

# Municipal Secondary Market Disclosure Information Cover Sheet

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board, Nationally Recognized Municipal Securities Information Repositories, and any applicable State Information Depository, whether the filing is voluntary or made pursuant to Securities and Exchange Commission rule 15c2-12 or any analogous state statute.

See [www.sec.gov/info/municipal/nrmsir.htm](http://www.sec.gov/info/municipal/nrmsir.htm) for list of current NRMSIRs and SIDs

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## IF THIS FILING RELATES TO A SINGLE BOND ISSUE:

Provide name of bond issue exactly as it appears on the cover of the Official Statement (please include name of state where issuer is located):

\_\_\_\_\_  
\_\_\_\_\_

Provide nine-digit CUSIP\* numbers if available, to which the information relates:

\_\_\_\_\_  
\_\_\_\_\_

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## IF THIS FILING RELATES TO ALL SECURITIES ISSUED BY THE ISSUER OR ALL SECURITIES OF A SPECIFIC CREDIT OR ISSUED UNDER A SINGLE INDENTURE:

Issuer's Name (please include name of state where Issuer is located):

- 1) State Board of Regents of the State of Utah; Utah State University; \$23,735,000; Research, Revenue and Refunding Bonds, Series 2002A
- 2) State Board of Regents of the State of Utah; Utah State University; \$705,000; Research, Revenue Bonds, Series 2003
- 3) State Board of Regents of the State of Utah; Utah State University; \$22,000,000; Research, Revenue Bonds, Series 2009

Other Obligated Person's Name (if any): \_\_\_\_\_  
(Exactly as it appears on the Official Statement Cover)

Provide nine-digit CUSIP\* number(s), if available, of Issuer:

- 1) 91754R—GM 3; GN 1; GP 6; GW 1; GQ 4; GR 2; GS 0; GT 8; GU 5; GV 3
- 2) \_\_\_\_\_
- 3) 917563—CH 9; CJ 5; CK 2; CL 0; CM 8; CN 6; CP 1; CQ 9; CR 7; CS 5; CT 3; CU 0; CV 8; CW 6; CX 4; CY 2; CZ 9; DA 3; DB 1; DC 9; DD 7; DE 5

\*(Contact CUSIP's Municipal Disclosure Assistance Line at 212.438.6518 for assistance with obtaining the proper CUSIP numbers.)

TYPE OF FILING:

Electronic (number of pages attached) 63 Paper (number of pages attached) \_\_\_\_\_

If information is also available on the Internet, give URL: <http://www.usu.edu/controller/forms/bond0203.pdf>

WHAT TYPE OF INFORMATION ARE YOU PROVIDING? (Check all that apply)

- A.  **Annual Financial Information and Operating Data pursuant to Rule 15c2-12**  
(Financial information and operating data should not be filed with the MSRB.)  
**Fiscal Period Covered:** December 29, 2009
- B.  **Audited Financial Statements or CAFR pursuant to Rule 15c2-12**  
**Fiscal Period Covered:** June 30, 2009
- C.  **Notice of Failure to Provide Annual Financial Information as Required**
- D.  **Other Secondary Market Information** (Specify): \_\_\_\_\_

I hereby represent that I am authorized by the issuer or obligor or its agent to distribute this information publicly:

**Issuer Contact:**

Name: Rickey G. Allen Title: Controller  
Employer: Utah State University  
Address: 2400 Old Main Hill City: Logan State: UT Zip Code: 84322  
Telephone: 435.797.1064 Fax: 435.797.1025  
Email Address: [rick.allen@usu.edu](mailto:rick.allen@usu.edu) Issuer Web Site Address: [www.usu.edu](http://www.usu.edu)

**Dissemination Agent Contact, if any:**

Name \_\_\_\_\_ Title \_\_\_\_\_  
Employer \_\_\_\_\_  
Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_  
Telephone \_\_\_\_\_ Fax \_\_\_\_\_  
Email Address \_\_\_\_\_ Relationship to Issuer \_\_\_\_\_

**Obligor Contact, if any:**

Name Same as Issuer Contact Title \_\_\_\_\_  
Employer \_\_\_\_\_  
Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_  
Telephone \_\_\_\_\_ Fax \_\_\_\_\_  
Email Address \_\_\_\_\_ Obligor Web site Address \_\_\_\_\_

**Investor Relations Contact, if any:**

Name \_\_\_\_\_ Title \_\_\_\_\_  
Telephone \_\_\_\_\_ Email Address \_\_\_\_\_

# Annual Financial Information and Operating Data

December 28, 2009



State Board of Regents of the State of Utah  
Utah State University  
Research Revenue and Refunding Bonds

Series 2002A - \$23,735,000

Rated "AA" (Ambac Assurance Insured; no underlying) by S&P

Series 2003 - \$705,000

Rated "AA" by S&P

Series 2009 - \$22,000,000

Rated "AA" by S&P

**Annual Financial Information & Operating Data  
Related To**

**State Board of Regents of the State of Utah  
Utah State University  
Research, Revenue and Refunding Bonds**

**Series 2002A - \$23,735,000**

**Series 2003 - \$705,000**

**Series 2009 - \$22,000,000**

This report presents the annual financial information and operating data for the 2002A, 2003, and 2009 Bonds in compliance with the continuing disclosure undertaking as outlined in the Official Statements dated June 15, 2002, March 12, 2003, and May 6, 2009.

