



## **COLLEGE OF EASTERN UTAH**

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Annual Financial Report  
For the Fiscal Year Ended June 30, 2005

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Report No. 05-49

*Keeping Utah  
Financially Strong*

AUSTON G. JOHNSON, CPA  
UTAH STATE AUDITOR

**COLLEGE OF EASTERN UTAH**  
**A Component Unit of the State of Utah**

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Annual Financial Report  
For the Fiscal Year Ended June 30, 2005

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Report No. 05-49

**COLLEGE OF EASTERN UTAH**  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2005

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**Auston G. Johnson, CPA**  
UTAH STATE AUDITOR

STATE OF UTAH  
**Office of the State Auditor**

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**INDEPENDENT STATE AUDITOR'S REPORT**

To the Board of Trustees, Audit Committee  
and  
Ryan L. Thomas, President  
College of Eastern Utah

We have audited the accompanying basic financial statements of the College of Eastern Utah (hereinafter referred to as the "College"), a component unit of the State of Utah, as of and for the year ended June 30, 2005, as listed in the table of contents. 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. The prior year partial comparative information has been derived from the College's 2004 financial statements and, in our report dated May 13, 2005, 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 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. An audit also includes 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 College as of June 30, 2005, 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 February 26, 2007 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 7 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  
February 26, 2007

**COLLEGE OF EASTERN UTAH**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2005

**Management's Discussion and Analysis**

This section of the College of Eastern Utah's (College's) Annual Financial Report presents management's discussion and analysis of the College's financial performance during the fiscal year ended June 30, 2005. The discussion should be read in conjunction with the accompanying financial statements and footnotes. The discussion and analysis is designed to provide a summary analysis of the College's financial activities based on facts and conditions known at the date of the auditor's report. The financial statements, footnotes, and this discussion are the responsibility of management.

**Using the Annual Report**

This annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. The financial statements focus on the financial condition of the College, the results of operations, and cash flows of the College as a whole. The annual report consists of three basic financial statements which provide information on the College 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 one of these statements will be discussed.

**Statement of Net Assets**

The Statement of Net Assets presents the assets, liabilities, and net assets of the College as of the end of the fiscal year. The Statement of Net Assets is a point-of-time financial statement. The purpose of the Statement of Net Assets is to present to the readers of the financial statements a fiscal snapshot of the College. The Statement of Net Assets presents end-of-year data concerning Assets (current and noncurrent), Liabilities (current and noncurrent), and Net Assets (assets minus liabilities). The difference between current and noncurrent assets and liabilities is discussed in the footnotes to the financial statements. The Statement of Net Assets provides a picture of the net assets (assets minus liabilities) and their availability for expenditure by the College.

Net assets are divided into three major categories. The first category, invested in capital assets, net of related debt, identifies the College's equity in property, plant, and equipment. The next category is restricted net assets, which is divided into two subcategories, nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net assets are available for expenditure by the College but must be spent for purposes designated by donors and/or external entities that have placed time or purpose restriction on the use of the assets. The final category is unrestricted net assets. Unrestricted assets are available to the College for any lawful college purpose.

**COLLEGE OF EASTERN UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**CONDENSED STATEMENT OF NET ASSETS**

	<u>2005</u>	<u>2004</u>
Assets		
Current assets	\$ 3,771,179	\$ 3,777,220
Noncurrent assets:		
Capital	40,120,871	40,413,799
Other	15,718,354	14,110,134
Total assets	<u>59,610,404</u>	<u>58,301,153</u>
Liabilities		
Current liabilities	2,180,552	1,969,063
Noncurrent liabilities	5,552,658	5,946,926
Total liabilities	<u>7,733,210</u>	<u>7,915,989</u>
Net assets		
Invested in capital assets, net of related debt	35,233,763	35,259,927
Restricted - nonexpendable	2,133,202	1,725,111
Restricted - expendable	13,014,393	12,212,082
Unrestricted	1,495,836	1,188,044
Total net assets	<u>\$ 51,877,194</u>	<u>\$ 50,385,164</u>

In fiscal year 2005, the total assets of the College increased by \$1,492,030 due to increases in noncurrent assets.

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

Total net assets, as presented on the Statement of Net Assets, are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. The purpose of the statement is to present the revenues received by the College, both operating and nonoperating, and the expenses paid by the College, operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the College. The College's expenses are listed by function in Note K of the financial statements.

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the College. Nonoperating revenues are revenues received for which goods and services are not provided. For example, state appropriations are nonoperating because they are provided by the Legislature to the College without the Legislature directly receiving commensurate goods and services for those revenues.

