, UT, was the only freshman to collect all-conference honors—earning first-team accolades with three seniors, one junior and two sophomores.





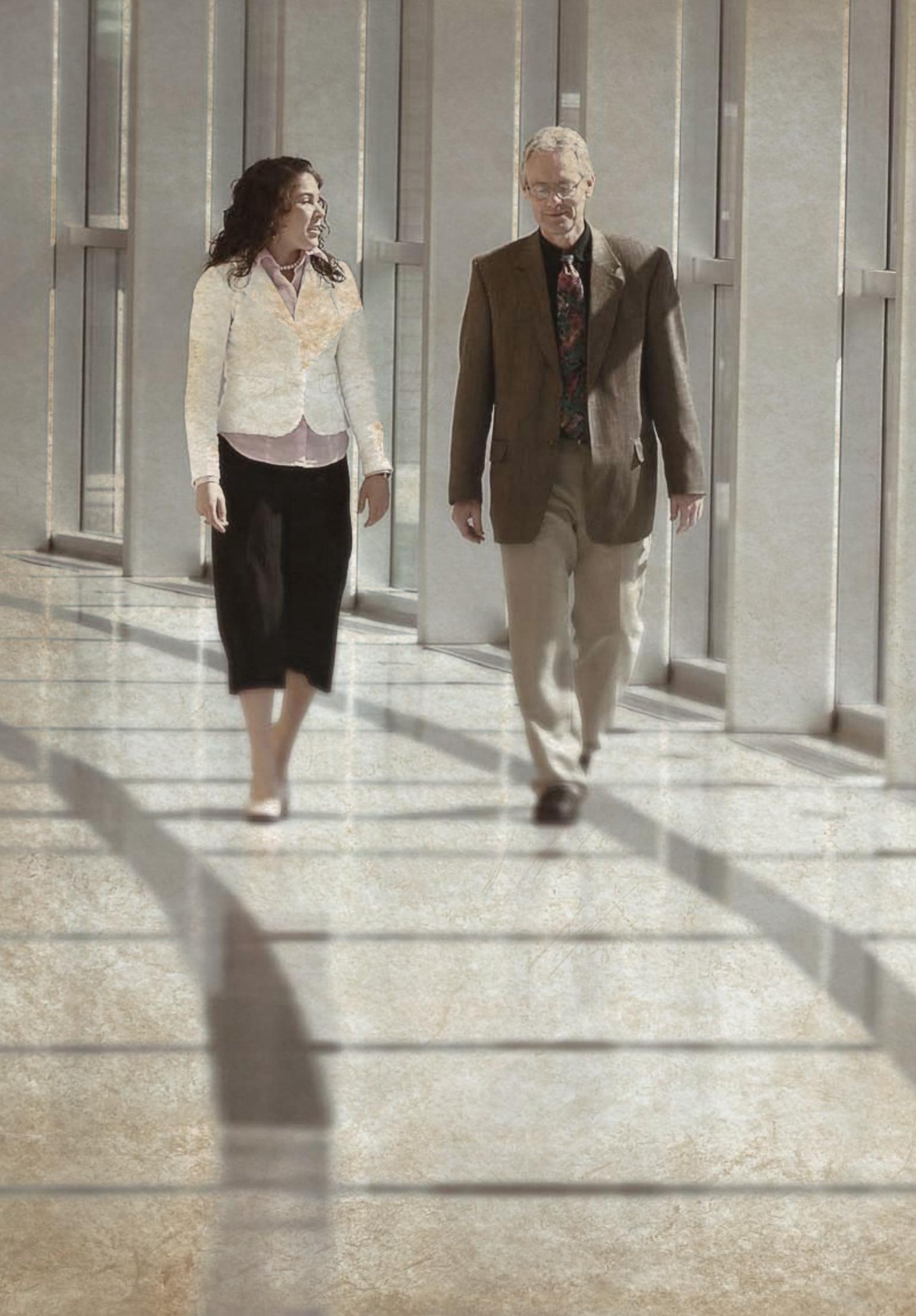
Though red and white remain SUU's official colors, green is fast establishing a presence on our campus. A host of university efforts to become more environmentally friendly are championed through SUU's student-run Earth Club, working in conjunction with SUU administrators. Additionally, the SUU Student Association hosted the campus' first annual "RecycleMania" competition aimed at helping students rethink their waste.

This year saw more of our students persisting toward degree completion than ever before, with a record 78 percent of students returning to SUU for class in the fall 2009 semester. This improved student retention is, in part, to the credit of a balanced and fair student association and student senate who work hard to advocate for our more than 8,000 undergraduate and graduate students.

SUU Football retired the No. 9 jersey of former all-American quarterback Matt Cannon who played for the Thunderbirds from 1997 to 2000. Cannon left quite a legacy at SUU, setting 10 University athletic records. Off the field, he was no less impressive as 2001 valedictorian, chief justice of the SUU Student Court and summa cum laude graduate. One of the most accomplished Thunderbird student-athletes in University history, Matt Cannon continues to be an ambassador for SUU and SUU athletics.

SUU's adaptive physical education students, under the direction of Professor Jean Lopour, hosted two rodeos in 2009 that were designed specifically for elementary-and middle school-aged children with special needs. These rodeos provided unique opportunities for children with disabilities to experience the equestrian culture and test their physical and emotional mettle in a safe, controlled environment.

Hotel, resort and hospitality management students gained valuable business experience through an informal educational partnership with top administrators from Ruby's Inn, an international resort and southern Utah landmark just outside of Bryce Canyon National Park. After completing a full-scale customer service evaluation, the students produced strategic recommendations for improvement which Ruby's Inn executives are now implementing across the company. This innovative partnership is service-learning at its best.



Great *People* make great institutions

Who shall kindle others must
himself glow.

Italian Proverb

Expanding Perspective: *With a commitment to fostering civic and global engagement the Study Abroad program joined the International Student Exchange Program in 2009, created new summer courses in Kenya and Italy, and saw a 69-percent increase in the number of students participating in its programs.*

Looking to the Future:

Three of the University's top educators were recognized for their use of service-learning in the classroom. Professor of Psychology John Ault developed clinical practicum courses which have resulted in an estimated 900,000 hours of critically-needed community service by his students. Associate Director of the Utah Center for Rural Health Rita Osborn (below) has established the Rural Health Scholars Program for undergraduate students aspiring to careers in the health profession. And Associate Professor of Psychology David Shwalb worked with local care facilities to place students in service programs for the elderly. These unique educational models have taken students beyond the classroom and into the fields they will one day help shape.



Unprecedented Success:

Proving itself an ideal model for nurturing undergraduate students interested in medical careers, the Utah Center for Rural Health at SUU saw our pre-health students reach an unprecedented level of academic success: 100 percent of all those who applied to pharmacology, chemistry and optometry graduate programs, 96 percent of those who applied to medical schools, 83 percent of those who applied for PA training, 73 percent of those who applied to dental school, and 66 percent of those students who applied to graduate programs in nutrition were all accepted to a school of their choosing.

Engaging Democracy:

The Michael O. Leavitt Center for Politics and Public Service celebrated its eleventh year on SUU's campus, promoting community and social responsibility among the student body through monthly guest lectures, political debates and assistance in securing public sector student internships that ranged from work with the National Center for Exploited Children and the National Archive to work on the Hill for Delegation members Matheson, Bennett and Hatch. Local-and state-level internships and longer-lasting positions were also available through the Leavitt Center.



Steady Progress:

The College of Humanities and Social Sciences (HSS), the College of Performing and Visual Arts (PVA) and the Department of Nursing all marked important anniversaries in 2009. HSS and PVA both celebrated ten years of steady progress, and Nursing marked five years since the program's inception at SUU. All three areas are enjoying record enrollment and consistent programmatic expansion.



Stumbling on Wins:

David Berri, (above) sports economist and associate professor of economics at SUU, has been referenced in The New York Times, The New Yorker, the Wall Street Journal and ESPN.com for his ongoing analysis of player productivity and pay scales in the four major North American sports. He and longtime colleague Martin Schmidt recently completed a follow-up book, *Stumbling on Wins*, to their critically-acclaimed *The Wages of Wins: Taking Measure of the Many Myths in Modern Sport*.



Quickening Desolation:

Dr. James Aton (above) presented “Land of Wildest Desolation: History Along the Green River” as the Distinguished Faculty Honor speaker for 2009. Desolation Canyon, a 118-mile serpentine gorge so protected by daunting ramparts that it is one of the largest sections of the U.S. not bisected by a road, has been inspiration for much of Aton’s work over the past decade, including his most recent book, *The River Knows Everything: Desolation Canyon and the Green*.

A New Nest:

Our new campus housing, Cedar Hall, opened this fall semester. The project was completed on time and under budget, and its suite-style design with communal spaces for lounging, studying and dining has been the backdrop for many new traditions and friendships among its 266 Thunderbird residents.



Belong:

With a commitment to providing unique academic and extracurricular opportunities and a focus on students as individuals, more and more students feel like they belong at SUU. Along with a consistently increasing student base, the campus community has enjoyed a much-needed increase in the diversity of our student body, marked by a 12-percent increase in the enrollment of minority students at SUU.

Keeping Up:

Keeping speed with a growing student body and changing social interests, SUU remodeled several spaces within the Sharwan Smith Student Center in 2009, including a complete overhaul of the campus bookstore and facility updates to the campus dining hall. Additionally, SUU Facilities completed a large-scale renovation of the newly-acquired Hillside Apartments which the University will begin managing in 2010.