The report includes updated information in the following areas; revenues pledged under the bonds, research activities, tables outlining the contracts and grants activity at Utah State University, management discussion of revenues, and tables outlining income and debt service coverage.

Submitted with this report is Utah State University's audited Annual Financial Report for the fiscal year ended June 30, 2009.

The chief contact person for the State Board of Regents of the State of Utah and Utah State University in regards to this bond issue is:

Mr. Rickey G. Allen, Controller  
Old Main, Room 21, Utah State University  
Logan, Utah 84322-2400  
(435) 797-1064 - Fax (435) 797-1025

Additional requests for information may be directed to:

Mr. Dan R. Christensen, Manager of Accounting and Financial Reporting  
Old Main, Room 26, Utah State University  
Logan Utah 84322-2400  
(435) 797-1055 - Fax (435) 797-1077

## **SECURITY FOR THE 2002A, 2003 and 2009 BONDS**

### **General**

The 2002A, 2003 and 2009 Bonds are special, limited obligations of the Board, payable solely from Revenues and money on deposit in the funds and accounts held by the Trustee under the Indenture (other than moneys held to pay arbitrage rebate). Neither the credit nor the taxing power of the State or any agency, instrumentality or political subdivision thereof is pledged for the payment of the principal of, premium, if any, or interest on the 2002A, 2003, and 2009 Bonds, and the 2002A, 2003, and 2009 Bonds are not general obligations of the Board, the University or the State or any agency, instrumentality or political subdivision thereof.

The 2002A, 2003, and 2009 Bonds are not an indebtedness of the State, the University or the Board but are special, limited obligations of the Board, payable from and secured solely by the Revenues, and such funds and accounts established by the Indenture as described in the OFFICIAL STATEMENTS. The issuance of the 2002A, 2003, and 2009 Bonds shall not directly, indirectly, or contingently obligate the Board, the University or the State or any agency, instrumentality or political subdivision thereof to levy any form of taxation therefore or to make any appropriation for their payment. Neither the Board nor the University has any taxing power.

The payments of principal and interest on the 2002A Bonds when due are insured by a municipal bond insurance policy issued by Ambac Assurance. The 2003 Bonds required the establishment of the 2003 Debt Service Reserve Account in an amount equal to \$69,884. The 2009 Bonds required the establishment of the 2009 Debt Service Reserve Account in an amount equal to \$1,683,738.

The Bonds were all issued on parity. The issuance of the Series 2002A Bonds provided for the advanced refunding of \$3,515,000 of the 1995A Bonds, which were retired during fiscal year 2006.

### **Revenues**

The 2002A, 2003, and 2009 Bonds are payable from and secured by a pledge of (a) the Revenues, and (b) all moneys in all funds and accounts (other than moneys held to pay arbitrage rebate) held by the Trustee under the Indenture including the investments, if any, thereof, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. For purposes of the Indenture, Revenues include all net reimbursed overhead revenues (sometimes referred to as indirect costs recovery revenues or facilities and administrative costs reimbursement) within the meaning of Section 53B-7-104 Utah Code, received or to be received by the University (including the USU Research Foundation) with respect to all current research and training contracts and grants, and all future research and training contracts and grants to be received by the University as long as any 2002A, 2003, and 2009 Bonds remain outstanding.

### **Description of Revenues**

Research and training contracts and grants awarded to universities generally take into account the overhead costs of a university incurred with respect thereto. Direct costs are those charges, which occur on a specific grant or contract such as staff salaries, laboratory equipment and supplies or direct computer charges. Indirect costs, on the other hand, are those costs that are incurred for the joint benefit of more than one project. Such indirect costs include for example: building and equipment usage, operation and maintenance, general administration, departmental administration, sponsored projects administration and library usage (in summary; facilities and administrative costs). Identifying indirect costs for individual contracts requires that all indirect costs be pooled and then pro-rated as an overhead charge. The overhead charge is then paid to a university in the form of reimbursed overhead revenue. See "Management Discussion of Revenues" below for a description of how these overhead charges are calculated.

Prior to fiscal year 1990-91, the state of Utah required that a portion of indirect cost recovery revenues be counted as a “dedicated credit” offsetting, in part, each University’s state appropriated budget. Effective fiscal year 1990-91 and currently, section 53B-8-104 of the Utah Code, allows the universities to retain 100% of the reimbursed overhead revenues.

### **Issuer Policies on the Use of Revenues**

The Board has long recognized the importance of research programs at the State’s universities. In October of 1972 the Board adopted a resolution strongly supporting research programs. In establishing a policy regarding reimbursed overhead derived from research contracts and grants, the Board recognized the need for developing research activities, matching funds for research and training grant equipment, remodeling projects for research facilities and supporting certain contract and grant proposal activities as appropriate expenses.

