



A N N U A L
F I N A N C I A L

R E P O R T

2010

WEBER STATE
UNIVERSITY



A Component Unit of the State of Utah

W E B E R

STATE UNIVERSITY

ANNUAL FINANCIAL REPORT

2010





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M E S S A G E F R O M

Bustling sidewalks, crowded classrooms and an increased demand for on-campus housing are some of the hallmarks of the 2009-10 academic year.

For three consecutive years, Weber State University has experienced record enrollment. Fall semester 2009 topped out at 23,331 students, an increase of more than 1,650 students, or 7.65 percent, in comparison with fall 2008. Fall semester 2010 enrollment set another milestone, with 24,126 students. Since fall 2005, WSU has experienced an enrollment increase of 31.6 percent.

The enrollment growth can be attributed to multiple factors, including the economic downturn. The number of non-traditional students attending WSU grew significantly with an 11 percent increase in enrollment among students ages 30-49.

Online education also contributed to record enrollment growth, as did an increased demand for master's degree programs.



Speaking of graduate programs, Weber State University's John B. Goddard School of Business & Economics was included in the Princeton Review's "Best 301 Business Schools" publication for the fourth year in a row in 2010. And this fall the MBA program celebrated its 10th anniversary with a fundraising gala featuring acclaimed author and speaker Greg Mortenson.

This year success on the national "stage" came in many different forms, including student and faculty accomplishments in music, theater, statistical analysis, nursing and the intercollegiate ethics bowl.

Fan-Ya Lin, an international student from Taiwan, took first in the nation at the Music Teachers National Association (MTNA) conference, winning the prestigious Steinway Young Artist Piano Competition. Lin was one of six students from WSU's Department of Performing Arts to compete at the MTNA nationals in Albuquerque, New Mexico.

Meanwhile Ryan Holt, a quantitative economics major from West Haven, Utah, took first in the nation in statistical analysis at the Phi Beta Lambda (PBL) National Leadership Conference. Holt was one of 12 WSU students to place in the top 10 nationally in their respective categories at the PBL competition held in Nashville, Tennessee.

*"For three consecutive years,
Weber State University
has experienced
record enrollment."*

T H E P R E S I D E N T

Our vibrant campus environment and emphasis on undergraduate research were in evidence when the Council on Undergraduate Research held its national conference at WSU in June 2010. Preparations are already under way for spring 2012, when WSU will host more than 3,000 undergraduate students from across the United States at the National Conference on Undergraduate Research.

The financial statements that follow are prepared according to generally accepted accounting principles established by the Governmental Accounting Standards Board. The Utah State Auditor's Office has reviewed and audited this financial report for the year ended June 30, 2010. This financial report is intended to reflect the overall financial position of the University as of June 30, 2010. It also reflects the flow of financial resources to and from the University for the fiscal year ended June 30, 2010.

I am pleased to report that Weber State University continues to remain in good financial standing, thanks to the dedication, loyalty and generosity of a broad community of faculty, staff, students, administrators, alumni and friends.



F. Ann Millner,
President





STATE AUDITOR'S REPORT



Auston G. Johnson, CPA
UTAH STATE AUDITOR

STATE OF UTAH
Office of the State Auditor

UTAH STATE CAPITOL COMPLEX
EAST OFFICE BUILDING, SUITE E310
P.O. BOX 142310
SALT LAKE CITY, UTAH 84114-2310
(801) 538-1025
FAX (801) 538-1383

DEPUTY STATE AUDITOR:
Joe Christensen, CPA

FINANCIAL AUDIT DIRECTORS:
Van H. Christensen, CPA
Deborah A. Empey, CPA
Stan Godfrey, CPA
Jon T. Johnson, CPA

INDEPENDENT STATE AUDITOR'S REPORT

To the Board of Trustees, Audit Committee
and
Dr. F. Ann Millner, President
Weber State University

We have audited the accompanying basic 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, 2010, as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial comparative information has been derived from the University's 2009 financial statements, and in our report dated November 12, 2009, we expressed an unqualified opinion on the basic financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University as of June 30, 2010, and the changes in its financial position and its cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2010 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Auston G. Johnson, CPA
Utah State Auditor
November 2, 2010



M A N A G E M E N T ' S



The background of the page is a photograph of a hillside covered in trees with vibrant autumn foliage in shades of orange, yellow, and green. At the base of the hill, a modern building with a long, horizontal facade and large windows is visible. The sky above is a deep, clear blue.

