



Office of
Business Services

225 SOUTH 700 EAST
ST. GEORGE, UTAH 84770

November 18, 2010
Via electronic submission to www.emma.msrb.org
Attn: Municipal Disclosure

Re: Continuing Disclosure Undertaking of the State Board of Regents of the State of Utah, for and on behalf of Dixie State College of Utah

To Whom It May Concern:

In accordance with the provisions of paragraph (b) (5) (i) (A) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), the State Board of Regents of the State of Utah (sometimes referred to herein as the "Issuer"), on behalf of Dixie State College of Utah (the "College"), and hereby files with you the enclosed (i) the Annual Financial Report of the College for the Fiscal Year Ended June 30 2010 (the "AFR"); and (ii) the Supplemental Continuing Disclosure Memorandum of the College dated December 27, 2010 (and amended as of the date indicated) (the "SCDM"). This letter, the AFR, and the SCDM constitute the annual financial information and operating data concerning the College to be filed in compliance with the Issuer's obligation under that certain agreement entered into in connection with the offering of the following securities described in the following Official Statements:

Securities	Official Statement
\$4,845,000 Lease Revenue Refunding Bonds Series 2006, Dated June 20, 2006	\$4,845,000 State Board of Regents of the State of Utah Lease Revenue Refunding Bonds (Dixie State College) Series 2006, Dated June 20, 2006

No event described in paragraph (b) (5) (i) (c) of the Rule has occurred that is required to be disclosed with respect to any of the above-described securities. However, the Issuer has not submitted the required disclosure information on the date which it had committed to. The Issuer discloses and describes this delinquency in the SCDM.

Sincerely,

Dixie State College of Utah

Allen Scott Talbot
Executive Director Business Affairs

c: Zions Bank Public Finance, Salt Lake City, Utah

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Supplemental

Continuing Disclosure Memorandum

**Summary of Debt Structure and Financial Information
SEC Rule 15c2-12**

For The

**State Board of Regents
of the State of Utah**

Dixie State College of Utah

Filed with

Electronic Municipal Market Access (“EMMA”)

emma.msrb.org

**Submitted and dated as September 8, 2011
(Submission required December 27, 2010)**

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NOTICE OF FAILURE TO DISCLOSE

On December 27, 2005 (December 27th being the annual submission date for continuing disclosure information) Dixie State College of Utah (the “College”) failed to provide its operating and financial continuing disclosure information. The College submitted the required information in February 13, 2006. The College notified the Municipal Securities Rulemaking Board (“MSRB”) and each Nationally Recognized Municipal Securities Information Repository (“NRMSIR”) of this failure to disclose.

On December 27, 2006, the College failed to provide its operating and financial continuing disclosure information. The college submitted the required information on June 22, 2007.

On December 27, 2007, the College failed to provide its operating and financial continuing disclosure information. The college submitted the required information on April 25, 2008.

On December 27, 2008, the College failed to provide its operating and financial continuing disclosure information. The college submitted the required information on May 15, 2009.

On December 27, 2009, the College failed to provide its operating and financial continuing disclosure information. The college submitted the required information on June 14, 2010.

On December 27, 2010, the College failed to provide its operating and financial continuing disclosure information. The college submitted the required information on September 8, 2011.

In each of the College’s failures to provide its operating and financial continuing disclosure information, the College notified MSRB and the Electronic Municipal Market Access (“EMMA”) of these failures to disclose.

GENERAL

Contact Person For The College

As of the date of this Supplemental Continuing Disclosure Memorandum, the chief contact person for the College is:

Allen Scott Talbot, CPA
talbot@dixie.edu
Executive Director of Business Affairs
Dixie State College of Utah
700 E 225 S
St. George UT 84770
435.652.760 | f 435.656.4000

The College maintains an internet site that may be accessed at www.sci.dixie.edu. The information available at this internet site is provided by the College in the course of its normal operations and has not necessarily been reviewed for accuracy or completeness. Such information is not a part of Supplemental Continuing Disclosure Memorandum.

The Utah System of Higher Education maintains an internet site that may be accessed at www.utahsbr.edu. The information available at this internet site is provided by the Utah System of Higher

Education in the course of its normal operations and has not necessarily been reviewed for accuracy or completeness. Such information is not a part of Supplemental Continuing Disclosure Memorandum.

When used herein the terms “Fiscal Year[s]” or “Fiscal Year[s] End[ed][ing] June 30, YYYY” shall refer to the year ended or ending on June 30 of the year indicated and beginning on July 1 of the preceding calendar year.

The Issues

State Board of Regents of the State of Utah (the “State Board of Regents”) acting for and on behalf of the College is providing continuing disclosure on the following Lease Revenue Bonds issue:

1.

\$4,845,000

**State Board of Regents of the State of Utah
Lease Revenue Refunding Bonds, Series 2006 (Dixie College)**

2006 Bonds dated: June 20, 2006 — 2006 Bonds issued on: June 7, 2006

CUSIP numbers on the 2006 Bonds are provided below.

The 2006 Bonds, as defined herein, were negotiated with Zions Bank.

Background Information. The \$4,845,000 Lease Revenue Refunding Bonds, Series 2006 (Dixie College), dated June 20, 2006 (the “2006 Bonds”), were issued by the State Board of Regents for and on behalf of the College, as fully-registered bonds, registered in the name of Cede & Co., as nominee for DTC. DTC is currently acting as securities depository for the 2006 Bonds.

Principal of and interest on the 2006 Bonds (interest payable May 1 and November 1 of each year) are payable by Zions Bank, as Paying Agent, to the registered owners thereof, currently DTC.

Optional Redemption. The 2006 Bonds maturing on or prior to May 1, 2016 are not subject to call and redemption prior to maturity. The 2006 Bonds maturing on and after May 1, 2017 are subject to optional redemption in whole or in part (and, if in part, in such order of maturity as may be selected by the State Board of Regents) on May 1, 2016 or any day thereafter, at the option and direction of the State Board of Regents, at a redemption price equal to 100% of the principal amount of the 2006 Bonds to be redeemed, plus accrued interest to the redemption date. Portions of 2006 Bonds to be redeemed within a maturity shall be selected by lot in such manner as the Trustee may determine.

Current Maturity Schedule

Current principal outstanding: \$4,165,000

Original issue amount: \$4,845,000

Dated: June 20, 2006

Due: May 1, as shown below

Due May 1	CUSIP 91754G	Principal Amount	Original Interest Rate		Due May 1	CUSIP 91754G	Principal Amount	Original Interest Rate
2012.....	BE 0	\$300,000	3.90%		2018.....	BL 4	\$380,000	4.125%
2013.....	BF 7	310,000	4.25		2019.....	BM 2	395,000	4.25
2014.....	BG 5	325,000	4.25		2020.....	BN 0	410,000	4.50
2015.....	BH 3	335,000	4.25		2021.....	BP 5	425,000	4.50
2016.....	BJ 9	350,000	4.00		2022.....	BQ 3	450,000	4.625
2017.....	BK 6	365,000	4.00		2023.....	BR 1	120,000	4.65

Not Bank Qualified Obligations. The 2006 Bonds are not “bank qualified.”

Security. Under the Lease, the College has agreed to make Base Rental payments in stated amounts which are sufficient to pay interest on, and the principal amount of, the 2006 Bonds coming due in each year, but only if and to the extent that funds are appropriated in amounts sufficient to pay the Base Rentals coming due during each succeeding Renewal Term under the Lease plus Additional Rentals as are payable during such period. The Lease specifically provides that nothing therein shall be construed to require the State Board of Regents, the College or the State to appropriate any money to pay any Rentals thereunder and that the College shall not be obligated to pay such Rentals except to the extent appropriated. ***The obligation of the College to pay any Rentals is subject to annual renewal as provided in the Lease. Neither the obligation of the College to pay Rentals nor the obligation of the State Board of Regents to pay the 2006 Bonds will constitute a debt of the College, the State Board of Regents or the State or any political subdivision thereof. The issuance of the 2006 Bonds shall not directly, indirectly or contingently obligate the State Board of Regents, the College or the State or any agency, instrumentality or political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment.***

Credit Enhancement. The scheduled payment of principal of and interest on the 2006 Bonds are guaranteed by Ambac Assurance Corporation (“Ambac”).

FINANCIAL INFORMATION REGARDING THE COLLEGE

The revenues and expenditures of the College are maintained in accordance with the principles of fund accounting. Resources for various purposes are classified into funds in accordance with the activities or objectives specified, and separate accounts are maintained for each fund.

Five-Year Financial Summaries

The summaries contained herein were extracted from the College’s financial reports and summarize the College’s financial position and results of operations for the fiscal years indicated and should be read in conjunction with the audited financial reports of the College.