### **Research Activities**

The University continues to have a significant involvement in research. The University places a high priority on basic and applied research and expects a beneficial effect on graduate and undergraduate education. Original scientific research is an essential requirement in many of the University’s graduate programs. The University administration feels that integration of teaching and research at the University is a substantial benefit to the faculty, students and the State of Utah. Research is an inextricable part of the academic process at the University and is essential to its goals and objectives. The University believes that research (i) contributes significantly to the advancement and preservation of knowledge and (ii) facilitates the learning process and better prepares students as useful citizens and faculty members as informed professionals. For the past five years, extramural research and training funds expended annually at the University have ranged from 30.6% to 35.9% of total University annual operating expenses.

Research at the University stems from studies performed by the Agricultural Experiment Station established on the present site of the University campus in 1888. Following many years of development and growth, the University has evolved into a major research University, achieving The Carnegie Foundation Research University I status in 1994. Research at the University centers around land; water; plants; animals; the management of these resources; the atmosphere and space. The University’s research draws upon the specific talents, interests and assignments of the current faculty. Research at the University responds to present and future needs by developing practical, innovative means to implement research results to the benefit of local, state, national and world communities.

During the past 25 years the University has achieved international acclaim for its research in the following major areas: water and other natural resources, agriculture, space engineering and science, education of disabled persons, and biotechnology. These research programs are interdisciplinary for the most part and are administered through eight major research centers: Space Dynamics Laboratory, Utah Water Research Laboratory, Agricultural Experiment Station, Center for Space Engineering, Center for Atmospheric and Space Science, Center for Persons with Disabilities, Ecology Center, and Center for Biotechnology.

During the last decade, the University has ranked among the top 20% of all U.S. colleges and universities in federal research and development dollars. In the fiscal years ended June 30, 2005 through June 30, 2009, the University was able to attract contracts and grants awards ranging from \$141 million to \$156 million. About 84% of the funds are for federally sponsored research and training programs; the remainder is a combination of state and private funds. See section “Contracts and Grants” below.

Contracts and grants awards cover direct costs such as staff salaries, travel, laboratory equipment, supplies, direct computer charges and many other direct costs. Contracts and grants also provide funds to the University for indirect costs.

Research contracts and grants entered into by the University have an average life of approximately three to five years. Furthermore, many contracts and grants entered into between the University and the United States government or other governmental sponsors are subject to annual allocations of funds. The University understands that the term of the 2002A, 2003, and 2009 Bonds are significantly longer than five years; consequently, whether or not sufficient revenues will be available in future years to pay debt service on the 2002A, 2003, and 2009 Bonds depends upon the University's ability to attract and obtain additional contracts and grants in future years. Although, based on historical performance, the University believes that sufficient Revenues will be available to pay debt service on the 2002A, 2003, and 2009 Bonds in future years, it cannot predict with certainty the University's ability to attract and obtain additional contracts and grants in future years.

### **USU Research Foundation**

The USU Research Foundation is a nonprofit Scientific Research and Development IRS 501(c)(3) corporation. The USU Research Foundation is a wholly owned organization of the University. Major research projects are focused in sensor and infrared measurement systems. The USU Research Foundation is involved in state of the art research in this area and is recognized as a world leader. The USU Research Foundation has other research projects in many related areas of interest. Research funding consists primarily of Federal funds.

Since the early 1960's the University has developed a key research role in the United States space program. After three decades of continued growth, the USU Research Foundation's Space Dynamics Laboratory now occupies an essential position in critical space research, as well as being a recognized leader in the area of space science and engineering education. This combined intellectual and "hands-on" practical education is a modern application of the University's role as the land grant institution for the State.

In recognition that the University's Space Dynamics Laboratory is a national resource in its area of expertise, the Federal government suggested that an identifiable organization be established to focus on national space needs. As a result, the Space Dynamics Laboratory became the major research unit under the USU Research Foundation. The increased responsiveness and flexibility has resulted in substantial growth of the University's space research effort.

### **Contracts and Grants**

The University has consistently been successful in its efforts to receive funding from external sources. In the most recently completed National Science Foundation survey of "Academic Science and Engineering: R&D Expenditures, fiscal year 2007," the University was ranked number 108 in total R&D expenditures at all universities and colleges and number 76 for total R&D expenditures at public universities and colleges. In fiscal year 2008-2009 the University received \$145 million in research and student aid funding from all external sources.

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The following table sets forth the awards received by the various colleges within the University for each of the fiscal years indicated.