Helping Hands:

SUU's Service and Learning Center continues to expand its student-based activities both locally and internationally. In 2009, the Center recorded 37,000 hours of collective student service that ranged from tying quilts and collecting used clothing to building homes and mentoring at-risk children.

A Greener Shade of Red:

In continuing efforts to make green space and resource conservation a top priority, we added 35 solar panels and 80 trees to the SUU campus in 2009. In addition to completing large-and small-scale construction projects with sustainability in mind, we also added a cutting-edge irrigation system to maintain an outdoor landscape full of drought-tolerant foliage and, as needed, continue to replace outdated utilities with more environmentally friendly energy-efficient or low-flow models. In the past year, these improvements saved the University 467,577 gallons of water per converted landscape.



Founts of Knowledge:

The Thunderbird community gleaned inspiration from many notable speakers at campus events throughout 2009, including a presentation from America’s Rabbi Shmuley Boteach, (above, bottom) a visit from 2008 Olympic Gold Medalist Bryan Clay, (above, top) and a keynote commencement address from LDS Church President Thomas S. Monson (above, left).

History Reset

After a 20-year hiatus from what was one of the most successful sports at then Southern Utah State College, women's volleyball returned to SUU in 2009. Led by Head Coach Deborah Baker, (below, middle) the team, comprised mainly of freshmen and sophomores, finished its inaugural season in eighth place after a 7-11 run in Summit League play and underdog victories over some of the conference's strongest teams.



T-Birds Crossing:

Over two years of work by the Utah Department of Transportation and SUU Facilities Management resulted in the installation of a new pedestrian-activated stoplight on University Boulevard at the crosswalk between the J.L. Sorenson Physical Education Building and main campus. This new light will help ensure a reasonable and much safer flow of traffic for both pedestrians and drivers.

Faculty & Staff - Recognition

SUU Track and Field Head Coach Eric Houle earned his 34th conference Coach of the Year award after coaching the Women's Cross Country team to victory in October—just months after receiving his 33rd honor in May when the Men's Track and Field Team earned the Summit League outdoor championship.

Backing our claims of campus-wide Thunderbird pride with unprecedented levels of employee giving, 90 percent of SUU's faculty and staff members donated money to the University in 2009.

The SUU experience has been named as the “Best in the West” by *The Princeton Review* for the sixth consecutive year, placing us in the top 25 percent of all the universities and colleges in the nation for both academic opportunities and student life.

Associate Music Professor Xun Sun directed the world premiere of the *Spanish Trail Suite* and Symphonic Tone Poem *Africa* by McDonald & Nelson. He also conducted the world renowned China Philharmonic Orchestra in recording a new CD of the *American Journey* music by McDonald & Nelson.

Assistant Professor of Sociology Shobha Gurung was recognized as SUU's 2009 Professor of the Year by current and former students at the annual Thunderbird Awards.

Longtime Thunderbird and art professor Arlene Braithwaite was named the 2009 Higher Education Art Educator of the Year by the Utah Art Education Association. In her 30 years as a teacher at SUU, Arlene has received this award three times.

Five of our top professors were recognized for their commitment to student success and teaching methods during the 2009 Commencement festivities, including Assistant Professor of Hotel, Resort and Hospitality Management Lisa Assante as Outstanding Educator; Professor of Management Gerald Calvasina as Outstanding Scholar; and Associate Professor of Library Media Richard Eissinger, Assistant Professor of History Mark Miller and Assistant Professor of Chemistry Mackay Steffensen as this year's Distinguished Educators.

For their service to the University, its students and the local community, SUU honored Post Office Manager Bruce Barclay and Administrative Assistant Jennifer Hunter with the 2009 Distinguished Service awards.

Of SUU's 472 full-time staff members, Library Administrative Assistant Sheri Butler and now-retired Director of Housing and Residence Life Neuman Duncan were the University's Outstanding Staff Members for 2009.

Associate Professor of English Todd Robert Petersen recently published his second book, *Rift*, a follow-up novel to one of the short stories contained in Petersen's first publication, *Long After Dark*.



For the third time in a row, our 133-acre campus was selected by the Utah Division of Facilities and Construction Management as the state's best maintained campus within the Utah System of Higher Education.

Though a leader in the Utah System of Higher Education for enrollment growth—with a healthy 7.32 percent increase in 2009—SUU managed to also maintain the second lowest expenditure increases among the state's colleges and universities, proving our ability to remain attuned to current educational trends and student interests in a responsible, cost-effective manner.

After budget cuts required we close the doors to SUU's campus childcare facility—a resource vital to the academic success of many non-traditional students—our Student Support Center, under the direction of Lynne Brown, earned federal funding through the Department of Education's CCAMPIS (Childcare Access Means Parents in School) program to help cover tuition at several local, licensed day care facilities. With more than 700 student-parents currently enrolled at SUU, this resource has already proven itself invaluable.

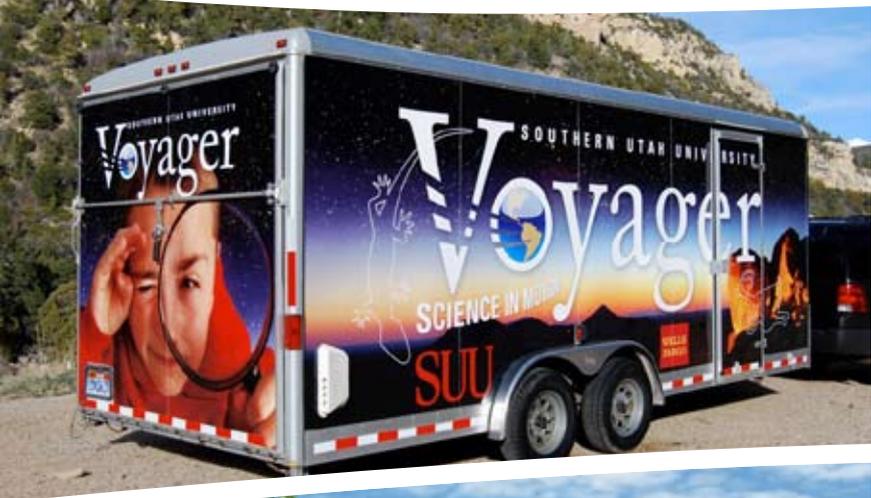
Southern Utah University President Michael T. Benson was appointed by former Governor Jon M. Huntsman as the newest member of the state's Appellate Court Nominating Commission. As a representative on this seven-member panel, Benson will help nominate judges to fill vacancies on the Utah Supreme Court and the Utah Court of Appeals.

The Voyager, a traveling classroom and science lab, opened for business this fall, making the latest in science equipment and technologies along with instructional support from SUU's College of Science faculty and students available to rural elementary school teachers throughout the state.

We received our first ever appropriated federal funding in support of a soon-to-be-constructed science complex which will add 42,000 square feet in classrooms, labs and meeting space dedicated to science education—one of the University's fastest-growing academic colleges. The funding was specifically earmarked for the Southern Utah University Science Center Energy Efficiency Modernization and Enhancement Project, championed by Senator Robert Bennett (R-Utah). The \$1 million in federal support will be used to ensure SUU's new science complex complies with the latest Leadership in Energy and Environmental Design (LEED) and green building strategies.

Still in the quiet phase of the University's most ambitious capital campaign in history, the advancement office, led by Vice President of University Advancement Stuart Jones, has raised over \$40 million toward the \$100 million campaign goal. Included in the \$10,797,345 raised in 2009 was \$3 million from the George S. and Dolores Doré Eccles Foundation to the Utah Shakespearean Festival for a new outdoor theatre.

The second annual Thor's Thunder Classic golf fund raiser raised \$80,000 for student scholarships.





We look to the *Future* with great anticipation

As to the future, your task is not to
foresee it, but to enable it.

Antoine de Saint-Exupery

Taking the Helm:

SUU welcomed a new leader to campus this August when Dr. Bradley J. Cook (below) took the helm as provost. Coming to SUU from the United Arab Emirates, where he served as director of the Abu Dhabi Women’s College, Dr. Cook will oversee all academic endeavors at SUU.

Administrative Assistance:

As both an educational resource for arts administration students and as a community resource, the College of Performing and Visual Arts launched the Utah Center for Arts Administration, providing services and training for arts organizations and their managers in the southern Utah region. In addition to consulting services provided by faculty-advised graduate students, the Center offers seminars and workshops.



Speaking with Authority:

The newly developed Speech and Presentation Center, housed in SUU’s old Facilities Management Building, has been designed to assist students, faculty, staff and community members in the writing and presentation of speeches. The center is staffed by a director, graduate students and interns who, in 2009, provided assistance to more than 1,200 patrons free of charge.

Friends of the Library:

The Gerald R. Sherratt Library (below) has gained an influx of support through the newly-created Friends of the Library program at SUU. With more than 70 members in its inaugural year, SUU's Friends of the Library strive to advance the services and collections of the Sherratt Library through community, emeriti and alumni outreach, with the ultimate goal of supporting open access to information and scholarship.



New Athletics Advisor:

SUU Athletics hired a new academic advisor to work with the University's more than 300 student-athletes. A former education professor, Marlene Barth sees her charges as "students first" and will advocate for the personal development and academic achievement of each Thunderbird athlete.

***Largest Freshman Class:** The 2009 student roster included more new freshmen than ever before—a concrete example of the trust more and more students and their parents are placing in Southern Utah University as the best choice to usher these young scholars into the future.*

Taking Flight:

With the help of the freshman class of 2009, the Carter Carillon set the stage for SUU's newest student tradition as the starting gate to the SUU experience. During Thunderbird Flight School, incoming students followed SUU Student Association officers in a processional across campus, underneath the Carillon and on to the Upper Quad where they met with current students, alumni, faculty and staff. Now as official Thunderbirds, these freshmen will avoid walking underneath the bell tower again until they pass through its columns as part of their graduation processional which will take them from the Upper Quad, across campus and into their Commencement celebration.