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Dixie State College of Utah

Statement of Net Assets

Primary Institution (1)

(This summary has not been audited)

As of June 30

	2010	2009	2008	2007	2006
Assets					
Current assets:					
Cash and cash equivalents.....	\$ 18,649,905	\$ 13,908,607	\$ 13,549,257	\$ 14,675,202	\$ 12,838,330
Investments.....	–	8,083	23,896	51,142	56,612
Due from primary government/related parties.....	387,032	–	–	–	–
Accounts and notes receivable.....	861,631	1,063,860	2,293,843	1,087,530	477,819
Inventories.....	925,492	1,072,741	880,975	1,092,036	949,946
Student loans receivable.....	219,951	258,505	289,968	368,462	355,204
Prepaid expenses.....	7,242	7,242	282,985	111,391	320,337
Total current assets.....	<u>21,051,253</u>	<u>16,319,038</u>	<u>17,320,924</u>	<u>17,385,763</u>	<u>14,998,248</u>
Noncurrent assets:					
Restricted cash and cash equivalents.....	3,546,928	2,741,769	1,929,553	600,023	700,231
Investments.....	8,290,218	5,360,744	8,061,253	10,195,347	9,474,051
Due from primary government/related parties.....	19,810	–	–	–	–
Student loans receivable.....	2,037,675	2,088,615	2,072,491	2,046,335	2,135,813
Capital assets, net of accumulated depreciation.....	87,942,792	88,472,854	87,964,028	72,276,521	69,815,035
Accounts, notes, and pledges receivable.....	157,928	136,200	–	–	–
Total noncurrent assets.....	<u>101,995,351</u>	<u>98,800,182</u>	<u>100,027,325</u>	<u>85,118,226</u>	<u>82,125,130</u>
Total assets.....	<u>123,046,604</u>	<u>115,119,220</u>	<u>117,348,249</u>	<u>102,503,989</u>	<u>97,123,378</u>
Liabilities:					
Current liabilities:					
Accounts payable.....	947,766	1,203,776	1,645,562	1,845,051	1,365,988
Accrued liabilities.....	1,515,109	485,331	630,277	203,876	125,669
Compensated absences and termination benefits.....	745,784	782,592	817,959	809,149	865,878
Deposits.....	135,485	116,031	215,696	113,797	98,050
Deferred revenue.....	897,006	631,161	392,383	304,015	199,904
Contracts and capital leases payable.....	452,464	392,932	721,679	664,965	600,321
Total current liabilities.....	<u>4,693,614</u>	<u>3,611,823</u>	<u>4,423,556</u>	<u>3,940,853</u>	<u>3,255,810</u>
Noncurrent liabilities:					
Compensated absences and termination benefits.....	386,308	512,369	639,704	579,517	784,149
Bonds, contracts and capital leases payable.....	5,696,882	5,372,761	5,765,694	9,500,785	9,154,232
Total noncurrent liabilities.....	<u>6,083,190</u>	<u>5,885,130</u>	<u>6,405,398</u>	<u>10,080,302</u>	<u>9,938,381</u>
Total liabilities.....	<u>10,776,804</u>	<u>9,496,953</u>	<u>10,828,954</u>	<u>14,021,155</u>	<u>13,194,191</u>
Net Assets:					
Invested in capital assets, net of related debt.....	81,793,446	82,707,161	81,476,654	62,110,772	60,060,484
Restricted for:					
Nonexpendable:					
Scholarships and fellowships.....	8,236,419	7,500,478	8,331,872	10,576,097	9,621,589
Other.....	276,357	256,869	150,428	282,016	875,759
Expendable:					
Scholarships and fellowships.....	775,298	742,375	1,634,206	1,097,013	580,514
Loans.....	2,444,177	2,530,480	2,549,615	2,610,120	2,717,446
Capital projects.....	1,028,507	1,123,746	1,238,528	330,741	94,559
Debt service.....	591,993	296,147	658,164	1,179,214	1,113,337
Other.....	1,900,113	1,836,292	2,056,344	971,366	560,777
Unrestricted.....	15,223,490	8,628,719	8,423,484	9,325,495	8,304,722
Total net assets.....	<u>\$112,269,800</u>	<u>\$ 105,622,267</u>	<u>\$ 106,519,295</u>	<u>\$ 88,482,834</u>	<u>\$ 83,929,187</u>

(1) Does not include the College's component unit (Foundation).

(Source: Information taken from the College's audited financial statements. This summary itself has not been audited.)

Dixie State College of Utah

Statement of Revenues, Expenses, and Changes in Net Assets

Primary Institution (1)

(This summary has not been audited)

	Fiscal Year Ended June 30				
	2010	2009	2008	2007	2006
Revenues:					
Operating revenues:					
Student tuition and fees (net of scholarship allowances).....	\$ 24,358,192	\$ 17,178,996	\$ 14,966,975	\$ 13,830,670	\$ 12,826,340
Federal grants and contracts.....	116,676	82,727	1,344,724	5,398,970	5,662,043
State and local grants and contracts.....	-	5,000	308,455	689,192	917,532
Nongovernment grants and contracts.....	-	43,772	10,532	29,180	37,200
Auxiliary enterprises (net of scholarship allowances).....	7,378,448	6,201,787	6,000,179	5,535,093	5,195,193
Other operating revenues.....	682,152	504,254	464,711	534,000	97,137
Total operating revenues.....	32,535,468	24,016,536	23,095,576	26,017,105	24,735,445
Expenses:					
Operating expenses:					
Salaries and wages.....	25,664,101	23,938,479	21,115,597	18,386,143	16,825,043
Employee benefits.....	8,758,587	8,386,803	7,838,871	6,643,339	6,903,061
Student financial aid.....	17,085,947	8,052,497	6,555,744	5,569,583	5,767,841
Utilities.....	1,730,559	1,707,530	1,610,338	1,570,400	1,602,401
Cost of Goods Sold.....	3,611,689	3,180,027	2,922,796	2,724,428	2,587,891
Other operating expenses.....	3,685,365	3,580,982	11,327,511	9,069,457	9,030,736
Depreciation.....	11,217,132	10,934,864	3,359,525	3,077,476	2,902,392
Total operating expenses.....	71,753,380	59,781,182	54,730,382	47,040,826	45,619,365
Operating income (loss).....	(39,217,912)	(35,764,646)	(31,634,806)	(21,023,721)	(20,883,920)
Nonoperating revenues (expenses):					
State appropriations.....	22,201,250	22,703,592	22,537,700	18,778,226	18,080,174
Federal grants.....	16,540,054	8,291,516	4,566,389	-	-
State grants.....	676,930	796,911	420,361	-	-
Nongovernmental grants.....	11,300	-	-	-	-
Gifts.....	3,998,525	1,500,056	1,660,667	1,634,871	1,039,470
Investment income (loss).....	948,127	1,305,352	216,930	2,209,623	1,203,541
Gain (loss) on asset disposition.....	-	-	-	(122,853)	(123,054)
Interest on capital asset related debt.....	(250,198)	(268,865)	(274,207)	(429,770)	(429,085)
Insurance proceeds.....	-	-	-	610,900	-
Other nonoperating revenues (expenses).....	(161,181)	(339,874)	(366,528)	35,698	(65,357)
Interest on student loans.....	-	-	-	-	42,599
Net nonoperating revenues.....	43,964,807	31,377,984	28,761,312	22,716,695	19,748,288
Income (loss) before other revenues.....	4,746,895	(4,386,662)	(2,873,494)	1,692,974	(1,135,632)
Other revenues and expenses:					
Capital appropriations.....	1,488,399	3,040,832	19,998,937	2,701,888	361,437
Capital grants and gifts.....	347,679	302,274	833,153	374,367	3,763,775
Additions to permanent endowments.....	64,560	146,528	77,865	152,726	407,840
Total other revenues.....	1,900,638	3,489,634	20,909,955	3,228,981	4,533,052
Increase in net assets.....	6,647,533	(897,028)	18,036,461	4,921,955	3,397,420
Net assets:					
Net assets, beginning of year as originally reported.....	105,622,267	106,519,295	88,482,834	83,929,187	83,216,867
Other adjustments.....	-	-	-	(368,308)	(2,685,100)
Net assets, beginning of year as restated.....	105,622,267	106,519,295	88,482,834	83,560,879	80,531,767
Net assets, end of year.....	\$ 112,269,800	\$ 105,622,267	\$ 106,519,295	\$ 88,482,834	\$ 83,929,187

(1) Does not include the College's component unit (Foundation).

(Source: Information taken from the College's audited financial statements. This summary itself has not been audited.)

**CONTINUING DISCLOSURE INFORMATION SPECIFICALLY REQUIRED
FOR THE LEASE REVENUE BONDS (the 2006 Bonds)**

DIXIE STATE COLLEGE OF UTAH

State Appropriations To The College

The College has annually received and anticipates receiving appropriations from the State Legislature which are to be applied to the educational and general expenditures of the College, as well as for capital construction and facilities maintenance.

The State General Fund appropriations for operations to the College for the fiscal years shown below:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>General</u> <u>Operating</u>
2010	\$22,201,250
2009	22,703,592
2008	22,537,700
2007	18,778,226
2006	18,080,174

(Source: The College.)

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DEBT STRUCTURE OF THE DIXIE STATE COLLEGE OF UTAH

Outstanding Debt Of The College

Lease Revenue Bonds

<u>Series (1)</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Outstanding</u>
2006 (2).....	Refunding	\$4,845,000	May 1, 2023	<u>\$4,165,000</u>

(1) All of these bonds are issued on a parity basis under the Indenture.

(2) Rated "AA" underlying by S&P, as of the date of this SUPPLEMENTAL CONTINUING DISCLOSURE MEMORANDUM. These bonds are insured by Ambac.