Schedule of Contracts and Grants Awards  
Fiscal Year Ended June 30

	2009	2008	2007	2006	2005
Engineering.....	\$63,547,470	\$70,869,155	\$64,737,352	\$56,980,693	\$45,096,884
Miscellaneous.....	27,083,842	31,036,612	29,494,482	21,604,795	26,984,254
Education.....	20,228,927	18,256,237	22,730,535	20,722,283	25,813,744
Agriculture.....	16,657,864	17,177,936	14,259,952	19,122,086	19,836,825
Science.....	7,320,622	8,598,964	8,173,787	8,679,658	12,119,840
Natural Resources.....	5,478,575	8,200,490	10,482,217	9,582,705	9,786,361
Humanities, Arts and Social Sciences.....	2,939,781	1,199,615	1,088,437	1,456,615	925,631
Business.....	1,353,087	960,504	1,334,038	2,373,466	1,985,155
Totals.....	<u>\$144,610,168</u>	<u>\$156,299,513</u>	<u>\$152,300,800</u>	<u>\$140,522,301</u>	<u>\$142,548,694</u>

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The following table sets forth the amounts of contracts and grants expenditures by source for each of the fiscal years indicated.

Schedule of Contracts and Grants Expenditures Fiscal Year Ended June 30					
	2009	2008	2007	2006	2005
<b>Federal Sources:</b>					
Department of Defense.....	\$35,551,694	\$30,450,696	\$29,476,135	\$22,369,632	\$23,083,827
Department of Education.....	29,888,244	27,122,566	22,443,716	23,306,864	27,454,350
Department of Agriculture.....	16,066,773	16,277,504	18,837,468	21,258,881	18,049,955
National Aeronautics and Space Administration.....	14,806,475	18,826,925	24,532,992	30,663,625	29,905,999
Department of Health and Human Services.....	10,288,988	10,457,545	11,081,421	15,431,296	12,323,047
Other federal agencies.....	8,305,834	12,555,534	8,950,073	5,176,063	9,276,094
National Science Foundation.....	6,547,555	7,304,140	7,258,306	8,367,666	5,943,649
Department of Interior.....	3,129,763	3,722,627	3,726,165	3,871,922	3,541,541
Total federal agencies.....	<u>124,585,326</u>	<u>126,717,537</u>	<u>126,306,276</u>	<u>130,465,949</u>	<u>129,578,462</u>
<b>Other Sources:</b>					
State.....	8,706,099	9,259,344	9,927,049	9,855,548	8,619,032
Other non-federal agencies.....	7,623,929	7,090,909	5,311,444	6,455,737	4,786,063
Business and industry.....	7,979,569	8,315,166	7,465,078	5,807,950	5,667,921
Total non-federal agencies.....	<u>24,309,597</u>	<u>24,665,419</u>	<u>22,703,571</u>	<u>22,119,235</u>	<u>19,073,016</u>
Total expenditures all sources (1).....	<u><u>\$148,894,923</u></u>	<u><u>\$151,382,956</u></u>	<u><u>\$149,009,847</u></u>	<u><u>\$152,585,184</u></u>	<u><u>\$148,651,478</u></u>

(1) Dollar differences between the Schedule of Contracts and Grants Awards and the Schedule of Contracts and Grants Expenditures represent timing differences between the award and expenditure of funds.

## Management Discussion of Revenues

Revenues from indirect costs recovery increased 51% during the ten-year period ending June 30, 2009. During this time, the University has been successful in increasing its direct costs base and improving its recovery of indirect costs on contracts and grants.

Indirect costs recovery is a function of three elements: 1) the negotiated facilities and administrative costs rate (“F&A rate”) used to allocate indirect costs to contracts and grants, 2) the direct costs base to which the F&A rate is applied, and 3) the success of the University in negotiating facilities and administrative costs recovery on each individual contract and grant.

The University’s F&A rate has remained fairly constant over the past five years, not fluctuating more than 2 percentage points in a given year.

Under the Indenture the University is pledging those revenues from facilities and administrative costs recovery generated through contracts and grants held by the University (including the USU Research Foundation).

## Revenue and Debt Service Coverage

The following table outlines the University’s revenues and debt service coverage for the past ten years.

Utah State University  
 Summary of Contracts and Grants Expenditures and Debt Service Coverage  
 For Fiscal Years Ending June 30

