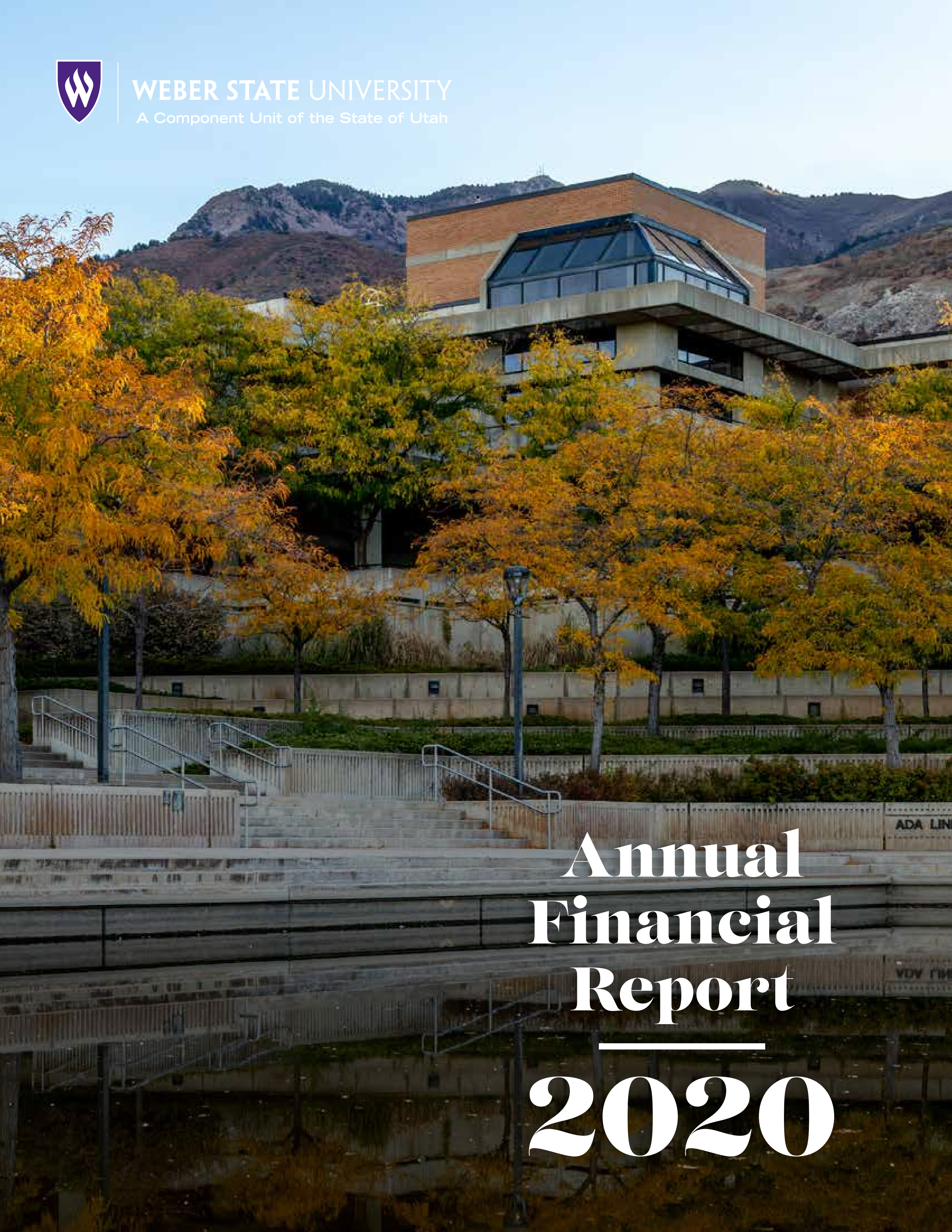
WEBER STATE UNIVERSITY
A Component Unit of the State of Utah



Annual Financial Report

2020

Annual Financial Report

2020


EXPO

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Message from the President

Make sure to hold on to this issue of our annual financial report, as this year will become one of the most historic for Weber State University. The success that you see in this keepsake issue is despite the challenges of our times — a worldwide pandemic, calls for greater social and racial justice, and major economic disruptions. These challenges create amazing opportunities for unleashing creative thinking, new conversations, and engaged problem-solving, which continue to place Weber State at the intersection for students of all backgrounds to take multiple pathways to success.

While these challenges are frequently referred to as “unprecedented,” they are not. As an educational institution, Weber has endured the 1918 Spanish Flu pandemic, a campus closure that lasted 18 months, rapid transitions in the delivery of academic programs to meet the demands of World War II, and many other difficulties. Weber not only survived those challenges, but emerged from each as an institution better poised to thrive in the future.

With the onset of the pandemic, there was a slight panic with knowing how the interruption would impact our students. But there also was immense calm, knowing that we already had an online learning infrastructure in place to meet the moment. We did not stop there. Over the summer, we expanded our online learning options to include six course-delivery formats to meet students where they were on their educational journey. The formats include face-to-face, face-to-face hybrid, online, virtual, virtual hybrid, and flex.

Weber State also set records for summer enrollment. We increased by over two percent in enrollment with over 4,000 students enrolled for summer courses. For fall enrollment, we went from just under 16 percent down (-16.0) in enrollment to a positive 0.2 percent for full-time enrollment. Our overall headcount for full and part-time students is down only about 100 students. When you put our numbers in pandemic-perspective, you will find tremendous success. This success is credited to our dedicated students, faculty, and staff.

To ensure Weber State remains on the cutting-edge with its program offerings and facilities, we continue to increase our digital footprint with The Digital Fluency District. This District provides coordinated teaching and learning spaces equipped with innovative technology, tools, and support services to empower faculty, staff, and students to build a culture of digital fluency and creative exploration. The Stewart Library and Lampros Hall are the core of this District with spokes extending throughout campus. These creative solutions and spaces will inspire faculty who want to better utilize technology in their teaching. The District fosters environments where learners collaborate, consume information, and create content. This is essential to prepare students for workforce demands that require critical thinking by equipping them with skills in creative problem-solving.

We recently held a grand opening for the new Computer and Automotive Engineering Building at WSU Davis. This new facility capitalizes on the strategic location of WSU Davis to support Hill Air Force Base and its aerospace and defense industry partners. In addition to six classrooms, the $24 million building features a “sandbox” or test environment for computer science and software engineering courses. The new home of the automotive technology program has updated automotive shops, including a Tesla learning center and an engine test cell. We also look forward to the Fall 2022 opening of the Noorda Engineering, Applied Science and Technology Building on our Main Campus.

With the backdrop of new buildings and innovation across campuses, Weber State is poised to remain a top choice for first-time and returning students, whether continuing from the prior semester or a prior stint in college. Life happens, and we want to help students complete their pursuit of a rewarding career with undeniable skillsets.

We extend our deepest appreciation to all the stakeholders, contributors, and taxpayers for your investment in the education of our Weber State students.

The financial statements that follow are prepared according to generally accepted accounting principles established by the Governmental Accounting Standards Board. The Office of the Utah State Auditor has reviewed and audited this financial report for the year ended June 30, 2020. This financial report is intended to reflect the overall financial position of the university as of June 30, 2020. It also reflects the flow of financial resources to and from the university for the fiscal year ended June 30, 2020.

I am happy to report that the university is in good financial standing and benefits from a joint commitment of students, faculty, staff, alumni, administrators, elected and appointed officials and the community at large.

Best,

Brad Mortensen, President

OFFICE OF THE
STATE AUDITOR

INDEPENDENT STATE AUDITOR'S REPORT

To the Board of Trustees, Audit Committee
and
Dr. Brad L. Mortensen, President
Weber State University

Report on the Financial Statements

We have audited the accompanying financial statements of Weber State University (University), a component unit of the State of Utah, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University as of June 30, 2020, and the changes in its financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Utah State Capitol Complex, East Office Building, Suite E310 • Salt Lake City, Utah 84114-2310 • Tel: (801) 538-1025 • auditor.utah.gov

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Schedule of Proportionate Share of the Net Pension Liability, and the Schedule of Defined Benefit Pension Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the University's basic financial statements. The Message from the President and the listing of the Governing Boards and Officers have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on this other information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2020 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Office of the State Auditor

Office of the State Auditor
October 15, 2020


HOMECOMING ROYALTY 2020

Management's Discussion & Analysis

INTRODUCTION

This section of Weber State University's (the University's) Annual Report presents management's discussion and analysis of the University's financial performance during the fiscal year ended June 30, 2020, with comparable information for the fiscal year ended June 30, 2019. The discussion has been prepared by management and should be read in conjunction with the accompanying financial statements and footnotes. The discussion and analysis is designed to provide an easily readable analysis of the University's financial activities based on facts, decisions, and conditions known at the date of the auditor's report. The financial statements, footnotes, and this discussion are the responsibility of management.

FINANCIAL STATEMENTS OVERVIEW

This annual report consists of a series of financial statements, prepared in accordance with GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, as amended by GASB Statement No. 35, Basic Financial Statements-and Management's Discussion and Analysis – for Public Colleges and Universities, and GASB Statement No. 38, Certain Financial Statement Note Disclosures.

