



**WEBER STATE UNIVERSITY**

A Component Unit of the State of Utah

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**2014 ANNUAL FINANCIAL REPORT**







**WEBER STATE**  
UNIVERSITY

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2014 ANNUAL  
FINANCIAL REPORT



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# MESSAGE FROM THE PRESIDENT

The 2013-14 academic year was marked by a momentous occasion: the 125th anniversary of this wonderful institution. For a century and a quarter, Weber State University has been helping people make their dreams happen.

Over those years, caring faculty and staff, eager students, and loyal friends and supporters of the university have made Weber State what it is today. This university has reached many milestones, including more than 225 different degrees offered,

more than 25,000 students enrolled in the 2013-14 academic year, and more than 115,000 alumni. We couldn't have done it without the support of the community both inside and outside of campus.

Jan. 7, 2014, the date of our 125th anniversary, also marked the beginning of the public phase of a comprehensive campaign to raise \$125 million for WSU. So far, we have raised more than \$110 million toward that goal from supportive individuals who are ensuring Weber State's future for the next 125 years.

Here are a few more of Weber State's accomplishments over the past year:

- *Weber State announced an expansion of the Dream Weber program, which now offers free tuition and fees to eligible students with household incomes of \$40,000 or less.*
- *The university broke ground on the Tracy Hall Science Center. When it opens in fall of 2016, this state-of-the-art facility will breathe new life into science education at Weber State.*
- *Rocky Mountain Power recognized Weber State as the 2014 wattsmart Business Partner of the Year for reducing its electrical consumption by 30 percent during the past five years, even with adding 10 percent more square footage.*
- *PayScale, a salary comparison website, recognized Weber State as the No. 1 public institution in Utah for return on investment.*
- *Ogden City Council members and Mayor Mike Caldwell recognized Jan. 7, 2014, as Weber State University Day.*
- *Weber State hosted Girls State for the first time in June.*

These are just a few of the great things that WSU has accomplished in the spirit of our three core themes: access, learning and community.

The financial statements that follow are prepared according to generally accepted accounting principles established by the Governmental Accounting Standards Board. The Office of the Utah State Auditor has reviewed and audited this financial report for the year ended June 30, 2014. This financial report is intended to reflect the overall financial position of the university as of June 30, 2014. It also reflects the flow of financial resources to and from the university for the fiscal year ended June 30, 2014.

I am happy to report that the university is in good financial standing and has benefitted greatly from the constant support of students, faculty, staff, alumni, administrators, elected officials and community members.



# State Auditor's Report



## OFFICE OF THE UTAH STATE AUDITOR

### INDEPENDENT STATE AUDITOR'S REPORT

To the Board of Trustees, Audit Committee  
and  
Charles A. Wight, President  
Weber State University

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of Weber State University (the University), a component unit of the State of Utah, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

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

#### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University as of June 30, 2014, and the changes in its financial position and its 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 management's discussion and analysis, as listed on 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 Governing Boards and Officers have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2014 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

*Office of the Utah State Auditor*

Office of the Utah State Auditor  
November 4, 2014







# MANAGEMENT'S DISCUSSION & ANALYSIS

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*Fiscal Year Ended June 30, 2014*

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, 2014, with comparable information for the fiscal year ended June 30, 2013. 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, liabilities, and net position as of June 30, 2014 and 2013 is shown below.

### Condensed Statement of Net Position

	As of June 30, 2014 Amount	As of June 30, 2013 Amount	Amount of Increase (Decrease)	Percent Increase (Decrease)
<b>Assets</b>				
Current assets	\$61,093,551	\$84,381,643	\$(23,288,092)	(27.60%)
Noncurrent assets				
Capital	277,835,407	271,845,784	5,989,623	2.20%
Other	194,186,810	164,474,074	29,712,736	18.07%
Total assets	533,115,768	520,701,501	12,414,267	2.38%
<b>Deferred outflows of resources</b>				
Deferred amount of refunding	244,800	259,200	(14,400)	(5.56%)
<b>Liabilities</b>				
Current liabilities	17,316,001	25,978,482	(8,662,481)	(33.34%)
Noncurrent liabilities	61,257,403	63,918,323	(2,660,920)	(4.16%)
Total liabilities	78,573,404	89,896,805	(11,323,401)	(12.60%)
<b>Net position</b>				
Net investment in capital assets	218,539,049	213,894,445	4,644,604	2.17%
Restricted - nonexpendable	87,424,042	76,624,469	10,799,573	14.09%
Restricted - expendable	49,212,939	50,366,640	(1,153,701)	(2.29%)
Unrestricted	99,611,134	90,178,342	9,432,792	10.46%
Total net position	\$454,787,164	\$431,063,896	\$23,723,268	5.50%