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Debt Service Schedule Of Outstanding Bonds By Fiscal Year

Fiscal Year Ending June 30	Lease Revenue		
	\$4,845,000 Series 2006		
	Principal	Interest	Total Debt Service
2010.....	\$ 280,000	\$ 199,639	\$ 479,639
2011.....	285,000	188,999	473,999
2012.....	300,000	177,955	477,955
2013.....	310,000	166,255	476,255
2014.....	325,000	153,080	478,080
2015.....	335,000	139,268	474,268
2016.....	350,000	125,030	475,030
2017.....	365,000	111,030	476,030
2018.....	380,000	96,430	476,430
2019.....	395,000	80,755	475,755
2020.....	410,000	63,968	473,968
2021.....	425,000	45,518	470,518
2022.....	450,000	26,393	476,393
2023.....	120,000	5,580	125,580
Totals.....	<u>\$ 4,730,000</u>	<u>\$ 1,579,898</u>	<u>\$ 6,309,898</u>

**AUDITED FINANCIAL REPORT FOR DIXIE STATE COLLEGE OF UTAH
JUNE 30, 2010**

Included with this supplement is the College's Financial Report for Fiscal Year 2010.

Additionally, the College's present and historical Financial Reports may be found on the "world wide web" at the State of Utah, State Auditor's internet site at:

http://new.dixie.edu/busoff/___financial_statements.php



DIXIE STATE COLLEGE OF UTAH
A Component Unit of the State of Utah

Annual Financial Report
For the Year Ended June 30, 2010

Report No. 10-58

*Keeping Utah
Financially Strong*

AUSTON G. JOHNSON, CPA
UTAH STATE AUDITOR

DIXIE STATE COLLEGE OF UTAH
A Component Unit of the State of Utah

Annual Financial Report
For the Fiscal Year Ended June 30, 2010

Report No. 10-58

DIXIE STATE COLLEGE OF UTAH
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2010

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Auston G. Johnson, CPA
UTAH STATE AUDITOR

STATE OF UTAH
Office of the State Auditor

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DEPUTY STATE AUDITOR:
Joe Christensen, CPA

FINANCIAL AUDIT DIRECTORS:
Van H. Christensen, CPA
Deborah A. Empey, CPA
Stan Godfrey, CPA
Jon T. Johnson, CPA

INDEPENDENT STATE AUDITOR'S REPORT

To the Board of Trustees,
Audit Committee,
and
Stephen Nadauld, President
Dixie State College of Utah

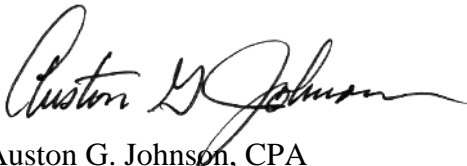
We have audited the accompanying financial statements of Dixie State College of Utah (the College) and, based on the report of other auditors, its discretely presented Component Unit Foundation, which collectively comprise the College's basic financial statements, as of and for the year ended June 30, 2010, as listed in the table of contents. The College is a component unit of the State of Utah. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the discretely presented Component Unit Foundation. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented Component Unit Foundation, is based on the report of the other auditors.

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 College'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 and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College and of its discretely presented Component Unit Foundation as of June 30, 2010, and the respective changes in financial position and, where applicable, 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 June 22, 2011 on our consideration of the College'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, on pages 3 through 9, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script, appearing to read "Auston G. Johnson".

Auston G. Johnson, CPA
Utah State Auditor
June 22, 2011

DIXIE STATE COLLEGE OF UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

As management of Dixie State College of Utah (the College), we offer readers of the College's financial statements this narrative overview and analysis of the financial activities of the College for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented within this discussion and analysis in conjunction with the additional information that is furnished in our basic financial statements (including the notes to the financial statements).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the College's basic financial statements. The College's basic financial statements consist of four components: 1) the Statement of Net Assets, 2) the Statement of Revenues, Expenses, and Changes in Net Assets, 3) the Statement of Cash Flows, and 4) the Notes to the Financial Statements. This discussion and analysis focuses on the College's primary institution operations. The College's discretely presented Component Unit Foundation issues separately audited financial statements, which can be obtained directly from the Dixie College Foundation's administrative office.

Statement of Net Assets: The Statement of Net Assets provides information on the College's assets and liabilities at the end of the fiscal year, with the difference between the two reported as net assets. The information provided in the Statement of Net Assets, along with disclosures and other information contained in the Statement of Revenues, Expenses, and Changes in Net Assets; the Statement of Cash Flows; and the accompanying notes, helps users evaluate, among other things, the College's liquidity and its ability to meet its obligations. It is one way of measuring the College's financial health or position. Over time, increases or decreases in the College's net assets are an indicator of whether its financial condition is improving or deteriorating. Other non-financial factors are also important to consider, including student enrollment and the condition of the campus buildings.

The following table summarizes the College's assets, liabilities, and net assets at June 30, 2009 and 2010:

Condensed Statement of Net Assets

	Year Ended June 30, 2009 Amount	Year Ended June 30, 2010 Amount	Amount of Increase (Decrease)
Assets			
Current Assets	\$ 16,319,038	\$ 21,051,253	\$ 4,732,215
Capital Assets, Net	88,472,854	87,942,792	(530,062)
Other Assets	10,327,328	14,052,559	3,725,231
Total Assets	115,119,220	123,046,604	7,927,384
Liabilities			
Current Liabilities	3,611,823	4,693,614	1,081,791
Noncurrent Liabilities	5,885,130	6,083,190	198,060
Total Liabilities	9,496,953	10,776,804	1,279,851
Net Assets			
Invested in Capital Assets, Net of Related Debt	82,707,161	81,793,446	(913,715)
Restricted - Nonexpendable	7,757,347	8,512,776	755,429
Restricted - Expendable	6,529,040	6,740,088	211,048
Unrestricted	8,628,719	15,223,490	6,594,771
Total Net Assets	\$ 105,622,267	\$ 112,269,800	\$ 6,647,533

DIXIE STATE COLLEGE OF UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

Current assets increased compared to last fiscal year because of the increase in tuition and fees revenue due to the 26.4% enrollment increase together with the 8.11% tuition increase and the 11.97% student fee increase. The increase in other assets of the College during the fiscal year is mainly due to the receipt of funds from the Browning library endowment trust. In June of 2010 the terms of the Browning library endowment trust ended and all the funds in the endowment trust were distributed to the College to use for any educational purpose.

The liabilities of the College increased during the fiscal year and it was mostly attributable to the increase in tuition and student enrollment mentioned above. As a result of the increases in enrollment and tuition in summer school the deferred revenue increased substantially. There was a sizeable increase in accounts payable at the end of the year. And there also was an increase in accrued liabilities due to an increase in the number of employees at the College.

The increase in net assets of the College is primarily attributable to the increase in student enrollment, tuition, and the receiving of funds from the Browning library endowment trust, that are all mentioned above.

Statement of Revenues, Expenses, and Changes in Net Assets: The Statement of Revenues, Expenses, and Changes in Net Assets provides information to users about the operating performance of the College and the effects of nonoperating transactions on net assets. The information in this statement, together with information in the Statement of Net Assets, the Statement of Cash Flows, and the accompanying notes, should assist users of the College's financial statements in evaluating the College's performance during the fiscal year. These statements will also show how well management has discharged their stewardship responsibilities and other aspects of their duties.

The following table summarizes the College's revenues, expenses, and changes in net assets for the years ended June 30, 2009 and 2010:

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

	Year Ended June 30, 2009 Amount	Year Ended June 30, 2010 Amount	Amount of Increase (Decrease)
Operating Revenues	\$ 24,016,536	\$ 32,535,468	8,518,932
Operating Expenses	59,781,182	71,753,380	11,972,198
Operating Loss	(35,764,646)	(39,217,912)	(3,453,266)
Nonoperating Revenues	31,986,723	44,376,186	12,389,463
Nonoperating Expenses	608,739	411,379	(197,360)
Net Nonoperating Revenues	31,377,984	43,964,807	12,586,823
Income (Loss) before Other Revenues	(4,386,662)	4,746,895	9,133,557
Other Revenues, Expenses, Gains or Losses	3,489,634	1,900,638	(1,588,996)
Increase (Decrease) in Net Assets	(897,028)	6,647,533	7,544,561
Net Assets – Beginning of Year	106,519,295	105,622,267	(897,028)
Net Assets – End of Year	\$ 105,622,267	\$ 112,269,800	\$ 6,647,533

DIXIE STATE COLLEGE OF UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

For the year ended June 30, 2010, the College experienced a net operating loss as shown above. In a normal year, an operating loss would be expected since the College receives a majority of its funding from nonoperating revenues. Appropriations, along with grants, investment income, and financial gifts from donors, are classified on the financial statements as nonoperating revenues.