**COLLEGE OF EASTERN UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**

	<u>2005</u>	<u>2004</u>
Operating revenues		
Tuition and fees, net	\$ 1,954,018	\$ 2,013,079
Grants and contracts	6,730,407	7,458,437
Auxiliary enterprises, net	1,899,783	1,727,169
Other operating revenues	<u>1,504,620</u>	<u>1,158,571</u>
Total operating revenue	<u>12,088,828</u>	<u>12,357,256</u>
Operating expenses		
Salaries, wages, and benefits	14,352,437	14,280,505
Student financial aid	2,332,873	2,327,415
Utilities	723,114	601,349
Depreciation	2,044,040	2,065,432
Other operating expenses	<u>5,907,172</u>	<u>6,334,846</u>
Total operating expenses	<u>25,359,636</u>	<u>25,609,547</u>
Net operating revenues / (expenses)	(13,270,808)	(13,252,291)
Nonoperating revenues / (expenses)		
State appropriations	12,857,600	12,468,200
Other nonoperating revenues / (expenses)	<u>1,025,931</u>	<u>2,081,665</u>
Net nonoperating revenues / (expenses)	<u>13,883,531</u>	<u>14,549,865</u>
Income (loss) before other revenue	612,723	1,297,574
Other revenues		
Capital grants and gifts	735,773	12,217,770
Additions to permanent endowments	<u>143,534</u>	<u>103,493</u>
Total other revenues	<u>879,307</u>	<u>12,321,263</u>
Increase in net assets	1,492,030	13,618,837
Net assets - beginning of year	<u>50,385,164</u>	<u>36,766,327</u>
Net assets - end of year	<u>\$ 51,877,194</u>	<u>\$ 50,385,164</u>

The most significant sources of operating revenues for the College are tuition and fees, auxiliary enterprise revenue, and grants and contracts. Tuition and fees, net of scholarship discounts and allowances totaled over \$1.9 million for the year. Auxiliary enterprise revenue, net of scholarship discounts and allowances, totaled almost \$1.9 million. Grants and contracts revenue totaled over \$6.7 million.

**COLLEGE OF EASTERN UTAH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**Statement of Cash Flows**

The final statement presented by the College is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activities of the College during the year. The statement is divided into five sections. The first section deals with operating cash flows and shows the net cash used by the operating activities of the College. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for nonoperating, noninvesting, and noncapital financing purposes. The third section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Assets.

**CONDENSED STATEMENT OF CASH FLOWS**

	<u>2005</u>	<u>2004</u>
Cash provided (used) by operating activities	\$ (11,102,758)	\$ (10,620,016)
Noncapital financing activities	13,309,990	12,987,476
Capital financing activities	(1,850,459)	(1,367,759)
Investing activities	<u>(163,230)</u>	<u>259,911</u>
Net change in cash	193,543	1,259,612
Cash, beginning of year	<u>1,590,749</u>	<u>331,137</u>
Cash, end of year	<u><u>\$ 1,784,292</u></u>	<u><u>\$ 1,590,749</u></u>

**Economic Outlook**

The school districts in three of the four counties in the catchment area of the two College of Eastern Utah campuses have experienced significant declines in enrollment in the last fifteen years. The two largest counties, Carbon and Emery, have each declined approximately 30%, with San Juan County, the home of the College's Blanding campus, projected to decline an additional 25% through 2010. These demographic patterns have resulted, and will continue to result, in decreased local enrollments for the College, which has increased pressure to recruit students from more populous areas in the State.

Unfortunately, recruiting students who have to leave home and local colleges to attend the College of Eastern Utah requires some financial offsets, to compensate for the costs of housing and food that they would not have to bear if they remained at home. Typically, an out-of-area student will cost the College approximately \$1,700 per year in scholarship assistance. Although significant efforts have been made to try to raise sufficient scholarship funds to recruit these students, adequate additional funding for scholarship has not been

**COLLEGE OF EASTERN UTAH**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2005

developed at the same rate as the need to offset the loss of local enrollments, which has resulted in significant deficits in the scholarship area.

The College, in conjunction with the State Board of Regents has taken a three-pronged approach to offsetting declining enrollment. First, the College has recently successfully applied for a federal grant to open an energy training center, which should allow some out-of-area students to attend with industry, rather than institutional, sponsorship. Similar centers across the country have generated over two million dollars annually in tuition. In addition, the grant will pay nearly \$200,000 of overhead each year to the College and a portion of the costs to be paid from the Center's gross revenues will be current College costs.

The second prong involves the restoration of the College's full mission with the merger of the Southeast Applied Technology College (SEATC), a Utah College of Applied Technology (UCAT) Campus. Prior to the creation of UCAT, the College of Eastern Utah served as the region's comprehensive community college. After the split the College continued to act as the SEATC's fiscal agent, managing all financial functions. The departure of non-credit programs to another campus impacted attendance in traditional programs as students became less likely to "cross enroll" in credit and non-credit programs. The merger includes a budget transfer in excess of \$1.5 million.