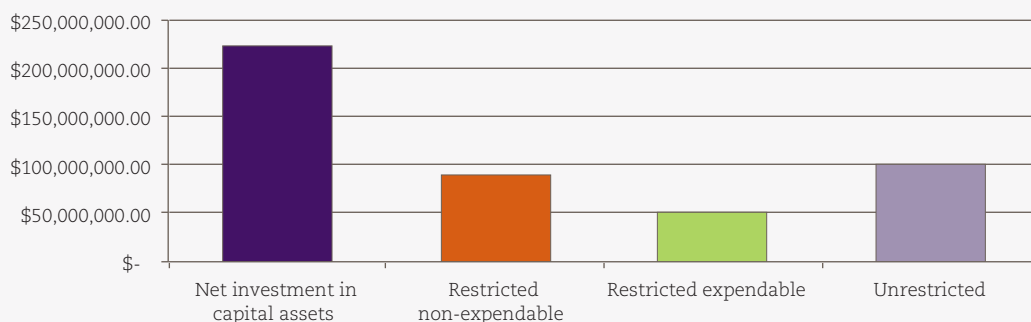
From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the University. They are also able to determine how much the University owes to outside organizations. Finally, the Statement of Net Position provides a picture of the net position (assets plus deferred outflows of resources minus liabilities plus deferred inflows of resources) and their 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, 2014



In fiscal year 2014, total assets of the University increased \$12.4 million largely due to capital asset additions and continued University growth. Current assets decreased \$23.3 million and other noncurrent assets increased \$29.7 million primarily due to \$25 million in U.S. agency bond purchases and positive market value fluctuations on investments. Current liabilities decreased \$8.7 million primarily from a decrease in payables due to the State of Utah for major construction projects. At the end of fiscal year 2014, the University’s current assets of \$61.1 million were sufficient to cover current liabilities of \$17.3 million. Also at the end of fiscal year 2014, total assets of \$533.1 million are sufficient to cover total liabilities of

\$78.6 million. 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, 2014 and 2013 is shown below.

### Condensed Statement of Revenues, Expenses, and Changes in Net Position

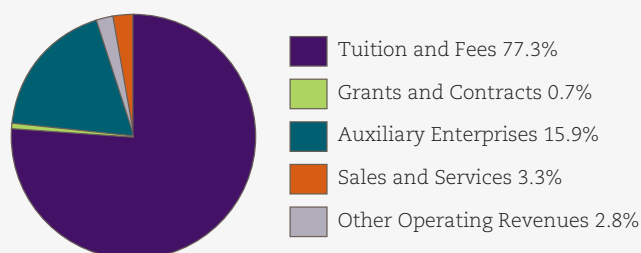
	Year Ended June 30, 2014 Amount	Year Ended June 30, 2013 Amount	Amount of Increase (Decrease)	Percent Increase (Decrease)
Operating revenues				
Tuition and fees	\$78,578,065	\$80,242,607	\$(1,664,542)	(2.07%)
Grants and contracts	713,155	686,818	26,337	3.83%
Auxiliary enterprises	16,155,831	17,206,280	(1,050,449)	(6.11%)
Other	6,243,531	5,089,093	1,154,438	22.68%
Total operating revenues	101,690,582	103,224,798	(1,534,216)	(1.49%)
Operating expenses				
Salaries and wages	95,348,653	93,555,257	1,793,396	1.92%
Employee benefits	35,851,784	33,476,987	2,374,797	7.09%
Scholarships and fellowships	18,320,756	19,139,514	(818,758)	(4.28%)
Depreciation	13,915,028	12,869,326	1,045,702	8.13%
Other operating expenses	50,295,269	46,429,382	3,865,887	8.33%
Total operating expenses	213,731,490	205,470,466	8,261,024	4.02%
Operating income/(loss)	(112,040,908)	(102,245,668)	(9,795,240)	(9.58%)
Nonoperating revenues/(expenses)				
State appropriations	67,266,600	62,950,400	4,316,200	6.86%
Grants and contracts	37,512,611	39,721,070	(2,208,459)	(5.56%)
Other nonoperating revenues/(expenses)	19,542,554	14,348,271	5,194,283	36.20%
Net nonoperating revenues/(expenses)	124,321,765	117,019,741	7,302,024	6.24%
Income (loss) before other revenue	12,280,857	14,774,073	(2,493,216)	(16.88%)
Other revenues				
Capital appropriations	8,262,825	26,498,069	(18,235,244)	(68.82%)
Capital grants and gifts	372,950	2,226,721	(1,853,771)	(83.25%)
Additions to permanent endowments	2,806,636	12,844,936	(10,038,300)	(78.15%)
Total other revenue	11,442,411	41,569,726	(30,127,315)	(72.47%)
Increase in net position	23,723,268	56,343,799	(32,620,531)	(57.90%)
Net position - beginning of year	431,063,896	374,720,097	56,343,799	15.04%
Net position - end of year	\$454,787,164	\$431,063,896	\$23,723,268	5.50%