	2000			2001			2002			2003			2004		
	Number of Active Contracts	F&A Costs	Recovery	Number of Active Contracts	F&A Costs	Recovery	Number of Active Contracts	Direct Costs	F&A Costs	Recovery	Number of Active Contracts	Direct Costs	F&A Costs	Recovery	
<b>Federal</b>															
Department of Defense.....	100	\$21,610,635	\$4,777,243	94	\$35,218,259	\$6,439,978	78	\$32,700,158	\$6,717,680	83	\$36,656,021	\$8,455,574	174	\$38,953,617	\$7,242,932
Department of Education.....	248	17,799,896	987,682	340	19,660,480	1,115,310	259	23,092,380	1,048,497	265	25,041,756	1,025,893	138	25,999,669	889,764
Department of Agriculture.....	283	6,757,519	337,390	308	4,449,235	175,193	400	7,939,893	402,470	415	6,622,901	425,724	166	8,640,806	431,394
National Aeronautics & Space Adm.....	40	4,211,812	1,439,698	42	7,040,229	1,521,248	47	10,518,536	2,074,522	50	19,171,884	2,952,186	52	25,159,162	5,332,186
Department of HHS.....	46	4,526,103	1,254,354	46	5,117,551	1,275,173	71	5,886,386	1,578,623	72	7,622,299	1,925,901	113	8,906,007	2,144,922
Other federal agencies.....	54	8,042,076	1,551,857	66	8,970,031	1,442,786	252	10,025,327	1,809,284	263	11,245,701	1,723,366	107	10,324,880	1,879,607
National Science Foundation.....	62	2,600,127	780,397	55	2,490,734	749,124	73	2,455,390	873,293	74	2,450,366	853,810	79	3,014,613	990,271
Department of Interior.....	113	1,824,707	240,649	123	2,409,669	305,687	135	2,327,206	321,670	140	2,829,414	344,720	152	2,953,114	373,460
Total Federal.....	966	67,372,875	11,368,666	1,074	85,356,188	13,054,499	1,315	94,985,276	14,826,039	1,362	112,286,344	17,707,139	981	123,951,868	19,284,536
<b>Other</b>															
State.....	329	9,227,894	356,634	321	7,742,841	245,559	362	9,446,630	494,038	370	8,235,509	315,091	273	9,847,403	518,813
Other non-federal agencies.....	183	5,716,976	306,982	214	9,162,291	897,196	211	7,030,885	535,972	210	6,100,493	723,237	142	3,803,283	283,903
Business and industry.....	321	8,399,140	1,933,606	297	6,672,496	1,392,325	223	3,387,667	441,237	244	5,053,398	769,562	257	6,240,165	785,844
Total other.....	833	23,344,010	2,597,222	832	23,577,628	2,535,080	796	19,865,182	1,471,247	824	19,389,400	1,807,890	672	19,890,851	1,588,560
Total Federal and Other.....	1,799	\$90,716,885	\$13,965,888	1,906	\$108,933,816	\$15,589,579	2,111	\$114,850,458	\$16,297,286	2,186	\$131,675,744	\$19,515,029	1,653	\$143,842,719	\$20,873,096
<b>Debt service (research revenue bonds):</b>															
Series 1995A Bonds.....			\$804,723			\$804,354			\$807,138						\$612,122
Series 2002A Bonds.....															1,082,738
Series 2003 Bonds.....															68,966
Series 2009 Bonds.....															\$1,763,826
Total Debt Service (1).....			\$804,723			\$804,354			\$807,138						\$1,463,632
<b>Debt service coverage</b>			<u>17.35X</u>			<u>19.38X</u>			<u>20.19X</u>						<u>11.83X</u>
<b>Federal</b>															
Department of Defense.....	118	\$18,378,980	\$4,704,847	158	\$16,427,585	\$5,942,047	135	\$22,787,369	\$6,688,766	153	\$23,454,311	\$6,996,385	132	\$26,506,891	\$9,044,803
Department of Education.....	122	26,748,746	705,604	94	22,479,818	827,046	127	21,824,481	619,235	143	26,316,452	806,114	126	29,060,399	827,845
Department of Agriculture.....	185	17,290,602	759,353	221	20,380,348	878,533	250	18,283,575	553,893	247	15,796,951	480,553	277	15,594,085	472,688
National Aeronautics & Space Adm.....	70	23,883,698	6,022,301	83	24,464,272	6,199,353	68	20,029,150	4,503,842	65	15,483,608	3,343,317	61	11,482,772	3,323,703
Department of HHS.....	139	9,819,296	2,503,751	140	12,428,432	3,002,864	182	8,748,932	2,332,489	128	8,419,857	2,037,688	139	8,406,558	1,882,430
Other federal agencies.....	134	7,770,522	1,505,572	103	4,265,048	911,015	127	7,210,213	1,739,860	138	10,073,967	2,481,567	155	6,607,562	1,626,272
National Science Foundation.....	105	4,489,497	1,454,152	169	6,914,413	1,473,253	105	5,772,637	1,485,669	112	5,908,285	1,395,855	113	5,285,990	1,261,565
Department of Interior.....	158	3,128,815	412,726	126	3,410,595	461,327	186	3,263,032	463,133	177	3,280,102	442,525	155	2,740,430	389,333
Total Federal.....	1,031	111,510,156	18,068,306	1,094	110,770,511	19,695,438	1,180	107,919,389	18,386,887	1,163	108,733,533	17,984,004	1,158	105,756,687	18,828,639
<b>Other</b>															
State.....	220	8,254,024	365,008	253	9,497,627	357,921	343	9,643,586	283,463	284	8,786,801	472,543	182	8,273,169	432,930
Other non-federal agencies.....	124	4,358,268	427,795	257	5,994,024	461,713	158	4,902,121	409,433	257	6,715,763	375,146	290	7,114,758	509,171
Business and industry.....	270	4,906,964	760,957	246	5,011,010	796,940	205	6,495,604	969,474	220	7,169,991	1,145,175	208	6,685,921	1,293,648
Total other.....	614	17,519,256	1,553,760	756	20,502,661	1,616,574	706	21,041,311	1,662,260	761	22,672,555	1,992,864	680	22,073,848	2,235,749
Total Federal and Other.....	1,645	\$129,029,412	\$19,622,066	1,850	\$131,273,172	\$21,312,012	1,886	\$128,960,700	\$20,049,147	1,924	\$131,406,088	\$19,976,868	1,838	\$127,830,535	\$21,064,388
<b>Debt service (research revenue bonds):</b>															
Series 1995A Bonds.....			\$609,768			\$610,321			\$2,420,156						\$2,414,329
Series 2002A Bonds.....						1,810,638			69,466						68,990
Series 2003 Bonds.....						69,020									103,326
Series 2009 Bonds.....															\$2,586,645
Total Debt Service (1).....			\$2,491,176			\$2,489,815			\$2,489,622						\$2,586,645
<b>Debt service coverage</b>			<u>7.88X</u>			<u>8.56X</u>			<u>8.06X</u>						<u>8.15X</u>