Finally, the Legislature recently provided debt relief to the college that will allow auxiliary programs to be debt free in fiscal year 2008. Removal of this expense will provide significant revenue that should allow the College to retire the scholarship and other deficits and secure a financially sound ongoing base, despite challenging local demographics.

**COLLEGE OF EASTERN UTAH**

**STATEMENT OF NET ASSETS**

JUNE 30, 2005

	<u>2005</u>	<u>2004</u>
		(Comparative Only)
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 1,490,310	\$ 1,487,315
Accounts receivable, net of \$187,166 allowance	1,513,544	1,660,016
Due from primary government	96,293	-
Pledges receivable	15,880	15,880
Interest receivable	20,172	9,814
Student loans and interest receivable, net of \$62,054 allowance	84,387	36,546
Inventory	431,736	427,495
Prepaid expenses	118,857	140,154
Total current assets	<u>3,771,179</u>	<u>3,777,220</u>
Noncurrent Assets		
Restricted cash and cash equivalents	293,982	103,434
Restricted investments	14,360,959	13,229,506
Investments	828,925	481,134
Student loans and interest receivable, net of \$156,701	234,488	296,060
Capital assets, net of \$26,340,299 accumulated depreciation (Note C)	40,120,871	40,413,799
Total noncurrent assets	<u>55,839,225</u>	<u>54,523,933</u>
Total assets	<u>59,610,404</u>	<u>58,301,153</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	560,242	573,758
Interest payable	50,433	49,549
Accrued payroll	499,614	436,406
Due to primary government	113,395	-
Compensated absences and postemployment benefits	341,411	337,364
Deferred revenue	200,313	192,462
Bonds, notes, and contracts payable (Note C)	373,259	341,726
Other liabilities	41,885	37,798
Total current liabilities	<u>2,180,552</u>	<u>1,969,063</u>
Noncurrent liabilities		
Compensated absences and post employment benefits	899,166	1,050,998
Deposits	81,614	83,782
Bonds, notes, and contract payable (Note C)	4,571,878	4,812,146
Total noncurrent liabilities	<u>5,552,658</u>	<u>5,946,926</u>
Total liabilities	<u>7,733,210</u>	<u>7,915,989</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	35,233,763	35,259,927
Restricted for:		
Nonexpendable items		
Scholarships	2,133,202	1,725,111
Expendable items		
Scholarships	12,221,303	11,437,336
Loans	409,936	413,842
Other	383,154	360,904
Unrestricted	1,495,836	1,188,044
Total net assets	<u>\$ 51,877,194</u>	<u>\$ 50,385,164</u>

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

## COLLEGE OF EASTERN UTAH

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<b>2005</b>	<b>2004</b>
		(Comparative Only)
<b>OPERATING REVENUES AND EXPENSES</b>		
Revenues:		
Tuition and fees, net of scholarship allowances of \$2,210,809	\$ 1,954,018	\$ 2,013,079
Interest on student loans receivable	15,329	15,045
Federal grants and contracts	5,493,942	5,475,342
State and local grants and contracts	1,170,665	1,890,616
Nongovernmental grants and contracts	65,800	92,479
Sales and services	276,030	224,935
Auxiliary enterprises, net of scholarship allowances of \$659,634	1,899,783	1,727,169
Other operating revenues	1,213,261	918,591
Total operating revenues	12,088,828	12,357,256
Expenses:		
Salaries, wages, and benefits	14,352,437	14,280,505
Student financial aid	2,332,873	2,327,415
Utilities	723,114	601,349
Depreciation	2,044,040	2,065,432
Other operating expenses	5,907,172	6,334,846
Total operating expenses	25,359,636	25,609,547
Operating loss	(13,270,808)	(13,252,291)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	12,857,600	12,468,200
Gifts	327,606	400,544
Investment income	1,099,207	2,034,748
Interest on capital asset - related debt	(252,283)	(271,026)
Loss on disposal of equipment	(148,599)	(82,601)
Total nonoperating revenues	13,883,531	14,549,865
Income before other revenue	612,723	1,297,574
<b>OTHER REVENUES</b>		
Capital grants and gifts	735,773	12,217,770
Additions to permanent endowments	143,534	103,493
Total other revenue	879,307	12,321,263
Increase in Net Assets	1,492,030	13,618,837
<b>NET ASSETS</b>		
Net asset - beginning of year	50,385,164	36,766,327
Net assets - end of year	\$ 51,877,194	\$ 50,385,164