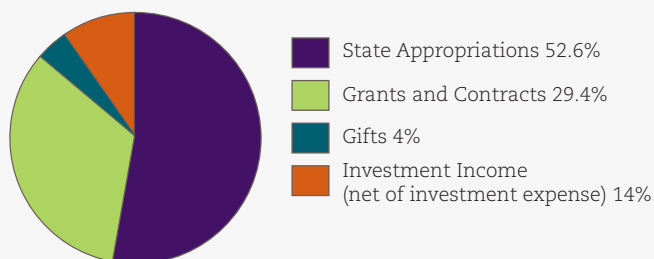
The most significant source of operating revenue for the University is student tuition and fees, which totaled \$78.6 million for fiscal year 2014. Other nonoperating revenues/ (expenses) increased 36.2% or \$5.2 million largely due to positive market value fluctuations on investments. Capital appropriations decreased \$18.2 million primarily due to the completion of the new Davis Campus Professional

Classroom Building, which took place in fiscal year 2013. Capital grants and gifts along with additions to permanent endowments decreased this fiscal year \$1.9 million and \$10 million respectively, due to several significant donations received in the fiscal year 2013. The following charts highlight the University's operating and nonoperating revenues for the fiscal year 2014.

### Operating Revenues



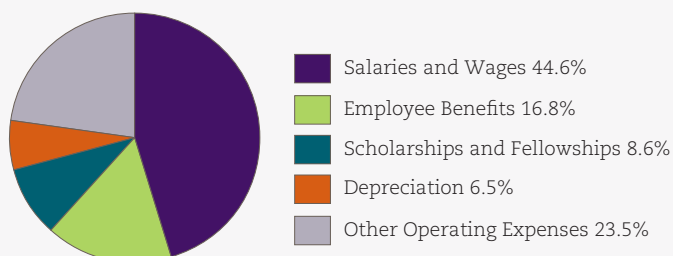
### Nonoperating Revenues



The University's operating expenses were \$213.7 million for the fiscal year ended June 30, 2014. Operating expenses are reported by natural classification in the

financial statements. The following chart illustrates the University's operating expenses by natural classification for the fiscal year ended 2014.

### Expenses by Natural Classification







As mandated by GASB standards, 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 mandate 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, 2014 are shown below.

### Condensed Statement of Cash Flows

	Year Ended June 30, 2014 Amount	Year Ended June 30, 2013 Amount	Amount of Increase (Decrease)	Percent Increase (Decrease)
Cash and cash equivalents provided (used) by:				
Operating activities	\$(99,167,247)	\$(90,217,585)	\$(8,949,662)	(9.92%)
Noncapital financing activities	112,724,434	120,709,142	(7,984,708)	(6.61%)
Capital financing activities	(21,937,747)	(33,478,574)	11,540,827	34.47%
Investing activities	(19,424,077)	16,278,186	(35,702,263)	(219.33%)
Net change in cash and cash equivalents	(27,804,637)	13,291,169	(41,095,806)	(309.20%)
Cash and cash equivalents - beginning of year	85,834,322	72,543,153	13,291,169	18.32%
Cash and cash equivalents - end of year	\$58,029,685	\$85,834,322	\$(27,804,637)	(32.39%)





# MAJOR CONSTRUCTION PROJECTS



*There were several significant construction projects going on during the fiscal year. These projects are funded from a number of different sources including private donations, revenue bond proceeds, and state capital appropriations.*

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## Public Safety Building

The new Public Safety Building was completed in August 2014 and is located at the very northwest corner of the Ogden campus. This new 10,000 square foot facility houses the University Police Department and Parking Services. The building is also designed and equipped to convert to the Emergency Operations Center (EOC) and 911 communication center in a campus emergency. A large conference room in this building will also function as a classroom for University-wide training. Construction began on this project in late November of 2013, and was opened in time for Fall classes in 2014. The estimated total project cost is \$4 million.

## Weber County Sports Complex

The grand opening of the renovated Weber County Sports Complex, located west of the Dee Events Center, took place in October 2013. The 73,000 square-foot facility will bring community members, students, athletes and sports fans together underneath one roof. Weber State University and Weber County shared the cost of the year-long, \$9.2 million remodel. WSU provided \$3.4 million for the construction project with the majority coming from donations. The two-story addition includes a new NHL-size ice rink, training and locker rooms on the ground floor, and an indoor practice field for university students on the second floor. A 60-yard-long synthetic field marked to accommodate football, soccer and softball will provide a tremendous facility for student athletes.

## Wildcat Center for Health Education & Wellness

Approximately \$8 million of the Series 2012 Bond proceeds was used to fund an expansion of the Stromberg Center on the WSU Ogden Campus, which will be named the Wildcat Center for Health Education & Wellness. The Stromberg Center is a fieldhouse-type facility with an indoor running track, basketball courts, and walk-in fitness areas. It is a shared-use facility that houses academic programs (Department of Health Promotion and Human Performance), campus recreation, WSU's NCAA athletic programs, and community use. The bonds funded a 30,000 square-foot expansion of this facility intended to expand opportunities for student walk-in fitness. The project broke ground in November 2012 and opened in the Fall of 2013.