Revenues: The following table summarizes the College's revenues for the years ended June 30, 2009 and 2010:

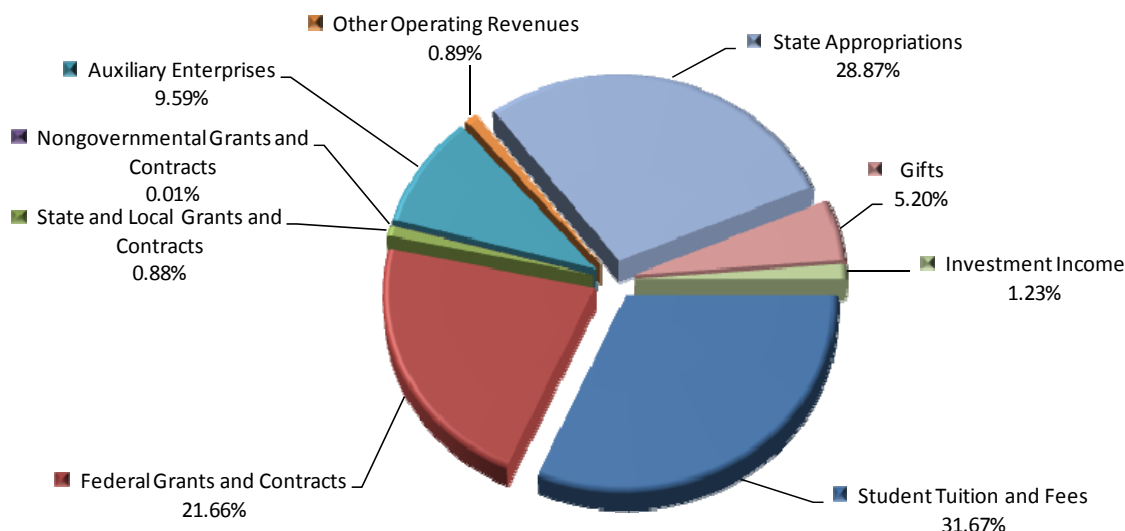
	Year Ended June 30, 2009 Amount	Year Ended June 30, 2010 Amount	Percent of Total	Amount of Increase (Decrease)	Percentage Increase (Decrease)
Operating Revenues					
Student Tuition and Fees	\$ 17,178,996	\$ 24,358,192	74.87%	\$ 7,179,196	41.79%
Federal Grants and Contracts	82,727	116,676	0.36%	33,949	41.04%
State and Local Grants and Contracts	5,000	-	0.00%	(5,000)	-100.00%
Nongovernmental Grants and Contracts	43,772	-	0.00%	(43,772)	-100.00%
Auxiliary Enterprises	6,201,787	7,378,448	22.68%	1,176,661	18.97%
Other Operating Revenues	504,254	682,152	2.09%	177,898	35.28%
Total Operating Revenues	\$ 24,016,536	\$ 32,535,468	100.00%	\$ 8,518,932	35.47%
Nonoperating Revenues					
State Appropriations	\$ 22,703,592	\$ 22,201,250	50.03%	\$ (502,342)	-2.21%
Federal Grants	8,291,516	16,540,054	37.27%	8,248,538	99.48%
State and Local Grants	796,911	676,930	1.53%	(119,981)	-15.06%
Nongovernmental Grants	-	11,300	0.03%	11,300	100.00%
Gifts	1,500,056	3,998,525	9.01%	2,498,469	166.56%
Investment Income	(1,305,352)	948,127	2.13%	2,253,479	-172.63%
Total Nonoperating Revenues	\$ 31,986,723	\$ 44,376,186	100.00%	\$ 12,389,463	38.73%
Other Revenues					
Capital Appropriations	\$ 3,040,832	\$ 1,488,399	78.31%	\$ (1,552,433)	-51.05%
Capital Grants and Gifts	302,274	347,679	18.29%	45,405	15.02%
Additions to Permanent Endowments	146,528	64,560	3.40%	(81,968)	-55.94%
Total Other Revenues	\$ 3,489,634	\$ 1,900,638	100.00%	\$ (1,588,996)	-45.53%

Operating revenues increased overall when compared to the prior year as shown above. This increase is primarily attributable to the student tuition and fees line item. Student tuition and fees revenue increased due to an 8.11% tuition increase and an 11.97% student fee increase together with a student enrollment increase of 26.4%. Auxiliary enterprises revenue increased due to the enrollment increase which increased the bookstore sales and other similar activities among the various auxiliary operations across campus.

Nonoperating and other revenues fluctuate from year to year based on the amount appropriated by the state legislature for ongoing needs and capital projects at the College. These revenues also fluctuate from year to year because of the inconsistent pattern of investment income, gifts given to the College for scholarships, and capital projects. Federal grants increased due to the overall increase in student enrollment. The large decrease in capital appropriations is from the reduction in capital improvement projects being done on campus.

DIXIE STATE COLLEGE OF UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

Operating & Nonoperating Revenues



Expenses: The following table summarizes the College's expenses for the years ended June 30, 2009 and 2010:

	<u>Year Ended June 30, 2009 Amount</u>	<u>Year Ended June 30, 2010 Amount</u>	<u>Percent of Total</u>	<u>Amount of Increase (Decrease)</u>	<u>Percentage Increase (Decrease)</u>
Operating Expenses					
Salaries and Wages	\$ 23,938,479	\$ 25,664,101	35.77%	\$ 1,725,622	7.21%
Employee Benefits	8,386,803	8,758,587	12.21%	371,784	4.43%
Student Financial Aid	8,052,497	17,085,947	23.81%	9,033,450	112.18%
Utilities	1,707,530	1,730,559	2.41%	23,029	1.35%
Cost of Goods Sold	3,180,027	3,611,689	5.03%	431,662	13.57%
Depreciation	3,580,982	3,685,365	5.14%	104,383	2.91%
Other Operating Expenses	10,934,864	11,217,132	15.63%	282,268	2.58%
Total Operating Expenses	<u>\$ 59,781,182</u>	<u>\$ 71,753,380</u>	<u>100.00%</u>	<u>\$ 11,972,198</u>	<u>20.03%</u>
Nonoperating Expenses					
Interest on Capital Asset Related Debt	\$ 268,865	\$ 250,198	60.82%	\$ (18,667)	-6.94%
Other	339,874	161,181	39.18%	(178,693)	-52.58%
Total Nonoperating Expenses	<u>\$ 608,739</u>	<u>\$ 411,379</u>	<u>100.00%</u>	<u>\$ (197,360)</u>	<u>-32.42%</u>

Operating expenses increased overall when compared to the prior year as shown above. The majority of this increase is due to the 26.4% student enrollment increase combined with the 8.11% tuition increase and the 11.97% student fee increase. The number of students that applied for and received scholarships, waivers, and pell grants increased as a result of this enrollment increase. Another factor in the increase in operating expenses was salaries, wages, and benefit expenses. These increased due to the hiring of additional employees to help with the increase of students on campus.

DIXIE STATE COLLEGE OF UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

Statement of Cash Flows: The Statement of Cash Flows provides information about the cash receipts and cash payments of the College during the fiscal year. When used with related disclosures and information in other financial statements, the Statement of Cash Flows should help financial statement report users assess the College's ability to generate future net cash flows and its ability to meet its obligations as they come due. The Statement of Cash Flows will also provide reasons for differences between operating income and the associated cash receipts/payments, as well as the effects on the College's financial position for cash and non-cash investing, capital, and financing transactions during the fiscal year.

The following table summarizes the College's cash flows for the years ended June 30, 2009 and 2010:

Condensed Statement of Cash Flows

	Year Ended June 30, 2009 Amount	Year Ended June 30, 2010 Amount	Amount of Change
Cash Provided (Used) by:			
Operating Activities	\$ (33,068,311)	\$ (34,618,747)	\$ (1,550,436)
Noncapital Financing Activities	33,438,603	43,371,416	9,932,813
Capital and Related Financing Activities	(609,696)	(1,232,948)	(623,252)
Investing Activities	1,410,970	(1,973,264)	(3,384,234)
Net Change in Cash	1,171,566	5,546,457	4,374,891
Cash – Beginning of Year	15,478,810	16,650,376	1,171,566
Cash – End of Year	\$ 16,650,376	\$ 22,196,833	\$ 5,546,457

The College's overall liquidity increased from the previous year. Major sources of operating funds were tuition and fees and auxiliary enterprises revenue. Cash provided by noncapital financing activities increased because of increased grant income. The cash for capital and related financing activities decreased because of a decrease in the number of state funded capital projects being conducted on campus. The decrease in cash provided from investing activities is a result of the purchase of investments in excess of the income provided by investments.

Capital Assets and Debt Administration

Capital Assets: Investment in capital assets includes land, partial interest in Foundation's real property, land improvements, buildings, library books, equipment, and construction in progress. There was a decrease in capital assets overall from the previous year because the depreciation expense was greater than the capital assets purchased during the year.

DIXIE STATE COLLEGE OF UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

The following table summarizes the College's capital assets at June 30, 2009 and 2010:

Capital Assets, Net	June 30, 2009	June 30, 2010	Amount of
	Amount	Amount	Increase
			(Decrease)
Land	\$ 10,781,036	\$ 10,979,669	\$ 198,633
Partial Interest in Foundation's Real Property	422,785	422,785	-
Land Improvements	5,231,849	5,316,184	84,335
Buildings	66,547,116	65,805,258	(741,858)
Equipment	4,220,834	3,998,489	(222,345)
Library Books	1,215,409	1,214,272	(1,137)
Construction in Progress	53,825	206,135	152,310
Total Capital Assets, Net	\$ 88,472,854	\$ 87,942,792	\$ (530,062)

Additional information about the College's capital assets can be found in Note 5 to the financial statements.

Contracts and Capital Leases: The College had an overall increase in contracts and capital leases payable when compared to the prior year. This increase is due primarily to additional debt to acquire real estate adjacent to the College's main campus.