As required by these accounting principles, the annual report consists of three basic financial statements which provide information on the University as a whole: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. Each one of these statements will be discussed.

STATEMENT OF NET POSITION

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University as of the end of the fiscal year. The Statement of Net Position is a point-in-time financial statement. The purpose of the Statement of Net Position is to present to the readers of the financial statements a fiscal snapshot of Weber State University. The Statement of Net Position presents end-of-year data concerning assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources, and net position (assets plus deferred outflows of resources minus liabilities plus deferred inflows of resources). The difference between current and noncurrent assets will be discussed in the footnotes to the financial statements.

A summarized comparison of the University's assets, deferred outflows, liabilities, deferred inflows, and net position as of June 30, 2020 and 2019 is shown below.

CONDENSED STATEMENT OF NET POSITION

	As of June 30, 2020 Amount	As of June 30, 2019 Amount	Amount of Increase (Decrease)	Percent Increase (Decrease)
Assets				
Current assets	$95,416,914	$74,776,907	$20,640,007	27.60%
Noncurrent assets				
Capital	408,396,365	391,990,459	16,405,906	4.19%
Other	220,510,372	247,238,240	(26,727,868)	(10.81%)
Total assets	724,323,651	714,005,606	10,318,045	1.45%
Deferred outflows of resources				
Deferred amount of refunding	778,744	535,854	242,890	45.33%
Deferred outflows relating to pensions*	9,156,003	12,384,487	(3,228,484)	(26.07%)
Total deferred outflows of resources	9,934,747	12,920,341	(2,985,594)	(23.11%)
Liabilities				
Current liabilities	19,756,970	22,535,857	(2,778,887)	(12.33%)
Noncurrent liabilities	54,316,322	69,243,156	(14,926,834)	(21.56%)
Total liabilities	74,073,292	91,779,013	(17,705,721)	(19.29%)
Deferred inflows of resources				
Deferred inflows relating to beneficial interests	8,741,742	8,960,678	(218,936)	(2.44%)
Deferred inflows relating to pensions*	5,310,806	5,537,745	(226,939)	(4.10%)
Total deferred inflows of resources	14,052,548	14,498,423	(445,875)	(3.08%)
Net position				
Net investment in capital assets	364,416,979	345,235,481	19,181,498	5.56%
Restricted - nonexpendable	112,338,244	110,974,030	1,364,214	1.23%
Restricted - expendable	61,777,525	68,672,087	(6,894,562)	(10.04%)
Unrestricted	107,599,810	95,766,913	11,832,897	12.36%
TOTAL NET POSITION	$646,132,558	$620,648,511	$25,484,047	4.11%

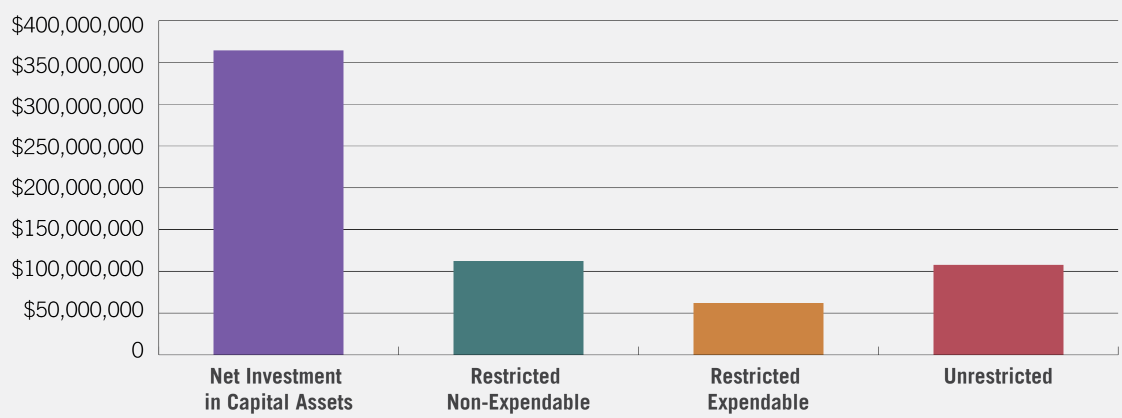
* *FY2019 deferred outflows and inflows related to pensions were adjusted by Utah Retirement Systems (URS)*

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the University. They are also able to determine how much the University owes to outside organizations. Finally, the Statement of Net Position provides a picture of the net position (assets plus deferred outflows of resources minus liabilities plus deferred inflows of resources) and its availability for expenditure by the University.

Net position is divided into three major categories. The first category, "net investment in capital assets," provides the University's equity in property, plant, and equipment. The next category is "restricted" net position, which is divided into two subcategories, "nonexpendable" and "expendable." The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net position is available for expenditure by the University but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is "unrestricted" net position. Unrestricted net position is generally designated internally by the University for specific institutional purposes.

The composition of the University's net position is displayed in the following graph.

COMPOSITION OF THE UNIVERSITY'S NET POSITION AS OF JUNE 30, 2020



In fiscal year 2020 current assets increased 27.60%, primarily from an increase in cash and cash equivalents due to the majority of the government agency bonds being called, due to dropping interest rates, and being held in cash. Deferred outflows relating to pensions decreased $3.2 million largely from the net difference between expected and actual experience (see note 7). Noncurrent liabilities decreased approximately $14.9 million, in fiscal year 2020, primarily due to a $12.9 million decrease in net pension liability (see note 7). At the end of fiscal year 2020, the University's current assets of $95.4 million were sufficient to cover current liabilities of $19.8 million. Also at the end of fiscal year 2020, total assets of $724.3 million were sufficient to cover total liabilities of $74.1 million. Deferred outflows and inflows relating to pensions are a result of GASB Statement No. 68, Accounting and Financial Reporting for Pensions. (see notes 1 and 7). Deferred inflows of resources relating to beneficial interests are a result of GASB Statement No. 81, Irrevocable Split-Interest Agreements. Over time, increases or decreases in net position (the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources) is one indicator of the improvement or erosion of the University's financial health when considered with non-financial facts such as enrollment levels and the condition of facilities. One must also consider that the consumption of assets follows the institutional philosophy to use available resources to acquire and improve all areas of the University to better serve the mission of the University.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Changes in total net position, as presented on the Statement of Net Position, are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of the statement is to present the revenues received by the University, both operating and nonoperating, and the expenses paid by the University, both operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the University. Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the University. 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 University. Nonoperating revenues are revenues received for which goods and services are not provided.

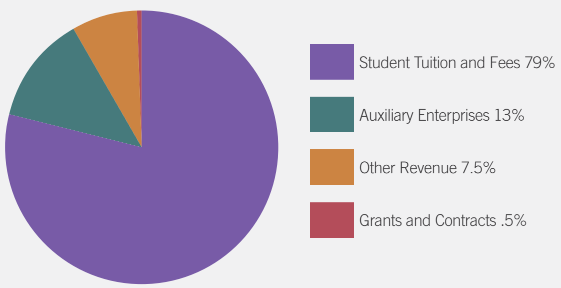
A summarized comparison of the University's revenues, expenses, and changes in net position for the years ended June 30, 2020 and 2019 is shown below.

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

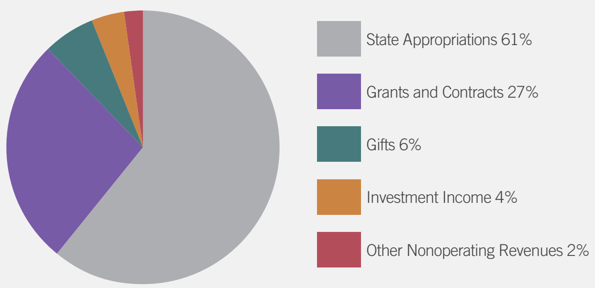
	Year Ended June 30, 2020 Amount	Year Ended June 30, 2019 Amount	Amount of Increase (Decrease)	Percent Increase (Decrease)
Operating revenues				
Tuition and fees	$87,868,667	$85,822,271	$2,046,396	2.38%
Grants and contracts	611,206	713,206	(102,000)	(14.30%)
Auxiliary enterprises	14,198,329	16,315,936	(2,117,607)	(12.98%)
Other	8,555,449	9,057,000	(501,551)	(5.54%)
Total operating revenues	111,233,651	111,908,413	(674,762)	(0.60%)
Operating expenses				
Salaries and wages	122,052,294	115,015,898	7,036,396	6.12%
Employee benefits	38,402,549	47,604,464	(9,201,915)	(19.33%)
Scholarships and fellowships	17,100,330	15,198,659	1,901,671	12.51%
Depreciation	18,704,747	18,013,006	691,741	3.84%
Other operating expenses	54,866,823	57,936,710	(3,069,887)	(5.30%)
Total operating expenses	251,126,743	253,768,737	(2,641,994)	(1.04%)
Operating loss	(139,893,092)	(141,860,324)	1,967,232	1.39%
Nonoperating revenues/(expenses)				
State appropriations	95,582,300	91,227,101	4,355,199	4.77%
Grants and contracts	42,893,388	41,085,775	1,807,613	4.40%
Other nonoperating revenues/(expenses)	17,800,091	21,516,870	(3,716,779)	(17.27%)
Net nonoperating revenues/(expenses)	156,275,779	153,829,746	2,446,033	1.59%
Income before other revenue	16,382,687	11,969,422	4,413,265	36.87%
Other revenues				
Capital appropriations	6,266,134	33,303,565	(27,037,431)	(81.18%)
Capital grants and gifts	247,270	765,794	(518,524)	(67.71%)
Additions to permanent endowments	2,587,956	3,873,830	(1,285,874)	(33.19%)
Total other revenue	9,101,360	37,943,189	(28,841,829)	(76.01%)
Increase in net position	25,484,047	49,912,611	(24,428,564)	(48.94%)
Net position - beginning of year	620,648,511	570,735,900	49,912,611	8.75%
Net position - end of year	$646,132,558	$620,648,511	$25,484,047	4.11%