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

**COLLEGE OF EASTERN UTAH**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<b>2005</b>	<b>2004</b>
		(Comparative Only)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 1,961,869	\$ 1,980,303
Receipts from grants / contracts	6,876,879	7,960,600
Receipts from auxiliary, educational, and other services	2,175,813	1,952,104
Collection of loans to students / employees	18,702	18,138
Payments to suppliers	(5,387,660)	(6,015,146)
Receipts from suppliers	21,526	101,306
Payments for scholarships	(2,332,873)	(2,327,415)
Payments for employee services and benefits	(14,437,014)	(14,289,906)
Net cash used by operating activities	(11,102,758)	(10,620,016)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	12,857,600	12,468,200
Receipts from gifts / grants	327,606	400,544
Receipts for permanents endowments	143,534	118,732
Payments for assets held in trust	(18,750)	-
Net cash provided by noncapital financing activities	13,309,990	12,987,476
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Receipts from capital grants / gifts	735,773	12,217,770
Proceeds (loss) from sale of assets	(148,599)	45,823
Purchase of capital assets	(1,911,271)	(13,000,215)
Principal paid on capital debt / leases	(274,079)	(360,111)
Interest paid on capital debt / leases	(252,283)	(271,026)
Net cash used by capital financing activities	(1,850,459)	(1,367,759)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale / maturity of investments	-	277,538
Receipt of interest / dividends from investments	-	252,212
Purchase of investments	(163,230)	(269,839)
Net cash provided by investing activities	(163,230)	259,911
Net increase in cash	193,543	1,259,612
Cash and cash equivalents - beginning of year	1,590,749	331,137
Cash and cash equivalents - end of year	\$ 1,784,292	\$ 1,590,749
<b>RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating loss	\$ (13,270,808)	\$ (13,252,291)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	2,044,040	2,065,432
Changes in assets and liabilities:		
Receivables, net	146,472	502,163
Student loans and interest receivable	3,373	3,093
Due to (from) primary government	17,102	-
Inventories	(4,241)	2,454
Prepaid expenses	21,297	(21,276)
Accounts payable	(12,632)	120,129
Accrued payroll	63,208	37,746
Deferred revenue	7,851	(32,776)
Deposits (formerly funds held for others)	(2,168)	(435)
Compensated absences	(147,785)	(47,147)
Other liabilities	31,533	2,892
Net cash used by operating activities	\$ (11,102,758)	\$ (10,620,016)
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>		
Increase in fair value of investments	\$ 759,099	\$ 1,819,692
Increase in capital leases	7,315	-
Total noncash investing, capital and financing activities	\$ 766,414	\$ 1,819,692

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

**COLLEGE OF EASTERN UTAH**  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies followed by the College of Eastern Utah (the College) are described below to enhance the usefulness of the financial statements to the reader.

Reporting Entity: The College is a component unit of the State of Utah in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and is included in the State's *Comprehensive Annual Financial Report*. The College serves the community as a two-year college of higher education and is located in Price, Utah, with a branch campus in Blanding, and satellite operations in Monument Valley, Montezuma Creek, Monticello, and Castle Dale, Utah.

The financial statements include the accounts of the College, all auxiliary enterprises and other restricted and unrestricted funds of the College, and the College of Eastern Utah Foundation (the Foundation). The Foundation is included in the financial statements of the College as a blended component unit. The nature and significance of the relationship between the College and the Foundation is such that exclusion would cause the College's financial statements to be misleading or incomplete. Unaudited financial statements compiled by an independent accounting firm are available in the College's development office.

The San Juan Foundation (a separate but affiliated non-profit corporation) is administered by a separate Board of Trustees and is not included in these financial statements. The San Juan Foundation has been determined to be separate from the College's reporting entity, in accordance with GASB Statement No. 14.

The Southeast Applied Technology College (a separate but affiliated entity) is not included in these financial statements. The Southeast Applied Technology College has been determined under GASB Statement No. 14 to be separate from the College's reporting entity and is a campus of the Utah College of Applied Technology. The College performs administrative functions including accounting, registration, and personnel for the Southeast Applied Technology College. The Southeast Applied Technology College also uses the College's capital assets for their operations. The College maintains separate accounts for all Southeast Applied Technology College functions performed by the College.

Basis of Accounting: Under the provisions of the GASB standards, the College is permitted to report as a special-purpose government engaged in business-type activities (BTA). BTA reporting requires the College to present only the basic financial statements and required supplementary information (RSI) for an enterprise fund. This includes a management discussion and analysis, a statement of net assets or a 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

**COLLEGE OF EASTERN UTAH**  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005

statements described above are prepared using the economic resources measurement focus and the accrual basis of accounting. Using this method, revenues are recorded when earned and expenses are recorded when a liability has been incurred. Fund financial statements are not required for BTA reporting.

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

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the College recognizes the estimated net realizable value of pledges as revenue as soon as all eligibility and time requirements imposed by the provider have been met.

Cash Equivalents: For purposes of the statements of cash flows, the College 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.