The following table summarizes outstanding long-term liabilities at June 30, 2009 and 2010:

Contracts and Capital Leases Payable	June 30, 2009	June 30, 2010	Amount of
	Amount	Amount	Increase
			(Decrease)
Contracts Payable	\$ 805,460	\$ 1,100,416	\$ 294,956
Capital Leases Payable	4,960,233	5,048,930	88,697
Total Contracts and Capital Leases Payable	\$ 5,765,693	\$ 6,149,346	\$ 383,653

Additional information related to the College's liabilities is presented in Notes 6, 7, and 8 to the financial statements.

Economic Outlook

Utah's economy is being affected, like the other states in the nation, from the recent turmoil in the financial markets. Because of the economic downturn the College received ongoing and one time budget cuts from the state legislature. These cuts will limit the amount of services and programs the College will be able to offer, as state appropriation revenue from the state legislature is the largest source of income for the College.

This economic downturn has increased unemployment in Utah as well as throughout the nation. This unemployment has contributed to increases in enrollment at higher education institutions. The College's enrollment has grown substantially and this will help the financial situation by increasing tuition revenue in the short run. Despite the potential state appropriation revenue cuts, management has a positive outlook of their current strategic plans for future growth.

DIXIE STATE COLLEGE OF UTAH
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

Requests for Information

This financial report is designed to provide a general overview of Dixie State College of Utah's finances. The report is for all those with an interest in the College's finances and to show the College's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Dixie State College of Utah, Business Services, 225 South 700 East, Saint George, Utah 84770.

DIXIE STATE COLLEGE OF UTAH

STATEMENT OF NET ASSETS

JUNE 30, 2010

	<u>Primary Institution</u>	<u>Component Unit Foundation</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents (Note 2)	\$ 18,649,905	\$ 735,619
Accounts and Notes Receivable, Net (Note 3)	861,631	70,487
Due from Primary Government/Related Parties (Note 3)	387,032	-
Inventories (Note 4)	925,492	-
Student Loans Receivable, Net (Note 3)	219,951	-
Prepaid Expenses	7,242	-
Total Current Assets	<u>21,051,253</u>	<u>806,106</u>
Noncurrent Assets		
Restricted Cash and Cash Equivalents (Note 2)	3,546,928	-
Investments (Note 2)	8,290,218	7,837,784
Accounts, Notes, and Pledges Receivable, Net (Note 3)	157,928	977,535
Due from Primary Government/Related Parties (Note 3)	19,810	-
Student Loans Receivable, Net (Note 3)	2,037,675	-
Assets Held in Trust	-	559,176
Capital Assets, Net (Note 5)	87,942,792	3,784,379
Total Noncurrent Assets	<u>101,995,351</u>	<u>13,158,874</u>
Total Assets	<u>123,046,604</u>	<u>13,964,980</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	947,766	181,170
Accrued Liabilities	1,515,109	-
Compensated Absences and Termination Benefits	745,784	-
Deposits	135,485	-
Deferred Revenue	897,006	-
Contracts and Capital Leases Payable (Note 6)	452,464	317,524
Total Current Liabilities	<u>4,693,614</u>	<u>498,694</u>
Noncurrent Liabilities		
Compensated Absences and Termination Benefits	386,308	-
Contracts and Capital Leases Payable (Note 6)	5,696,882	4,728,690
Total Noncurrent Liabilities	<u>6,083,190</u>	<u>4,728,690</u>
Total Liabilities	<u>10,776,804</u>	<u>5,227,384</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	81,793,446	-
Restricted for:		
Nonexpendable:		
Scholarships and Fellowships	8,236,419	-
Other	276,357	-
Foundation	-	8,716,427
Expendable:		
Scholarships and Fellowships	775,298	-
Loans	2,444,177	-
Capital Projects	1,028,507	-
Debt Service	591,993	-
Other	1,900,113	-
Foundation	-	143,532
Unrestricted	15,223,490	(122,363)
Total Net Assets	<u>\$ 112,269,800</u>	<u>\$ 8,737,596</u>

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

DIXIE STATE COLLEGE OF UTAH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Primary Institution</u>	<u>Component Unit Foundation</u>
OPERATING REVENUES		
Student Tuition and Fees (Note 1)	\$ 24,358,192	\$ -
Federal Grants and Contracts	116,676	-
Auxiliary Enterprises (Note 1)	7,378,448	-
Foundation Contributions Received	-	355,295
Other	682,152	329,539
Total Operating Revenues	<u>32,535,468</u>	<u>684,834</u>
OPERATING EXPENSES		
Salaries and Wages	25,664,101	-
Employee Benefits	8,758,587	-
Student Financial Aid	17,085,947	-
Donation to the College	-	177,738
Utilities	1,730,559	-
Cost of Goods Sold	3,611,689	-
Depreciation	3,685,365	-
Other	11,217,132	721,457
Total Operating Expenses	<u>71,753,380</u>	<u>899,195</u>
Operating Income (Loss)	<u>(39,217,912)</u>	<u>(214,361)</u>
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	22,201,250	-
Federal Grants	16,540,054	-
State and Local Grants	676,930	-
Nongovernmental Grants	11,300	-
Gifts	3,998,525	-
Investment Income	948,127	1,211,014
Interest on Capital Asset Related Debt	(250,198)	-
Other	(161,181)	(761,676)
Net Nonoperating Revenues	<u>43,964,807</u>	<u>449,338</u>
Income (Loss) Before Other Revenues	<u>4,746,895</u>	<u>234,977</u>
OTHER REVENUES (EXPENSES)		
Capital Appropriations	1,488,399	-
Capital Grants and Gifts	347,679	-
Additions to Permanent Endowments	64,560	13,954
Total Other Revenues	<u>1,900,638</u>	<u>13,954</u>
Increase (Decrease) in Net Assets	6,647,533	248,931
Net Assets – Beginning	<u>105,622,267</u>	<u>8,488,665</u>
Net Assets – End of Year	<u><u>\$ 112,269,800</u></u>	<u><u>\$ 8,737,596</u></u>

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

DIXIE STATE COLLEGE OF UTAH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Primary Institution</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Tuition and Fees	\$ 24,575,540
Receipts from Grants and Contracts	116,676
Receipts from Auxiliary Enterprises	7,179,337
Collection of Loans from Students	228,001
Loans Issued to Students	(247,392)
Other Receipts (Expenses)	726,248
Payments to Suppliers	(16,555,431)
Payments for Student Financial Aid	(17,085,947)
Payments for Employee Services and Benefits	(33,555,779)
Net Cash Provided (Used) by Operating Activities	<u>(34,618,747)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Appropriations	22,201,250
Receipts from Gifts/Grants	21,105,606
Receipts for Permanent Endowments	64,560
Net Cash Provided (Used) by Noncapital Financing Activities	<u>43,371,416</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital State Appropriations	1,488,399
Receipts from Capital Grants/Gifts	347,679
Purchases of Capital Assets	(3,202,481)
Principal Paid on Capital Debt/Leases	(412,039)
Interest Paid on Capital Debt/Leases	(250,198)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,232,948)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sale/Maturity of Investments	1,619,853
Receipt of Interest/Dividends from Investments	397,874
Purchase of Investments	(3,990,991)
Net Cash Provided (Used) by Investing Activities	<u>(1,973,264)</u>
Net Increase in Cash	5,546,457
Cash and Cash Equivalents – Beginning of Year	<u>16,650,376</u>
Cash and Cash Equivalents – End of Year	<u>\$ 22,196,833</u>

(continued)

DIXIE STATE COLLEGE OF UTAH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010

(continued)

	<u>Primary Institution</u>
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Income (Loss)	\$ (39,217,912)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	3,685,365
Nonoperating Revenues Recorded as Operating Activities	(103,497)
Changes in Assets and Liabilities:	
Student Tuition and Fees Receivables (net)	(48,497)
Student Loans Receivable	89,494
Auxiliary Enterprises and Other Recievables	(199,111)
Notes Receivable	128,139
Inventories	147,249
Accounts Payable	(252,185)
Accrued Payroll	1,029,778
Accrued Liabilities	(36,808)
Deferred Revenue	265,845
Compensated Absences	(126,061)
Deposits	19,454
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (34,618,747)</u></u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES	
Increase (Decrease) in Fair Value of Investments	\$ 1,295,838
Division of Facilities Construction and Management Projects Added to Capital Assets	1,488,399
Total Noncash Investing, Capital, and Financing Activities	<u><u>\$ 2,784,237</u></u>

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

DIXIE STATE COLLEGE OF UTAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Dixie State College of Utah (College), located in Saint George, Utah, was established in 1911 as Saint George Academy and became known as Dixie Academy. Originally operated by The Church of Jesus Christ of Latter-day Saints, the College was turned over to the State of Utah in 1933. It was known officially as Dixie Junior College until 1971 when the Utah State Legislature changed the name to Dixie College. In January 2000, the name was changed to Dixie State College of Utah when it became eligible to offer four-year degree programs. The College is a component unit of the State of Utah.

The College offers baccalaureate programs in selected high demand areas and in core or foundational areas consistent with four-year colleges. It also partners with other institutions in the Utah System of Higher Education in ensuring that quality graduate programs are available to Washington County residents.