The most significant source of operating revenue for the University is student tuition and fees, which totaled $87.9 million for fiscal year 2020. Auxiliary enterprise revenue decreased approximately $2.1 million largely due to COVID 19. Other nonoperating revenues/(expenses) decreased approximately $3.7 million largely due to $7.5 million decrease in investment income for fiscal year 2020. Capital appropriations decreased $27 million in fiscal year 2020 due to several State funded construction projects finishing in fiscal year 2019, including Lindquist Hall. In fiscal year 2020 additions to permanent endowments decreased $1.3 million largely due to several large endowments created from generous donations in fiscal year 2019. The following charts highlight the University's operating and nonoperating revenues for the fiscal year 2020.

OPERATING REVENUES

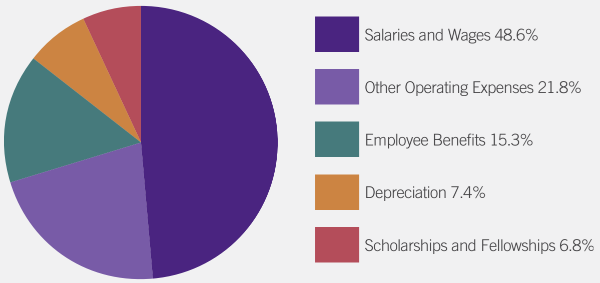


NONOPERATING REVENUES



The University's operating expenses were $251.1 million for the fiscal year ended June 30, 2020. Employee benefits decreased $9.2 million primarily due to a decrease in net pension liability for the University (see note 7). Scholarships and fellowships increased $1.9 million partially due to CARES Act relief funds disbursed to students due to COVID 19. Other operating expenses decreased $3.1 million partly from a slowdown in procurement activity due to COVID 19. Operating expenses are reported by natural classification in the financial statements. The following chart illustrates the University's operating expenses by natural classification for the fiscal year ended 2020.

EXPENSES BY NATURAL CLASSIFICATION



State appropriations are considered nonoperating because they are provided by the Legislature to the University without the Legislature directly receiving commensurate goods and services for those revenues. This will always result in an overall operating loss. A more comprehensive assessment of the operations of the University is reflected in "Income (Loss) Before Other Revenue."

STATEMENT OF CASH FLOWS

The final statement presented by the University is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the University during the year.

The statement is divided into five parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the University. 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 shows the net change in cash which reconciles to the end of year cash shown on the Statement of Net Position. The University's cash flows for the fiscal year ended June 30, 2020 are shown below.

CONDENSED STATEMENT OF CASH FLOWS

	Year Ended June 30, 2020 Amount	Year Ended June 30, 2019 Amount	Amount Increase (Decrease)	Percent Increase (Decrease)
Cash and cash equivalents provided (used) by:				
Operating activities	$(131,722,484)	$(123,207,770)	$(8,514,714)	(6.91%)
Noncapital financing activities	153,110,255	145,252,135	7,858,120	5.41%
Capital financing activities	(31,891,347)	(20,730,550)	(11,160,797)	(53.84%)
Investing activities	37,292,777	18,840,333	18,452,444	97.94%
Net change in cash and cash equivalents	26,789,201	20,154,148	6,635,053	32.92%
Cash and cash equivalents - beginning of year	65,437,101	45,282,953	20,154,148	44.51%
Cash and cash equivalents - end of year	$92,226,302	$65,437,101	$26,789,201	40.94%

Major Construction Projects

There were several significant construction projects during the fiscal year. These projects are funded from a number of different sources including private donations and state capital appropriations.

BARBARA AND RORY YOUNGBERG FOOTBALL CENTER

An open house and ribbon cutting took place in September 2019 for the new Barbara and Rory Youngberg Football Center. The project was constructed on the north end of the football stadium. The 27,000-square foot building is now the main entrance to the stadium. It also includes the Sark's Boys Gateway, the Stromberg Strength and Conditioning Complex, the Marquardt-Kimball Plaza and the Behnken Plaza. The facility features a new state-of-the-art strength and conditioning facility for all Wildcat student-athletes, as well as a new football team locker room, a new expanded equipment room, and football coaches offices and position group meeting rooms. The building also includes a 125-seat team room that will benefit all student-athletes. A new plaza, ticket office, and souvenir shop are also part of the complex. The approximate budget for the project was $15 million.

OUTDOOR ADVENTURE AND WELCOME CENTER

Groundbreaking took place for the new Weber State University Outdoor Adventure & Welcome Center in October 2019. This new 16,900 square-foot building will have a Welcome Center to help students get oriented and make connections on campus. The Outdoor Adventure Center will allow WSU's popular Campus Recreation Outdoor Program to expand its equipment rental center, making room for new equipment and improved efficiency. The center will also support recreation rock climbing, including bouldering and a 55-foot climbing wall. The Welcome Center portion of the facility will provide space for the Office of Admissions to host visitor experiences that showcase Weber State's connection between education and the environment. Construction is expected to be complete by January 2021 and has an approximate construction budget of $7 million.

DAVIS CAMPUS COMPUTER & AUTOMOTIVE ENGINEERING

Groundbreaking took place in May 2019 on the new Davis Computer and Automotive Engineering Building at WSU Davis in Layton. The 50,000 square-foot building will help the College of Engineering, Applied Science & Technology (EAST) accommodate the rapid growth in the field. The building will be used for automotive, computer and software engineering courses to meet high-demand degrees in northern Utah. The approximate $24 million project also includes a new primary entrance to campus from State Route 193, which relieves pressure on the existing entry and allow faster access. The state-of-the-art facilities offer innovative and collaborate learning spaces to students in computer science, computer engineering and automotive technology. The new building was completed in time for Fall semester 2020.

SOLAR COVERED PARKING LOT

Weber State University broke ground in June 2020 and took another step in its goal of becoming a sustainable, carbon-neutral campus by installing a solar covered array over the W10 parking lot, on the northwest side of the Ogden campus. The lot has approximately 100 parking spaces available for students, faculty and staff. The array houses 550 kilowatts of solar panels that feed directly into Lindquist Hall and the campus electrical grid. The power produced by the array is expected to offset 80% of Lindquist Hall's energy consumption. The parking lot was ready for student parking for Fall semester 2020. The approximate cost of the project was $1.7 million.


WEBER STATE
WILDCATS

Economic Outlook for WSU

A crucial element in the University's future continues to be a strong relationship with the State of Utah. The University's operating budget for the fiscal year ending June 30, 2020 is supported by two major sources of revenue: appropriations from the State of Utah ($95.6 million) and net student tuition and fees ($87.9 million). Weber State University's budget conditions remained solid during the Fiscal Year 2020, assisted by 2.0% tuition and 3.0% fee increases despite the economic impact of the COVID 19 pandemic.

Utah's economy continues to be recognized among the top performing states. Given the historical inverse relationship between student enrollment growth and a strong state economy, only a slight enrollment increase is projected for Fiscal Year 2021. Conservative budgeting with 2.0% tuition and 2.0% fee increases should continue to keep the University's financial position stable during the fiscal year 2020-2021 allowing for a $2.05 million decrease in state appropriations, stemming from the financial impacts related to COVID 19.

The University continues to monitor and mitigate the financial impacts of COVID 19. Weber State University was awarded $5,857,113 in CARES Act student financial aid funding (phase I), $5,857,113 in CARES Act Institutional funding (phase II), and $580,432 in CARES Act Strengthening Institutions (SIP) funding. As of June 30, 2020 we had expended $930,483 of the phase 1 funding, $595,637 of the phase 2 funding, and $580,432 of the SIP funding.

Current conditions are likely to influence the University to examine future tuition and fee increases for additional funding. The institution is continuing the implementation of a strategic enrollment plan, developed in fiscal year 2017-2018, targeting enrollment growth. As the financial statements and footnotes indicate, the University remains on a solid financial foundation. A conservative financial management approach will continue to be employed in managing the resources of the University.

