



ANNUAL FINANCIAL REPORT 2021



WEBER STATE UNIVERSITY
A Component Unit of the State of Utah



ANNUAL FINANCIAL REPORT 2021



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MESSAGE from the PRESIDENT

With each student who enters Weber State University comes something bigger than self, higher than standard. The hopes and dreams of becoming the first in a family to complete college, to go further than ever imagined, to go *Ever Upward at Weber*.

Our story of student success started over 132 years ago with just a little hope and dream of earning a two-year degree. Now, well over a century later, Weber State offers bachelor's and master's degrees and its first-ever doctoral degree in nursing. We have come a long way, now enrolling over 29,000 students full-time and concurrently. As pressures from low unemployment and pandemic uncertainties challenge enrollment patterns, our core themes of access, learning, and community remain interwoven through our values of every individual, collective excellence, and a transformative experience.

When a student from a financially hard-hit family farm explored the idea of a college degree, he was doubtful. The common factors of funding and college preparedness weighed on his decision. But when a Weber faculty member, Aaron Tracy--who would go on to become college president--invested time and educational resources in the student, that student would go on to complete his education at Weber and later become a global hospitality industry mogul in hotels. That student was J. Willard Marriott.

Many more students as Mr. Marriott gave Weber State a chance and have gone on to accomplish much because of the unique 360-degree education received at Weber. When we say, go "*Ever Upward at Weber*," we mean it, and students start their ascent when we meet them where they are, and continue it by challenging and guiding them to achieve their goals academically and in life. Our vision as a university is to be a leader in this transformative experience so that generations of students can continue to call Weber State home to endless possibilities. Check out our new strategic plan, "*Amplified*," unveiled this fall, to see how we plan to get to that leader position in the next five years.

The nation already is noticing our rise as recently, Weber State received a #19 ranking in the country for the best value in higher education for its return on investment, the only Utah System of Higher Education institution to be ranked in the top 50. Additionally, we were ranked number two for military students by the Military Times and number two for a nursing degree in Utah by U.S. News and World Report, along with a high rank of the best school for an engineering degree. We continue to invest in our degree programs through

upgrades in equipment and infrastructure to meet today's industry demands.

On its way to completion on the Ogden campus is the Noorda Engineering, Applied Science, and Technology Building. Completed on the Davis campus are the Computer and Automotive Engineering Building and a dedicated parkway (Haven J. Barlow Parkway) to that building. Back at the Ogden campus, a transformational rider experience is taking shape. Believe it or not, a fully electric bus will travel through the middle of campus (not the outskirts as current buses) on a constructed route, made possible through a partnership with UTA, Ogden City, McKay-Dee Hospital, and the Federal Transit Administration. The new bus line, Ogden Express, will become our sole campus shuttle option and provide an eco-friendly alternative to commuters (and anyone who simply wants to take a ride) between the Frontrunner station and McKay-Dee, with stops at Weber State near the Val A. Browning Center for the Performing Arts and the Dee Events Center.

For these projects and more, 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. Utah's Office of the State Auditor has reviewed and audited this financial report for the year ended June 30, 2021. This financial report is intended to reflect the overall financial position of the university as of June 30, 2021. It also reflects the flow of financial resources to and from the university for the fiscal year ended June 30, 2021.

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 Auditor's Report

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

We have audited the accompanying financial statements of Weber State University's (the University) as of and for the year ended June 30, 2021, 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 respective financial position of the University, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Proportionate Share of the Net Pension Liability, the Schedule of Defined 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 Board of Trustees and Executive 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 18, 2021 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Entity's 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
October 18, 2021





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, 2021, with comparable information for the fiscal year ended June 30, 2020. 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, 2021 and 2020 is shown below.

CONDENSED STATEMENT OF NET POSITION

	As of June 30, 2021 Amount	As of June 30, 2020 Amount	Amount of Increase (Decrease)	Percent Increase (Decrease)
Assets				
Current assets	\$146,616,390	\$95,416,914	\$51,199,476	53.66%
Noncurrent assets				
Capital	405,254,148	408,396,365	(3,142,217)	(0.77%)
Other	265,870,107	220,510,372	45,359,735	20.57%
Total assets	817,740,645	724,323,651	93,416,994	12.90%
Deferred outflows of resources				
Deferred amount of refunding	715,450	778,744	(63,294)	(8.13%)
Deferred outflows relating to pensions	4,605,610	9,156,003	(4,550,393)	(49.70%)
Total deferred outflows of resources	5,321,060	9,934,747	(4,613,687)	(46.44%)
Liabilities				
Current liabilities	21,940,795	19,756,970	2,183,825	11.05%
Noncurrent liabilities	51,128,106	54,316,322	(3,188,216)	(5.87%)
Total liabilities	73,068,901	74,073,292	(1,004,391)	(1.36%)
Deferred inflows of resources				
Deferred inflows relating to beneficial interests	9,878,937	8,741,742	1,137,195	13.01%
Deferred inflows relating to pensions	9,850,358	5,310,806	4,539,552	85.48%
Total deferred inflows of resources	19,729,295	14,052,548	5,676,747	40.40%
Net position				
Net investment in capital assets	364,125,788	364,416,979	(291,191)	(0.08%)
Restricted - nonexpendable	141,611,543	112,338,244	29,273,299	26.06%
Restricted - expendable	79,081,997	61,777,525	17,304,472	28.01%
Unrestricted	145,444,181	107,599,810	37,844,371	35.17%
TOTAL NET POSITION	\$730,263,509	\$646,132,558	\$84,130,951	13.02%