Steeped in Tradition:

With the goal of welcoming all to their campus home in support of Southern Utah University, Mike and Debi Benson added the “Tradition Room” to the basement level of the President's residence. The walls of the room, which can accommodate 150 guests, are lined with images that depict SUU’s storied history and ongoing development. A true tribute to the Thunderbird spirit, the Tradition Room is sure to prove host to many important moments in SUU’s future.

A Painted Legacy:

The late “Painter of the West” Jim Jones passed his legacy on to SUU in a gift of his final collection as well as his home at the mouth of Zion National Park. Jones’ paintings will be housed in the planned Southern Utah Museum of Art (SUMA)—a project Jim championed shortly before his passing as crucial to the cultural development of the southern Utah region (*Point Sublime* pictured below).



New Look, Same Great Service:

With projects ranging from mentoring disadvantaged pre-teens to spending semester breaks in foreign aid, SUU’s Service and Learning Center sees more and more students pass through its doors each year. To accommodate the steady increase in student involvement, the Center recently moved into a much larger space on the southeast corner of campus, providing more storage space for the HOPE Food Pantry, more gathering space for service initiatives and a more accessible location for community outreach.

We are proud to report SUU's standing as having the nation's lowest student loan debt among students and alumni. Honest and direct loan counseling that empowers students to make informed, responsible decisions remains a top priority in ensuring the Thunderbird student's long term success.

With a commitment to providing our music students with the best possible equipment for their studies, Southern Utah University earned recognition as an All-Steinway School in 2009. From our practice rooms to the Thorley Recital Hall, all our University's pianos are designed by Steinway & Sons, placing us in an elite group of less than 100 colleges and universities across the world to guarantee such high standards.

Thanks to one of the most spectacular discoveries in the history of paleontology by SUU's Assistant Professor of Geology Eric Roberts (above right) who unearthed a skull of the *Syntarsus Rhodensis*, select SUU students will travel to Africa this summer to assist Roberts in a second dig in Zimbabwe's Zambezi Valley, funded by the National Geographic Society.

Assistant Professor of Anthropology Emily Dean received a Provost Faculty Development Grant to initiate the first phase of a three-year archaeological project that will bring SUU and Peruvian teams together to record and map areas of Peru's Vilcabamba region. This project provides the groundwork for future excavations and ultimately allows the investigation of interactions between the Incas, the local Amazonian tribes and the Spanish colonial forces.

Academic in Residence and Former Secretary of Health and Human Services Michael O. Leavitt (below right) has chosen Southern Utah University as an ideal forum from which to initiate *Project Prologue*, the goal of which is to capture lessons of the past to help influence decisions for the future. Leavitt and his Chief of Staff Rich McKeown will work with SUU students to create a digital repository of primary source accounts, recollections and lessons gleaned from former state officials, stakeholders and commentators in the hopes of compiling a distillation of transferable principles of governance.



Instead of a multitude of course fees, SUU Administration is shifting semester expenses to a much lower, singular fixed program fee. This benefits students by reducing the number of fees that are assessed on top of the publicized tuition expenses—helping them and their parents more accurately plan for education expenses in advance.

Thunderbird Athletics welcomed several new coaches to the team in 2009, including Head Women's Basketball Coach JR Payne (middle right), who comes to SUU after previous stops at Santa Clara, Boise State and Gonzaga.

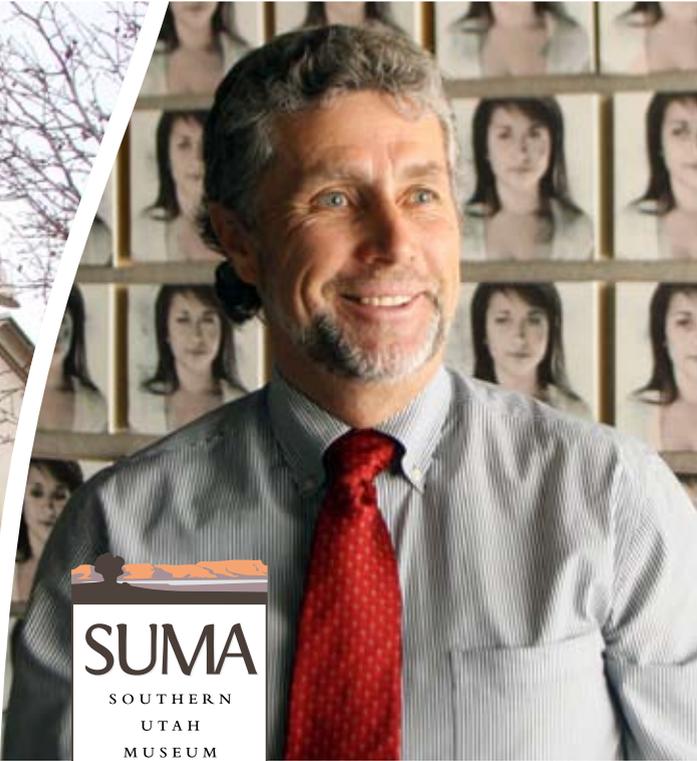
In addition to educational partnerships with the Zion Park Group, formalized in 2008, SUU also partnered with the National Parks Service (NPS) in 2009 to create a unique shared position: the intergovernmental internship agency coordinator. Filling this post is Steven McCarthy (above right), who provides a direct bridge for students and faculty to government land agencies including the NPS, U.S. Forest Service, Bureau of Land Management and the Utah Division of Parks and Recreation.

As an undergraduate student at, then, Southern Utah State College, Robert Eves learned to appreciate the impact his professors' guidance had on his academic success. Now, as the new dean of Southern Utah University's College of Science, he is looking to return the favor to the more than 1,300 science majors currently on SUU's campus. Dean Eves has been a professor at SUU since 1988.

The growing popularity of the Braithwaite Fine Arts Gallery, coupled with future plans for the Southern Utah Museum of Art (SUMA), warranted the creation of a full-time gallery director position to manage the gallery's day-to-day operations as well as cultivate its permanent collection and special exhibitions. Reece Summers (below right) was appointed to this position, coming to SUU from the University of Nebraska-Lincoln where he served as director of the Great Plains Art Museum.

SUU recently relocated its Small Business Development Center to a more community-friendly location on Cedar City's historic Main Street. With a mission to be a leading resource for small business development and entrepreneurship education in southern Utah, the new center will provide affordable and innovative programs and assistance that address the rapidly changing small business climate.

Our newly-created Legacy Scholarship makes out-of-state students who are children of Southern Utah University alumni eligible to apply for in-state tuition for up to four years, saving them more than \$4,000 off what non-resident students would normally pay each semester. In its first year, the Legacy Scholarship program has already proven to be a valuable resource to loyal SUU alumni and their children.



SUMA
SOUTHERN
UTAH
MUSEUM
of ART
SUU



SOUTHERN UTAH UNIVERSITY



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Auston G. Johnson, CPA
UTAH STATE AUDITOR

STATE OF UTAH
Office of the State Auditor

UTAH STATE CAPITOL COMPLEX
EAST OFFICE BUILDING, SUITE E310
P.O. BOX 142310
SALT LAKE CITY, UTAH 84114-2310
(801) 538-1025 FAX (801) 538-1383

DEPUTY STATE AUDITOR:
Joe Christensen, CPA

FINANCIAL AUDIT DIRECTORS:
H. Dean Eborn, CPA
Deborah A. Empey, CPA
Stan Godfrey, CPA
Jon T. Johnson, CPAZ

INDEPENDENT STATE AUDITOR'S REPORT

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

We have audited the accompanying basic financial statements of Southern Utah University (hereinafter referred to as the "University"), a component unit of the State of Utah, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial comparative information has been derived from the University's 2008 financial statements and, in our report dated December 23, 2008, we expressed an unqualified opinion on the basic financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University as of June 30, 2009, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2009 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Auston G. Johnson, CPA
Utah State Auditor
December 21, 2009