Accounts Receivable: Accounts receivables are recorded at net of estimated uncollectible amounts. Allowance for uncollectible accounts is calculated using the allowance method. Allowances are not established for receivables consisting of amounts due from governmental units.

Inventories: Bookstore inventories at the Price Campus are valued at estimated cost using the retail method. Food service inventories at both the Price and Blanding Campus and bookstore inventories at the Blanding Campus are valued at cost determined by the last in, first out (LIFO) method.

Restricted Cash and Cash Equivalents: Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, are classified as restricted assets in the statements 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. For equipment, art, and special collections, the College's capitalization policy includes all items with a cost of \$1,000 or more, and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements with a cost of \$20,000 or more are capitalized.

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Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. All land is capitalized and land, art, and special collections are not depreciated.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets: 40 years for buildings; 20 years for infrastructure, land improvements, and library collections; and 5 to 15 years for equipment.

Deferred Revenue: Deferred revenue consists of summer school tuition and student fees that have been collected in advance of when earned. Deferred revenue also consists of funds received from grants and contracts that have not yet been earned.

Compensated Absences: Employee's annual leave is accrued at a rate of 12 to 25 working days per year depending on the status of the employee and their length of service. There is no requirement to use annual leave, but a maximum of 30 days may be carried forward at the beginning of each year. At termination, employees are paid for their unused annual leave. The College accrues and expenses vacation leave in the year in which the vacation is earned.

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

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.

*Restricted net assets – expendable*: Restricted expendable net assets include resources in which the College is legally or contractually obligated to spend resources 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.

*Unrestricted net assets*: Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational

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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.

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

Classification of Revenues: The College has classified its revenues as either operating or nonoperating revenues according to the following criteria:

*Operating revenues:* Operating revenues include activities that have the characteristics of exchange transactions, such as student tuition and fees, and sales and services of auxiliary enterprises. Also, most federal, state, and local grants and contracts are reported as operating revenues.

*Nonoperating revenues:* Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as state appropriations, gifts and contributions, and other revenue sources such as investment income, that are not derived from the College's principal ongoing operations.

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 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 non-governmental 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 discount and allowance.

Comparative Data: The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the College's financial statements for the year ended June 30, 2004 from which the summarized information was derived.

Disclosures: The footnotes related to the financial statements for the fiscal year ended June 30, 2004 have not been reported in this report but are available in the separately issued financial statements for that year.

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**NOTE B: DEPOSITS AND INVESTMENTS**

Cash and cash equivalents consist of cash and short-term investments with an original maturity of three months or less.

At June 30, 2005 cash and cash equivalents consisted of:

Cash	\$ 611,134
Utah Public Treasurers' Investment Fund	<u>1,173,158</u>
Total (fair value)	<u><u>\$ 1,784,292</u></u>

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*, Section 51, Chapter 7) that relate to the deposit and investment of public 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 Utah Money Management Council.

**Deposits**

*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, 2005, \$491,909 of the College's bank balances of \$788,004 was uninsured and uncollateralized.

**Investments**

The Utah Money Management Act defines the types of securities authorized as appropriate investments of the College 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.

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

Statutes also authorize the College to invest funds acquired by gift, private grant, and the corpus of funds functioning as endowments according to the rules of the Money Management Council. Rule 2 allows the College to invest these funds in any of the above investments or any of the following subject to satisfying certain criteria: professionally managed pooled or commingled investment funds, or mutual funds which satisfy certain criteria; common stock, convertible preferred stock, or convertible bonds; corporate bonds or debentures; and alternative investments as defined in the rule.

Investments are recorded at fair value. Accordingly, the change in fair value of fixed assets is recognized as an increase or decrease to investment assets and the component of investment income.

The Utah State Treasurer’s Office operates the Public Treasurers’ 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 Utah 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.

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As of June 30, 2005, the College had the following investment and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-5	6-10
Utah Public Treasurers' Investment Fund	\$ 1,173,158	\$ 1,173,158		
Bond Fund	5,900,731			\$ 5,900,731
Federal Home Loan	295,290		\$ 295,290	
Utah Housing Corporation	533,635			533,635
Total	7,902,814	\$ 1,173,158	\$ 295,290	\$ 6,434,366
Equity Funds	8,321,858			
Total	<u>\$ 16,224,672</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 Utah Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. Except for funds of Institutions of Higher Education acquired by gifts, grants, or the corpus of funds functioning as endowments, 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 funds of Institutions of Higher Education acquired by gifts, grants, or the corpus of funds functioning as endowments, Rule 2 of the Money Management Council does not allow the dollar-weighted average maturity of fixed-income securities to exceed ten years.

*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's Money Management Act as previously discussed.