Norman C. Tarbox, Jr., Ed.D.,
Vice President for Administrative Services

Basic Financial Statements


CHARACTER EXCELLENCE COMMUNITY

STATEMENT OF NET POSITION

As of June 30, 2020

ASSETS	
Current Assets	**2020**
Cash and cash equivalents (Note 2)	$74,177,174
Short-term investments (Note 2)	6,658,667
Accounts receivable, net (Note 5)	4,649,590
Receivable from state agencies (Note 5)	3,072,369
Interest receivable	179,430
Inventories	2,820,830
Prepaid expenses	1,101,713
Student loans receivable, net (Note 5)	850,832
Pledges receivable, net (Note 5)	1,462,781
Other assets	443,528
Total Current Assets	95,416,914
Noncurrent Assets	
Restricted cash and cash equivalents (Note 2)	18,049,128
Investments (Note 2)	184,162,559
Accounts receivable, net (Note 5)	4,039,555
Student loans receivable, net (Note 5)	2,485,345
Pledges receivable, net (Note 5)	2,745,509
Other noncurrent assets (note 1)	8,829,993
Capital assets, net (Note 3)	408,396,365
Net pension asset (Notes 1 and 7)	198,283
Total noncurrent assets	628,906,737
Total Assets	724,323,651
DERERRED OUTFLOWS OF RESOURCES	
Deferred Outflows relating to Pensions (Notes 1 and 7)	9,156,003
Deferred amount of refunding	778,744
Total Deferred Outflows of Resources	9,934,747
LIABILITIES	
Current Liabilities	
Accounts payable (Note 5)	1,762,636
Accrued liabilities	620,301
Accrued payroll	100,000
Payable to state agencies	2,350,860
Compensated absences & termination benefits (Note 3)	3,301,616
Unearned revenue	8,174,283
Bonds payable (Notes 3 and 4)	3,054,944
Other liabilities	392,330
Total current liabilities	19,756,970
Noncurrent Liabilities	
Compensated absences & termination benefits (Note 3)	4,334,953
Annuities payable (Note 3)	355,155
Bonds payable (Notes 3 and 4)	41,703,186
Net pension liability (Notes 1 and 7)	7,923,028
Total noncurrent liabilities	54,316,322
Total Liabilities	74,073,292
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Relating to Beneficial Interests (Note 1)	8,741,742
Deferred Inflows Relating to Pensions (Notes 1 and 7)	5,310,806
Total Deferred Inflows of Resources	14,052,548
NET POSITION	
Net investment in capital assets	364,416,979
Restricted:	
Nonexpendable	
Primarily scholarships and fellowships	112,338,244
Expendable	
Primarily scholarships and fellowships	51,129,382
Capital projects	3,069,256
Loans	5,115,892
Sponsored projects	2,232,744
Debt service	230,251
Unrestricted	107,599,810
Total Net Position	$646,132,558

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Fiscal Year Ended June 30, 2020

REVENUES	
Operating Revenues	**2020**
Student tuition and fees, net (Note 1)	$87,868,667
Federal grants and contracts	424,166
State and local grants and contracts	127,136
Nongovernmental grants and contracts	59,904
Sales and services of educational activities	2,966,353
Auxiliary enterprises, net (Note 1)	14,198,329
Other operating revenues	5,589,096
Total Operating Revenues	111,233,651
EXPENSES	
Operating Expenses	
Salaries and wages	122,052,294
Employee benefits	38,402,549
Scholarships and fellowships	17,100,330
Depreciation	18,704,747
Other operating expenses	54,866,823
Total Operating Expenses	251,126,743
Operating Loss	(139,893,092)
NONOPERATING REVENUES (EXPENSES)	
State appropriations	95,582,300
Federal grants and contracts	36,582,523
State and local grants and contracts	5,741,261
Nongovernmental grants and contracts	569,604
Gifts	10,088,648
Investment income (net of investment expense)	6,717,418
Interest on capital assets-related debt	(1,444,189)
Other nonoperating revenues	2,438,214
Net Nonoperating Revenues	156,275,779
Income Before Other Revenue	16,382,687
OTHER REVENUES	
Capital appropriations	6,266,134
Capital grants and gifts	247,270
Additions to permanent endowments	2,587,956
Total other revenue	9,101,360
Increase in Net Position	25,484,047
NET POSITION	
Net Position - Beginning of Year	620,648,511
Net Position - End of Year	$646,132,558

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

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2020

	2020
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$86,948,020
Receipts from grants/contracts	611,206
Receipts from auxiliary and educational services	17,164,682
Collection of loans from students	695,104
Payments for scholarships and fellowships	(17,037,632)
Payments for employee services and benefits	(170,320,659)
Other operating receipts	4,642,737
Payments to suppliers	(54,425,942)
Net cash provided (used) by Operating Activities	(131,722,484)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	95,582,300
Receipts from grants/contracts	42,893,388
Agency receipts including direct lending program	36,224,009
Agency disbursements including direct lending program	(36,377,266)
Receipts from gifts	9,437,636
Receipts for permanent endowments	2,587,956
Other noncapital financing activities	2,762,232
Net cash provided (used) by Noncapital Financing Activities	153,110,255
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Receipts from capital grants/gifts	716,850
Proceeds from bond issuance	10,835,000
Purchases of capital assets	(28,397,259)
Principal paid on capital debt/leases	(13,595,000)
Interest paid on capital debt/leases	(1,450,938)
Net cash provided (used) by Capital and related Financing Activities	(31,891,347)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale/maturity of investments	53,776,405
Receipt of interest/dividends from investments	8,667,453
Purchase of investments	(25,151,081)
Net cash provided (used) by Investing Activities	37,292,777
Net Increase (decrease) in Cash and Cash Equivalents	26,789,201
Cash and Cash Equivalents - Beginning of Year	65,437,101
Cash and Cash Equivalents - End of Year	$92,226,302

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

STATEMENT OF CASH FLOWS (CONTINUED)

For the Fiscal Year Ended June 30, 2020

Reconciliation of net operating income (loss) to net cash provided (used) by operating activities:

	2020
Operating income (loss)	$(139,893,092)
Difference between actuarial calculated pension expense and actual contributions	$(10,139,655)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	19,151,853
Changes in assets and liabilities:	
Receivables (net)	(444,080)
Student loans receivable	659,860
Inventories	(326,799)
Prepaid expenses	32,458
Other current assets	(6,225)
Accounts payable	(559,957)
Accrued liabilities	(6,749)
Accrued payroll	(122,000)
Unearned revenue	(476,567)
Compensated absences and early retirement	402,588
Other current liabilities	5,881
Net cash provided (used) by Operating Activities	$(131,722,484)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:	
Increase (decrease) in fair value of investments	$(1,884,215)
Capital assets acquired from State of Utah (DFCM)	6,266,134
Donated property and equipment	212,235
Total Noncash Investing, Capital, and Financing Activities	$4,594,154

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

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies followed by Weber State University (the University) are set forth below:

REPORTING ENTITY

The University is a component unit and an integral part of the State of Utah. The University is considered a component unit of the State of Utah because it receives appropriations from the State and is financially accountable to the State. The financial activity of the University is included in the State's Comprehensive Annual Financial Report, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity.

The financial statements include the accounts of the University, all auxiliary enterprises, and other restricted and unrestricted funds of the University, the Weber State University Foundation (the Foundation) and the Weber State University Research Foundation (the Research Foundation). The Foundation and the Research Foundation, non-profit organizations, were incorporated under Utah law in 1972 and 2009, respectively. The Foundation was established to provide support for the University, its faculty and students, and to promote, sponsor, and carry-out educational, scientific, charitable, and related activities and objectives at the University. The Research Foundation was established to further the educational and research mission of the University. The University has a controlling number of positions on the Board of Directors of the Foundation and the Research Foundation.

The Foundation and the Research Foundation are included in the financial statements of the University as blended component units. A blended component unit is an entity which is legally separate from the University but which is so intertwined with the University that it is, in substance, the same as the University. It is reported as part of the University. Financial statements of the Foundation and the Research Foundation can be obtained from the University. In Note 10, condensed financial statements have been prepared for the Foundation. Due to minimal financial activity, condensed financial statements have not been prepared for the Research Foundation.

BASIS OF ACCOUNTING

Under the provisions of the GASB standards, the University is permitted to report as a special-purpose government engaged in business-type activities (BTA). BTA reporting requires the University to present only the basic financial statements and required supplementary information (RSI) for an enterprise fund. This includes an MD&A, a statement of net position, a statement of revenues, expenses, and changes in net position, a statement of cash flows, notes to the financial statements, and other applicable RSI. The required basic financial statements described above are prepared using the economic resources measurement focus and the accrual basis of accounting. Operating activities include all revenues and expenses, derived on an exchange basis, used to support the instructional, research and public efforts, and other University priorities. Fund financial statements are not required for BTA reporting.

In accordance with GASB Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions, the University 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 University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the Utah State Treasurers' Investment Pool are also considered cash equivalents.

INVESTMENTS

The University accounts for its investments at fair value or NAV (net asset value) in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. The University distributes earnings from pooled investments according to the University Policy No. 5-14 Investment of Public Funds.

INVENTORIES

Inventories held for resale are stated at the lower of cost (first-in, first-out method) or market or on a basis which approximates cost determined on the first-in, first-out method. Non-resale inventories are expensed as purchased. Bookstore inventories are valued using the retail inventory method.