(1) Debt service includes principal and interest on an accrual basis.

**DEBT STRUCTURE OF THE UNIVERSITY**  
**June 30, 2009**

**Outstanding Bond Debt of the University**

For accounting purposes, the outstanding debt as shown below must be increased by the premium associated with debt issued and reduced by deferred amounts on refunding that are reported in the long-term debt notes of the University's financial statements. The University has the following debt outstanding.

Series	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
<b>Research Revenue (1)</b>				
2009 (2).....	Research	\$22,000,000	December 1, 2030	\$22,000,000
2003 (3).....	Research/land	705,000	December 1, 2015	420,000
2002A (4).....	Research/refunding	23,735,000	December 1, 2017	17,580,000
Total research revenue bonds (5) .....				<u>40,000,000</u>
<b>Student Fee/Housing Revenue (6)</b>				
2007 (7).....	Housing/refunding	39,155,000	April 1, 2035	39,155,000
1999A (7).....	Housing/refunding	15,010,000	December 1, 2014	9,575,000
Total student fee/housing revenue bonds (8) .....				<u>48,730,000</u>
<b>Student Building Fee Revenue</b>				
2004A (9).....	Building/refunding	11,065,000	April 1, 2026	9,585,000
Total principal amount of all outstanding bond debt (10) .....				<u>\$98,315,000</u>

- (1) These research revenue bonds are issued on a parity basis with each other.
- (2) Rated "AA" by S&P.
- (3) Purchased as a private placement. Initially, no rating applied for. Rated "AA" by S&P as of May 6, 2009.
- (4) Rated "AA" (AMBAC Insured) by S&P as of May 6, 2009. Fitch has withdrawn its rating on AMBAC as of May 6, 2009.
- (5) For accounting purposes, the total unamortized bond premium is \$908,958 and the total deferred amount is \$58,017 (as of June 30, 2009) and together with current debt outstanding of \$40,000,000, results in total outstanding net direct debt of \$40,850,941.
- (6) These student fee/housing revenue bonds are issued on a parity basis with each other.
- (7) Rated "AA" (National Public Finance Guarantee Corp. Insured) by S&P as of May 6, 2009.
- (8) For accounting purposes, the total unamortized bond premium is \$3,622,864 and the total deferred amount is \$1,769,414 (as of June 30, 2009) and together with current debt outstanding of \$48,730,000, results in total outstanding net direct debt of \$50,583,450.
- (9) Rated "AA" (National Public Finance Guarantee Corp. Insured) by S&P as of May 6, 2009. For accounting purposes, the total unamortized bond premium is \$27,131 (as of June 30, 2009) and together with current debt outstanding of \$9,585,000, results in total outstanding net direct debt of \$9,612,131.
- (10) For accounting purposes, the total unamortized bond premium is \$4,558,953 and the total deferred amount is \$1,827,431 (as of June 30, 2009) and together with current debt outstanding of \$98,315,000, results in total outstanding net direct debt of \$101,046,522.

The University has complied with the covenants of its bond agreements. Amounts due on bonds, notes and contracts payable in future years as of June 30, 2009 may be found in the University's audited financial report for the year ended June 30, 2009, Notes to the Financial Statements Note H, Bonds, Notes, Contracts and Other Non-Current Liabilities.



## **Financial Information Regarding the University**

Utah State University's financial reporting is in accordance with standards outlined by the Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis – for Public Colleges and Universities*. These financial statements focus on the financial condition of the University, the results of operations, and cash flows of the University as a whole.

The following summaries provide financial data for fiscal years 2009, 2008, 2007, 2006 and 2005 in the GASB Statement No. 35 format.