## Science Building Ground Breaking

Utah Governor Gary Herbert joined President Charles Wight, along with other dignitaries, for the Ground-breaking that took place on May 16, 2014 for the new Tracy Hall Science Center. This new facility will replace the current Science Lab building which was dedicated in 1969 and is showing its age. This beautiful new facility will provide an outstanding learning environment for science, technology, engineering and math. The budget for the new Science Building, stemming from Utah State capital appropriations and generous donations, is estimated to be approximately \$62 million. Construction is anticipated to take two years, and the doors will open to students fall semester 2016.





# ECONOMIC OUTLOOK

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, 2014 is supported by two major sources of revenue: tax funds from the State of Utah (\$67.3 million) and net student tuition and fees (\$78.6 million). Weber State University's budget conditions remained solid during the Fiscal Year 2014, assisted by 5% tuition and 3% fee increases, despite a 5.2% decrease in student enrollment. As a sign of Utah's growing economy, the State of Utah ended the Fiscal Year 2014 with \$166 million in surplus revenue.

Due primarily to an improving economy and the continuing impact of an announcement by the Church of Jesus Christ of Latter Day Saints that the age of eligibility for mission service would be lowered (to 18 for

males and 19 for females), a slight enrollment decline is projected for the Fiscal Year 2015. Conservative budgeting, 4% tuition and 3.2% fee increases, and \$6.7 million of new tax fund appropriations should continue to keep the University's financial position stable during the fiscal year 2014-2015. Current conditions are likely to influence the University to examine future tuition and fee increases for additional funding as the economy recovers. 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.

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









# **BASIC FINANCIAL STATEMENTS**





# Statement of Net Position

Weber State University  
As of June 30, 2014

## ASSETS

### Current Assets

	2014
Cash and cash equivalents (Note 2)	\$47,245,564
Short-term investments (Note 2)	1,443,709
Accounts receivable, net (Note 5)	3,615,408
Receivable from state agencies (Note 5)	909,550
Interest receivable	218,790
Inventories	4,197,971
Prepaid expenses	489,028
Student loans receivable, net (Note 5)	988,486
Pledges receivable, net (Note 5)	1,628,875
Other assets	356,170
Total current assets	61,093,551

### Noncurrent Assets

Restricted cash and cash equivalents (Note 2)	10,784,121
Investments (Note 2)	173,119,287
Accounts receivable, net (Note 5)	2,750,640
Student loans receivable, net (Note 5)	5,541,567
Pledges receivable, net (Note 5)	1,991,195
Capital assets, net (Note 3)	277,835,407
Total noncurrent assets	472,022,217

### Total Assets

533,115,768

## DEFERRED OUTFLOWS OF RESOURCES

Deferred amount of refunding	244,800
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## LIABILITIES

### Current Liabilities

Accounts payable (Note 5)	1,121,599
Accrued liabilities	733,830
Accrued payroll	327,063
Payable to state agencies	1,355,075
Compensated absences & termination benefits (Note 3)	3,515,301
Unearned revenue	6,233,713
Bonds payable (Notes 3 and 4)	2,233,388
Other liabilities	1,796,032
Total current liabilities	17,316,001

### Noncurrent Liabilities

Compensated absences & termination benefits (Note 3)	2,929,870
Annuities payable (Note 3)	481,991
Bonds payable (Notes 3 and 4)	57,845,542
Total noncurrent liabilities	61,257,403

### Total Liabilities

78,573,404

## NET POSITION

Net investment in capital assets	218,539,049
Restricted:	
Nonexpendable	
Primarily scholarships and fellowships	86,208,997
Expendable	
Primarily scholarships and fellowships	36,459,754
Capital projects	3,448,894
Loans	7,915,342
Sponsored projects	1,388,949
Debt Service	1,215,045
Unrestricted	99,611,134

### Total Net Position

\$454,787,164

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

# Statement of Revenues, Expenses, and Changes in Net Position

**Weber State University**  
For the Fiscal Year Ended June 30, 2014

## REVENUES

### Operating Revenues

	<b>2014</b>
Student tuition and fees, net (Note 1)	\$78,578,065
Federal grants and contracts	304,819
State and local grants and contracts	122,188
Nongovernmental grants and contracts	286,148
Sales and services of educational activities	3,340,609
Auxiliary enterprises, net (Note 1)	16,155,831
Other operating revenues	2,902,922
<b>Total Operating Revenues</b>	<b>101,690,582</b>

## EXPENSES

### Operating Expenses

Salaries and wages	95,348,653
Employee benefits	35,851,784
Scholarships and fellowships	18,320,756
Depreciation	13,915,028
Other operating expenses	50,295,269
<b>Total Operating Expenses</b>	<b>213,731,490</b>