D I S C U S S I O N

& A N A L Y S I S

THIS SECTION OF WEBER STATE UNIVERSITY'S ANNUAL REPORT presents management's discussion and analysis of the University's financial performance during the fiscal year ended June 30, 2010, with comparable information for the fiscal year ended June 30, 2009. 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 Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows. Each one of these statements will be discussed.

Statement of Net Assets

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

A summarized comparison of the University’s assets, liabilities, and net assets as of June 30, 2010 and 2009 is shown below.

Condensed Statement of Net Assets

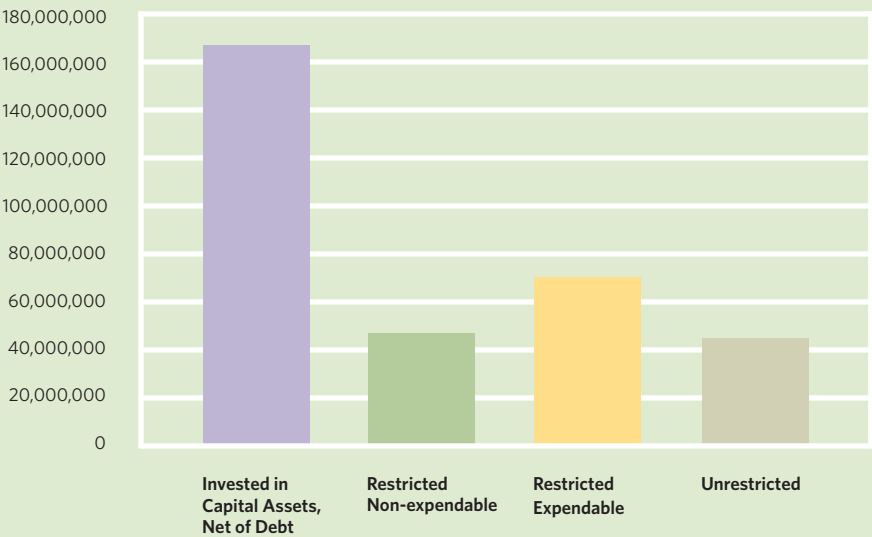
	As of June 30, 2010 Amount	As of June 30, 2009 Amount	Amount of Increase (Decrease)	Percent Increase (Decrease)
Assets				
Current assets	\$ 48,836,875	\$ 38,835,074	\$ 10,001,801	25.75%
Noncurrent assets				
Capital	200,570,058	205,636,675	(5,066,617)	-2.46%
Other	130,232,693	109,491,876	20,740,817	18.94%
Total assets	<u>379,639,626</u>	<u>353,963,625</u>	<u>25,676,001</u>	<u>7.25%</u>
Liabilities				
Current liabilities	13,076,586	13,577,064	(500,478)	-3.69%
Noncurrent liabilities	<u>36,634,775</u>	<u>37,813,423</u>	<u>(1,178,648)</u>	<u>-3.12%</u>
Total liabilities	<u>49,711,361</u>	<u>51,390,487</u>	<u>(1,679,126)</u>	<u>-3.27%</u>
Net Assets				
Invested in capital assets, net of debt	167,054,671	170,610,462	(3,555,791)	-2.08%
Restricted - nonexpendable	47,897,392	41,329,604	6,567,788	15.89%
Restricted - expendable	70,666,403	55,458,769	15,207,634	27.42%
Unrestricted	<u>44,309,799</u>	<u>35,174,303</u>	<u>9,135,496</u>	<u>25.97%</u>
Total Net Assets	<u>\$ 329,928,265</u>	<u>\$ 302,573,138</u>	<u>\$ 27,355,127</u>	<u>9.04%</u>

From the data presented, readers of the Statement of Net Assets 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 Assets provides a picture of the net assets (assets minus liabilities) and their availability for expenditure by the University.

Net assets are divided into three major categories. The first category, “invested in capital assets, net of debt,” provides the University’s equity in property, plant and equipment. The next asset category is “restricted” net assets, which is divided into two subcategories, “nonexpendable” and “expendable.” The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net assets are available for expenditure by the 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 assets. Unrestricted net assets are generally designated internally by the University for specific institutional purposes.

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

Composition of the University's Net Assets as of June 30, 2010



In fiscal year 2010, the total assets of the University increased by \$25.7 million. Cash and cash equivalents increased by approximately \$10.1 million and noncurrent investments increased by \$13.9 million for the fiscal year, partially due to market value fluctuations on investments. At the end of fiscal year 2010, the University’s current assets of \$48.8 million were sufficient to cover current liabilities of \$13.1 million. Also at the end of fiscal year 2010, total assets of \$379.6 million are sufficient to cover total liabilities of \$49.7 million. Over time, increases or decreases in net assets (the difference between assets and liabilities) 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 Assets

Changes in total net assets, as presented on the Statement of Net Assets, are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. The purpose of the statement is to present the revenues received by the 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 assets for the years ended June 30, 2010 and 2009 is shown below.