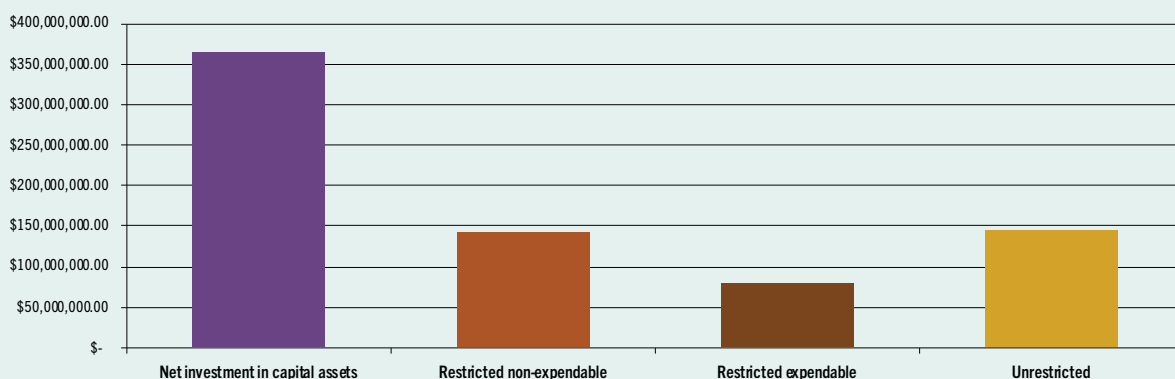
From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the University. They are also able to determine how much the University owes to outside organizations. Finally, the Statement of Net Position provides a picture of 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, 2021



The following bullet points highlight the significant changes for fiscal year 2021:

- In fiscal year 2021 current assets increased 53.66%, partly from a \$13.3 million dollar increase in current accounts receivable, primarily related to Higher Education Emergency Relief Funds (HEERF) paid out and awaiting reimbursement from the U.S. Department of Education.
- Current assets increased partly from short-term investments increasing as a result of \$15.1 million in corporate bonds approaching maturity and a \$1.7 million increase in current pledges.
- Deferred outflows related to pensions decreased \$4.6 million largely related to differences between expected and actual experience (see note 7).
- Deferred inflows related to pensions increased \$4.5 million largely from differences between projected and actual earnings on pension plan investments (see note 7).
- Other noncurrent assets increased \$45.4 million primarily due to large unrealized market value increases on investments and an increase in net pension asset (see note 7).

- Noncurrent liabilities decreased approximately \$3.2 million, in fiscal year 2021, primarily due to a \$7.9 million decrease in net pension liability (see note 7) combined with a \$3.4 million increase in bonds payable due to the issuance of series 2021 revenue bonds (see note 4).

At the end of fiscal year 2021, the University’s current assets of \$146.6 million were sufficient to cover current liabilities of \$21.9 million. Also at the end of fiscal year 2021, total assets of \$817.7 million were sufficient to cover total liabilities of \$73.1 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, 2021 and 2020 is shown below.

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

	Year Ended June 30, 2021 Amount	Year Ended June 30, 2020 Amount	Amount of Increase (Decrease)	Percent Increase (Decrease)
Operating revenues				
Tuition and fees	\$84,340,508	\$87,868,667	\$(3,528,159)	(4.02%)
Grants and contracts	728,655	611,206	117,449	19.22%
Auxiliary enterprises	11,098,048	14,198,329	(3,100,281)	(21.84%)
Other	7,810,807	8,555,449	(744,642)	(8.70%)
Total operating revenues	103,978,018	111,233,651	(7,255,633)	(6.52%)
Operating expenses				
Salaries and wages	128,190,235	122,052,294	6,137,941	5.03%
Employee benefits	45,927,161	38,402,549	7,524,612	19.59%
Scholarships and fellowships	22,894,597	17,100,330	5,794,267	33.88%
Depreciation	19,419,461	18,704,747	714,714	3.82%
Other operating expenses	55,621,428	54,866,823	754,605	1.38%
Total operating expenses	272,052,882	251,126,743	20,926,139	8.33%
Operating loss	(168,074,864)	(139,893,092)	(28,181,772)	(20.15%)
Nonoperating revenues/(expenses)				
State appropriations	101,399,700	95,582,300	5,817,400	6.09%
Grants and contracts	77,593,367	42,893,388	34,699,979	80.90%
Other nonoperating revenues/(expenses)	58,797,245	17,800,091	40,997,154	230.32%
Net nonoperating revenues/(expenses)	237,790,312	156,275,779	81,514,533	52.16%
Income before other revenue	69,715,448	16,382,687	53,332,761	325.54%
Other revenues				
Capital appropriations	4,105,954	6,266,134	(2,160,180)	(34.47%)
Capital grants and gifts	6,436,313	247,270	6,189,043	2,502.95%
Additions to permanent endowments	3,873,236	2,587,956	1,285,280	49.66%
Total other revenue	14,415,503	9,101,360	5,314,143	58.39%
Increase in net position	84,130,951	25,484,047	58,646,904	230.13%
Net position - beginning of year	646,132,558	620,648,511	25,484,047	4.11%
Net position - end of year	\$730,263,509	\$646,132,558	\$84,130,951	13.02%

Significant changes in the Statement of Revenues, Expenses, and Changes in Net Position for fiscal year 2021 are highlighted below:

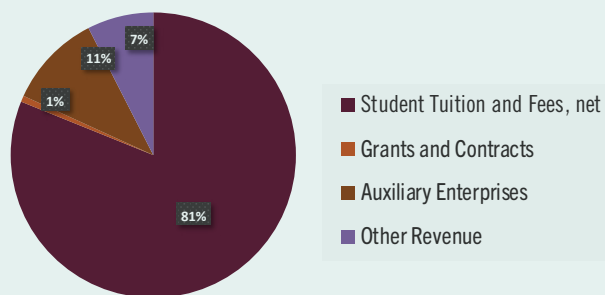
- Auxiliary enterprise revenue decreased approximately \$3.1 million largely due to a slowdown in their operations due to COVID 19.
- Employee benefits increased \$7.5 million in fiscal year 2021, primarily due to a lower than normal fiscal year 2020 employee benefits expense. In fiscal year 2020, employee benefits expense was reduced \$10.1 million due to a large reduction in the net pension liability, along with other pension adjustments for the University. In comparison, in fiscal year 2021 employee benefits were reduced by \$6.3 million for similar pension adjustments (see note 7). Salary increases and the associated increased cost of benefits also contributed to the increase.
- The \$5.8 million dollar increase in scholarships and fellowships is largely the result of increased student

financial aid distributed from the Higher Education Emergency Relief Funds (HEERF), due to COVID 19, creating more residual payments to students, in conjunction with the associated impacts of the scholarship discounts and allowances calculation (see note 1).

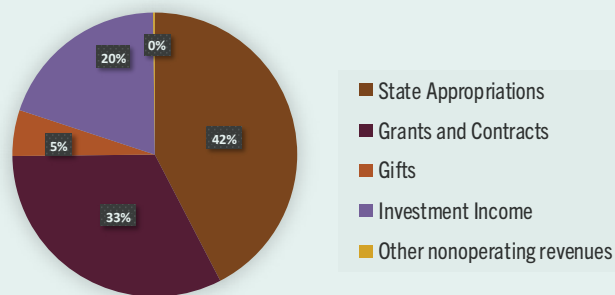
- The majority of the \$35 million increase in Nonoperating grants and contracts was due to funds received from the Higher Education Emergency Relief Funds (HEERF).
- Other nonoperating revenues/(expenses) increased approximately \$41 million primarily from unrealized market value increases on endowment investments for fiscal year 2021.
- Capital grants and gifts increased \$6.2 million due to several large donations and pledges for capital facilities.

The following charts highlight the University's operating and nonoperating revenues for the fiscal year 2021.

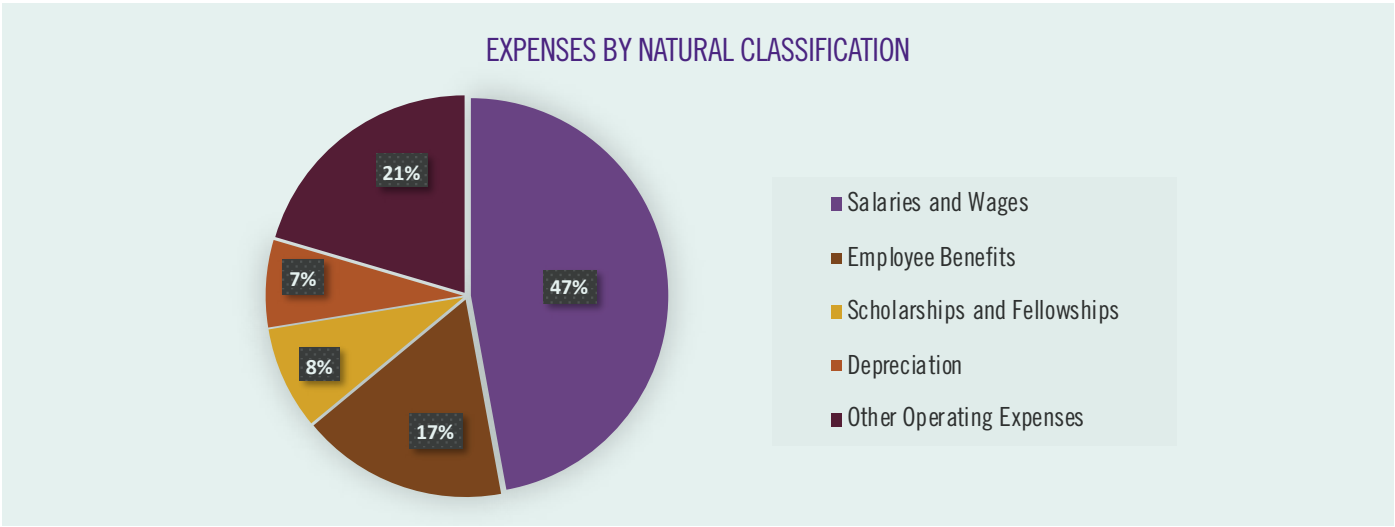
OPERATING REVENUES



NONOPERATING REVENUES



The following chart illustrates the University's operating expenses by natural classification for the fiscal year ended 2021.



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, 2021 are shown below.