DEFERRED OUTFLOWS/INFLOWS

In addition to assets, financial statements will sometimes report separate sections for deferred outflows/inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period (s) and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period (s) and will not be recognized as an inflow of resources (revenue) until that time. Also, in accordance with GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, losses incurred due to refunding of bond debt are reported as deferred outflows rather than as bond liabilities.

OTHER NON-CURRENT ASSETS

Other non-current assets are primarily composed of beneficial interests which have been donated to the University. Due to GASB Statement No. 81, Irrevocable Split-Interest Agreements, the University has recognized $8,741,742 as a noncurrent asset and corresponding deferred inflow of resources for certain irrevocable split-interest agreements. The University has a beneficial interest or right to a portion of the benefits donated pursuant to an irrevocable split-interest agreement, in which the donor enters into a trust and transfers resources to an intermediary. Asset recognition criteria include (1) the government is specified by name as beneficiary in the legal document underlying the donation; (2) the donation agreement is irrevocable; (3) the donor has not granted variance power to the intermediary with respect to the donated resources; (4) the donor does not control the intermediary, such that the actions of the intermediary are not influenced by the donor beyond the specified stipulations of the agreement; (5) the irrevocable split-interest agreement established a legally enforceable right for the government's benefit (an unconditional beneficial interest). Agreements specifying the University as the only beneficiary are now reflected in Note 11.

CAPITAL ASSETS

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation in the case of gifts. For equipment, the University's capitalization policy includes all items with a unit cost of $5,000 or more, and an estimated useful life of greater than one year. Buildings, renovations to buildings, infrastructure, and land improvements with a cost of $250,000 or more are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. All land is capitalized and 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 3 to 10 years for equipment.

UNEARNED REVENUES

Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

COMPENSATED ABSENCES

Non-academic full-time and certain part-time University employees earn vacation leave for each month worked at a rate between 12 and 22 days per year. Vacation time may be used as it is earned. A maximum of 240 hours can be carried over into the next vacation year, which begins each November 1. Upon termination, no more than the maximum plus the current year earned vacation is payable to the employee. A liability is recognized in the Statement of Net Position for vacation payable to the employees at the statement date.

Non-academic full-time and certain part-time University employees earn sick leave at the rate of one day earned for each month worked. No payment is made for unused sick leave in the event of termination. After an employee has accumulated 18 days of unused sick leave, any sick leave days accumulated by the end of the sick leave year in excess of 8 days may be converted at the option of the employee to vacation days

NON-CURRENT LIABILITIES:

Non-current liabilities include (1) principal amounts of revenue bonds payable and other obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year; and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as non-current assets.

PENSIONS:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (Systems) and additions to/deductions from the Systems fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NET POSITION:

The University's net position is classified as follows:

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

Restricted net position - nonexpendable: Nonexpendable restricted net position consists 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.

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

Unrestricted net position: Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include unrestricted quasi-endowments.

CLASSIFICATION OF REVENUES AND EXPENSES:

The University has classified its revenues and expenses as either operating or non-operating according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of educational activities and auxiliary enterprises, net of scholarship discounts and allowances, (3) federal, state, local, and nongovernmental research grants and contracts, and (4) interest on institutional student loans.

Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as (1) gifts and contributions, (2) non-research federal, state, local, and nongovernmental grants and contracts and (3) other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting, and GASB Statement No. 34, such as state appropriations and investment income.

Operating expenses: Operating expenses include activities that have the characteristics of exchange transactions, such as (1) salaries and wages, (2) employee benefits, (3) scholarships and fellowships, (4) depreciation, and (5) other operating expenses.

Non-operating expenses: Non-operating expenses primarily include interest on debt obligations.

When both restricted and unrestricted resources are available, such resources are spent and tracked at the discretion of the department subject to donor restrictions, where applicable.

SCHOLARSHIP DISCOUNTS AND ALLOWANCES:

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance. The following schedule presents revenue allowances for the year ended June 30, 2020:

Revenue	2020
Tuition and Fees	$38,544,601
Auxiliary enterprises	$637,743

2. CASH & INVESTMENTS

DEPOSITS

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the University's deposits may not be returned to it. The University does not have a formal policy for custodial credit risk that further limits what is required by the State Money Management Act. As of June 30, 2020, the University had bank and deposit balances of $5,609,159 at Wells Fargo, of which $5,359,159 was uninsured and uncollateralized, and cash in transit to Commonfund totaling $3,068,138 all of which uninsured and uncollateralized. The Foundation had $20,335 held by Key Bank, and $296,581 held by Morgan Stanley, all of which was insured. The State of Utah does not require collateral on deposits.

Investments

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

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

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

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

Statutes authorize the University to invest in negotiable or nonnegotiable deposits of qualified or permitted depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah Public Treasurers' Investment Fund (PTIF).

The Utah State Treasurer's Office operates the PTIF. The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the Securities and Exchange Commission (SEC) as an investment company. The PTIF is authorized and regulated by the Act. The Act established the Money Management Council which oversees the activities of the Utah 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 UPMIFA and Rule 541 allow the University to invest endowment funds (including gifts, devises, or bequests of property of any kind from any source) in any of the investments authorized by the Act or any of the following subject to satisfying certain criteria: mutual funds registered with the SEC, investments sponsored by the Common Fund; any investment made in accordance with the donor's directions in a written instrument; investments in corporate stock listed on a major exchange (direct ownership); and any alternative investment funds that derive returns primarily from high yield and distressed debt (hedged or non-hedged), private capital (including venture capital and private equity), natural resources, and private real estate assets or absolute return and long/short hedge funds.

According to the Uniform Prudent Management of Institutional Funds Act (UPMIFA), Title 51-8 of the Utah Code, the University may appropriate for expenditure or accumulate so much of an endowment fund as the University determines to be prudent for uses, benefits, purposes, and duration for which the endowment was established. The endowment income spending policy at June 30, 2020, is 4% of the twelve quarter moving average of the market value of the endowment pool. The spending policy is reviewed periodically and any necessary changes are made. The amount of net appreciation investments of donor-restricted endowments that were available for authorization for expenditure at June 30, 2020 was approximately $11.3 million. The net appreciation is a component of restricted expendable net assets.

FAIR VALUE OF INVESTMENTS

The University measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

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

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Corporate and Municipal Bonds; quoted prices for similar securities in active markets;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund; and,
- Utah Public Treasurers' Investment Fund: application of the June 30, 2020 fair value factor, as calculated by the Utah State Treasurer, to the University balance in the Fund.

Securities classified in Level 3 are valued using the following approaches:

- Other donated assets are valued using the real estate's value or the cash surrender value of the life insurance policy.

The Bond and Equity Mutual funds listed below are held and managed by Commonfund. For these funds Commonfund is not required to register as an investment company, and has not registered as such. For these funds, Commonfund received a ruling from the Commodity Futures Trading Commission that it is entitled to relief from regulation as a Commodity Pool Operator. In terms of regulatory oversight, these funds are subject to regulatory reporting under Form PF, National Futures Association/ Commodity Futures Trading Commission pool quarterly and annual reporting (for commodity pools).

At June 30, 2020, the University had the following recurring fair value measurements.

		Fair Value Measurements Using		
Investments by Fair Value Level	**Total**	**Level 1**	**Level 2**	**Level 3**
Debt Securities				
U.S. Agencies	$10,130,708		$10,130,708	
Corporate Notes	30,174,574		30,174,574	
Money Market Mutual Funds	500,320		500,320	
Bond Mutual Funds	31,149,272		31,149,272	
Utah Public Treasurers' Investment Fund	83,653,905		83,653,905	
Total Debt Securities	155,608,779		155,608,779	-
Equity Securities				
Common and Preferred Stock	7,061,199	7,061,199		
Exchange Traded/Closed-End Funds	1,405,626	1,405,626		
Equity Mutual Funds	95,153,879		95,153,879	
Total Equity Securities	103,620,704	8,466,825	95,153,879	-
Other				
Donated Assets	3,821,671			3,821,671
Total Other	3,821,671			3,821,671
Total investments by Fair Value Level	$263,051,154	$ 8,466,825	$250,762,658	3,821,671
Investments Measured at Net Asset Value NAV				
Global Distressed	$35,539			
Real Estate Opportunity	716,548			
Private Equity Partnerships	4,907,748			
Venture Capital Funds	4,416,355			
Secondary Partners	633,816			
Natural Resources Partners	1,214,290			
Total Investments Measured at NAV	11,924,296			
Total Investments Measured at Fair Value	$274,975,450			

Investments valued using the net asset value (NAV) per share (or its equivalent) are considered "alternative investments" and, unlike more traditional investments, generally do not have readily obtainable market values and take the form of limited partnerships or limited liability companies. The University values these investments based on the values provided by the partnerships as well as the audited financial statements. If June 30 statements are available, those values are used preferentially. However, some partnerships have fiscal years ending at other than June 30. If June 30 valuations are not available, the value is progressed from the most recently available valuation taking into account subsequent capital calls and distributions. In order to mitigate market volatility and provide diversification to traditional investments, the University has opted to invest portions of its portfolio in alternative assets, including private capital. Private capital partnerships utilize investments strategies that focuses on managers who buy and sell privately owned companies. The following table presents the unfunded commitments, redemption frequency (if currently eligible), and the redemption notice period for the University's alternative investments measured at NAV:

Investments Measured at NAV	Fair Value	Unfunded Commitments	Redemption	Redemption Notice Period
Real Estate Opportunity	716,548	3,293,936	N/A	N/A
Private Equity Partnerships	4,907,748	8,538,000	N/A	N/A
Secondary Partners	633,816	800,003	N/A	N/A
Venture Capital Funds	4,416,355	6,022,450	N/A	N/A
Global Distressed	35,539	76,300	N/A	N/A
Natural Resources Partners	1,214,290	1,904,600	N/A	N/A
Total Investments Measured at NAV	11,924,296	20,635,289		

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act or the UPMIFA and Rule 541, as applicable. For non-endowment funds, Title 51-7-11 of the Money Management Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days – 15 months or less. The Act further limits the remaining terms to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 10 years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years. For endowment funds, Rule 541 is more general, requiring only that investments be made as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the endowments and by exercising reasonable care, skill, and caution.