**Operating Income (Loss)** (112,040,908)

## NONOPERATING REVENUES (EXPENSES)

State appropriations	67,266,600
Federal grants and contracts	34,288,639
State and local grants and contracts	2,945,199
Nongovernmental grants and contracts	278,773
Gifts	5,092,109
Investment income (net of investment expense)	17,958,775
Interest on capital assets-related debt	(2,483,800)
Other nonoperating revenues (expenses)	(1,024,530)
<b>Net Nonoperating Revenues</b>	<b>124,321,765</b>

**Income (Loss) Before Other Revenue** 12,280,857

## OTHER REVENUES

Capital appropriations	8,262,825
Capital grants and gifts	372,950
Additions to permanent endowments	2,806,636
<b>Total other revenue</b>	<b>11,442,411</b>

**Increase in Net Position** 23,723,268

## NET POSITION

<b>Net Position - Beginning of Year</b>	<u>431,063,896</u>
<b>Net Position - End of Year</b>	<u>\$454,787,164</u>

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



# Statement of Cash Flows

**Weber State University**  
For the Fiscal Year Ended June 30, 2014

## CASH FLOWS FROM OPERATING ACTIVITIES

	<b>2014</b>
Tuition and fees	\$79,519,301
Receipts from grants/contracts	713,155
Receipts from auxiliary and educational services	19,496,440
Collection of loans from students	1,176,217
Loans issued to students	(1,279,089)
Payments for scholarships and fellowships	(18,151,812)
Payments for employee services and benefits	(131,900,092)
Other operating receipts	663,609
Payments to suppliers	(49,404,976)
<b>Net cash provided (used) by Operating Activities</b>	<b>(99,167,247)</b>

## CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State appropriations	67,266,600
Receipts from grants/contracts	37,430,951
Agency receipts including direct lending program	49,377,109
Agency disbursements including direct lending program	(49,215,109)
Receipts from gifts	4,890,592
Receipts for permanent endowments	2,806,636
Other noncapital financing activities	167,655
<b>Net cash provided (used) by Noncapital Financing Activities</b>	<b>112,724,434</b>

## CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Receipts from capital grants/gifts	2,376,004
State capital appropriations	2,218,457
Purchases of capital assets	(21,953,408)
Principal paid on capital debt/leases	(2,095,000)
Interest paid on capital debt/leases	(2,483,800)
<b>Net cash provided (used) by Capital and related Financing Activities</b>	<b>(21,937,747)</b>

## CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale/maturity of investments	3,943,916
Receipt of interest/dividends from investments	5,572,792
Purchase of investments	(28,940,785)
<b>Net cash provided (used) by Investing Activities</b>	<b>(19,424,077)</b>

**Net Increase (decrease) in Cash and Cash Equivalents** (27,804,637)

**Cash and Cash Equivalents - Beginning of Year** 85,834,322

**Cash and Cash Equivalents - End of Year** \$58,029,685

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

# Statement of Cash Flows (continued)

**Weber State University**  
For the Fiscal Year Ended June 30, 2014

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

	<b>2014</b>
<b>Operating income (loss)</b>	<u>\$(112,040,908)</u>
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation expense and loss on disposal	14,508,204
Donated property and equipment	313,268
Changes in assets and liabilities:	
Receivables (net)	944,656
Student loans receivable	(74,436)
Inventories	(772,492)
Prepaid expenses	(386,151)
Other current assets	(16,151)
Accounts payable	(815,250)
Accrued liabilities	(605,477)
Accrued payroll	43,481
Unearned revenue	(3,420)
Compensated absences and early retirement	(137,659)
Other current liabilities	<u>(124,912)</u>
<b>Net cash provided (used) by Operating Activities</b>	<u><u>\$(99,167,247)</u></u>
<b>Noncash Investing, Capital, and Financing Activities:</b>	
Increase (decrease) in fair value of investments	\$12,230,133
Capital assets acquired from State of Utah (DFCM)	6,044,368
Donated property and equipment	<u>538,268</u>
<b>Total Noncash Investing, Capital, and Financing Activities</b>	<u><u>\$18,812,769</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 9, condensed financial statements have been prepared for the Foundation. Due to size, 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 in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gains (losses) on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net position.

## 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.

## Capital Assets:

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. For equipment, 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 \$50,000 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.

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. A liability is recognized in the Statement of Net Position for vacation payable to the employees at the statement date.

### Non-current Liabilities:

Non-current liabilities include (1) principal amounts of revenue bonds payable, notes payable, and capital lease 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.

### 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, 2014:

Revenue	2014
Tuition and Fees	\$27,214,767
Auxiliary enterprises	\$825,193



## 2. Cash & 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 that relate to the deposit and investment of public funds.