Savage Rose
Centrum West Entrance

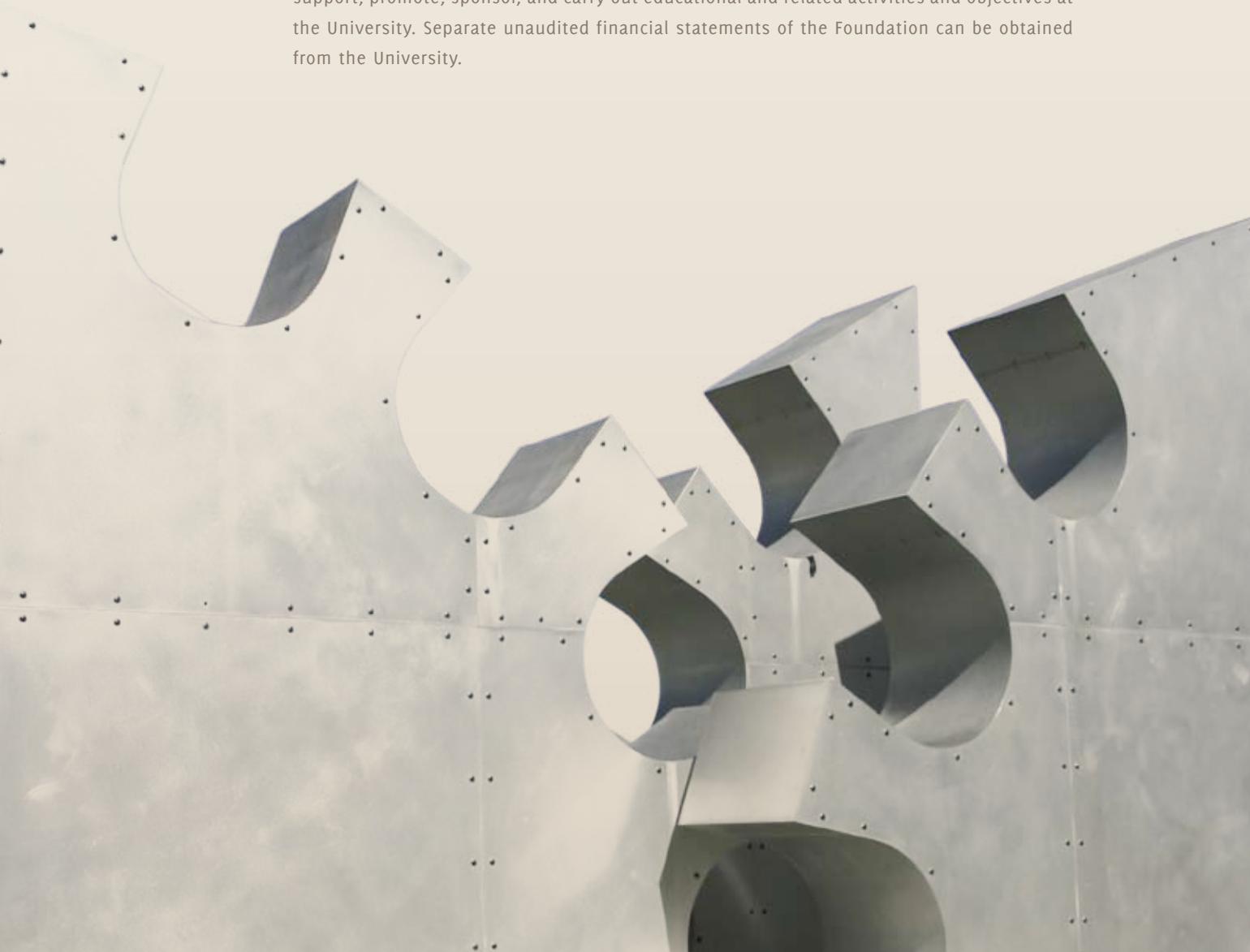
MANAGEMENT DISCUSSION AND ANALYSIS

Introduction: The following discussion and analysis provides an overview of the financial position and activities of Southern Utah University for the year ended June 30, 2009. This discussion was prepared by management and should be read in conjunction with the audited financial statements and the notes thereto, which follow this section.

Through its 112-year history, the University has evolved from a teacher training school into its current role as a comprehensive, regional university. It serves the southern region of Utah and the contiguous counties of two states with undergraduate and graduate programs and applied technology training. People of the region look to the University for public education, outreach services, culture, sporting events, economic and business development, regional history, public affairs, and major academic specialties. The University enrolls just over 7,500 undergraduate and graduate students.

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

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



Statement of Net Assets: The Statement of Net Assets is a list of the Assets and Liabilities of the University at June 30, with the difference being the Net Assets. The Net Assets are categorized as “Invested in Capital Assets”, “Restricted” (Expendable or Nonexpendable), or “Unrestricted.” Net Assets Invested in Capital Assets are the fixed assets of the University reduced by accompanying debt and accumulated depreciation. Restricted Nonexpendable Net Assets are endowment and similar funds that are held in perpetuity. Restricted Expendable Net Assets are subject to externally imposed restrictions governing their use. All other Net Assets are listed as Unrestricted. Below is a Condensed Statement of Net Assets as of June 30, 2009 and 2008

Current Assets increases were a result of increased Cash and Short-term Investments provided by normal operations along with an increase in Accounts Receivable amounts in the Center for Teaching Excellence (CTE) and Centralized Scheduling. CTE receivables increased as the program has grown in neighboring Clark County, Nevada. Billings for sports camp meals to Chartwells (out-sourced food service) are new to the current fiscal

year, increasing the Centralized Scheduling receivable at June 30. A pledge receivable for Science Center construction project contributed to the increase as well. The Capital Assets increase reflects Construction in Process for the new Resident Living Phase II facility reduced by the demolition of Manzanita (Resident Living) buildings during the year.

Current Liability increases are attributable to increases in amounts due to the Utah Division of Facilities Construction and Management mainly for the Resident Living project, and an increase in the current portion of Bonds and Notes Payable due to the addition of a new note payable and 2008 bonds payable. Noncurrent liability increases also reflect the 2008 bonds issued for Resident Living construction.

Restricted Nonexpendable Net Assets decreases resulted from the loss of Fair Market Value in investments held in the Endowment accounts. Restricted Expendable Net Assets increased as funds were collected to make final payments for the Resident Living construction project and reserve funds for the retirement of the related bonds .

Condensed Statement of Net Assets

	June 30, 2009	June 30, 2008	Change	% Change
Assets				
Current Assets	\$ 38,557,994	\$ 36,080,186	\$ 2,477,808	6.9
Noncurrent Assets				
Capital Assets	125,187,902	114,594,271	10,593,631	9.2
Other Noncurrent Assets	16,718,457	16,914,920	(196,463)	-1.2
Total Assets	\$ 180,464,353	\$ 167,589,377	\$ 12,874,976	7.7%
Liabilities				
Current Liabilities	12,963,383	9,938,149	3,025,234	30.4
Noncurrent Liabilities	25,741,442	14,039,623	11,701,819	83.3
Total Liabilities	\$ 38,704,825	\$ 23,977,772	\$ 14,727,053	61.4%
Net Assets				
Invested in Capital Assets	99,522,262	101,614,252	(2,091,990)	-2.1
Restricted Non-expendable	9,824,220	11,639,313	(1,815,093)	-15.6
Restricted Expendable	10,462,301	8,682,736	1,779,565	20.5
Unrestricted	21,950,745	21,675,304	275,441	1.3
Total Net Assets	\$ 141,759,528	\$ 143,611,605	\$ (1,852,077)	-1.3%

Statement of Revenues, Expenses, and Changes in Net Assets: The Statement of Revenues, Expenses, and Changes in Net Assets presents the University's results of operations for the year ended June 30. Below is a Condensed Statement of Revenues, Expenses, and Changes in Net Assets as of June 30, 2009 and 2008.

Condensed Statement of Revenues, Expenses, and Changes in Net Assets				
	June 30, 2009	June 30, 2008	Change	% Change
Operating Revenues				
Tuition and Fees	\$ 24,923,619	\$ 22,457,312	\$ 2,466,307	11.0
Grants and Contract	233,175	190,118	43,057	22.6
Sales and Services	13,088,620	12,254,746	833,874	6.8
Auxiliary Enterprises	5,182,160	6,435,003	(1,252,843)	-19.5
Other	50,626	48,618	2,008	4.1
Total Operating Revenues	\$ 43,478,200	\$ 41,385,797	\$ 2,092,403	5.1%
Operating Expenses	96,901,061	92,728,648	4,172,413	4.5
Operating Loss	\$ (53,422,861)	\$ (51,342,851)	\$ (2,080,010)	4.1%
Non-operating Revenues (Expenses)				
State Appropriations	31,185,490	34,086,758	(2,901,268)	-8.5
Grants and Contracts	16,418,031	14,395,038	2,022,993	14.1
Gifts	3,215,914	4,763,469	(1,547,555)	-32.5
Investment Income	(837,470)	1,625,627	(2,463,097)	-151.5
Other Non-operating Revenue	(172,795)	160,962	(333,757)	-207.4
Interest Expense	(639,645)	(653,924)	14,279	-2.2
Net Non-operating Revenue	\$ 49,169,525	\$ 54,377,930	\$ (5,208,405)	-9.6%
Other Revenues	2,401,259	14,584,249	(12,182,990)	-83.5
Increase (Decrease)				
in Net Assets	(1,852,077)	17,619,328	(19,471,405)	-110.5
Net Assets - Beginning of Year	143,611,605	125,992,277	17,619,328	14.0
Net Assets - End of Year	\$ 141,759,528	\$ 143,611,605	\$ (1,852,077)	-1.3%

Tuition and fee rate increases coupled with slight enrollment increases resulted in higher Tuition and Fee revenue. Operating Grants and Contracts increased due to a Federal Science and a Partner in the Parks grant. The move from a campus operated Food Service operation to an out-sourced operation (Chartwells) resulted in the decrease to Auxiliary Enterprises revenue.

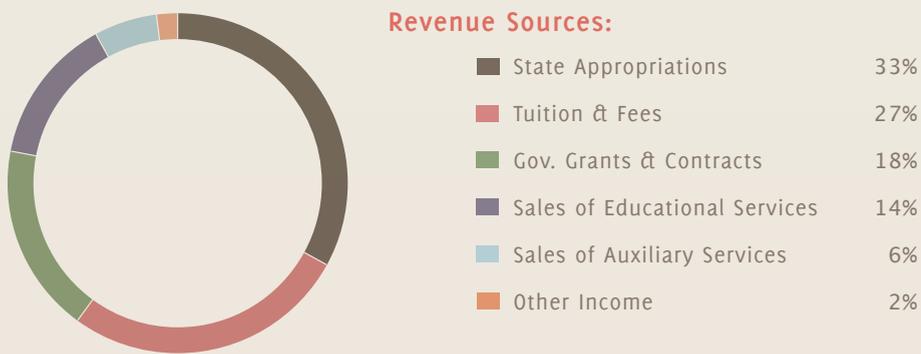
State Appropriations decreased due to budget cuts throughout the State. Grants and Contracts revenue increases were due to the American Recovery and Reinvestment Act (ARRA) funding received by the University to offset State Appropriation losses. Nonoperating Gift revenue decreased during the year as the economy impacted gift giving across

the board. Investment Income decreased due to a significant decrease in market value for all investments and declining interest rates. Other Nonoperating Revenues decreases were due to the demolition of University buildings (Shakespeare) in 2009 as compared to the gain on sale in 2008 of University land and building that was being utilized by the Shakespeare Festival for storage.