As of June 30, 2020, the University had the following debt investments and maturities:

		Investment Maturities (in Years)		
Investment Type	**Fair Value**	**Less than 1**	**1-5**	**6-10**
State of Utah Public Treasurers' Investment Fund	$83,653,905	$83,653,905	$ -	$ -
Bond Mutual Funds	31,149,272	-	-	31,149,272
U.S. Agencies	10,130,708	-	-	10,130,708
Corporate Notes	30,174,574	5,017,832	25,156,742	-
Money Market Mutual Funds	500,320	500,320	-	-
Total	$155,608,779	$89,172,057	$25,156,742	$41,279,980

CREDIT RISK

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act, the UPMIFA, and Rule 541, as previously discussed.

At June 30, 2020, the University had the following debt investments and quality ratings:

		Quality Ratings		
Investment Type	**Fair Value**	**AA**	**A**	**Unrated**
State of Utah Public Treasurer's Investment Fund	$83,653,905			$83,653,905
Bond Mutual Funds	31,149,272			31,149,272
U.S. Agencies	10,130,708	10,130,708		
Corporate Notes	30,174,574	-	30,174,574	
Money Market Mutual Funds	500,320			500,320
Total	$155,608,779	10,130,708	30,174,574	115,303,497

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The University's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council or the UPMIFA and Rule 541, as applicable. Rule 17 of the Money Management Council limits non-endowment fund investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio. For endowment funds, Rule 541 requires that a minimum of 25% of the overall endowment portfolio be invested in fixed income or cash equivalents. Also, the overall endowment portfolio cannot consist of more than 75% equity investments. Rule 541 also limits investments in alternative investment funds, as allowed by Rule 541, to between 0% and 30% based on the size of the University's endowment fund. At June 30, 2020, the University was in compliance with these rules.

CUSTODIAL CREDIT RISK

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The University does not have a formal policy for custodial credit risk that further limits what is required by the State Money Management Act. As of June 30, 2020, the University had $10,130,708 in U.S. agencies, $30,174,574 in corporate notes, and $2,140,435 in stock, that are uninsured and held by the counterparty but not in the University's name.

3. CAPITAL ASSETS AND LONG-TERM LIABILITIES

Changes in capital assets and long-term liabilities for the year ended June 30, 2020 are summarized below:

CAPITAL ASSETS

	Beginning Balances	Additions	Reductions	Ending Balance
Land	$11,159,652	$-	$-	$11,159,652
Land improvements & infrastructure	49,445,700	1,026,009	698,726	49,772,983
Buildings	499,137,337	18,582,797	682,316	517,037,818
Leasehold Improvements	1,309,530	-	-	1,309,530
Equipment	34,379,078	1,914,362	1,036,793	35,256,647
Library collections	18,168,143	125,701	766,039	17,527,805
CIP	14,505,140	31,721,852	17,812,962	28,414,030
Total	628,104,580	53,370,721	20,996,836	660,478,465
Less: Accumulated depreciation for:				
Land Improvements & infrastructure	20,664,802	2,482,302	471,285	22,675,819
Buildings	174,936,431	12,768,173	579,969	187,124,635
Leasehold Improvements	458,336	130,953	-	589,289
Equipment	26,787,613	2,654,220	919,474	28,522,359
Library collections	13,266,939	669,098	766,039	13,169,998
Total	236,114,121	18,704,746	2,736,767	252,082,100
Capital assets, net	$391,990,459	$34,665,975	$18,260,069	$408,396,365

LONG TERM LIABILITIES

	Beginning Balances	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable:					
Bonds payable	$44,780,000	$10,835,000	$14,060,000	$41,555,000	$2,790,000
Unamortized bond premium	2,510,832	$1,064,210	371,912	3,203,130	264,944
Total contract and bond obligations	47,290,832	11,899,210	14,431,912	44,758,130	3,054,944
Other Liabilities:					
Compensated absences	4,599,517	2,685,447	1,889,132	5,395,832	2,149,043
Termination benefits payable	2,634,464	761,867	1,155,594	2,240,737	1,152,573
Net pension liability	20,865,945	-	12,942,917	7,923,028	-
Annuities payable	443,742	0	53,049	390,693	35,538
Total other liabilities	28,543,668	3,447,314	16,040,692	15,950,290	3,337,154
Total long-term liabilities	$75,834,500	$15,346,524	$30,472,604	$60,708,420	$6,392,098

4. REVENUE BONDS PAYABLE

Revenue bonds payable consisted of the following at June 30, 2020:

Student Facilities System Refunding Revenue Bonds, Series 2015, $18,135,000, 2%-5% maturing 2015 through 2030	$ 13,140,000
Student Facilities System, Revenue Bonds, Series 2012, $17,380,000, 3%-4% maturing 2013 through 2032	11,790,000
Student Facilities System, Revenue Bonds, Series 2019, $10,835,000, 2.25%-5% maturing 2021 through 2040	10,835,000
Student Facilities System Refunding, Revenue Bonds, Series 2017, $7,215,000, 2.00%-5.00% maturing 2018 through 2030	5,790,000
	41,555,000
Plus unamortized bond premium	3,203,130
Total bonds payable	$ 44,758,130

Principal and interest on these revenue bonds are collateralized by a first lien on certain revenue and other income of the University operations. The Student Facilities System includes the Student Union Building; the University bookstore; the Dee Events Center, including the parking and all concessions; Series 2012 System Facilities; and student housing facilities. The general purpose for which the secured debt was issued is student facilities capital additions and improvements. All revenues from these facilities and student building fees are pledged to the Series 2012, Series 2015, Series 2017, and Series 2019 Revenue Bonds and are included in Student Tuition & Fees and Auxiliary Enterprises Revenue. In addition, the Bonds are insured by the Municipal Bond Insurance Association, the Assured Guaranty Municipal Corporation (formerly Financial Security Assurance, Inc.), or by a debt service reserve account, for the timely payment of principal and interest. For the year ended June 30, 2020, the receipts and disbursements of pledged revenues were as follows:

Receipts	
Pledged auxiliary operating revenue	$15,800,404
Student building fees	4,009,450
Total receipts	19,809,854
Disbursements	
Pledged auxiliary operating expenses	14,214,849
Excess of pledged receipts over expenses	$ 5,595,005
Debt service principal and interest payments	$ 4,460,940

The scheduled maturities of the revenue bonds are as follows:

	Principal	Interest	Total Payments
2021	2,790,000	1,597,461	4,387,461
2022	2,925,000	1,466,161	4,391,161
2023	3,035,000	1,336,911	4,371,911
2024	3,190,000	1,202,661	4,392,661
2025	3,325,000	1,061,261	4,386,261
2026-2030	17,525,000	3,230,093	20,755,093
2031-2035	5,325,000	815,568	6,140,568
2036-2040	3,440,000	274,964	3,714,964
Totals	$ 41,555,000	$ 10,985,080	$ 52,540,080

DEFEASED REVENUE BONDS

In fiscal year 2020, the University issued Student Facilities System Revenue Refunding Bonds, Series 2019, in the amount of $10,835,000 and defeased the 2010 Bonds, by placing proceeds from the 2019 Bonds, with Wells Fargo Bank, the Escrow Agent. Proceeds from the 2019 Bonds, together with other legally available moneys, in the aggregate amount of $11,713,151 was deposited with Wells Fargo Bank, as Escrow Agent, pursuant to the Escrow Agreement to establish an irrevocable trust escrow account, consisting of cash and government obligations of the United State of America. Amounts in the Escrow Account shall be used to pay interest on the 2010A Bonds maturing on and after April 1, 2021 and to redeem the 2010 A Refunded Bonds at a redemption price of 100% of the principal amount thereof on October 1, 2020. This refunding resulted in net present value benefit of $671,768 or 5.945% over 21 years and an average annual cash flow savings of $39,198.