The College is committed to accountability and creativity in delivering quality higher educational opportunities within its service area. The College will be a cooperative and conscientious partner with other public and higher education institutions, responsibly using public funds to meet the state's needs.

Reporting Entity

The College has included in the financial statements all restricted and unrestricted funds, including all auxiliary enterprises. The College has considered all potential component units for which the College is financially accountable and other organizations for which the nature and significance of their relationship with the College are such that exclusion would cause the College's financial statements to be misleading or incomplete.

The Dixie College Foundation (Foundation) is a separate but affiliated self-sustaining not-for-profit organization. Because the Foundation was established to receive gifts for the benefit of the College, the Foundation is included in the College's audited financial statements under the heading "Component Unit Foundation." Independent auditors have audited the Foundation and a separate report has been issued thereon and is available at the Foundation's administrative office. The Foundation is not subject to income taxes under Section 501(c)(3) of the Internal Revenue Code.

Basis of Accounting

The financial statements of the College have been prepared on the accrual basis of accounting.

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis

DIXIE STATE COLLEGE OF UTAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

The College has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The College has elected not to apply FASB pronouncements issued after the applicable date.

Basis of Presentation

Cash and Investments – Cash from all funds is deposited into one account except when legal requirements dictate the use of separate accounts. College and Foundation financial investments are carried at fair value. The College distributes earnings from pooled investments based on the average monthly investment of each participating account. Foundation real estate investments consist of donations that are reported at the lower of current fair value or the fair value at the time of donation. The College considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. This includes repurchase agreements and the Utah Public Treasurers' Investment Fund for the College. For the Foundation, cash equivalents include certificates of deposit and money market funds held by equity managers.

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

Inventories – The value of the College bookstore inventory is recorded at average cost using the retail inventory method. All other inventory values are determined by using the lower of cost (first-in, first-out) or market.

Prepaid Expenses – Prepaid expenses consist of products or services that have been paid for and not received.

Capital Assets – Property, plant, and equipment are stated at cost as of the date of acquisition or fair value at date of donation in the case of gifts. For equipment, the College's capitalization policy includes all items with a unit cost of \$3,000 or more and an estimated useful life greater than one year. Buildings costing \$20,000 or more are capitalized, as are improvements to buildings costing \$20,000 or more that extend the useful life, and land improvements that cost \$20,000 or more. Other capital assets are determined at acquisition based on guidelines developed by the Utah State Division of Finance, as adopted by the Utah State Board of Regents. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

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Depreciation on property, plant, and equipment is recorded based on the depreciation conventions adopted by the State of Utah over the estimated useful lives of the assets: 40 years for buildings, up to 30 years for building improvements, 5 to 20 years for land improvements, 20 years for library books, and 3 to 20 years for equipment.

Accrued Compensated Absences – Employees’ compensated absences are accrued when earned. The liability and expense incurred are recorded at year-end as accrued compensated absences in the Statement of Net Assets and as a component of salaries and benefit expense in the Statement of Revenues, Expenses, and Changes in Net Assets. College policy with regard to vacation and sick leave is that (1) unused vacation may be accrued to the extent of thirty days; and (2) sick leave may be accumulated at the rate of one day per month. However, regardless of the accumulated amount, when an employee terminates, there is no reimbursement for unused sick leave. Sick leave, when taken, is paid at the employee’s current rate of pay in the sense that the employee’s salary continues as if at work. Thus, no liability exists for sick leave earned in prior periods.

Deferred Revenue – Deferred revenue consists of amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period.

Noncurrent Liabilities – Noncurrent liabilities include (1) principal amounts of contracts payable and capital lease obligations with contractual maturities greater than one year; and (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year.

Pledges – The College follows the practice of recording gifts and pledges when all eligibility requirements imposed by the provider have been met.

Net Assets – The College’s net assets are classified as follows:

Invested in capital assets, net of related debt – This represents the College’s total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

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

Restricted net assets, nonexpendable – Nonexpendable restricted net assets consist of endowment and similar type funds in 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.

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

When an expense is incurred that can be paid using either restricted or unrestricted resources, the policy of the College is to apply the expense first towards allowed and appropriate restricted resources and then towards unrestricted resources.

Classification of Revenues and Expenses – Operating activities include all revenues and expenses that have the characteristics of exchange transactions. A large portion of the College's recurring revenue is defined as nonoperating by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*.

Operating revenues include student tuition and fees, grants and contracts, and revenue from auxiliary enterprises. Nonoperating revenues include state appropriations, grants, gifts, and investment income. Operating expenses include salaries, wages, benefits, student aid, supplies, utilities, repairs and maintenance, etc. Nonoperating expenses are expenses that do not meet the definition of operating expenses or other expenses. Primarily nonoperating expenses include interest payments on debt obligations.

Scholarship Allowances – Tuition, fees, and certain other student revenues are reported net of scholarship allowances in the Statement of Revenues, Expenses and Changes in Net Assets. Scholarship allowances are the difference between the stated charge for goods and services provided by the College 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 nonoperating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship allowance of \$3,780,516 against student tuition and fees and an allowance of \$23,090 against auxiliary enterprises revenue.

Tax Status – As a state institution of higher education, the income of the College is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code; however, income generated from activities unrelated to the College's exempt purpose is subject to income taxes under Internal Revenue Code Section 511(a)(2)(B).

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NOTE 2. DEPOSITS AND INVESTMENTS PORTFOLIO

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review the rules adopted under the authority of the State of Utah Money Management Act (*Utah Code*, Title 51, Chapter 7) that relate to the deposit and investment of public funds.

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

For endowment funds, the entity follows the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) (*Utah Code*, Title 51, Chapter 8) and State Board of Regents Rule 541, *Management and Reporting of Institutional Investments* (Rule 541).

Deposits – College

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the College's deposits may not be returned to it. The College does not have a formal deposit policy for custodial credit risk. As of June 30, 2010, \$534,043 of the College's bank balance was uninsured and uncollateralized.

Investments – College

The Money Management Act defines the types of securities authorized as appropriate investments for the College's nonendowment funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the College 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

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securities rated “A” or higher, or the equivalent of “A” or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Money Management Act; and the Utah State Public Treasurers’ Investment Fund (PTIF).

The UPMIFA and Rule 541 allow the College 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: professionally managed pooled or commingled investment funds registered with the Securities and Exchange Commission (SEC) or the Comptroller of the Currency (e.g., mutual funds); professionally managed pooled or commingled investment funds created under 501(f) of the Internal Revenue Code which satisfy the conditions for exemption from registration under Section 3(c) of the Investment Company Act of 1940; any investment made in accordance with the donor’s directions in a written instrument; and any alternative investment funds that derive returns primarily from high yield and distressed debt (hedged or non-hedged), private capital (including venture capital, private equity, both domestic and international), natural resources, and private real estate assets or absolute return and long/short hedge funds.

The Utah State Treasurer’s Office operates the PTIF. The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

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

DIXIE STATE COLLEGE OF UTAH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

As of June 30, 2010, the College had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Utah Public Treasurers' Investment Fund	\$ 21,752,419	\$ 21,752,419	\$ -	\$ -	\$ -
Money Market Funds	224,002	224,002	-	-	-
U.S. Treasuries	506,026	20,028	-	-	485,998
Mutual Funds – Bonds	673,125	103,399	-	245,512	324,214
Totals	<u>\$ 23,155,572</u>	<u>\$ 22,099,848</u>	<u>\$ -</u>	<u>\$ 245,512</u>	<u>\$ 810,212</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the Money Management Act or the UPMIFA and Rule 541, as applicable. For nonendowment funds, Section 51-7-11 of the Money Management Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years. 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 College's policy for reducing its exposure to credit risk is to comply with the State Money Management Act, the UPMIFA, and Rule 541, as previously discussed.

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FOR THE YEAR ENDED JUNE 30, 2010

At June 30, 2010, the College had the following investments and quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	No Risk	Unrated
Utah Public Treasurers' Investment Fund	\$ 21,752,419	\$ -	\$ -	\$ -	\$ 21,752,419
Money Market Funds	224,002	-	-	-	224,002
U.S. Treasuries	506,026	485,998	-	20,028	-
Mutual Funds – Bonds	673,125	-	-	-	673,125
Totals	<u>\$ 23,155,572</u>	<u>\$ 485,998</u>	<u>\$ -</u>	<u>\$ 20,028</u>	<u>\$ 22,649,546</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The College'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 nonendowment 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 equity portfolio must be invested in companies with an average market capitalization of at least \$10 billion; also a minimum of 25% of the overall endowment portfolio should be invested in investment grade fixed income securities as defined by Moody's Investors Service or Standard and Poor's. The overall endowment portfolio cannot consist of more than 75% equity investments. Rule 541 also limits investments to no more than 3% in any one sector fund that is concentrated within one sector of the U.S. market and no more than 5% in equity or fixed income funds of developing markets. It also limits investments in alternative investment funds, as allowed by Rule 541, to between 0% and 30% based on the size of the College'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 College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College does not have a formal policy for custodial credit risk. As of June 30, 2010, the College had \$506,026 in U.S. Treasuries which were held by the counterparty's trust department or agent but not in the College's name.

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Endowment Funds

According to the UPMIFA, 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 historical dollar value as is prudent under the facts and circumstances prevailing at the time of the action or decision.