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At June 30, 2005, the College had the following investments and quality ratings:

Investment Type	Fair Value	Quality Rating	
		AAA	Unrated
Bond funds	\$ 5,900,731		\$ 5,900,731
Utah Public Treasurers' Investment Fund	1,173,158		1,173,158
Federal Home Loan	295,290	\$ 295,290	
Utah Housing Corporation	533,635	533,635	
Totals	\$ 7,902,814	\$ 828,925	\$ 7,073,889

*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, 2005, the College had \$295,290 in Federal Home Loan and \$533,635 in Utah Housing Corporation which were held by the counterparty's trust department or agent but in the government's name.

**NOTE C: CAPITAL ASSETS AND LONG-TERM LIABILITIES**

Capital Assets at June 30, 2005 consisted of the following:

	Beginning Balance	Additions	Reductions	Ending Balance
Land	\$ 1,293,213	\$ 140,000	\$ -	\$ 1,433,213
Art and special collections	114,454	-	-	114,454
Land improvements / infrastructure	4,295,591	-	-	4,295,591
Buildings	47,063,639	735,773	86,548	47,712,864
Equipment	13,208,517	628,858	2,191,065	11,646,310
Library books	843,427	53,678	2,847	894,258
Construction in progress	11,518	364,480	11,518	364,480
Total	66,830,359	\$ 1,922,789	\$ 2,291,978	66,461,170
Less Accumulated Depreciation for:				
Land improvements / infrastructure	2,409,610	\$ 125,814	\$ -	2,535,424
Buildings	13,399,471	1,127,252	41,651	14,485,072
Equipment	10,262,546	749,620	2,075,803	8,936,363
Library books	344,933	41,354	2,847	383,440
Total	26,416,560	\$ 2,044,040	\$ 2,120,301	26,340,299
Capital Assets - net	\$ 40,413,799			\$ 40,120,871

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Bonds, Notes and Contracts Payable at June 30, 2005 consisted of the following:

<u>Payable</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Current Liability</u>	<u>Balance 06/30/05</u>
Student Dormitory Revenue Bond (1)	08/20/1996	06/01/2022	5.100-6.100	\$1,250,000	\$40,000	\$1,000,000
CEU Foundation:						
Farmers Home Admin (2)	12/12/1980	12/12/2010	5.000	523,000	28,393	129,274
Farmers Home Admin (2)	10/07/1981	10/07/2011	5.000	60,000	2,981	20,218
Farmers Home Admin (2)	03/15/1994	03/15/2024	5.125	616,700	16,028	481,742
Farmers Home Admin (2)	05/02/1995	05/02/2025	5.000	654,200	15,420	530,019
Farmers Home Admin (2)	01/28/1998	01/28/2028	4.875	877,330	17,640	755,746
Farmers Home Admin (2)	04/18/1998	04/18/2018	4.875	514,101	21,488	379,493
Utah Building Ownership Authority (3)	11/15/1998	05/15/2018	3.800-5.500	1,875,000	88,521	1,420,222
Office of Energy Services (4)	01/12/1999	12/31/2005	0.000	285,000	24,006	24,006
Utah System of Higher Education (5)	2002/2003	2007/2008	0.000	296,069	106,944	139,583
Xerox Corporation Lease (6)	10/1/2005	10/1/2010	7.580	7,315	1,291	6,805
Subtotal				<u>6,958,715</u>	<u>362,712</u>	<u>4,887,108</u>
Charitable Reminder Unitrust (7)	12/11/1995		7.500		10,547	58,029
Total Bonds, Notes, and Contracts Payable - Reporting Entity				<u>\$ 6,958,715</u>	<u>\$ 373,259</u>	<u>\$ 4,945,137</u>

See the following notes (1) through (7)

- (1) The College has pledged the net student housing revenues, student building fees, net food service, and net bookstore revenue for payment on the Student Dormitory Revenue Bond. The College is required to have a debt service reserve fund of \$98,846 as security on the bonds. As of June 30, 2005, the College had restricted \$98,846 to this fund. The College is also required to deposit \$15,000 each year to a repair and replacement fund until \$100,000 has accumulated in the fund. As of June 30, 2005, the College has accumulated \$100,000 in this fund. The interest rate on the bonds varies from 5.10% to 6.10%.
  
- (2) The Farmers Home Administration debt is secured by the dormitories on both the Price and San Juan Campuses, and the Food Service/Bookstore building on the San Juan Campus. Each month \$18,067 is paid by the College to the Foundation. The funds paid by the College to the Foundation come from the rent collected from the dormitories, sales from the San Juan Food Service, and student fees. In addition, \$1,117 per month is paid by the College to the Foundation until the required reserve of \$176,544 is met. As of June 30, 2005, the amount in the reserve fund totaled \$146,217.