BIGSKY
WILDCATS
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5. ACCOUNTS RECEIVABLE AND PAYABLE

Accounts receivable consist primarily of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of Utah. Grants and contracts receivable include amounts due from the Federal Government, local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grant and contracts. The receivable from State agencies includes amounts due from State agencies in connection with the reimbursement of allowable expenses made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts. The following schedule presents receivables as of June 30, 2020, including approximately $4,039,555, $2,485,345, and $2,745,509 of net, noncurrent accounts, student loans, and pledges receivable, respectively:

Accounts	$10,563,024
Grants and contracts	2,179,209
Student loans	3,468,211
Pledges	4,294,173
Receivable from state agencies	3,124,987
Interest	179,430
Total receivables	23,809,034
Less allowances for doubtful accounts	(4,323,622)
Receivables, net	$19,485,412

The following schedule presents the major components of accounts payable at June 30, 2020:

Payable to State	$2,350,861
Vendors	1,762,636
Interest	399,365
Other	320,935
Total Accounts Payable	$4,833,797

6. OPERATING LEASES

The University leases several buildings for classes and various programs. Total payments for such leases were $431,487 for the year ended June 30, 2020. The following is a schedule by year of future operating lease payments for the previously described operating leases:

Fiscal Year Ending June 30	Operating Leases
2021	452,871
2022	438,403
2023	333,357
2024	318,512
2025	326,482
2026	334,646
Total future minimum lease payments	$2,204,271

7. PENSION PLANS AND RETIREMENT BENEFITS

As required by State law, eligible non-exempt employees of the University (as defined by the U.S. Fair Labor Standards Act) are covered by either the State and School Contributory, Noncontributory, or Tier 2 Retirement Systems (Systems). Employees hired after November 16, 2015 cannot elect to participate in the URS system unless they had already participated in a URS plan from a previous employer. These ineligible non-exempt employees along with exempt employees (as defined by the U.S. Fair Labor Standards Act) are covered by the Teachers Insurance and Annuity Association (TIAA).

DEFINED CONTRIBUTION PLANS

TIAA provides individual retirement fund contracts with each participating employee. Benefits provided to retired employees are generally based on the value of the individual contracts and the estimated life expectancy of the employee at retirement, and are fully vested from the date of employment. Employees are eligible to participate from the date of employment and are not required to contribute to the fund. For the year ending June 30, 2020, the University's contribution to this defined contribution plan was 14.2% of the participating employees' annual salaries, or $12,168,678 which is included in the benefits expense. The compensation for employees covered by TIAA (including post-retired employees), for the year ended June 30, 2020, was $85,694,906. The University has no further liability once annual contributions are made.

Employees who participate in the State and School Noncontributory and Tier 2 pension plans also participate in qualified contributory 401(k) and 457 savings plans administered by the Utah Retirement Systems. The University contributes 1.5%, and 1.03% respectively of participating employees' annual salaries to a 401(k) plan administered by the Systems. For employees participating in the Tier 2 Public Employee defined contribution plan, the University is required to contribute 20.02% of the employee's salary, of which 10% is paid into a 401(k)/457 plan while the remainder is contributed to the Tier 1 Plans, as required by law. During the year ended June 30, 2020, the University's contribution totaled $317,900 which was included in the benefits expense, and the participating employees' voluntary contributions totaled $402,254.

DEFINED BENEFIT PLANS

Eligible plan participants are provided with pensions through the Systems. The University participates in the following pension trust funds:

- Public Employees Noncontributory Retirement System (Noncontributory System) and Public Employees Contributory Retirement System (Contributory System or Tier 1): multiple employer, cost sharing, public employees retirement systems.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System): a multiple employer, cost sharing, public employees retirement system.

The Tier 2 Public Employees System was established July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with the Utah Retirement Systems, are members of the Tier 2 Retirement System.

Systems are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds and are a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. The Systems' publicly available financial report can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

The Systems provide retirement benefits as follows:

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age	2.0% per year all years	Up to 4%
		25 years any age*		
		20 years age 60*		
		10 years age 62*		
		4 years age 65		
Contributory System	Highest 5 years	30 years any age	1.25% per year to June 1975;	Up to 4%
		20 years age 60*	2.00% per year July 1975 to present	
		10 years age 62*		
		4 years age 65		
Tier 2 Public Employees System	Highest 5 years	35 years any age	1.5% per year all years	Up to 2.5%
		20 years age 60*		
		10 years age 62*		
		4 years age 65		

** with actuarial reductions*

*** All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.*

Contributions: As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2020 are as follows:

	Paid by Employer for Employee	Employer Contribution Rate
Contributory System		
17 Higher Education – Tier 1	6.00 %	17.70 %
117 Higher Education – Tier 2*	N/A	18.99 %
Noncontributory System		
18 - Higher Education – Tier 1	N/A	22.19 %
Tier 2 DC Only		
217 Higher Education	N/A	10.02 %

** Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 Plans.*

For Fiscal year ended June 30, 2020, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	$3,049,150	N/A
Contributory System	30,938	10,487
Tier 2 Public Employees System	639,286	-
Total Contributions	$3,719,374	$10,487

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

PENSION ASSETS, LIABILITIES, EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATING TO PENSIONS

At June 30, 2020, the University reported a net pension asset of $198,283 and a net pension liability of $7,923,028.

(Measurement Date): December 31, 2019

	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share Dec 31, 2018	Change (Decrease)
Noncontributory System	$0	$7,871,059	6.7100228%	0.5175892%	6.1924336%
Contributory System	$198,283	$0	3.5167112%	2.1021497%	1.4145615%
Tier 2 Public Employees System	$0	$51,969	0.2310701%	0.2718236%	(0.0407535)%
Total Net Pension Asset / Liability	$198,283	$7,923,028			

The net pension asset and liability were measured as of December 31, 2019. The total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2019 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2020, the University recognized pension expense of ($6,376,296) for the defined benefit pension plans.

At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$6,518,048	$93,336
Changes in assumption	$735,583	$1,493
Net difference between projected and actual earnings on pension plan investments		$4,801,136
Changes in proportion and differences between contributions and proportionate share of contributions	$27,377	$414,843
Contributions subsequent to the measurement date	$1,874,995	$0
Total	$9,156,003	$5,310,808

$1,874,995 was reported as deferred outflows of resources related to pensions results from contributions made by the University prior to our fiscal year end, but subsequent to the measurement date of December 31, 2019. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Net Deferred Outflows (inflows) of Resources
2020	$3,067,473
2021	$729,229
2022	($109,393)
2023	($1,743,740)
2024	$4,536
Thereafter	$22,097

Actuarial assumptions: The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- **Inflation**: 2.50 Percent
- **Salary increases:** 3.25 – 9.75 percent, average, including inflation Investment
- **Investment rate of return:** 6.95 percent, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation, and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2019, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best- estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Expected Return Arithmetic Basis		
Asset class	**Target Asset Allocation**	**Real Return Arithmetic Basis**	**Long-Term Expected Portfolio Real Rate of Return**
Equity securities	40 %	6.15 %	2.46 %
Debt securities	20 %	0.40 %	0.08 %
Real assets	15 %	5.75%	0.86 %
Private equity	9 %	9.95 %	0.90 %
Absolute return	16 %	2.85 %	0.46 %
Cash and cash equivalents	0 %	0.00 %	0.00 %
Totals	100 %		4.75 %
Inflation			2.50 %
Expected arithmetic nominal return			7.25 %

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50% and a real return of 4.45% that is net of investment expense.

The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate remained unchanged at 6.95 percent.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability (asset) calculated using the discount rate of 6.95 percent, as well as what the proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory	$25,908,667	$7,871,059	($7,137,916)
Contributory	$315,159	($198,283)	($635,247)
Tier 2 Public Employees	$448,155	$51,969	($254,209)
Total	$26,671,981	$7,724,745	($8,027,372)

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

8. CONSTRUCTION COMMITMENTS

The Utah State Division of Facilities Construction and Management (DFCM) administers most of the construction of facilities for state institutions, maintains records, and furnishes cost information for recording land assets on the books of the University. State-funded construction projects administered by DFCM will not be recorded on the books of the University until the facility is available for occupancy. At June 30, 2020, the University had outstanding commitments for the construction and remodeling of University buildings of approximately $8,935,543.

9. TERMINATION BENEFITS

In addition to the pension benefits described in Note 7, the University may provide an early retirement program to qualified employees that are approved by the administration in accordance with University policy as approved by the State Board of Regents. Full-time salaried employees who will have 15 years of full-time service and are within ten years of the Full Retirement Age (FRA) on the date of the proposed retirement are eligible to apply for the early retirement program. FRA or normal retirement age, is the age a person can receive full (100%) social security benefits as specified by the Social Security Administration. Full-time service will include approved leaves of absence with pay such as sabbaticals. Hourly service is not credited. The benefits include a semi-monthly stipend of between 14.28% to 30% of the retiree's salary at the end of active employment along with health and dental insurance. The benefits are paid by the University at a rate of 71.4% to 100% for medical and 57.1% to 80.0% for dental benefits. Benefits are payable for 7 years or until the retiree reaches age 65 for health and dental insurance and until the employee reaches FRA for the stipend.