The endowment income spending policy of the College is to allocate 4% of a three-year moving average of the market 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 that were available for authorization for expenditure at June 30, 2010 was \$(330,799). The net appreciation is a component of restricted nonexpendable net assets.

Cash and Cash Equivalents – Component Unit Foundation

At June 30, 2010, the Component Unit Foundation had the following cash and cash equivalents:

	Balance
Cash on Hand	\$ 62
Cash in Bank	553,063
Certificate of Deposit	30,000
Money Market Funds (Held by Equity Managers)	152,494
Total	\$ 735,619

Cash in Bank is insured by the Federal Deposit Insurance Corporation (FDIC). Money Market Funds are covered against broker theft by the Securities Investors Protection Corporation. Cash and cash equivalents have the general characteristics of demand deposits so that funds may be withdrawn at any time without prior notice.

Credit Risks – Component Unit Foundation

The Component Unit Foundation did not have any cash investments in excess of the \$250,000 FDIC insurance as of June 30, 2010. Investments with a market value of \$7,837,784 as disclosed above and below represent a risk factor subject to loss due to the volatility of the stock and bond markets.

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FOR THE YEAR ENDED JUNE 30, 2010

Investments – Component Unit Foundation

Investments are carried at market value on the Component Unit Foundation's financial statements. The resultant cumulative net unrealized loss at June 30, 2010, was \$(236,216) of which \$1,428,711 is the current year's unrealized gain.

The amortized cost and estimated market value of investments at June 30, 2010 are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
Fixed Income Bond Funds	\$ 1,119,063	\$ 84,394	\$ -	\$ 1,203,457
Obligations of U.S. Government Corporations and Agencies	513,220	41,192	-	554,412
Corporate Securities – Domestic	4,690,589	-	(242,264)	4,448,325
Corporate Securities – International	1,841,266	-	(119,538)	1,721,728
Total	<u>\$ 8,164,138</u>	<u>125,586</u>	<u>\$ (361,802)</u>	<u>7,927,922</u>
Less Losses		(361,802)		
Total Cumulative Net Gain/(Loss)		<u>\$ (236,216)</u>		
Less Assets Held in Trust Investments				<u>(90,138)</u>
Cumulative Net Unrealized Gain/(Loss) 6/30/09		\$ (2,174,288)		
Assets Held in Trust Unrealized Gain/(Loss)		509,361		
2010 Unrealized Gain/(Loss)		1,428,711		
Cumulative Net Unrealized Gain/(Loss) 6/30/10		<u>\$ (236,216)</u>		

NOTE 3. RECEIVABLES

Receivables at June 30, 2010 consisted of the following:

	Balance	Current Portion
Student Loans	\$ 2,407,729	\$ 219,951
Student Tuition and Fees	638,158	480,230
Auxiliary Enterprises and Other	301,003	301,003
Contracts and Grants	132,980	132,980
Notes Receivable	100,000	100,000
Due from Primary Government/Related Parties	406,842	387,032
	<u>3,986,712</u>	<u>1,621,196</u>
Less Allowances for Bad Debt	(302,685)	(152,582)
Total Receivables, Net	<u>\$ 3,684,027</u>	<u>\$ 1,468,614</u>

DIXIE STATE COLLEGE OF UTAH
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FOR THE YEAR ENDED JUNE 30, 2010

NOTE 4. INVENTORIES

Inventories at June 30, 2010 consisted of the following:

Bookstore	\$ 714,410
IT Services	124,252
Dining Services	61,957
Fuel	24,873
Total Inventories	<u>\$ 925,492</u>

NOTE 5. CAPITAL ASSETS

Property, plant and equipment at June 30, 2010 are summarized as follows:

<u>Category</u>	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2010</u>
Capital Assets				
Land	\$ 10,781,036	\$ 198,633	\$ -	\$ 10,979,669
Partial Interest in Foundation's Real Property	422,785	-	-	422,785
Depreciable Assets:				
Buildings	93,967,864	1,805,124	(170,000)	95,602,988
Land Improvements	9,856,441	360,784	-	10,217,225
Equipment	9,538,625	783,037	(975,068)	9,346,594
Library Books	2,021,387	106,587	(39,397)	2,088,577
Construction in Progress	53,825	156,135	(3,825)	206,135
Total Capital Assets	<u>126,641,963</u>	<u>3,410,300</u>	<u>(1,188,290)</u>	<u>128,863,973</u>
Less: Accumulated Depreciation	(38,169,109)	(3,692,769)	940,697	(40,921,181)
Capital Assets, Net	<u>\$ 88,472,854</u>	<u>\$ (282,469)</u>	<u>\$ (247,593)</u>	<u>\$ 87,942,792</u>

The College has certain works of art that are not capitalized or depreciated. These assets are held for public exhibition, education, or research, rather than financial gain. These assets are also protected, unencumbered, and preserved and are subject to policies requiring the proceeds from sales of collection items to be used to acquire other collection items. The College's assets of this nature include Native American artifacts, photographs, prints, paintings, monuments, statues, and other historical documents.

During fiscal year 2008 the College made a down payment for real property that the Component Unit Foundation purchased. The College has entered into an agreement with the Component Unit Foundation and the Foundation has secured a loan for the remaining amount of the purchase of the real property. This agreement will end either when the College obtains funding from the legislature to pay off the loan amount or the loan is paid

DIXIE STATE COLLEGE OF UTAH
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FOR THE YEAR ENDED JUNE 30, 2010

off by the Foundation. Currently, the College's down payment is classified above as a partial interest in Foundation's real property.

Fixed Assets of the Component Unit Foundation at June 30, 2010 consisted of the following:

	Balance June 30, 2009	Additions	Retirements/ Adjustments	Balance June 30, 2010
Land	\$ 1,257,220	\$ -	\$ -	\$ 1,257,220
Building	2,513,680	-	-	2,513,680
Building Improvements	113,396	29,950	-	143,346
Total	3,884,296	29,950	-	3,914,246
Accumulated Depreciation	(73,316)	(65,751)	-	(139,067)
	<u>\$ 3,810,980</u>	<u>\$ (35,801)</u>	<u>\$ -</u>	<u>\$ 3,775,179</u>
Collectible Art	\$ 9,200	\$ -	\$ -	\$ 9,200

NOTE 6. CONTRACTS AND CAPITAL LEASES PAYABLE

The College has entered capital lease agreements to acquire equipment. Equipment assets currently financed under capital lease and their accumulated depreciation amounts to \$857,413 and \$158,593 respectively. The College is currently paying on a bond that was entered into through the Utah State Board of Regents to acquire buildings. Building assets and their depreciation amount to \$9,018,056 and \$2,550,605 respectively. For financial statement purposes the bond is considered a capital lease for the College and shown as a bond for the Utah State Board of Regents. The College has also entered into contracts to acquire property. Contracts and capital leases payable at June 30, 2010 are summarized as follows:

	Interest Rate	Balance June 30, 2010
Contracts and Capital Leases Payable		
Charitable Annuity, 1998-2013	0.00%	\$ 17,354
Dell Computer Corp, 2010-2012	7.60%	27,133
Revco Leasing, 2010-2015	13.89% - 14.93%	22,875
US Bank, 2010-2015	16.15%	9,443
Village Bank, 2008-2025	4.25% - 4.75%	1,083,062
Wells Fargo Brokerage Services, 2007-2020	4.60% - 7.25%	539,479
Zions Bank, 2006-2023	3.60% - 4.65%	4,450,000
Total Contracts and Capital Leases Payable		<u><u>\$ 6,149,346</u></u>

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Future principal and interest payments are summarized as follows:

Year Ending June 30	Capital Leases	Contracts and Notes	Total Principal	Total Interest
2011	\$ 359,830	\$ 92,634	\$ 452,464	\$ 268,382
2012	379,590	263,902	643,492	248,736
2013	374,307	422,015	796,322	204,725
2014	391,148	21,049	412,197	185,473
2015	400,093	21,956	422,049	167,004
2016-2020	2,148,962	124,755	2,273,717	558,754
2021-2025	995,000	154,105	1,149,105	97,979
Totals	\$ 5,048,930	\$ 1,100,416	\$ 6,149,346	\$ 1,731,053

The Component Unit Foundation has entered into Charitable Gift Annuity Agreements wherein donors (the annuitants) conveyed to the Component Unit Foundation assets in exchange for annual payments to the annuitants during the annuitants' joint lifetimes and for the life of the surviving annuitant. The liability is calculated at the date of donation by figuring the present value of the annual payments over the expected remaining life of the annuitants. Contributions revenue, which is the fair market value of the contribution less its corresponding liability, is included in the Statement of Revenues, Expenses, and Changes in Net Assets for the year of contribution.

Future principal and interest payments for the Annuity are as follows:

Year Ending June 30	Principal	Interest	Totals
2011	\$ 64,860	\$ 64,600	\$ 129,460
2012	61,580	59,405	120,985
2013	39,884	55,676	95,560
2014	42,735	52,825	95,560
2015	45,799	49,761	95,560
Thereafter	728,586	307,877	1,036,463
Totals	\$ 983,444	\$ 590,144	\$ 1,573,588

The Component Unit Foundation has a note payable with a current portion of \$104,294 and a long-term portion of \$3,627,010, bears interest at 3.25%, \$19,285 is payable monthly and the remaining principal is due with a balloon payment in May 2011. The note payable is secured by the purchased property, Dahle Plaza. The Foundation believes that the State of Utah will fund the Foundation for the cost of the Plaza. If the State of Utah does not fund the Plaza before the due date it is expected that a new note with similar terms will be executed.