CONDENSED STATEMENT OF CASH FLOWS

	Year Ended June 30, 2021 Amount	Year Ended June 30, 2020 Amount	Amount Increase (Decrease)	Percent Increase (Decrease)
Cash and cash equivalents provided (used) by:				
Operating activities	\$(149,002,804)	\$(131,722,484)	\$(17,280,320)	(13.12%)
Noncapital financing activities	181,488,693	153,110,255	28,378,438	18.53%
Capital financing activities	(6,810,269)	(31,891,347)	25,081,078	78.65%
Investing activities	6,734,404	37,292,777	(30,558,373)	(81.94%)
Net change in cash and cash equivalents	32,410,024	26,789,201	5,620,823	20.98%
Cash and cash equivalents - beginning of year	92,226,302	65,437,101	26,789,201	40.94%
Cash and cash equivalents - end of year	\$124,636,326	\$92,226,302	\$32,410,024	35.14%



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.

NOORDA ENGINEERING, APPLIED SCIENCE & TECHNOLOGY BUILDING

A new 138,899 square foot building is taking shape on the north end of the main Ogden campus. Ground breaking took place for this new building in May 2020. The building is a catalyst and perfect setting for a new educational frontier in the College of Engineering, Applied Science & Technology at Weber State University. This building will serve as the new home for the College of Engineering, Applied Science and Technology (EAST). It will house the electrical, mechanical and systems engineering, engineering technology, computer science and professional sales departments. The Northern Utah Academy for Math, Engineering, & Science (NUAMES) students will also utilize a portion of the building. The construction cost of the project is estimated at \$51 million and the building is slated to be completed in time for fall 2022 semester classes.

OUTDOOR ADVENTURE AND WELCOME CENTER

Construction finished in January 2021 for the new Weber State University Outdoor Adventure & Welcome Center. This new 16,900 square-foot building has a Welcome Center to help students get oriented and make connections on campus. The Outdoor Adventure Center allows WSU's popular Campus Recreation Outdoor Program to expand its equipment rental center, making room for new equipment

and improved efficiency. The center also supports recreation rock climbing, including bouldering and a 55-foot climbing wall. The Welcome Center portion of the facility provides space for the Office of Admissions to host visitor experiences that showcase Weber State's connection between education and the environment. The building had an approximate construction budget of \$7 million. Groundbreaking took place for the new building in October 2019.

DAVIS CAMPUS COMPUTER & AUTOMOTIVE ENGINEERING

The new Davis Computer and Automotive Engineering Building at WSU Davis in Layton was completed in time for Fall semester 2020. 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 is 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 allows 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 Groundbreaking for the new building took place in May 2019.







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, 2021 is supported by two major sources of revenue: appropriations from the State of Utah (\$101.4 million) and net student tuition and fees (\$84.3 million). Weber State University's budget conditions remained solid during the fiscal year 2021, assisted by 2.0% tuition and 2.0% 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, a slight enrollment decrease is projected for fiscal year 2022. Conservative budgeting with 4.7% tuition increase and an 11.5% fee decrease should continue to keep the University's financial position stable during the fiscal year 2022. There was a shift of \$2.1 million from student fees to tuition as a result of an audit performed by the state in reviewing tuition and fees at state institutions.

The University continues to monitor and mitigate the financial impacts of COVID 19. Weber State University was awarded \$33,338,802 in HEERF student financial aid funding (I, II & III), \$45,123,391 in HEERF Institutional funding, and \$3,516,102 in HEERF Strengthening Institutions (SIP) funding. As of June 30, 2021 we had expended \$7,658,532 of the HEERF student financial aid funding, \$21,632,743 of the HEERF institutional funding, and \$1,613,654 of the SIP funding.

Current economic conditions are likely to influence the University's need to examine future tuition and fee increases. The institution just completed an exhaustive Strategic Planning process that includes targeting enrollment growth and retention. This past year's efforts resulted in a 0.7% increase in overall retention with a 2.0% increase in underserved student retention. 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

STATEMENT OF NET POSITION

As of June 30, 2021

ASSETS

Current Assets

	2021
Cash and cash equivalents (Note 2)	\$102,855,387
Short-term investments (Note 2)	15,082,465
Accounts receivable, net (Note 5)	17,907,384
Receivable from state agencies (Note 5)	1,409,451
Interest receivable	117,620
Inventories	2,879,653
Prepaid expenses	1,953,482
Student loans receivable, net (Note 5)	763,076
Pledges receivable, net (Note 5)	3,199,308
Other assets	448,564
Total Current Assets	146,616,390

Noncurrent Assets

Restricted cash and cash equivalents (Note 2)	21,780,939
Investments (Note 2)	216,266,614
Accounts receivable, net (Note 5)	3,841,881
Student loans receivable, net (Note 5)	1,996,103
Pledges receivable, net (Note 5)	4,420,736
Other noncurrent assets (note 1)	9,878,937
Capital assets, net (Note 3)	405,254,148
Net pension asset (Notes 1 and 7)	7,684,897
Total noncurrent assets	671,124,255
Total Assets	817,740,645

DERERED OUTFLOWS OF RESOURCES

Deferred Outflows relating to Pensions (Notes 1 and 7)	4,605,610
Deferred amount of refunding	715,450
Total Deferred Outflows of Resources	5,321,060

LIABILITIES

Current Liabilities

Accounts payable (Note 5)	4,251,057
Accrued liabilities	637,737
Accrued payroll	65,000
Payable to state agencies	653,967
Compensated absences & termination benefits (Note 3)	3,123,173
Unearned revenue	9,635,551
Bonds payable (Notes 3 and 4)	3,231,634
Other liabilities	342,676
Total current liabilities	21,940,795

Noncurrent Liabilities

Compensated absences & termination benefits (Note 3)	5,639,652
Annuities payable (Note 3)	337,897
Bonds payable (Notes 3 and 4)	45,120,343
Net pension liability (Notes 1 and 7)	30,214
Total noncurrent liabilities	51,128,106
Total Liabilities	73,068,901