There are currently 38 retirees who are receiving benefits under the University's early retirement program. The University has recorded a liability for the cost of these benefits at their net present value in the year the individuals retire using a discount rate of 2%. To offset increasing healthcare and dental costs, the University has also adjusted the liability by 3% to account for these estimated future increases. The expense for the early retirement program for the year ended June 30, 2020, was $1,155,594.

10. WSU FOUNDATION - BLENDED PRESENTATION COMPONENT UNIT

The Weber State University Foundation (the Foundation) is a legally separate, tax-exempt component unit of the University. The Foundation acts primarily as a fund-raising organization to supplement resources that are available to the University in support of its programs. The majority of the resources or income the Foundation holds and invests is restricted to the activities of the University by the donors. Additionally, the University Board of Trustees approves the individuals who are appointed to serve on the Foundation's governing board. These restricted resources held by the Foundation can only be used by, or for the benefit of the University. For these reasons the Foundation is considered a component unit of the University and is presented in the University financial statements as a blended component unit. Separately issued financial statements for the Foundation can be obtained from the University at 3850 Dixon Parkway Department 1014, Ogden Utah 84408-1014.

The following is a condensed version of their financial statements for the fiscal year ended June 30, 2020.

STATEMENT OF NET POSITION

Assets	
Current Assets	
Other Current Assets	$444,075
Non Current Assets	
Restricted Cash & Cash Equivalents	339,534
Investments	10,890,487
Total Assets	11,674,096
Liabilities	
Current Liabilities	
Current Liabilities	35,538
Noncurrent Liabilities	
Annuities Payable	355,155
Total Liabilities	390,693
Net Position	
Restricted	
Restricted	11,283,403
Total Net Position	$11,283,403

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Operating Revenues	
Gifts	$-
Total Operating Revenues	-
Operating Expenses	
Other Expenses	(17,488)
Transfers to University	461,994
Total Operating Expenses and Transfers	444,506
Operating Income (Loss)	(444,506)
Nonoperating Revenues	
Investment Income (Loss)	(736,544)
Change in Net Position	(1,181,050)
Net Position at beginning of year	12,464,453
Net Position at end of year	$11,283,403

STATEMENT OF CASH FLOWS

Cash Flows from Operating Activities	
Cash Received through contributions	$-
Cash Payments for operations	(42,332)
Transfers to University	(461,994)
Net Cash Provided by (used in) Operating Activities	(504,326)
Cash Flows from Investing Activities	
Investment Income	190,700
Investment Purchases/Proceeds	562,746
Net Cash Provided by (used in) Investing Activities	753,446
Increase in Cash and Cash Equivalents	249,120
Cash and Cash Equivalents at beginning of year	90,414
Cash and Cash Equivalents at end of year	$339,534

11. FUNDS HELD IN TRUST BY OTHERS

Funds held in trust by others for the sole benefit of the University are neither in the possession of nor under the management of the University. These funds, which are not recorded on the University's financial records and which arose from contributions, are held and administered by external fiscal agents, selected by the donors, who distribute net income earned by such funds to the University, where it is recorded when received. The fair value of funds held in trust at June 30, 2020 was $12,106,482.

12. RISK MANAGEMENT

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

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of the Net Pension Liability Noncontributory, Contributory, & Tier 2 Public Employees Systems of the Utah Retirement Systems

	December 31, 2019		
	Noncontributory System	**Contributory System**	**Tier 2 Public Employees System**
Proportion of Net Pension Liability (Asset)	6.7100228%	3.5167112%	0.2310701%
Proportionate Share of Net Pension Liability (Asset)	$7,871,059	$(198,283)	$51,969
Covered Payroll	$14,223,902	$182,748	$-
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	55.34%	-108.50%	0.00%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	94.2%	103.6%	96.5%

	December 31, 2018		
	Noncontributory System	**Contributory System**	**Tier 2 Public Employees System**
Proportion of Net Pension Liability (Asset)	0.5175892%	2.1021497%	0.2718236%
Proportionate Share of Net Pension Liability (Asset)	$19,256,995	$1,492,535	$116,416
Covered Payroll	$14,396,107	$407,970	$3,177,248
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	133.77%	365.84%	3.66%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.1%	91.4%	90.8%

	December 31, 2017		
	Noncontributory System	**Contributory System**	**Tier 2 Public Employees System**
Proportion of Net Pension Liability (Asset)	0.5362218%	2.1186295%	0.3156128%
Proportionate Share of Net Pension Liability (Asset)	$13,112,565	$139,414	$27,827
Covered Payroll	$14,526,952	$482,045	$3,090,727
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	90.26%	28.92%	0.90%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	89.2%	99.2%	97.4%

	December 31, 2016		
	Noncontributory System	**Contributory System**	**Tier 2 Public Employees System**
Proportion of Net Pension Liability (Asset)	0.5426397%	1.8014682%	0.3777285%
Proportionate Share of Net Pension Liability (Asset)	$17,586,502	$987,128	$42,135
Covered Payroll	$14,565,724	$482,911	$3,097,679
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	120.74%	204.41%	1.36%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.9%	93.4%	95.1%

	December 31, 2015		
	Noncontributory System	**Contributory System**	**Tier 2 Public Employees System**
Proportion of Net Pension Liability (Asset)	0.5649436%	1.4258809%	0.4586583%
Proportionate Share of Net Pension Liability (Asset)	$17,746,496	$893,531	$(1,001)
Covered Payroll	$14,964,592	$451,684	$2,963,149
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	118.59%	197.82%	-0.03%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.5%	92.4%	100.2%

	December 31, 2014		
	Noncontributory System	**Contributory System**	**Tier 2 Public Employees System**
Proportion of Net Pension Liability (Asset)	0.54930260%	1.19379800%	0.4999827%
Proportionate Share of Net Pension Liability (Asset)	$13,801,385	$130,898	$(15,152)
Covered Payroll	$14,708,544	$429,730	$2,452,491
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	93.80%	30.50%	(0.60%)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	87.20%	98.70%	103.50%

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

Changes in Assumptions: The assumptions and methods used to calculate the total pension liability remain unchanged from the prior year.

Schedule of Defined Benefit Pension Contributions

Noncontributory, Contributory, & Tier 2 Public Employees Systems of the Utah Retirement Systems

Last 10 Fiscal Years as of June 30.

Noncontributory System

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contribution	$3,049,150	$3,132,687	$3,143,377	$3,148,336	$3,204,447	$3,239,631	$2,914,501	$2,692,824	$2,406,594	$2,313,852
Contributions in Relation to the Contractually Required Contribution	(3,049,150)	(3,132,687)	(3,143,377)	(3,148,336)	(3,204,447)	(3,239,631)	(2,914,501)	(2,692,824)	(2,406,594)	(2,313,852)
Contribution Deficiency (Excess)	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-
Covered Payroll	$14,011,779	$14,437,619	$14,605,891	$14,188,087	$14,440,949	$14,599,504	$14,244,873	$14,354,071	$14,273,985	$14,178,027
Contributions as a Percentage of Covered Payroll	21.76%	21.70%	21.52%	22.19%	22.19%	22.19%	20.46%	18.76%	16.86%	16.32%

Contributory System

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contribution	$30,938	$47,577	$84,948	$114,251	$111,545	$104,601	$93,105	$84,937	$86,171	$92,796
Contributions in Relation to the Contractually Required Contribution	(30,938)	(47,577)	(84,948)	(114,251)	(111,545)	(104,601)	(93,105)	(84,937)	(86,171)	(92,796)
Contribution Deficiency (Excess)	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-
Covered Payroll	$174,788	$268,797	$479,927	$482,070	$470,656	$441,353	$423,784	$419,028	$469,082	$520,448
Contributions as a Percentage of Covered Payroll	17.70%	17.70%	17.70%	23.70%	23.70%	23.70%	21.97%	20.27%	18.37%	17.83%

Tier 2 Public Employees System

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011**
Contractually Required Contribution	$639,286	$629,567	$602,195	$643,870	$628,814	$526,517	$367,060	$187,733	$54,317	N/A
Contributions in Relation to the Contractually Required Contribution	(639,286)	(629,567)	(602,195)	(643,870)	(628,814)	(526,517)	(367,060)	(187,733)	(54,317)	
Contribution Deficiency (Excess)	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-
Covered Payroll	$3,366,433	$3,336,337	$3,265,705	$3,529,983	$3,447,449	$2,881,559	$2,191,402	$1,246,565	$426,352	
Contributions as a Percentage of Covered Payroll	18.99%	18.87%	18.44%	18.24%	18.24%	18.27%	16.75%	15.06%	12.74%	

***Contributions in Tier 2 include an amortization rate to help fund the unfunded liability in the Tier 1 Noncontributory and Contributory systems. The Tier 2 Public Employees System was created in fiscal year 2011.*

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As of June 30, 2020

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WEBER STATE
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ANNUAL FINANCIAL
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Prepared by:
Weber State University Accounting Services

3850 Dixon Parkway Dept 1014
Ogden, Utah 84408-1014
Phone: 801-626-7443
Fax: 801-626-7464