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The amounts due for each of the next five years and thereafter are as follows:

Year Ending June 30	Principal	Interest	Totals
2011	\$ 104,294	\$ 127,126	\$ 231,420
2012	115,249	116,171	231,420
2013	119,051	112,369	231,420
2014	122,978	108,442	231,420
2015	127,035	104,385	231,420
Thereafter	3,142,697	1,008,781	4,151,478
Totals	\$ 3,731,304	\$ 1,577,274	\$ 5,308,578

NOTE 7. RETIREMENT OF DEBT

In a prior year the Utah State Legislature authorized the funds to defease all of the College's outstanding auxiliary revenue bonds. The funds were put into irrevocable trusts to provide for all future debt service payments on the bonds. The principal balance of the College's defeased bonds at June 30, 2010 are as follows:

Defeased Bonds	Redemption Date	Principal Balance
Series 2002, 2002-2021, \$1,500,000	05/01/2012	\$ 1,500,000
Series 2006, 2006-2026, \$1,420,000	05/01/2016	1,420,000
Total Defeased Bonds		\$ 2,920,000

NOTE 8. LIABILITIES

Accounts payable balances for the year ended June 30, 2010 were as follows:

Accounts Payable	Balance
Suppliers Payable	\$ 684,599
Due to Primary Government	186,119
Accrued Interest	43,403
Student Refunds	33,645
Total Accounts Payable	\$ 947,766

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Long-term liability activity for the year ended June 30, 2010 was as follows:

Description	Beginning Balance June 30, 2009	Additions	Reductions	Ending Balance June 30, 2010	Current Portion
Contracts and Capital Leases Payable					
Contracts Payable	\$ 805,460	\$ 379,900	\$ (84,944)	\$ 1,100,416	\$ 92,634
Capital Leases Payable	4,960,233	415,792	(327,095)	5,048,930	359,830
Total Contracts and Capital Leases Payable	5,765,693	795,692	(412,039)	6,149,346	452,464
Other Liabilities					
Compensated Absences	848,892	623,595	(567,778)	904,709	567,778
Early Retirement Benefits	446,069	-	(218,686)	227,383	178,006
Total Other Liabilities	1,294,961	623,595	(786,464)	1,132,092	745,784
Total Current Portion of Noncurrent Liabilities					<u>\$ 1,198,248</u>
Total Long-term Liabilities	7,060,654	1,419,287	(1,198,503)	7,281,438	
Less: Current Portion	(1,539,638)	(1,198,248)	1,539,638	(1,198,248)	
Total Noncurrent Liabilities	<u>\$ 5,521,016</u>	<u>\$ 221,039</u>	<u>\$ 341,135</u>	<u>\$ 6,083,190</u>	

NOTE 9. PENSION PLANS AND RETIREMENT BENEFITS

Plan Description

The College contributes to the State and School Contributory Retirement System, State and School Noncontributory Retirement System, and Public Safety Noncontributory System cost-sharing multiple-employer defined benefit pension plans and Internal Revenue Code Section 401(k) defined contribution plan administered by the Utah Retirement Systems (Systems) and the Defined Contribution Retirement Plan administered by Teachers Insurance and Annuity Association College Retirement Equities Fund (TIAA-CREF). The Systems and TIAA-CREF provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective chapters of *Utah Code*, Title 49. The Utah State Retirement Systems Administration chapter of Title 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (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 System, 401(k) Plan, and Public Safety Noncontributory System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 560 East 200 South, Salt Lake City, Utah, 84102-2021, or by calling 1-800-365-8772.

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TIAA-CREF is administered by TIAA-CREF Individual & Institutional Services, which issues a publicly available financial report that includes financial statements and required supplementary information for the TIAA-CREF Defined Contribution Retirement Plan. A copy of the report may be obtained by writing to TIAA-CREF Individual & Institutional Services, 730 Third Avenue, New York, New York, 10017-3206, or by calling 1-800-842-2776.

Funding Policy

Plan members in the State and School Contributory Retirement System are required to contribute 6.00% of their annual covered salary (all or part of the contribution may be paid by the employer for the employee) and the College is required to contribute 9.73% of eligible annual covered salary. In the State and School Noncontributory Retirement System, the College is required to contribute 14.22% of eligible annual covered salary. In the Public Safety Noncontributory System, the College is required to contribute 30.18% of eligible annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board. In the TIAA-CREF Defined Contribution Plan, the College contributes 14.20% of eligible annual covered salary. The 401(k) Plan covers all eligible employees and the College contributes 1.50% of eligible annual covered salary.

The College's contributions to the various retirement plans were equal to the required amounts, as shown below:

	<u>Year Ended</u> <u>June 30, 2008</u>	<u>Year Ended</u> <u>June 30, 2009</u>	<u>Year Ended</u> <u>June 30, 2010</u>
Retirement Contributions			
State School-Contributory Retirement System	\$ 13,626	\$ 14,158	\$ 14,300
State School-Noncontributory Retirement System	747,588	715,859	714,126
Public Safety Noncontributory System	41,368	51,899	59,032
TIAA-CREF Defined Contribution Retirement Plan	1,525,267	1,852,258	1,926,957
401(k) Plan Employer Contributions	79,295	75,717	75,472
401(k) Plan Employee Contributions	170,050	118,368	135,341
Total Retirement Contributions	<u>\$ 2,577,194</u>	<u>\$ 2,828,259</u>	<u>\$ 2,925,228</u>

NOTE 10. TERMINATION BENEFITS

In addition to the pension benefits described in Note 9, the College provides termination benefits, in accordance with College policy and as approved by the Board of Trustees, for those employees who are eligible and elect the College's early retirement option.

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For fiscal year 2010, the following early retirement option is in effect:

Eligible employees are those who retire from the College on or after age 57 and whose combined total of age and years of service is 75. The benefits include a semi-monthly stipend of 20% of the retiree's salary at the time of active employment, medical insurance, dental insurance, and life insurance for a maximum period of five years or to age 65, whichever comes first. These benefits are fully paid by the College.

As of June 30, 2010, nine eligible employees have elected to take the early retirement option. The funding for these post employment benefits is provided on a pay-as-you-go basis. For the year ended June 30, 2010, the stipend and benefits expense for the early retirement program totaled \$222,725. The early retirement liability is calculated using a 5% discount rate and a 3% inflation factor for salary and insurance premiums.

NOTE 11. FUNDS HELD IN TRUST BY OTHERS

Funds held in trust by others are neither in the possession of, nor under the management of, the College. The College is the beneficiary of and annually receives income from these funds held in trust by other trustees. The fair value of funds held in trust at June 30, 2010 was \$463,080.

The decrease in the funds held in trust was due to the ending of the library endowment trust. In June of 2010 the terms of the library endowment trust ended and the entire endowment was distributed to the College to use for any educational purpose.

NOTE 12. RISK MANAGEMENT

The College maintains insurance coverage for commercial general liability, automobiles, errors and omissions, and property (buildings and equipment) through policies administered by the Utah State Risk Management Fund. Employees of the College and authorized volunteers are covered by workers' compensation and employees' liability through the Workers Compensation Fund of Utah.

NOTE 13. RELATED PARTY TRANSACTIONS

The College has entered into an agreement with the Dixie Applied Technology College (DXATC) to lease building space to them. This agreement ends on June 30, 2011. There is also an agreement between the College and the DXATC to share resources. The resources involve physical infrastructure such as the phone system, network system, and IT support. In addition, both schools offer tuition waivers for qualifying employees and family members of the other institution.

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The College agreed to pay for building renovations, equipment, and furniture for the Component Unit Foundation's University Plaza. The Component Unit Foundation has agreed to pay back the entire amount that was paid by the College. The building renovations will become the property of the Component Unit Foundation.

NOTE 14. SUBSEQUENT EVENTS

CMI Private-Public Partnership

Beginning in July of 2010, the "Center for Media Innovations" (CMI) entered into a public-private partnership agreement with KCSG television of St. George/Cedar. This partnership, Center for Media Innovations (CMI), provides the College with a live laboratory for students in the Department of Communications. The College was granted the rights to use the KCSG broadcast license, equipment, and facilities in return for the production of television news, commercials, and personnel support for KCSG. Public-private partnerships are common in higher education in the State of Utah; however, this is the first involving a commercial television station. In October 2010, CMI became a legally separate but affiliated entity established under *Utah Code* Section 53B-16-501.

ESCO Project

On February 17, 2011, the College entered into a lease-purchase agreement with PNC Equipment Finance and All American Investment Group to provide energy saving equipment to the College. These projects are authorized by *Utah Code* Section 63A-5-701 and were encouraged by the Governor and the State Board of Regents. The agreement provides that an energy company provider, Johnson Controls, will put into place equipment that will produce enough in energy savings to pay for the cost of lease payments. The agreement also provides that the State Division of Facilities Construction and Management (DFCM), along with an independent energy auditor, will monitor the energy savings to ensure that the necessary funds will be available for the lease payments. In the event that the energy savings are not sufficient, Johnson Controls will pay the difference to the College. The total amount of the lease is \$3,863,964 and the term is for 17 years.