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On April 18, 1998 the Foundation purchased from the San Juan Foundation the three auxiliary buildings on the Blanding Campus. The Foundation financed the purchase with Farmers Home Administration for \$514,101 at an interest rate of 4.875%. The transaction resulted in a savings to the College in the amount of \$110,411. The mortgage is for twenty years with monthly payments of \$3,363. In addition, \$337 per month is paid by the College to the Foundation until the required reserve of \$40,347 is met. As of June 30, 2005, the reserve fund totaled \$32,352.

- (3) The College has an agreement with the Utah Building Ownership Authority. The Utah Building Ownership Authority by state statute issued a bond for the College's Student Center in the amount of \$1,875,000. The College will pay the bond, principal, and interest, to the Utah Building Ownership Authority over a period of twenty years. During fiscal year 1998-1999, the Utah Building Ownership Authority refunded part of its bond, resulting in an economic cost savings of \$119,293 to the College as a result of lower interest rates. The principal amount remained the same; therefore, there was no book value gain or loss.
- (4) The College has a loan with the Office of Energy Services to install state-of-the-art, energy-efficient building technologies. The loan is an interest-free loan to be paid back over a six and one-half year period.
- (5) The Utah System of Higher Education note is an unsecured note. The funds were used to purchase SUN equipment, Oracle database software, Banner software, and maintenance agreements for the College's new administrative computer system.
- (6) An equipment capital lease purchase agreement was entered into with the Xerox Corporation in the amount of \$7,135 to purchase equipment for a period of 60 months with a monthly payment of \$146.85 at an effective interest rate of 7.58%.
- (7) The College received the assets of a charitable remainder unitrust trust during fiscal year 2005 and officially became the trustee for the unitrust on August 17, 2005. As the trustee, the College is required to make monthly payments to the donors for their lifetimes.

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Maturities of long-term debt principal and interest requirements for the College at June 30, 2005 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2006	\$ 373,259	\$ 254,484	\$ 627,743
2007	286,457	241,844	528,301
2008	259,374	228,174	487,548
2009	271,289	213,926	485,215
2010	256,857	199,353	456,210
2011-2015	1,336,616	788,012	2,124,628
2016-2020	1,293,785	398,204	1,691,989
2021-2025	697,196	119,723	816,919
2026-2030	170,304	13,868	184,172
Total	<u>\$ 4,945,137</u>	<u>\$ 2,457,588</u>	<u>\$ 7,402,725</u>

Changes in long-term liabilities for the year ended June 30, 2005 are summarized below:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bonds payable	\$ 1,035,000	\$ -	\$ 35,000	\$ 1,000,000	\$ 40,000
Notes and contracts payable	4,118,872	7,315	239,079	3,887,108	322,712
Charitable remainder unitrust payable	-	63,833	5,804	58,029	10,547
Compensated absences and post employment	1,388,362	139,789	287,574	1,240,577	341,411
Total	<u>\$ 6,542,234</u>	<u>\$ 210,937</u>	<u>\$ 567,457</u>	<u>\$ 6,185,714</u>	<u>\$ 714,670</u>

**NOTE D: FEDERAL CONTRACTS AND GRANTS**

The College receives significant financial assistance from the U.S. Government in the form of contracts and grants. Entitlement to the resources is generally conditioned upon compliance with terms and conditions of the contract or grant agreements and applicable federal regulations, including the expenditures of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits under federal regulations. Any disallowance as a result of these audits may become a liability of the College.

In the opinion of management, the potential for a material liability due to costs being disallowed in future audits is extremely remote.

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**NOTE E: RETIREMENT AND PENSION PLANS**

The College contributes to the State and School Contributory Retirement System and State and School Noncontributory Retirement System, cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement System (Systems). The Systems provide refunds, retirement benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the *Utah Code*. The Utah State Retirement Office Act in Chapter 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 and State and School Noncontributory 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.

Plan members in the State and School Contributory Retirement System are required to contribute 6.00% of their annual covered salary (all or part may be paid by the employer for the employee) and the College is required to contribute 8.89% of their annual covered salary. In the State and School Noncontributory Retirement System the College is required to contribute 14.88% (including 1.5% to a 401(K) salary deferral program) of their annual covered salary. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The College's contributions to the State and School Contributory Retirement System for the years ended June 30, 2005, 2004, and 2003 were \$4,935, \$4,267, and \$3,763, respectively, and for the Noncontributory Retirement System the contribution for the years ended June 30, 2005, 2004, and 2003 were \$627,212, \$545,805, and \$505,628, respectively. The contributions were equal to the required contributions for each year.

Teachers Insurance and Annuity Association (TIAA) provides individual retirement fund contracts with each participating employee. Benefits provided to retired employees are based on the value of the individual contracts and the estimated life expectancy of the employee at retirement. Contributions by the College to the employee's contract become vested at the time the contribution is made. Employees are eligible to participate from the date of employment and are not required to contribute to the fund. For the fiscal year ended June 30, 2005, the College's contribution to this defined contribution plan was 14.2% of the employee's annual salary or \$718,666. The College has no further liability once annual contributions are made.