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows Relating to Beneficial Interests (Note 1)	9,878,937
Deferred Inflows Relating to Pensions (Notes 1 and 7)	9,850,358
Total Deferred Inflows of Resources	19,729,295

NET POSITION

Net investment in capital assets	364,125,788
Restricted:	
Nonexpendable	
Primarily scholarships and fellowships	141,611,543
Expendable	
Primarily scholarships and fellowships	64,718,342
Capital projects	6,416,229
Loans	4,742,331
Sponsored projects	3,047,600
Debt service	157,495
Unrestricted	145,444,181
Total Net Position	\$730,263,509

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, 2021

REVENUES

Operating Revenues	2021
Student tuition and fees, net (Note 1)	\$84,340,508
Federal grants and contracts	221,750
State and local grants and contracts	142,914
Nongovernmental grants and contracts	363,991
Sales and services of educational activities	2,528,676
Auxiliary enterprises, net (Note 1)	11,098,048
Other operating revenues	5,282,131
Total Operating Revenues	103,978,018

EXPENSES

Operating Expenses	
Salaries and wages	128,190,235
Employee benefits	45,927,161
Scholarships and fellowships	22,894,597
Depreciation	19,419,461
Other operating expenses	55,621,428
Total Operating Expenses	272,052,882
Operating Loss	(168,074,864)

NONOPERATING REVENUES (EXPENSES)

State appropriations	101,399,700
Federal grants and contracts	59,761,600
State and local grants and contracts	17,584,224
Nongovernmental grants and contracts	247,543
Gifts	12,513,436
Investment income (net of investment expense)	47,200,447
Interest on capital assets-related debt	(1,374,486)
Other nonoperating revenues	457,848
Net Nonoperating Revenues	237,790,312
Income Before Other Revenue	69,715,448

OTHER REVENUES

Capital appropriations	4,105,954
Capital grants and gifts	6,436,313
Additions to permanent endowments	3,873,236
Total other revenue	14,415,503
Increase in Net Position	84,130,951

NET POSITION

Net Position - Beginning of Year	646,132,558
Net Position - End of Year	\$730,263,509

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

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

	2021
Tuition and fees	\$86,016,168
Receipts from grants/contracts	728,654
Receipts from auxiliary and educational services	13,626,725
Collection of loans from students	725,987
Payments for scholarships and fellowships	(22,932,856)
Payments for employee services and benefits	(179,298,187)
Other operating receipts	6,699,576
Payments to suppliers	(54,568,871)
Net cash provided (used) by Operating Activities	(149,002,804)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State appropriations	101,399,700
Receipts from grants/contracts	64,215,282
Agency receipts including direct lending program	31,459,032
Agency disbursements including direct lending program	(31,520,381)
Receipts from gifts	11,188,233
Receipts for permanent endowments	3,873,236
Other noncapital financing activities	873,591
Net cash provided (used) by Noncapital Financing Activities	181,488,693

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Receipts from capital grants/gifts	3,978,110
Proceeds from bond issuance	6,648,790
Purchases of capital assets	(13,290,119)
Principal paid on capital debt/leases	(2,790,000)
Interest paid on capital debt/leases	(1,357,050)
Net cash provided (used) by Capital and related Financing Activities	(6,810,269)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale/maturity of investments	21,900,600
Receipt of interest/dividends from investments	10,521,593
Purchase of investments	(25,687,789)
Net cash provided (used) by Investing Activities	6,734,404

Net Increase (decrease) in Cash and Cash Equivalents	32,410,024
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Cash and Cash Equivalents - Beginning of Year	92,226,302
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Cash and Cash Equivalents - End of Year	\$124,636,326
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The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS (CONTINUED)

For the Fiscal Year Ended June 30, 2021

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

	2021
Operating income (loss)	\$(168,074,864)
Difference between actuarial calculated pension expense and actual contributions	\$(6,289,483)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	20,477,054
Changes in assets and liabilities:	
Receivables (net)	214,392
Student loans receivable	576,998
Inventories	(58,823)
Prepaid expenses	(851,769)
Other current assets	(5,036)
Accounts payable	2,488,421
Accrued liabilities	17,436
Accrued payroll	(35,000)
Unearned revenue	1,461,268
Compensated absences and early retirement	1,126,256
Other current liabilities	(49,654)
Net cash provided (used) by Operating Activities	<u><u>\$(149,002,804)</u></u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:	
Increase (decrease) in fair value of investments	\$36,740,664
Capital assets acquired from State of Utah (DFCM)	4,105,954
Donated property and equipment	371,652
Total Noncash Investing, Capital, and Financing Activities	<u><u>\$41,218,270</u></u>

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 \$9,878,937 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, 2021:

Revenue	2021
Tuition and Fees	\$40,628,381
Auxiliary enterprises	\$876,584



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, 2021, the University had bank and deposit balances of \$5,175,773 at Wells Fargo, of which \$4,925,773 was uninsured and uncollateralized, and cash in transit to Commonfund totaling \$493,000 all of which uninsured and uncollateralized. The Foundation had \$40,749 held by Key Bank, and \$490,282 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 Higher Education 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, 2021, 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, 2021 was approximately \$13.1 million. The net appreciation is a component of restricted expendable net position.

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, 2021 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 market 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, 2021, the University had the following recurring fair value measurements.