Other Revenues decreases were due to only minor Capital State Appropriations funding for 2009 as compared to Capital State Appropriations for the Education building and Old Main projects in 2008 in addition to reduced gift giving for Capital and Endowment purposes during 2009.

Finance - Analysis

The following graphs illustrate all funding sources, except Capital Appropriations, Capital Grants and Gifts and Additions to Permanent Endowments, of the University for the year ended June 30, 2009 and a comparison with the prior year:

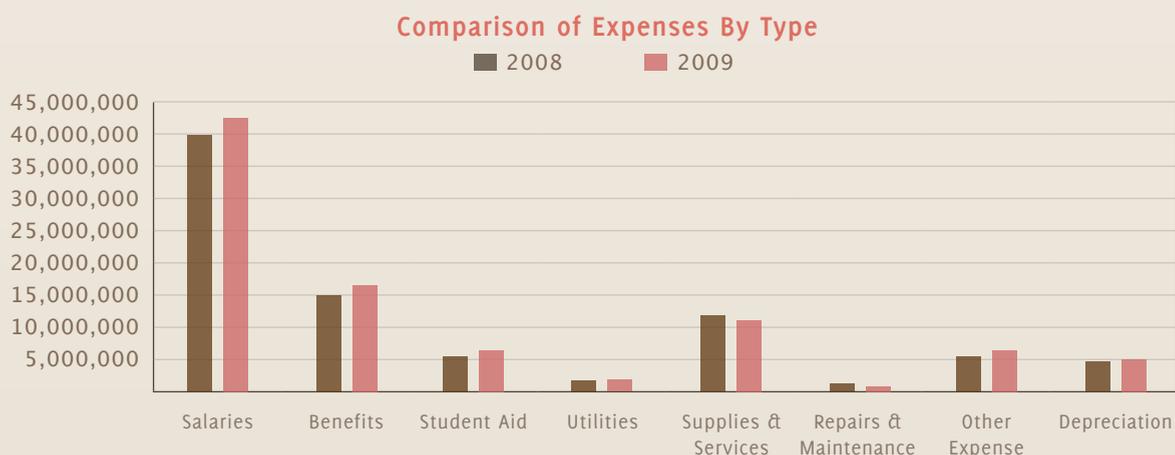


Comparison of Revenues by Source



An average salary increase of 4.9% coupled with benefit cost increases account for the increase in compensation. Services and Supplies decreases of 8.6% are due to operational budget decreases (budget cuts) across the board for supplies and services. Student Aid increases of 14.8% were necessary to keep pace with tuition increases and the University's effort focusing on recruiting and retaining students. Repairs and Maintenance decreased as fewer DFCM projects were funded and completed during the year. Other Operating Expense increased due to rent expense increases as SUU leased and then subleased the Business Resource Center (Center) in downtown Cedar City. The Center houses SUU's Small Business Development Center, Cedar City Chamber of Commerce and the Utah Science Technology and Research local office. The Foundation also began leasing and then subleasing several rental properties adjacent to campus.

The following graph illustrates expenses of the University by natural classification as a percentage of total expense for the year ended June 30, 2009 and a comparison with the prior year:



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.

Condensed Statement of Cash Flows			
	June 30, 2009	June 30, 2008	Change
Cash Provided (Used) by			
Operating Activities	\$ (46,781,781)	\$ (46,566,156)	\$ (215,625)
Non-capital Financing Activities	49,803,670	50,106,925	(303,255)
Capital Financing Activities	(1,035,182)	(4,346,109)	3,310,927
Investing Activities	(8,286,710)	(7,921,616)	(365,094)
Net Increase (Decrease) in Cash	\$ (6,300,003)	\$ (8,726,956)	\$ 2,426,953
Cash - Beginning of Year	17,906,284	26,633,240	(8,726,956)
Cash - End of Year	\$ 11,606,281	\$ 17,906,284	\$ (6,300,003)

Finance - Analysis

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

Use of cash from Operating activities decreased as tuition and fee revenue increases were offset by auxiliary and educational decreases and salary, benefit and student financial aid expense increased. Cash used by Capital Financing Activities decreased as bond revenues were received essentially covering the costs of current year capital projects – construction in process at June 30.

Economic Factors that May Affect the Future: Utah experienced unprecedented declines in retail sales, construction, wages and unemployment in 2009. Many economists predict that it is likely that it take 18 to 24 months before the Utah economy will experience economic growth across most sectors. Broad-based growth will depend on an expanding U.S. economy, a precondition for economic growth at the regional and state levels. Some are predicting a return to modest growth by mid-2010 and enhanced economic growth in 2011. While we remain confident that better days are ahead, we also recognize the seriousness that additional budget reductions may bring.

Utahans are turning to higher education as a solution to their personal economic crises and the University takes its roll very seriously. The University will continue to balance the pressure of enrollment increases with the restrictions placed on the institution due to budget reductions through responsible fiscal management and strategic planning.

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

STATEMENT OF NET ASSETS

SOUTHERN UTAH UNIVERSITY

As of June 30, 2009

	Comparative Only	
	2009	2008
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note B)	\$ 6,866,823	\$ 12,025,365
Short-term Investments (Note B)	23,451,477	16,684,813
Accounts, Interest, Pledges and Notes Receivable (Note C)	3,569,101	2,223,298
Loans Receivable, Net (Note D)	383,290	424,968
Inventories (Note E)	1,152,428	1,170,231
Prepaid Expenses (Note F)	3,134,875	3,551,511
Total Current Assets	38,557,994	36,080,186
Noncurrent Assets:		
Restricted Cash and Cash Equivalents (Note B)	4,739,458	5,880,919
Investments (Note B)	7,635,719	6,555,630
Pledges Receivable, Net (Note C)	343,424	
Loans Receivable, Net (Note D)	2,041,858	2,109,851
Real Estate	1,957,998	2,368,520
Capital Assets, Net of Accumulated Depreciation (Note G)	125,187,902	114,594,271
Total Noncurrent Assets	141,906,359	131,509,191
Total Assets	180,464,353	167,589,377
LIABILITIES		
Current Liabilities:		
Accounts and Interest payable (Note H)	2,022,652	1,476,019
Due to Division of Facilities Construction and Management	2,160,336	1,050,541
Payroll and Withholding Taxes Payable	360,543	441,693
Deposits and Other Liabilities	441,080	432,492
Deferred Revenues (Note F)	4,251,886	4,093,921
Compensated Absences & Termination Benefits (Note I)	1,826,370	1,673,314
Bonds, Notes, and Contracts Payable (Notes I & J)	1,900,516	770,169
Total Current Liabilities	12,963,383	9,938,149
Noncurrent Liabilities:		
Compensated Absences & Termination Benefits (Note I)	1,620,067	1,342,937
Bonds, Notes, and Contracts Payable (Notes I & J)	24,121,375	12,696,686
Total Noncurrent Liabilities	25,741,442	14,039,623
Total Liabilities	38,704,825	23,977,772
NET ASSETS		
Invested in Capital Assets Net of Related Debt	99,522,262	101,614,252
Restricted: Nonexpendable - Scholarships	8,266,120	10,085,474
Nonexpendable - Other	1,558,100	1,553,839
Expendable - Scholarships	1,444,758	1,404,276
Expendable - Capital Projects	3,825,975	1,629,566
Expendable - Loans	2,732,626	2,708,861
Expendable - Other	2,458,942	2,940,033
Unrestricted	21,950,745	21,675,304
Total Net Assets	\$ 141,759,528	\$ 143,611,605

The accompanying notes are an integral part of these financial statements

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

SOUTHERN UTAH UNIVERSITY

As of June 30, 2009

	2009	Comparative Only 2008
Operating Revenues:		
Student Tuition and Fees (Note K)	\$ 24,923,619	\$ 22,457,312
(net of scholarship discounts and allowances of \$7,845,569 for 2009 and \$7,518,595 for 2008)		
Governmental Grants and Contracts	233,175	190,118
Sales and Services of Educational Activities	13,088,620	12,254,746
Sales and Services of Auxiliary Enterprises (Note K)	5,182,160	6,435,003
(net of scholarship discounts and allowances of \$677,499 for 2009 and \$719,697 for 2008)		
Interest Income on Student Loans	50,626	48,618
Total Operating Revenues	43,478,200	41,385,797
Operating Expenses:		
Salaries	41,940,415	39,245,731
Benefits	16,694,295	15,565,180
Depreciation	4,763,532	4,475,711
Repairs and Maintenance	1,073,025	1,922,864
Services and Supplies	11,360,199	12,432,094
Student Aid	6,928,150	6,034,008
Utilities	2,658,374	2,691,103
Other Operating Expenses	11,483,071	10,361,957
Total Operating Expenses	96,901,061	92,728,648
Operating Income (Loss)	(53,422,861)	(51,342,851)
Non-operating Revenues (Expenses)		
Government Appropriations - State	31,185,490	34,086,758
Government Grants and Contracts	16,418,031	14,395,038
Private Gifts and Grants	3,215,914	4,763,469
Investment Income	(837,470)	1,625,627
Other Non-operating Revenue (Expense)	(172,795)	160,962
Interest on Indebtedness	(639,645)	(653,924)
Net Non-operating Revenue	49,169,525	54,377,930
Income (Loss) Before Other Revenue	(4,253,336)	3,035,079
Other Revenue		
Capital Appropriations	1,144,341	13,372,403
Capital Grants & Gifts	856,343	457,944
Additions to Permanent Endowments	400,575	753,902
Total Other Revenue	2,401,259	14,584,249
Increase (Decrease) in Net Assets	(1,852,077)	17,619,328
Net Assets - Beginning of Year	143,611,605	125,992,277
Net Assets - End of Year	\$ 141,759,528	\$ 143,611,605