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**Utah State University**  
**Statement of Net Assets**  
**(This Summary has not been Audited)**

Fiscal Year Ended June 30

	2009	2008	2007	2006	2005
<b>Assets</b>					
Current assets					
Cash and cash equivalents.....	\$40,260,836	\$14,532,738	\$22,566,125	\$31,370,798	\$88,153,189
Short-term investments.....	48,343,672	25,941,475	32,030,422	56,416,102	3,307,772
Accounts receivable - net of allowances.....	58,430,653	62,395,138	49,038,075	52,214,952	50,421,925
Credits receivable.....	398,106	1,046,727	696,749	860,361	774,674
Notes receivable - net of allowances.....	1,200,187	1,352,398	3,501,496	4,727,324	14,255,867
Inventories.....	4,371,833	4,361,470	4,341,041	3,489,327	3,226,615
Prepaid expenses.....	1,936,855	1,197,587	1,315,515	1,256,994	1,387,860
<b>Total current assets.....</b>	<b>154,942,142</b>	<b>110,827,533</b>	<b>113,489,423</b>	<b>150,335,858</b>	<b>161,527,902</b>
Non-current assets					
Restricted					
Cash and cash equivalents.....	3,242,301	1,830,194	1,892,647	2,198,548	3,481,348
Short-term investments.....	5,613,218	2,584,402	2,969,578	3,545,498	
Investments.....	55,288,678	64,549,635	64,668,189	53,820,329	48,564,929
Accounts receivable.....	916,656	479,908	422,268	1,537,017	5,540,642
Real estate held for resale.....	1,144,530	1,144,530	223,530	292,530	293,824
Accounts receivable.....	30,797,274	39,700,779	1,678,718	1,470,442	1,743,363
Notes receivable.....	11,259,772	11,858,958	9,149,370	9,643,948	
Investments.....	130,203,574	159,382,469	122,175,592	85,608,853	96,072,594
Real estate held for resale.....				26,711	26,711
Property, plant and equipment - net.....	490,662,503	473,251,698	462,574,497	446,452,844	387,331,977
<b>Total non-current assets.....</b>	<b>729,128,506</b>	<b>754,782,573</b>	<b>665,754,389</b>	<b>604,596,720</b>	<b>543,055,388</b>
<b>Total assets.....</b>	<b>884,070,648</b>	<b>865,610,106</b>	<b>779,243,812</b>	<b>754,932,578</b>	<b>704,583,290</b>
<b>Liabilities</b>					
Current liabilities					
Accounts payable.....	40,383,048	42,137,931	41,014,889	42,238,641	44,831,277
Bonds, notes and contracts payable.....	6,186,503	5,691,241	4,988,408	4,685,159	5,057,740
Liability for compensated absences.....	9,348,661	9,052,010	3,135,713	2,858,174	2,396,368
Liability for early retirement.....	6,623,080	3,742,246	3,702,379	2,094,531	1,999,022
Deferred revenue and deposits.....	16,051,422	15,258,354	16,904,015	17,616,544	22,606,255
Funds held for others.....	471,408	436,726	368,566	416,271	275,966
<b>Total current liabilities.....</b>	<b>79,064,122</b>	<b>76,318,508</b>	<b>70,113,970</b>	<b>69,909,320</b>	<b>77,166,628</b>
Non-current liabilities					
Bonds, notes and contracts payable.....	120,627,101	103,226,740	102,913,793	103,371,551	106,491,670
Liability for compensated absences.....	5,498,370	5,952,712	11,348,553	10,228,645	9,614,451
Liability for early retirement.....	18,909,053	6,072,865	7,728,328	3,411,558	3,988,655
Deferred revenue and deposits.....	540,000	540,000	1,490,000	1,390,000	1,190,000
<b>Total non-current liabilities.....</b>	<b>145,574,524</b>	<b>115,792,317</b>	<b>123,480,674</b>	<b>118,401,754</b>	<b>121,284,776</b>
<b>Total liabilities.....</b>	<b>224,638,646</b>	<b>192,110,825</b>	<b>193,594,644</b>	<b>188,311,074</b>	<b>198,451,404</b>
<b>Net assets</b>					
Invested in capital assets - net of debt.....	383,603,073	365,976,770	364,321,023	363,959,130	319,087,126
Restricted for					
Non-expendable					
Primarily scholarships and fellowships.....	65,657,240	62,758,503	55,064,706	51,768,038	53,463,328
Loans.....	13,011,190	12,887,287	12,928,513	12,808,912	12,913,258
Expendable					
Research, instruction and public service.....	153,365,845	165,825,038	110,653,146	87,557,831	71,293,827
Capital projects.....	18,090,097	25,033,881	5,037,578	7,240,085	5,124,619
Unrestricted.....	25,704,557	41,017,802	37,644,202	43,287,508	44,249,728
<b>Total net assets.....</b>	<b>\$659,432,002</b>	<b>\$673,499,281</b>	<b>\$585,649,168</b>	<b>\$566,621,504</b>	<b>\$506,131,886</b>