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

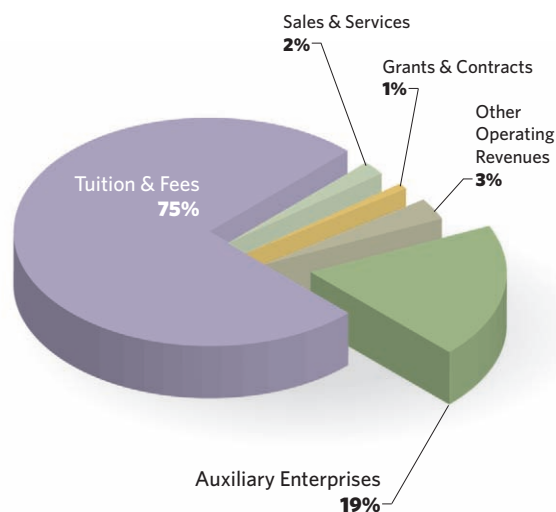
	Year Ended June 30, 2010 Amount	Year Ended June 30, 2009 Amount	Amount of Increase (Decrease)	Percent Increase (Decrease)
Operating Revenues				
Tuition and fees	\$ 63,958,542	\$ 57,859,042	\$ 6,099,500	10.54%
Grants and contracts	681,055	507,405	173,650	34.22%
Auxiliary enterprises	15,918,296	14,773,799	1,144,497	7.75%
Other	4,202,975	3,660,171	542,804	14.83%
Total operating revenues	<u>84,760,868</u>	<u>76,800,417</u>	<u>7,960,451</u>	<u>10.37%</u>
Operating Expenses				
Salaries and wages	82,763,048	84,937,473	(2,174,425)	-2.56%
Employee benefits	31,459,053	32,642,757	(1,183,704)	-3.63%
Scholarships and fellowships	14,505,463	9,093,366	5,412,097	59.52%
Depreciation	11,748,040	11,026,936	721,104	6.54%
Other operating expenses	38,072,571	37,655,264	417,307	1.11%
Total operating expenses	<u>178,548,175</u>	<u>175,355,796</u>	<u>3,192,379</u>	<u>1.82%</u>
Operating income/(loss)	<u>(93,787,307)</u>	<u>(98,555,379)</u>	<u>4,768,072</u>	<u>4.84%</u>
Nonoperating Revenues/(Expenses)				
State appropriations	59,860,100	64,166,040	(4,305,940)	-6.71%
Grants and contracts	37,520,196	23,582,287	13,937,909	59.10%
Other nonoperating revenues/(expenses)	14,031,979	(3,149,655)	17,181,634	545.51%
Net nonoperating revenues/(expenses)	<u>111,412,275</u>	<u>84,598,672</u>	<u>26,813,603</u>	<u>31.70%</u>
Income (loss) before other revenue	<u>17,624,968</u>	<u>(13,956,707)</u>	<u>31,581,675</u>	<u>226.28%</u>
Other Revenues				
Capital appropriations	1,489,900	24,040,969	(22,551,069)	-93.80%
Capital grants and gifts	5,575,509	2,692,399	2,883,110	107.08%
Additions to permanent endowments	2,664,750	2,612,874	51,876	1.99%
Total other revenue	<u>9,730,159</u>	<u>29,346,242</u>	<u>(19,616,083)</u>	<u>-66.84%</u>
Increase in net assets	<u>27,355,127</u>	<u>15,389,535</u>	<u>11,965,592</u>	<u>77.75%</u>
Net assets - beginning of year	<u>302,573,138</u>	<u>287,183,603</u>	<u>15,389,535</u>	<u>5.36%</u>
Net Assets - End of Year	<u>\$ 329,928,265</u>	<u>\$ 302,573,138</u>	<u>\$ 27,355,127</u>	<u>9.04%</u>

The most significant source of operating revenue for the University is student tuition and fees. Due to record enrollment for the University, student tuition and fees, net of scholarship discounts and allowances, increased 10.54% or \$6.1 million for the year. Other nonoperating revenues/(expenses) increased 545.5% or \$17.2 million largely due to market value fluctuations on investments. Capital appropriations received from the State in fiscal year 2010 decreased 93.8% or \$22.6 million as