Investments by Fair Value Level	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Debt Securities				
U.S. Agencies	\$ 15,053,513		\$15,053,513	
Corporate Notes	20,141,756		20,141,756	
Money Market Mutual Funds	1,404,457		1,404,457	
Bond Mutual Funds	40,272,424		40,272,424	
Utah Public Treasurers' Investment Fund	118,161,858		118,161,858	
Total Debt Securities	195,034,008		195,034,008	-
Equity Securities				
Common and Preferred Stock	6,889,182	6,889,182		
Exchange Traded/Closed-End Funds	1,775,037	1,775,037		
Equity Mutual Funds	114,193,601		114,193,601	
Total Equity Securities	122,857,820	8,664,219	114,193,601	-
Other				
Donated Assets	3,832,894			3,832,894
Total Other	3,832,894			3,832,894
Total investments by Fair Value Level	\$ 321,724,722	\$ 8,664,219	\$309,227,609	\$3,832,894

Investments Measured at Net Asset Value NAV

Real Estate Opportunity	\$2,319,457
Private Equity Partnerships	8,719,011
Secondary Partners	1,808,810
Venture Capital Funds	11,202,361
Global Distressed	24,768
Core Real Estate	3,289,584
Natural Resources Partners	1,826,681
Total Investments Measured at NAV	29,190,672
Total Investments Measured at Fair Value	\$350,915,394

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	2,319,457	7,769,786	N/A	N/A
Private Equity Partnerships	8,719,011	6,741,125	N/A	N/A
Secondary Partners	1,808,810	6,417,503	N/A	N/A
Venture Capital Funds	11,202,361	3,527,450	N/A	N/A
Global Distressed	24,768	76,300	N/A	N/A
Environmental Sustainability	0	2,250,000	N/A	N/A
Core Real Estate	3,289,584	0	N/A	N/A
Natural Resources Partners	1,826,681	1,571,600	N/A	N/A
Total Investments Measured at NAV	29,190,672	28,353,764		

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, 2021, the University had the following debt investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-5	6-10
State of Utah Public Treasurers' Investment Fund	\$118,161,858	\$118,161,858	\$ -	\$ -
Bond Mutual Funds	40,272,424	-	-	40,272,424
U.S. Agencies	15,053,513	-	5,053,329	10,000,184
Corporate Notes	20,141,756	15,082,465	5,059,291	-
Money Market Mutual Funds	1,404,457	1,404,457	-	-
Total	\$195,034,008	\$134,648,780	\$10,112,620	\$50,272,608

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, 2021, the University had the following debt investments and quality ratings:

Investment Type	Fair Value	Quality Ratings		
		AA+	A	Unrated
State of Utah Public Treasurer's Investment Fund	\$118,161,858			\$118,161,858
Bond Mutual Funds	40,272,424			40,272,424
U.S. Agencies	15,053,513	15,053,513		
Corporate Notes	20,141,756	-	20,141,756	
Money Market Mutual Funds	1,404,457			1,404,457
Total	\$195,034,008	15,053,513	20,141,756	159,838,739

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, 2021, 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, 2021, the University had \$15,053,513 in U.S. agencies, \$20,141,756 in corporate notes, and \$837,800 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, 2021 are summarized below:

CAPITAL ASSETS

	Beginning Balances	Additions	Reductions	Ending Balance
Land	\$11,159,652	\$120,000	\$145,000	\$11,134,652
Land improvements & infrastructure	49,772,983	2,436,145	101,965	52,107,163
Buildings	517,037,818	35,318,127	7,733,009	544,622,936
Leasehold Improvements	1,309,530	-	-	1,309,530
Equipment	35,256,647	2,234,810	719,490	36,771,967
Library collections	17,527,805	109,696	327,516	17,309,985
CIP	28,414,030	12,929,936	35,668,876	5,675,090
Total	660,478,465	53,148,714	44,695,856	668,931,323
Less: Accumulated depreciation for:				
Land Improvements & infrastructure	22,675,819	2,583,061	99,416	25,159,464
Buildings	187,124,635	13,430,391	6,702,274	193,852,752
Leasehold Improvements	589,289	130,953	-	720,242
Equipment	28,522,359	2,651,009	695,180	30,478,188
Library collections	13,169,998	624,047	327,516	13,466,529
Total	252,082,100	19,419,461	7,824,386	263,677,175
Capital assets, net	\$408,396,365	\$33,729,253	\$36,871,470	\$405,254,148

LONG TERM LIABILITIES

	Beginning Balances	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable:					
Bonds payable	\$41,555,000	\$5,815,000	\$2,790,000	\$44,580,000	\$2,925,000
Unamortized bond premium	3,203,130	\$833,790	264,944	3,771,976	306,634
Total contract and bond obligations	44,758,130	6,648,790	3,054,944	48,351,976	3,231,634
Other Liabilities:					
Compensated absences	5,395,832	2,611,831	2,268,039	5,739,624	2,078,585
Termination benefits payable	2,240,737	1,716,046	933,582	3,023,201	1,044,588
Net pension liability	7,923,028	-	7,892,814	30,214	-
Annuities payable	390,693	-	17,228	373,465	35,538
Total other liabilities	15,950,290	4,327,877	11,111,663	9,166,504	3,158,711
Total long-term liabilities	\$60,708,420	\$10,976,667	\$14,166,607	\$57,518,480	\$6,390,345

4. REVENUE BONDS PAYABLE

Revenue bonds payable consisted of the following at June 30, 2021:

Student Facilities System Refunding Revenue Bonds, Series 2015, \$18,135,000, 2%-5% maturing 2015 through 2030	\$ 12,025,000
Student Facilities System, Revenue Bonds, Series 2012, \$17,380,000, 3%-4% maturing 2013 through 2032	10,970,000
Student Facilities System, Revenue Bonds, Series 2019, \$10,835,000, 2.25%-5% maturing 2021 through 2040	10,485,000
Student Facilities System Refunding, Revenue Bonds, Series 2017, \$7,215,000, 2.00%-5.00% maturing 2018 through 2030	5,285,000
Student Facilities System Revenue Bonds, Series 2021, \$5,815,000 2.00%-5.00% maturing 2022 through 2041	5,815,000
	<hr/> 44,580,000
Plus unamortized bond premium	<hr/> 3,771,976
Total bonds payable	<hr/> \$ 48,351,976

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, Series 2019, and Series

2021. Revenue Bonds are included in Student Tuition & Fees and Auxiliary Enterprises Revenue. The University has agreed that it will allocate such amount of its discretionary investment interest income as is necessary to ensure its compliance with rate covenant requirements of the indentures. In addition, the Bonds are secured by reserve instruments issued by Build America Mutual Assurance Company and Assured Guaranty Mutual) for the timely payment of principal and interest. For the year ended June 30, 2021, the receipts and disbursements of pledged revenues were as follows::

Receipts

Pledged auxiliary operating revenue	\$13,761,937
Student building fees	4,056,467
Pledged discretionary investment income	1,212,000
Total receipts	<hr/> 19,030,404

Disbursements

Pledged auxiliary operating expenses	13,545,559
Excess of pledged receipts over expenses	\$ 5,484,845
Debt service principal and interest payments	<hr/> \$ 4,387,461

The scheduled maturities of the revenue bonds are as follows:

	Principal	Interest	Total Payments
2022	2,925,000	1,466,161	4,391,161
2023	3,235,000	1,544,761	4,779,761
2024	3,400,000	1,400,511	4,800,511
2025	3,550,000	1,248,611	4,798,611
2026	3,720,000	1,089,711	4,809,711
2027-2031	17,095,000	3,269,730	20,364,730
2032-2036	5,950,000	1,031,113	6,981,113
2037-2041	4,705,000	316,920	5,021,920
Totals	<hr/> \$ 44,580,000	<hr/> \$ 11,367,518	<hr/> \$ 55,947,518



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, 2021, including approximately \$3,841,881, \$1,996,103, and \$4,420,736 of net, noncurrent accounts, student loans, and pledges receivable, respectively:

Accounts	\$10,562,321
Grants and contracts	15,444,948
Student loans	2,858,442
Pledges	7,775,555
Receivable from state agencies	1,416,909
Interest	117,620
Total receivables	38,175,796
Less allowances for doubtful accounts	(4,520,237)
Receivables, net	\$33,655,559

The following schedule presents the major components of accounts payable at June 30, 2021:

Vendors	\$4,251,056
Payable to State Agencies	653,967
Interest	365,540
Other	337,197
Total Accounts Payable	\$5,607,760

6. OPERATING LEASES

The University leases several buildings for classes and various programs. Total payments for such leases were \$460,820 for the year ended June 30, 2021. 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
2022	454,539
2023	349,977
2024	326,945
2025	326,482
2026	334,646
Total future minimum lease payments	\$1,792,589

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, 2021, the University's contribution to this defined contribution plan was 14.2% of the participating employees' annual salaries, or \$12,993,346 which is included in the benefits expense. The compensation for employees covered by TIAA (including post-retired employees), for the year ended June 30, 2021, was \$91,502,406. 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 .89% 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, 2021, the University's contribution totaled \$316,287 which was included in the benefits expense, and the participating employees' voluntary contributions totaled \$522,908.

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 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Contributory System	Highest 5 years	30 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.25% per year to June 1975; 2.00% per year July 1975 to present	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

* 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, 2021 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	19.13 %
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, 2021, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$3,159,475	N/A
Contributory System	21,151	7,169
Tier 2 Public Employees System	705,529	-
Total Contributions	\$3,886,155	\$7,169

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, 2021, the University reported a net pension asset of \$7,684,897 and a net pension liability of \$30,214.

(Measurement Date): December 31, 2020					
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share Dec 31, 2019	Change (Decrease)
Noncontributory System	\$6,853,186	\$0	6.9484743%	6.7100228%	.2384515%
Contributory System	\$831,711	\$0	3.9152387%	3.5167112%	.3985275%
Tier 2 Public Employees System	\$0	\$30,214	0.2100725%	0.2310701%	(0.0209976)%
Total Net Pension Asset / Liability	\$7,684,897	\$30,214			

The net pension asset and liability were measured as of December 31, 2020. The total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2020 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, 2021, the University recognized pension expense of (\$2,360,933) for the defined benefit pension plans.

At June 30, 2021, 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	\$2,296,649	\$117,881
Changes in assumption	\$243,543	\$1,099
Net difference between projected and actual earnings on pension plan investments		\$9,612,181
Changes in proportion and differences between contributions and proportionate share of contributions	\$123,008	\$119,197
Contributions subsequent to the measurement date	\$1,942,410	\$0
Total	\$4,605,610	\$9,850,358

\$1,942,410 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, 2020. 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
2021	(\$622,288)
2022	(\$1,672,721)
2023	(\$3,376,934)
2024	(\$1,564,335)
2025	\$9,295
Thereafter	\$39,824

Actuarial assumptions: The total pension liability in the December 31, 2020, 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 adopted from an actuarial experience study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age, as appropriate, with projected improvement using 80% of the ultimate rates from the MP-2019 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2020, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2019.