The accompanying notes are an integral part of these financial statements

STATEMENT OF CASH FLOWS

SOUTHERN UTAH UNIVERSITY

As of June 30, 2009

	Comparative Only	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees	\$ 25,311,679	\$ 22,540,083
Receipts from Grants/Contracts	197,772	165,863
Receipts from Auxiliary and Educational Services	17,707,777	19,364,579
Collection of Loans to Students and Employees	340,285	343,701
Loans Issued to Students and Employees	(274,911)	(510,058)
Payments for Employee Services and Benefits	(57,941,903)	(55,982,079)
Payments to Suppliers	(25,194,330)	(26,454,237)
Payments for Student Financial Aid	<u>(6,928,150)</u>	<u>(6,034,008)</u>
Net Cash Provided (Used) by Operating Activities	(46,781,781)	(46,566,156)
 CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State Appropriations	31,185,490	34,086,758
Receipts from Grants/Contracts	15,279,803	12,886,789
Gifts/Grants for Other Than Capital Purposes	2,919,612	2,402,453
Receipts for Permanent Endowments	400,575	753,902
Other Non-operating Revenue (Expense)	15,268	(35,905)
Agency Account Receipts	1,236,185	1,136,158
Agency Account Payments	<u>(1,233,263)</u>	<u>(1,123,230)</u>
Net Cash Provided (Used) by Non-capital Financing Activities	49,803,670	50,106,925
 CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Receipts from Capital Appropriations	1,144,341	13,372,403
Receipts from Capital Grants/Gifts	262,368	1,916,312
Proceeds (Loss) from Sale of Capital Assets	(188,063)	196,867
Proceeds from Capital Debt	13,284,831	
Purchases of Capital Assets	(14,247,368)	(18,449,154)
Principal Paid on Capital Debt/Leases	(701,335)	(766,218)
Interest Paid on Capital Debt/Leases	<u>(589,956)</u>	<u>(616,319)</u>
Net Cash Provided (Used) by Capital Financing Activities	(1,035,182)	(4,346,109)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale/Maturity of Investments	23,350,144	6,186,224
Receipt of Interest/Dividends from Investments	2,250,455	2,320,217
Purchase of Investments	<u>(33,887,309)</u>	<u>(16,428,057)</u>
Net Cash Provided (Used) by Investing Activities	(8,286,710)	(7,921,616)
 Net Increase (Decrease) in Cash	(6,300,003)	(8,726,956)
Cash & Cash Equivalents - Beginning of Year	<u>17,906,284</u>	<u>26,633,240</u>
Cash & Cash Equivalents - End of Year	<u><u>\$ 11,606,281</u></u>	<u><u>\$ 17,906,284</u></u>

The accompanying notes are an integral part of these financial statements

STATEMENT OF CASH FLOWS (continued)

SOUTHERN UTAH UNIVERSITY

As of June 30, 2009

	2009	Comparative Only 2008
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ (53,422,861)	\$ (51,342,851)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	4,763,532	4,475,711
Repair and Maintenance Expense paid by Division of Facility Construction and Management	664,505	1,377,580
Changes in Assets and Liabilities:		
Receivables (Net)	(389,943)	(424,163)
Student Loans Receivable	109,671	(122,070)
Inventories	17,378	58,687
Prepaid Expenses	416,636	(1,194,476)
Accounts Payable	546,633	(61,851)
Accrued Liabilities	5,667	95,458
Accrued Payroll	(81,150)	(462,185)
Deferred Revenues	157,965	1,003,112
Compensated Absences	430,186	30,892
Net Cash Provided (Used) by Operating Activities	<u>\$ (46,781,781)</u>	<u>\$ (46,566,156)</u>
Non-cash Investing, Non-capital Financing, and Capital Financing Transactions		
Change in Fair Value of Investments Recognized as Investment Income	(2,617,148)	(741,652)
Donation of Investment Securities	52,227	84,364
Donation of Real Estate	150,338	2,214,611
Division of Facility Construction and Management Projects	664,505	1,377,580
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets		
Cash and Cash Equivalents Classified as Current Assets	6,866,823	12,025,365
Cash and Cash Equivalents Classified as Noncurrent Assets	4,739,458	5,880,919
Total Cash and Cash Equivalents	<u>\$ 11,606,281</u>	<u>\$ 17,906,284</u>

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS:**Note A. Summary of Significant Accounting Policies**

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

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

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

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

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

Basis of Accounting: Under the provisions of the GASB standards, the University is permitted to report as a special-purpose government engaged in business-type activities (BTA). BTA reporting requires the University to present only the basic

financial statements and required supplementary information (RSI) for an enterprise fund. This includes a Management's Discussion and Analysis, a Statement of Net Assets or Balance Sheet, a Statement of Revenues, Expenses, and Changes in Net Assets, a Statement of Cash Flows, notes to the financial statements, and other applicable RSI. The required basic financial statements described above are prepared using the economic resources measurement focus and the accrual basis of accounting.

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

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

Investments: The University accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 52, *Land and Other Real Estate Held as Investment by Endowments*. Changes in unrealized gains (losses) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Assets. The valuation of real estate investments at June 30, 2009 was based on an analysis of changes in the local market applied to the most recent appraisals for all material real estate investments.

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

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

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

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

Deferred Revenues: Deferred revenues include amounts received for tuition and fees and certain

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

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

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

Net Assets: The University's net assets are classified as follows:

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

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

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

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

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

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.

Nonoperating 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 Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting, and GASB No. 34, Basic Financial Statements and Management Discussion and Analysis for State and Local Governments, such as state appropriations, grants, and investment income.

Scholarship Discounts and Allowances:

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

Disclosures: The basic financial statements include certain prior year summarized comparative information but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Certain reclassifications have been made to the prior year comparative information to conform with the current year presentation. Accordingly, such information should be read in conjunction with the University's financial statements for the year ended June 30, 2008, from which the summarized information was derived. The University modified its method of allocating Cash and Cash Equivalents between Current and Noncurrent Assets, resulting in a reclassification of \$5,184,317 from Noncurrent to Current Assets for June 30, 2008.

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

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

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

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

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

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

The endowment income spending policy at June 30, 2009 is 4.5% of the 12-quarter moving average of the fair value of the endowment pool. The spending policy is reviewed periodically and any necessary changes are made.

The amount of net appreciation on investments of donor-restricted endowments available for authorization for expenditure at June 30, 2009 was approximately \$535,000. The net appreciation is a component of restricted, expendable net assets.

Deposits: Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the University’s deposits may not be returned to it. The University does not have a formal deposit policy for custodial credit risk. As of June 30, 2009, \$8,914,551 of the University’s bank balances of \$10,164,551 was uninsured and uncollateralized.

Investments: The Money Management Act defines the types of securities authorized as appropriate investments for the University’s non-endowment funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

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

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

and private equity), natural resources, and private real estate assets or absolute return and long/short hedge funds.

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

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, Utah Code Annotated, 1953, as amended. The Act established the Money Management Council which oversees the activities of the State Treasurer

and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

As of June 30, 2009, the University had the following investments and maturities:

Investment Maturities (in Years)					
Investment Type	Fair Value	Less than 1	1-5	6-10	10 +
State of Utah Public Treasurer's Investment Fund	\$ 12,245,027	\$ 12,245,027	\$ -	\$ -	\$ -
Bond Mutual Fund	213,676		213,676		
Corporate Notes	17,619,947	13,915,041	3,704,906	-	-
	30,078,650	\$ 26,160,068	\$ 3,918,582	\$ -	\$ -
Other Investments					
Equity Mutual Funds	4,184,855				
Total Investments	\$ 34,263,505				

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 State's Money Management Act or UPMIFA and Rule 541, as applicable. For non-endowment funds, Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years. For endowment funds, Rule 541 is more general, requiring only that investments be made as a prudent investor would, by considering the purposes, terms, distribution requirements and other circumstances of the endowments and by exercising reasonable care, skill, and caution.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act, UPMIFA, and Rule 541 as previously discussed. Securities rated less than "A" met the investment criteria at the time of purchase.

At June 30, 2009, the University had the following investments and quality ratings:

Quality Ratings					
Investment Type	Fair Value	AAA - AA	A	BBB	Unrated
State of Utah Public Treasurer's Investment Fund	\$ 12,245,027	\$	\$	\$	\$ 12,245,027
Bond Mutual Fund	213,676				213,676
Corporate Notes	17,619,947	5,700,786	9,958,381	1,960,780	
Total	\$ 30,078,650	\$ 5,700,786	\$ 9,958,381	\$ 1,960,780	\$ 12,458,703

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, 2009, the University had \$543,814 in repurchase agreements where the underlying securities were uninsured and held by Wells Fargo Bank, but not in the University's name, and \$17,619,947 in debt securities which were held by Wells Fargo Bank, but not in the University's name.