Except for endowment funds, the University follows the requirements of the Utah Money Management Act (Utah Code, Title 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of University funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

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

### 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, 2014, the University had bank and deposit balances of \$26,751,290 at Wells Fargo, \$250,006 at Bancorp, and \$150,032 held by State Street, of which \$26,401,328 was uninsured and uncollateralized. The Foundation had \$76,188 held by Key Bank, and \$82,190 held by Morgan Stanley Smith Barney, all of which was insured. The State of Utah does not require collateral on deposits.

### Investments

The Money Management 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 depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; 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), Federal National Mortgage Association (Fannie Mae), and Student Loan Marketing Association (Sallie 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 Money Management Act; and the Utah State Public Treasurer's Investment Fund.

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 above investments or any of the following subject to satisfying certain criteria: mutual funds registered with the Securities and Exchange Commission, 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, 2014, 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, 2014 was approximately \$7 million. The net appreciation is a component of restricted expendable net assets.

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, (Utah Code, Title 51, Chapter 7). The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

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

As of June 30, 2014, the University had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-5	6-10
State of Utah Public Treasurer's Investment Fund	\$52,952,969	\$52,952,969	\$ -	\$ -
Mutual Bond Funds	22,712,842		9,937,678	12,775,164
U.S. Agencies	36,842,400	-	26,840,225	10,002,175
Money Market Mutual Funds	150,032	150,032	-	-
Total	<u>\$112,658,243</u>	<u>\$53,103,001</u>	<u>\$36,777,903</u>	<u>\$22,777,339</u>

## Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The 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. 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.

## 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, 2014, the University had the following investments and quality ratings:

Investment Type	Fair Value	S&P Quality Ratings	
		AA+	Unrated
State of Utah Public Treasurer's Investment Fund	\$52,952,969	\$ -	\$52,952,969
Mutual Bond Funds	22,712,842	-	22,712,842
U.S. Agencies	36,842,400	36,842,400	-
Money Market Mutual Funds	150,032	-	150,032
Total	<u>\$112,658,243</u>	<u>\$36,842,400</u>	<u>\$75,815,843</u>



## Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The 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.

## 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, 2014, the University had \$36,842,400 in U.S. agencies, and \$1,724,510 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, 2014 are summarized below:

### Capital Assets

	Beginning Balances	Additions	Reductions	Ending Balance
Land	\$9,732,597	\$139,635	\$-	\$9,872,232
Land improvements & infrastructure	33,146,126	6,411,634	515,756	39,042,004
Buildings	343,271,991	19,321,014	4,480,283	358,112,722
Equipment	24,079,300	1,548,230	143,976	25,483,554
Library collections	25,857,076	398,417	1,485,863	24,769,630
CIP	10,869,985	13,080,934	20,402,036	3,548,883
Total	446,957,075	40,899,864	27,027,914	460,829,025
Less: Accumulated depreciation for:				
Land improvements & infrastructure	9,812,671	1,777,057	515,756	11,073,972
Buildings	129,425,259	9,235,552	3,887,106	134,773,705
Equipment	18,083,456	2,041,318	143,976	19,980,798
Library collections	17,789,905	861,101	1,485,863	17,165,143
Total	175,111,291	13,915,028	6,032,701	182,993,618
Capital assets, net	\$271,845,784	\$26,984,836	\$20,995,213	\$277,835,407

### Long Term Liabilities

	Beginning Balances	Additions	Reductions	Ending Balance	Current Portion
Bonds payable:					
Bonds payable	\$61,100,000	\$-	\$2,095,000	\$59,005,000	\$2,190,000
Unamortized bond premium	1,131,718	-	57,788	1,073,930	57,788
Total contract and bond obligations	62,231,718	-	2,152,788	60,078,930	2,247,788
Other Liabilities:					
Compensated absences	3,784,193	2,457,080	2,136,297	4,104,976	2,142,565
Termination benefits payable	2,798,636	908,756	1,367,197	2,340,195	1,372,736
Annuities payable	544,533	47,504	55,773	536,263	54,272
Total other liabilities	7,127,362	3,413,340	3,559,267	6,981,434	3,569,573
Total long-term liabilities	\$69,359,080	\$3,413,340	\$5,712,055	\$67,060,364	\$5,817,361









## 4. Revenue Bonds Payable

Revenue bonds payable consisted of the following at June 30, 2014:

Student Facilities System	
Revenue Bonds, Series 2005, \$22,810,000	
3.25%-5.125% maturing 2009 through 2032	\$ 19,850,000
Student Facilities System	
Revenue Bonds, Series 2012, \$17,380,000	
3%-4% maturing 2013 through 2032	16,220,000
Student Facilities System	
Revenue Bonds, Series 2010A, \$14,015,000	
1.75%-5.15% maturing 2014 through 2040	13,645,000
Student Facilities System Refunding	
Revenue Bonds, Series 2007, \$10,155,000	
3.50%-5.00% maturing 2008 through 2031	9,290,000
	59,005,000
Plus unamortized bond premium	1,073,930
Total bonds payable	<u>\$60,078,930</u>