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 and is applied consistently to each defined benefit pension plan. 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:

Asset class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	37 %	6.30 %	2.33 %
Debt securities	20 %	0.00 %	0.00 %
Real assets	15 %	6.19%	0.93 %
Private equity	12 %	9.50 %	1.14 %
Absolute return	16 %	2.75 %	0.44 %
Cash and cash equivalents	0 %	0.00 %	0.00 %
Totals	100 %		4.84 %
Inflation			2.50 %
Expected arithmetic nominal return			7.34 %

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	\$12,341,496	(\$6,853,186)	(\$22,792,801))
Contributory	(\$243,731)	(\$831,711)	(\$1,333,078)
Tier 2 Public Employees	\$508,416	\$30,214	(\$335,597)
Total	\$12,606,181	(\$7,654,683)	(\$24,461,476)



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, 2021, the University had outstanding commitments for the construction and remodeling of University buildings of approximately \$10,756,823.

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 Higher Education. 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 45 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, 2021, was \$933,582

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.

Elimination of internal balances and transactions between the University and the Foundation and a presentation of eliminated balances and transactions in a separate column is required by GASB Statement 34. However, because there are no such internal balances and transactions, the following is a single-column, condensed version of their financial statements for the fiscal year ended June 30, 2021.



The following is a condensed version of their financial statements for the fiscal year ended June 30, 2021.

STATEMENT OF NET POSITION

Assets		
Current Assets		
Other Current Assets		\$448,564
Non Current Assets		
Restricted Cash & Cash Equivalents		552,277
Investments		13,259,534
	Total Assets	<u>14,260,375</u>
Liabilities		
Current Liabilities		
Current Liabilities		35,538
Noncurrent Liabilities		
Annuities Payable		337,927
	Total Liabilities	<u>373,465</u>
Net Position		
Restricted		
	Restricted	<u>13,886,910</u>
	Total Net Position	<u>\$13,886,910</u>

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Operating Revenues		
Gifts		\$-
	Total Operating Revenues	<u>-</u>
Operating Expenses		
Other Expenses		12,870
Transfers to University		473,539
	Total Operating Expenses and Transfers	<u>486,409</u>
Operating Income (Loss)		<u>(486,409)</u>
Nonoperating Revenues		
Investment Income (Loss)		3,089,916
Change in Net Position		2,603,507
Net Position at beginning of year		11,283,403
Net Position at end of year		<u>\$13,886,910</u>

STATEMENT OF CASH FLOWS

Cash Flows from Operating Activities		
Cash Received through contributions		\$-
Cash Payments for operations		(34,587)
Transfers to University		(473,539)
Net Cash Provided by (used in) Operating Activities		<u>(508,126)</u>
Cash Flows from Investing Activities		
Investment Income		921,518
Investment Purchases/Proceeds		(200,649)
Net Cash Provided by (used in) Investing Activities		<u>720,869</u>
Increase in Cash and Cash Equivalents		212,743
Cash and Cash Equivalents at beginning of year		339,534
Cash and Cash Equivalents at end of year		<u>\$552,277</u>

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, 2021 was \$14,776,618.

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, 2020		
	Noncontributory System	Contributory System	Tier 2 Public Employees System
Proportion of Net Pension Liability (Asset)	6.9484743%	3.9152387%	.2100725%
Proportionate Share of Net Pension Liability (Asset)	\$(6,853,186)	\$(831,711)	\$30,214
Covered Payroll	\$14,287,764	\$174,082	\$3,358,236
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	-47.97%	-477.77%	0.90%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	104.7%	113.1%	98.3%
	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%

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contribution	\$3,159,475	\$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
Contributions in Relation to the Contractually Required Contribution	(3,159,475)	(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)
Contribution Deficiency (Excess)	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Covered Payroll	\$14,495,844	\$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
Contributions as a Percentage of Covered Payroll	21.80%	21.76%	21.70%	21.52%	22.19%	22.19%	22.19%	20.46%	18.76%	16.86%

Contributory System

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contribution	\$21,151	\$30,938	\$47,577	\$84,948	\$114,251	\$111,545	\$104,601	\$93,105	\$84,937	\$86,171
Contributions in Relation to the Contractually Required Contribution	(21,151)	(30,938)	(47,577)	(84,948)	(114,251)	(111,545)	(104,601)	(93,105)	(84,937)	(86,171)
Contribution Deficiency (Excess)	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Covered Payroll	\$119,494	\$174,788	\$268,797	\$479,927	\$482,070	\$470,656	\$441,353	\$423,784	\$419,028	\$469,082
Contributions as a Percentage of Covered Payroll	17.70%	17.70%	17.70%	17.70%	23.70%	23.70%	23.70%	21.97%	20.27%	18.37%

Tier 2 Public Employees System

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contribution	\$705,529	\$639,286	\$629,567	\$602,195	\$643,870	\$628,814	\$526,517	\$367,060	\$187,733	\$54,317
Contributions in Relation to the Contractually Required Contribution	(705,529)	(639,286)	(629,567)	(602,195)	(643,870)	(628,814)	(526,517)	(367,060)	(187,733)	(54,317)
Contribution Deficiency (Excess)	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Covered Payroll	\$3,688,073	\$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	19.13%	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, 2021

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WEBER STATE UNIVERSITY

ANNUAL FINANCIAL REPORT 2021

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