Note C. Accounts, Interest, Pledges and Notes Receivable

Accounts, Interest, Pledges and Notes Receivable consisted of the following at June 30, 2009:

Accounts, Interest, Pledges and Notes Receivable		
	Balance	Current Portion
Student Tuition and Fees	\$ 588,584	\$ 588,584
Federal, State, and Private Grants and Contracts	887,530	887,530
Auxiliary Service Charges	317,509	317,509
Continuing & Professional Studies Fees	470,541	470,541
Utah Shakespearean Festival Ticket Sales	585,592	585,592
Interest and Dividends Receivable	220,439	220,439
Contributions and Gifts (Pledges)	760,327	416,903
Other Operating	315,003	315,003
Allowance for Doubtful Accounts	(233,000)	(233,000)
Total	\$ 3,912,525	\$ 3,569,101

Note D. Loans Receivable

Student loans made through the Federal Perkins Loan Program (the Program) comprise substantially all of the loans receivable at June 30. The Program provides for cancellation of a loan at rates of 10% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. The Federal Government reimburses the University for amounts cancelled under these provisions.

As the University determines that loans are uncollectible and not eligible for reimbursement by the Federal Government, the loans are written off and assigned to the U.S. Department of Education. The University has provided an allowance for uncollectible loans, which in management's opinion, is sufficient to absorb loans that will ultimately be written off. At June 30, 2009 the allowance for uncollectible loans was \$98,900.

Note E. Inventories

Inventories at June 30, 2009 consisted of a gifted collection of *Westward America*, Deluxe and Collector Editions held for resale in the amount of \$16,533, as well as Bookstore inventory in the amount of \$1,135,895.

Note F. Prepaid Expenses and Deferred Revenues

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

Prepaid Expenses and Deferred Revenues at June 30, 2009, consist of the following:

Prepaid Expenses and Deferred Revenues		
	Prepaid Expenses	Deferred Revenues
Utah Shakespearean Festival	\$ 3,036,165	\$ 2,705,377
Student Tuition and Fees		1,354,166
Grants and Contracts		63,057
Miscellaneous	98,710	129,286
Total	\$ 3,134,875	\$ 4,251,886

Note G. 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.

Capital assets at June 30, consists of the following:

Capital Assets				
	2008	Additions	Retirements	2009
Land	\$ 8,345,483	\$ 150,338	\$	\$ 8,495,821
Land Imp/Infrastructure	7,524,676			7,524,676
Buildings	140,248,059	1,831,577	(1,162,018)	140,917,618
Equipment	9,300,323	676,337	(565,829)	9,410,831
Vehicles	1,295,331	61,630	(104,672)	1,252,289
Art Work/Collections	751,227	12,500		763,727
Library Collections	6,139,403	318,808	(82,598)	6,375,613
Construction in Progress	2,755,172	12,970,887	(428,003)	15,298,056
Total	\$ 176,359,674	\$ 16,022,077	\$ (2,343,120)	\$ 190,038,631
Less: Accumulated Depreciation				
Land Imp/Infrastructure	\$ 4,898,566	\$ 210,405	\$	\$ 5,108,971
Buildings	46,333,093	3,467,498	(1,077,166)	48,723,425
Equipment	6,407,926	730,222	(417,474)	6,720,674
Vehicles	917,765	106,443	(100,968)	923,240
Art Work/Collections	484,100	24,312		508,412
Library Collections	2,723,953	224,652	(82,598)	2,866,007
Total	\$ 61,765,403	\$ 4,763,532	\$ (1,678,206)	\$ 64,850,729
Capital Assets, net	\$ 114,594,271	\$ 11,258,545	\$ (664,914)	\$ 125,187,902

Construction in progress at June 30, 2009 of \$15,298,056 represents the University's cost related to the construction of the following projects, funded by state grants and private gifts:

Construction Progress			
Project	Estimated Costs	Construction in Progress	Percent Completed
Sharwan Smith Center Auditorium	\$ 500,000	\$ 27,369	5%
Utah Shakespearean Festival Centre	78,000,000	1,877,569	2%
Resident Living - Phase II	14,583,000	13,288,822	91%
Gibson Science Center	18,927,000	164,296	1%
Total	\$ 112,010,000	\$ 15,298,056	

Note H. Accounts and Interest Payable

Accounts and Interest Payable consisted of the following:

Accounts and Interest Payable		Balance
Vendors		\$ 1,769,725
Interest		201,762
Sales Tax		12,967
Other		38,198
Total		\$ 2,022,652

Note I. Long-Term Liabilities

Activity for the year ended June 30, 2009 was as follows:

Long Term Liabilities					
Bonds, Notes, and Contracts Payable	2008	Additions	Reductions	2009	Current Portion
Bonds Payable	\$ 12,671,268	\$ 12,025,000	\$ 677,620	\$ 24,018,648	\$ 1,006,677
Unamortized Bond Premium	193,854		17,513	176,341	17,406
Unamortized Bond Discount		(49,957)	(2,433)	(47,524)	(3,139)
Notes Payable		1,300,000		1,300,000	800,000
Contracts/Leases Payable	15,259	9,788	8,635	16,412	7,665
Remainder Annuity Trusts	586,473		28,459	558,014	71,907
Total	\$ 13,466,854	\$ 13,284,831	\$ 729,794	\$ 26,021,891	\$ 1,900,516
Other Liabilities					
Compensated Absences	\$ 1,218,265	\$ 1,175,073	\$ 1,128,703	\$ 1,264,635	\$ 1,172,515
Termination Benefits	1,797,986	829,021	445,205	2,181,802	653,855
Total	\$ 3,016,251	\$ 2,004,094	\$ 1,573,908	\$ 3,446,437	\$ 1,826,370
Total Long-Term Liabilities	\$ 16,483,105	\$ 15,288,925	\$ 2,303,702	\$ 29,468,328	\$ 3,726,886

Note J. Bonds, Notes and Contracts Payable

Revenue bonds payable consisted of the following at June 30, 2009:

Bonds Payable					
	Date of Issue	Interest Rate	Original Amount of Issue	Retired or Paid 2008–2009	Balance
Auxiliary System, Series 2002A	1/22/2002	3.000–5.250%	\$ 4,540,000	\$ 490,000	\$ 2,830,000
Auxiliary System, Series 2003	2/27/2003	2.000–5.250%	10,060,000	80,000	8,605,000
Pavilion/Stadium, Series 2005	12/1/2005	3.900%	975,000	107,620	558,648
Auxiliary System, Series 2008	7/22/2008	3.500–5.250%	12,025,000		12,025,000
Total Bonds Payable			\$ 27,600,000	\$ 677,620	\$ 24,018,648

Scheduled Maturities of the Revenue Bonds			
Year	Principle	Interest	Total Payments
2010	\$ 1,006,677	\$ 1,121,651	\$ 2,128,328
2011	1,055,698	1,078,341	2,134,039
2012	1,094,430	1,031,936	2,126,366
2013	1,137,983	986,351	2,124,334
2014	1,158,860	934,354	2,093,214
2015 – 2019	6,085,000	3,894,354	9,979,354
2020 – 2024	6,470,000	2,329,446	8,799,446
2025 – 2029	3,020,000	1,179,940	4,199,940
2030 – 2033	2,990,000	371,500	3,361,500
Total Bonds Outstanding	\$ 24,018,648	\$ 12,927,873	\$ 36,946,521
Unamortized Bond Premium/Discount	128,817		128,817
Total Bonds Payable	\$ 24,147,465	\$ 12,927,873	\$ 37,075,338

Principal and interest on these revenue bonds are collateralized by a first lien on and pledge of either (1) Student Center Building Fees, net revenues derived from the operation of the Auxiliary Enterprise System and investment income of the bond security reserve funds or (2) Stadium Facilities Student Building Fees and investment income on the bond security reserve funds (See Note K). The University is required to maintain certain debt service reserves aggregating \$1,297,456.

Defeased Revenue Bonds: In prior years, the University defeased certain revenue bonds by placing the proceeds of new bonds and various bond revenues in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the University's financial statements. The total principal amount of the defeased bonds held in irrevocable trusts at June 30, 2009, is \$206,000.

Notes Payable: Notes Payable includes three (3) unsecured 7.5% notes issued by the Foundation for the purpose of paying construction costs on Cedar Hall pending the sale of an interest in certain real estate owned by the Foundation. One note is due December 31, 2009 in the amount of \$800,000 plus accrued interest and the remaining notes are due December 31, 2010. The former note is to LSR Investments, LLC, of which one partner is a Development Officer of the University.

Notes payable consisted of the following at June 30, 2009

Notes Payable					
	Date of Issue	Interest Rate	Original Amount of Issue	Retired or Paid 2008–2009	Balance
LSR Investments LLC	4/20/09	7.500%	\$ 800,000		\$ 800,000
Lance L. Whetten Pension Plan	5/15/09	7.500%	125,000		125,000
Roberts Management	5/15/09	7.500%	375,000		375,000
Total Notes Payable			\$ 1,300,000		\$ 1,300,000

Scheduled Maturities of the Revenue Notes			
Year	Principle	Interest	Total Payments
2010	\$ 800,000	\$ 42,821	\$ 842,821
2011	500,000	64,652	564,652
Total	\$ 1,300,000	\$ 107,473	\$ 1,407,473

Contracts Payable: Contracts payable are due in equal installments, including principal and interest, until the last payment comes due in March 2012 and are secured by equipment costing \$27,043.