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 for student facilities capital additions and improvements. All revenues from these facilities and student building fees are pledged to the

Series 2005, Series 2007, Series 2010A, and Series 2012 Revenue Bonds and are included in Student Tuition & Fees and Auxiliary Enterprises Revenue. In addition, the Bonds are insured by the Municipal Bond Insurance Association, the Assured Guaranty Municipal Corporation (formerly Financial Security Assurance, Inc.), or by a debt service reserve account, for the timely payment of principal and interest. For the year ended June 30, 2014, the receipts and disbursements of pledged revenues were as follows:

Receipts	
Pledged auxiliary operating revenue	\$18,636,596
Student building fees	3,921,045
Total receipts	<u>22,557,641</u>
Disbursements	
Pledged auxiliary operating expenses	16,759,258
Excess of pledged receipts over expenses	<u>\$ 5,798,383</u>
Debt service principal and interest payments	<u>\$ 4,629,990</u>

The scheduled maturities of the revenue bonds are as follows:

	Principal	Interest	Total Payments
2015	\$2,190,000	\$2,462,565	\$4,652,565
2016	2,255,000	2,386,990	4,641,990
2017	2,320,000	2,301,372	4,621,372
2018	2,425,000	2,208,534	4,633,534
2019	2,520,000	2,114,287	4,634,287
2020-2024	14,045,000	9,028,574	23,073,574
2025-2029	16,860,000	6,046,099	22,906,099
2030-2034	12,215,000	2,328,814	14,543,814
2035-2039	3,420,000	720,772	4,140,772
2040	755,000	38,128	793,128
Totals	<u>\$ 59,005,000</u>	<u>\$ 29,636,135</u>	<u>\$88,641,135</u>



## 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. 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 un-collectible amounts. Accounts payable at June 30, 2014 are primarily made up of payments to vendors. The following schedule presents receivables as of June 30, 2014, including approximately \$2,750,640, \$5,541,567, and \$1,991,195 of net, noncurrent accounts, student loans, and pledges receivable:

Accounts	\$8,574,888
Grants and contracts	680,164
Student loans	7,133,944
Pledges	3,693,949
Receivable from state agencies	930,846
Interest	218,790
Total receivables	<u>21,232,581</u>
Less allowances for doubtful accounts	<u>(3,588,070)</u>
Receivables, net	<u>\$17,644,511</u>

## 6. Operating Leases

The University leases several buildings for classes and various programs. Total costs for such leases were \$202,314 for the year ended June 30, 2014. 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
2015	\$212,839
2016	217,562
2017	196,256
2018	40,938
Total future minimum lease payments	<u>\$ 667,595</u>

## 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 Hybrid Retirement Systems, and eligible exempt employees (as defined by the U.S. Fair Labor Standards Act) are covered by the Teachers Insurance and Annuity Association (TIAA). The compensation for employees covered by the State and School Contributory System, the State and School Noncontributory System, the State and School Hybrid, TIAA (including post-retired employees), Defined Contribution System, and for non-eligible employees for the year ended June 30, 2014, was \$423,784, \$14,601,738, \$2,191,402, \$61,887,102, \$186,068, and \$15,964,366, respectively.

The University contributes to the State and School Contributory Retirement System and the State and School Noncontributory Retirement System, cost-sharing multiple-employer defined benefit pension plans administered by Utah Retirement Systems (Systems). Utah Retirement Systems provides refunds, retirement benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes. The Systems are established and governed by the respective sections of Title 49 of the Utah Code Annotated, 1953, as amended. The Utah State Retirement Act in Title 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the State and School Contributory Retirement System and the State and School Noncontributory Retirement System. A copy of the report may be obtained by writing to Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-753-7361.

Plan members in the State and School Contributory Retirement System are required to contribute 6.00% of their annual covered salaries, all of which is paid by the University, and the University is required to contribute 15.97% of their annual covered salaries. In the State and School Noncontributory Retirement System, the University is required to contribute 20.46% of plan members' annual covered salaries. In the State and School Tier 2 Retirement System, the University is required to contribute 16.75% of the Hybrid plan



members' annual covered salaries and 8.34% of the Defined Contribution member's annual covered salaries. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The University's contributions to the State and School Contributory Retirement System for the years ending June 30, 2014, 2013, and 2012 were \$274,377, \$190,279, and \$118,412, respectively. The University's contributions to the State and School Noncontributory Retirement System for the same fiscal years were \$3,120,912, \$2,782,848, and \$2,407,266, respectively. The contributions were equal to the required contributions for those years.

Employees who participate in the State and School Noncontributory, Tier 2 Hybrid, and Tier 2 Defined Contribution pension plans are also participants in a qualified contributory 401(k) savings plan administered by the Systems. The University contributes 1.5%, 1.59%, and 10%, respectively of participating employees' annual salaries to a 401(k) plan administered by the

Systems. During the year ended June 30, 2014, the University's contribution totaled \$300,078, and participating employees' voluntary contributions totaled \$334,993.