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**NOTE F: POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

In addition to the pension benefits described in Note E, the College provides post employment 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. Currently, 18 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, 2005, the stipend and benefits expense for the early retirement program totaled \$427,071.

Current early retirees are covered by one of two policies, depending on their date of retirement.

Prior to July 1, 2002, the following early retirement policy was in place at the College:

Eligible employees are those who retire from the College on or after age 55 with at least 15 years of service and whose combined total of age and years of service is 75 or greater. Eligible employees are those full-time employees who are currently employed 75 percent of a calendar year or more. The eligible employee must be serving in a position which is funded out of education and general revenues or auxiliary revenues. The benefits include a semi-monthly stipend of 20.2% of the retiree's salary at the time of active employment for a period of 5 years. Health, dental, and life insurance will also continue for 5 years. These benefits are fully paid by the College.

In August 2002, the Board of Trustees adopted the following special retirement policy:

Employees may apply for special retirement if they are at least 56 years or older with a minimum of 15 years of full-time service at the College. To meet the full-time service requirement, the employee must be a benefit-eligible salaried employee employed 75 percent of a calendar year or more. The employee must have an accumulation of 75 points based on the sum of the chronological age and years of service. For employees funded 50% or more by non-state funds (grants, auxiliaries, self-supporting enterprises), approval will be based on availability of on-going funds from the grant or enterprise.

The retirement package will be for a period of five years or until retiree is eligible for full social security benefits, whichever occurs first. The employee will receive a stipend of 20% of the employee's base salary during the fiscal year in which retirement becomes effective. The stipend will not exceed the estimated maximum social security benefit to which the retiree is entitled.

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Employee's will also continue to receive coverage in the group medical and dental insurance programs at the same level provided all full-time personnel for a period not to exceed five years or until the retiree becomes eligible for Medicare. Medical and dental coverage will terminate immediately at the time the retiree is eligible for any other medical or dental plan. In the case of death of the retiree all payments and benefits will terminate at the end of the month in which death occurs.

**NOTE G: MUSEUM ASSETS**

The College operates the CEU Prehistoric Museum in conjunction with Price City. The assets included in the Museum's collection are on loan conjunction from the Federal Government and private individuals. Because the College does not hold the title to the museum assets, they are not included on the Statement of Net Assets.

**NOTE H: RISK MANAGEMENT**

**General Liability Insurance**

The College maintains insurance coverage for general, automobile, personal injury, errors and omissions, employee dishonesty, and malpractice liability up to \$1 million per occurrence through policies administered by the Utah State Risk Management Fund. The College also insures its buildings, including those under construction, and contents against all insurable risks of direct physical loss or damage with the Utah State Risk Management Fund. This all-risk insurance coverage provides for repair or replacement of damaged property at a replacement cost basis subject to a deductible of \$1,000 per occurrence. All revenues from College operations, rental income for its residence halls, and tuition are insured against loss due to business interruption caused by fire or other insurable perils with the Utah State Risk Management Fund. All College employees are covered by worker's compensation insurance, including employer's liability coverage by the Worker's Compensation Fund of Utah.

**NOTE I: CONSTRUCTION COMMITMENTS**

At the end of fiscal year 2005, the College had three construction projects in progress:

- (1) Tunnel Replacement (State Division of Facilities Construction and Management (DFCM) 0321610): \$761,848.59 outstanding. 100% of funds were State funds appropriated to DFCM.
- (2) SJC Quad Addition (DFCM 03264620): \$50,592.40 outstanding. 100% of funds were College funds.

**COLLEGE OF EASTERN UTAH**  
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- (3) SJC Library and Health Sciences (DFCM 04150620): \$5,691,611.06 outstanding and paid over fiscal years 2006 and 2007, 43.4% of funds were College funds and 56.6% of funds were State funds appropriated to DFCM.

**NOTE J: PLEDGES**

Pledges of over \$2.2 million have been made through trusts, insurance policies, and estate plans. Of this amount, 54% of the gifts are unrestricted.

**NOTE K: FUNCTIONAL CLASSIFICATIONS OF EXPENSES**

The following schedule presents operating expenses by functional classification for the year ended June 30, 2005:

Instruction	\$ 7,064,028
Public service	338,568
Academic support	1,866,148
Student services	3,610,335
Institutional support	2,861,779
Operation and maintenance of plant	1,886,216
Scholarships	2,332,873
Auxiliary and service units	3,355,649
Depreciation	<u>2,044,040</u>
Total operating expenses	<u>\$ 25,359,636</u>

**NOTE L: SUBSEQUENT EVENTS**

The State Legislature passed a bill during the 2007 General Session that merges the Southeast Applied Technology College with the College. This merger will become effective on July 1, 2007.