Future minimum lease payments for all contracts and capital leases payable as of June 30, 2009 are as follows:

Minimum Lease Payments for all Contracts and Capital Leases			
Year	Principle	Interest	Total Payments
2010	\$ 7,665	\$ 463	\$ 8,128
2011	5,536	136	5,672
2012	3,211	25	3,236
Total	\$ 16,412	\$ 624	\$ 17,036

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, 2009:

Annuities Payable				
Charitable Remainder Annuity Trusts	Date Created	Interest Rate	Present Value of Annuity Payable	Current Portion
A M & M M Jones	1/12/01	5.000%	\$ 115,137	\$ 47,846
J & C Wadsworth	9/25/01	6.200%	350,019	18,301
Unitrust				
Rodney A Brown	7/12/00	7.500%	92,858	5,760
Total Annuities Payable			\$ 558,014	\$ 71,907

The estimates of future annuities payable are as follows:

Future Annuities Payable			
Year	Principle	Interest	Total Payments
2010	\$ 71,907	\$ 28,572	\$ 100,479
2011	73,480	27,025	100,505
2012	47,325	25,374	72,699
2013	29,101	23,612	52,713
2014	31,009	21,733	52,742
2015 – 2019	188,410	75,761	264,171
2020 – 2022	116,782	14,226	131,008
Total	\$ 558,014	\$ 216,303	\$ 774,317

Note K. Auxiliary System Bond Revenue Fund

The following schedule reflects the pledged receipts and disbursements of the Bond Revenue Fund of the Auxiliary System and the Stadium Bond System for the year ended June 30, 2009:

Pledged Receipts		
	Auxiliary System	Stadium System
Operating Revenues	\$ 7,477,252	
Operating & Maintenance Expenses	(5,500,383)	
Net Operating Receipts	\$ 1,976,869	
Student Center Building Fees		\$ 225,582
Investment Income on Reserve Funds	13,562	64
Total Pledged Net Receipts	\$ 1,990,431	\$ 225,646
Disbursements:		
Transfers to:		
Debt Service	\$ 1,154,833	\$ 133,604
Renewal & Replacement Reserves	615,598	92,042
Other Lawful Purposes	220,000	
Total Disbursements of Pledged Receipts	\$ 1,990,431	\$ 225,646

Note L. Retirement Plans

As required by state law, the University participates in three retirement plans covering substantially all of its regular employees. Faculty and administrative employees participate in the Teachers Insurance and Annuity Association and/or Fidelity Investments while all other staff employees participate in the Utah State Retirement System. The total payroll expenses for the years ended June 30, 2009, 2008, and 2007 were \$41,940,415, \$39,245,731, and \$35,866,724, respectively.

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

Covered Payroll Expenses			
Retirement Program	2009	2008	2007
TIAA	\$ 20,132,067	\$ 20,204,344	\$ 20,185,519
Fidelity	3,927,510	2,156,941	
State-Contributory	94,627	87,574	78,875
State-Noncontributory	8,911,382	8,553,593	7,882,884
State-Public Safety	132,038	115,437	99,036
Total Expenses	\$ 33,197,624	\$ 31,117,889	\$ 28,246,314
Retirement Contributions			
Retirement Program	2009	2008	2007
TIAA	\$ 2,858,753	\$ 2,869,017	\$ 2,866,344
Fidelity	557,706	306,286	
State-Contributory	14,885	13,775	12,407
State-Noncontributory	1,276,825	1,216,323	1,217,725
State-Public Safety	35,320	30,879	26,492
Salary Deferral 401(k) – Employer	135,341	133,367	120,236
Salary Deferral 401(k) & 457 – Employee	334,997	294,759	261,437
Total Contributions	\$ 5,213,827	\$ 4,864,406	\$ 4,504,641

The Retirement Contributions amount represents the funds which were contributed by the University, which includes 15.73% of covered employees' salaries participating in the Utah State Retirement Contributory System, 15.72% (including 1.5% to a 401(k) salary deferral program) of covered employees' salaries participating in the Utah State Retirement Noncontributory System, 31.05% (including 1.5% to a 401(k) salary deferral program) of covered employees' salaries participating in the Utah State Retirement Public Safety Noncontributory System and 14.20% of covered employees' salaries participating in the Teachers Insurance and Annuity Association or Fidelity Investments. The employees' and employer's shares of the contributions were paid by the University. Total contributions made were equal to the required contributions for those years.

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

The Systems are established and governed by the respective sections of Title 49 of the Utah Code Annotated, 1953, as amended. The Utah State Retirement Systems Administration in Title 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Board whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the State and School Contributory Retirement System, State and School Noncontributory Retirement System, and Public Safety Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102, or by calling 1-800-365-8772. Teacher's Insurance and Annuity Association and Fidelity Investments issue individual retirement contracts with each participating employee; therefore, the University has no liability for this retirement program.

In addition to providing pension benefits, the University as authorized by its Board of Trustees provided certain health care benefits for retired employees age 65 or older that retired before June 30, 1990. Substantially all regular University employees were eligible for those benefits at normal retirement age 65. These health care benefits for retiree's age 65 or older are not available to employees retiring after June 30, 1990. The cost of retiree health care benefits is funded on a pay-as-you go basis. The total normal retiree health care benefits payments for the years ended June 30, 2009 and 2008, were \$90,201 and \$98,446 respectively. The number of participants for the years ended June 30, 2009 and 2008 was 21 and 24, respectively.

The University, as authorized by its Board of Trustees, offers an early retirement incentive option to eligible employees that included payment of an amount equal to 22% of the retiree's final salary for those retiring prior to July 1, 2006 and 20% for those retiring after June 30, 2006 along with the continuation of certain health care insurance premiums for the lesser of 5 years or Social Security full retirement age. Eligible employees were offered a 23% payment if they retired between March 1, 2009 and July 31, 2009. Full-time University employees whose accumulated age plus years of service equal at least 75 and are at least 57 are eligible to apply. The cost of early retiree benefits is funded on a pay-as-you-go basis. The total early retiree benefits payments for the years ended June 30, 2009 and 2008 were \$355,004 and \$357,187, respectively. The

number of participants for the years ended June 30, 2009 and 2008 was 32 and 25, respectively.

The projected future cost of these stipends, medical, and dental insurance benefits has been calculated based on the known amount to be paid out in the next fiscal year plus projected increases of 3.3 percent for stipends, and 3.3-4.8 percent for medical and dental premiums. These increases are based on historical data. The net present value of the total projected costs is calculated using the estimated yield (1.26 %) for University investments. The net present value is the amount recognized on the financial statements as the liability for early retirement.

Note M. Funds Held in Trust by Others

Funds held in trust by others are neither in the possession of nor under the management of the University. These funds, which are not recorded on the University's financial records and which arose from contributions, are held and administered by external fiscal agents, selected by the donors, who distribute net income earned by such funds to the University, where it is recorded when received. Funds held in trust at June 30, 2009 were \$323,280 at cost and \$311,947 at fair value.

Note N. Functional Classification

The University's operation expenses by functions classification were as follows:

Operating Expenses by Functional Classification	
Instruction	\$ 23,989,625
Research	59,258
Public Service	13,557,454
Academic Support	7,903,846
Student Services	10,898,431
Institutional Support	13,793,721
Operation and Maintenance of Plant	9,186,414
Student Aid	6,928,150
Auxiliary Enterprises Expenses	5,820,630
Depreciation	4,763,532
Total	\$ 96,901,061

Note O. Insurance Coverage

The University insures its buildings, including those under construction, and contents against all insurable risks of direct physical loss or damage through policies administered by the State of Utah Risk Management Fund. This all-risk insurance coverage provides for repair or replacement of damaged property at a replacement cost basis subject to a \$1,000 per occurrence deductible. All revenues from the University operations, rental income for its residence halls, and tuition are insured against loss due to business interruption caused by fire or other insurable perils. Additionally, the University is protected against employee dishonesty exposures under a \$10 million blanket bond. The Utah State Risk Management Fund provides coverage to the University for general, automobile, personal injury, errors or omissions, and malpractice liability at \$10 million per occurrence. The University qualifies as a "governmental body" under the Utah Governmental Immunity Act which limits applicable claim settlements to \$620,700 for one person in any one occurrence or \$2,126,000 for two or more persons

in any one occurrence and \$248,300 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.

On July 1, 2003, the University established a self-insurance fund for employee dental care that is administered through Blue Cross Blue Shield Insurance Company. 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 dental care funds at June 30, 2009 and the estimated liability for self-insurance claims at that date in the Statement of Net Assets. The income and expenses related to the administration of the self-insurance and estimated provision for the claims liabilities for the year then ended are recorded in the Statement of Revenues, Expenses, and Changes in Net Assets.

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

Estimated Self-Insurance Claims Liability		
	2009	2008
Estimated Claims Liability - Beginning of Year	\$ 97,600	\$ 80,751
Current Year Contributions and Changes in Estimates	636,132	679,154
Claim Payments, Including Related Legal and Administrative Expenses	(650,557)	(662,305)
Estimated Claims Liability - End of Year	\$ 83,175	\$ 97,600

Note P. Related Party 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 \$220,000. 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.

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“We cannot afford to be average, nor can we be all things to all people. But those things that are asked of us and that we choose to do, we will do exceptionally well.”

– President Michael T. Benson





Old Main:

The original building of Southern Utah University still stands today as a monument to the dedication and perseverance of the residents of Cedar City who constructed it under extreme duress in the winter of 1898. Old Main was completely restored in 2008 and now showcases many historical artifacts and photos.



Centurium Center Statue
Just South of the Centrum



The intellectual pursuits, the counseling and mentoring, the teaching and tutoring, the care and feeding, the commitment to students—THIS is what makes SUU so unique.

President Michael T. Benson

SUU SOUTHERN
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LEARNING LIVES FOREVER