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, 2014, the University's contribution to this defined contribution plan was 14.2% of the participating employees' annual salaries or \$8,761,004. Participating employees' voluntary contributions totaled \$2,313,392. The University has no further liability once annual contributions are made.



## 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, 2014 the University had outstanding commitments for the construction and remodeling of University buildings of approximately \$1,666,954.

## 9. Termination Benefits

In addition to the pension benefits described in Note 7, the University provides an early retirement program to qualified employees that are approved by the administration in accordance with University policy as approved by the State Board of Regents. Full-time salaried employees who will have 15 years of full-time service and are within ten years of the Full Retirement Age (FRA) on the date of the proposed retirement are eligible to apply for the early retirement program. Full Retirement Age (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 Full Retirement Age (FRA) for the stipend.

There are currently 65 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 3.00% to account for these estimated future increases. The expense for the early retirement program for the year ended June 30, 2014, was \$1,367,197.

## 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 1014 University Circle, Ogden, UT 84408-1014.

The following is a condensed version of their financial statements for the Fiscal Year ended June 30, 2014.

### Statement of Net Position

Assets	
Current Assets	
Other Current Assets	\$347,115
Non Current Assets	
Restricted Cash & Cash Equivalents	243,240
Investments	12,595,901
Total Assets	<u>13,186,256</u>
Liabilities	
Current Liabilities	
Current Liabilities	64,201
Noncurrent Liabilities	
Annuities Payable	481,991
Total Liabilities	<u>546,192</u>
Net Position	
Restricted	
Restricted	12,640,064
Total Net Position	<u>\$12,640,064</u>



## Statement of Revenues, Expenses, and Changes in Net Position

Operating Revenues	
Gifts	\$151,426
Total Operating Revenues	<u>151,426</u>
Operating Expenses	
Other Expenses	76,425
Transfers to University	526,678
Total Operating Expenses and Transfers	<u>603,103</u>
Operating Income (Loss)	<u>(451,677)</u>
Nonoperating Revenues	
Investment Income	<u>1,914,937</u>
Change in Net Position	1,463,260
Net Position at beginning of year	<u>11,176,804</u>
Net Position at end of year	<u>\$12,640,064</u>

## Statement of Cash Flows

Cash Flows from Operating Activities	
Cash Received through contributions	\$151,426
Cash Payments for operations	(138,111)
Transfers to University	(526,678)
Net Cash Provided by (used in) Operating Activities	<u>(513,363)</u>
Cash Flows from Investing Activities	
Investment Income	944,618
Investment Purchases/Proceeds	(449,285)
Net Cash Provided by (used in) Investing Activities	<u>495,333</u>
Increase in Cash and Cash Equivalents	(18,030)
Cash and Cash Equivalents at beginning of year	<u>261,270</u>
Cash and Cash Equivalents at end of year	<u>\$243,240</u>

## 11. 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.



# Governing Boards and Officers

WEBER STATE UNIVERSITY | A Component Unit of the State of Utah

As of June 30, 2014

## Utah State Board Of Regents

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France A. Davis, *Vice Chair*  
Jessellie B. Anderson  
Nina R. Barnes  
Bonnie J. Beesley  
Keith M. Buswell  
Leslie Castle  
Wilford W. Clyde  
Jim T. Evans  
Brady L. Harris  
Marlin K. Jensen  
Robert S. Marquardt  
Jed H. Pitcher  
Robert W. Prince  
Harris H. Simmons  
Mark R. Stoddard  
Teresa L. Theurer  
Joyce P. Valdez  
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## Weber State University Board Of Trustees

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Steven Starks  
Jeff Stephens  
David Wilson  
Norman C. Tarbox, Jr., *Treasurer*  
JoAnne Robinson, *Executive Secretary*

## Weber State University Administration

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*President*  
Norman C. Tarbox, Jr., Ed.D.,  
*Vice President for Administrative Services*  
Michael B. Vaughan, Ph.D.,  
*Provost*  
Janet C. Winniford, Ph.D.,  
*Vice President for Student Affairs*  
Brad L. Mortensen, Ph.D.,  
*Vice President for University Advancement*  
Bret R. Ellis, Ph.D.,  
*Vice President for Information Systems*

## Financial Services

Steven E. Nabor, C.P.A.,  
*Senior Associate Vice President for Financial Services*  
Ronald L. Smith, C.P.A.,  
*Controller*  
Wendell W. Rich, C.P.A.,  
*Director of Financial Reporting & Investments*  
Michael K. Richter,  
*Bursar*  
Clayton N. Anderson, M.H.A.,  
*Director of Budget & Institutional Research*







# WEBER STATE UNIVERSITY

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## 2014 ANNUAL FINANCIAL REPORT

Prepared by:  
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FSC | FPO