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

**Utah State University**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**(This Summary has not been Audited)**

	Fiscal Year Ended June 30				
	2009	2008	2007	2006	2005
<b>Operating revenues</b>					
Tuition and fees - net of scholarship allowances.....	\$73,575,906	\$67,072,029	\$65,353,015	\$62,404,674	\$60,977,894
Federal appropriations.....	4,603,659	5,371,060	4,228,154	4,519,483	4,551,497
Federal grants and contracts.....	102,054,236	104,371,373	108,071,198	130,034,950	128,248,720
State grants and contracts.....	7,549,631	7,927,539	5,768,648	8,925,577	6,895,456
Local grants and contracts.....	2,146,996	2,079,890	2,434,210	2,335,012	2,365,285
Private grants and contracts.....	14,874,253	13,898,855	10,413,494	10,710,585	8,563,120
Sales and services of educational departments.....	10,401,322	10,907,585	9,609,624	12,321,813	11,933,370
Conferences and institutes (non-credit).....	3,881,641	5,801,971	4,050,350	5,955,768	5,838,699
Service departments.....	2,540,407	3,105,180	3,713,249	1,420,515	2,219,825
Auxiliary enterprises.....	33,406,121	31,953,390	30,612,027	28,091,536	27,227,556
Other.....	12,975,105	13,126,223	11,536,862	5,412,252	7,236,609
Total operating revenues.....	<u>268,009,277</u>	<u>265,615,095</u>	<u>255,790,831</u>	<u>272,132,165</u>	<u>266,058,031</u>
<b>Operating expenses</b>					
Salaries and wages.....	222,774,224	211,832,891	198,920,065	190,973,865	186,841,215
Employee benefits.....	96,799,960	76,518,914	77,167,278	72,807,323	70,058,886
Other operating expenses.....	111,242,810	119,292,179	116,746,716	119,593,626	113,795,925
Scholarships and fellowships.....	24,120,941	23,911,210	22,018,865	17,876,138	19,716,820
Depreciation.....	31,746,087	28,602,378	27,191,607	27,215,377	23,872,370
Total operating expenses.....	<u>486,684,022</u>	<u>460,157,572</u>	<u>442,044,531</u>	<u>428,466,329</u>	<u>414,285,216</u>
Operating loss.....	<u>(218,674,745)</u>	<u>(194,542,477)</u>	<u>(186,253,700)</u>	<u>(156,334,164)</u>	<u>(148,227,185)</u>
<b>Non-operating revenues (expenses)</b>					
State appropriations.....	148,256,183	160,245,542	144,866,453	144,576,550	131,585,986
State grants.....	6,082,178	7,517,287	6,198,367	2,159,967	1,207,121
State land grant revenues (1).....	275,004	398,710	297,590		
Federal grants (ARRA).....	5,889,000				
Financial aid grants and contracts (2).....	21,291,844	19,767,335	19,077,245		
Private gifts.....	3,074,281	55,244,735	10,976,195	7,362,761	4,953,746
Investment income.....	(1,443,025)	6,314,152	21,034,564	8,103,422	9,220,735
Other.....	(133,346)	(48,534)	123,550		439,068
Net non-operating revenues.....	<u>183,292,119</u>	<u>249,439,227</u>	<u>202,573,964</u>	<u>162,202,700</u>	<u>147,406,656</u>
Income before other revenues (expenses).....	<u>(35,382,626)</u>	<u>54,896,750</u>	<u>16,320,264</u>	<u>5,868,536</u>	<u>(820,529)</u>
<b>Other revenues (expenses)</b>					
State appropriations for capital purposes.....	15,793,979	11,722,777	5,594,877	43,079,936	4,061,683
State grants and contracts for capital purposes.....				394,679	105,321
State land grant revenues.....				188,185	238,335
Private grants and gifts for capital purposes.....	4,625,690	17,263,096	3,800,495	8,856,427	854,775
Interest on capital asset related debt.....	(4,536,105)	(4,153,839)	(3,310,924)	(3,937,323)	(4,262,441)
Additions to permanent endowments.....	5,510,394	5,861,235	3,042,945	7,663,262	1,122,443
Other additions (deductions) - net.....	(78,611)	2,260,094	(3,097,100)	(1,624,084)	(1,665,208)
Total other revenues.....	<u>21,315,347</u>	<u>32,953,363</u>	<u>6,030,293</u>	<u>54,621,082</u>	<u>454,908</u>
Increase (decrease) in net assets.....	<u>(14,067,279)</u>	<u>87,850,113</u>	<u>22,350,557</u>	<u>60,489,618</u>	<u>(365,621)</u>
Net assets - beginning of year as restated.....	<u>673,499,281</u>	<u>585,649,168</u>	<u>563,298,611</u>	<u>506,131,886</u>	<u>506,497,507</u>
Net assets - end of year.....	<u>\$659,432,002</u>	<u>\$673,499,281</u>	<u>\$585,649,168</u>	<u>\$566,621,504</u>	<u>\$506,131,886</u>

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

(1) State Land Grant revenues were reported as other revenues (expenses) prior to fiscal year 2007.

(2) Financial Aid grants and contracts were reported as operating revenue prior to fiscal year 2007.