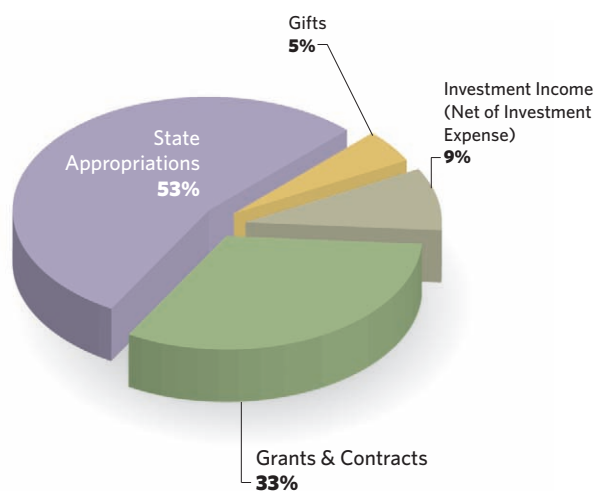
compared to fiscal year 2009 due primarily to the completion of Elizabeth Hall during fiscal year 2009. Capital grants and gifts increased 107.1% or \$2.9 million primarily due to a \$5 million pledged donation, from the Stewart Education Foundation, for a new residential life complex.

The charts below highlight the University's operating and nonoperating revenues for the fiscal year 2010.

Operating Revenues



Nonoperating Revenues

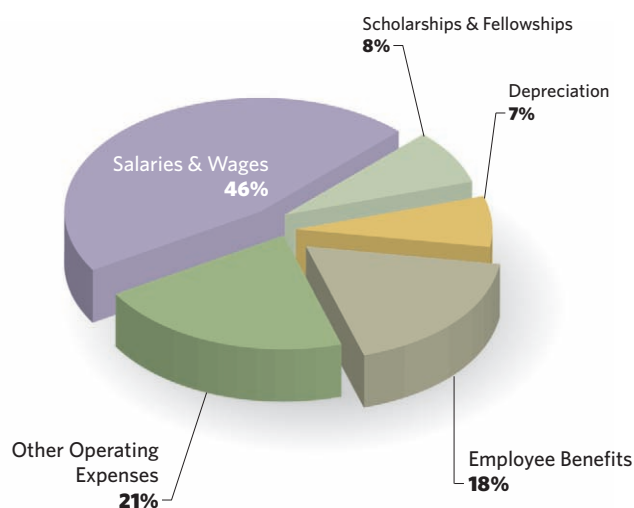


The University's operating expenses were \$178.5 million for the fiscal year ended June 30, 2010. Total operating expenses increased approximately 1.8% for the year. Operating expenses are reported by natural classification in the financial statements.

The chart to the right illustrates the University's operating expenses by natural classification for the fiscal year ended 2010.

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."

Expenses by Natural Classification



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 Assets. For fiscal year 2010 the change in cash and cash equivalents was \$9.3 million.

The University's cash flows for the fiscal year ended June 30, 2010 are shown below.

Condensed Statement of Cash Flows

	Year Ended June 30, 2010 Amount	Year Ended June 30, 2009 Amount	Amount of Increase (Decrease)	Percent Increase (Decrease)
Cash and cash equivalents provided (used) by:				
Operating activities	\$ (82,900,988)	\$ (86,850,291)	\$ 3,949,303	4.55%
Noncapital financing activities	104,059,117	98,571,728	5,487,389	5.57%
Capital financing activities	(8,401,414)	(20,486,306)	12,084,892	58.99%
Investing activities	(3,464,216)	(23,150,299)	19,686,083	85.04%
Net change in cash and cash equivalents	9,292,499	(31,915,168)	41,207,667	129.12%
Cash and cash equivalents - beginning of year	19,729,843	51,645,011	(31,915,168)	-61.80%
Cash and Cash Equivalents - End of Year	\$ 29,022,342	\$ 19,729,843	\$ 9,292,499	47.10%







MAJOR

CONSTRUCTION

THERE WERE TWO significant construction projects during the fiscal year. These projects are funded from a number of different sources including private donations and revenue bond proceeds.

P R O J E C T S

Residential Life Complex

Construction began in June 2010 on building one of three of a new Residential Life complex, which will provide 525 new beds for the University in an on-campus setting. Building one of the project will include 165 beds (semi-suite style), and will be available for student use beginning Fall semester 2011. Building two, consisting of an additional 216 beds (semi-suite style), dining and fitness facilities, and study and computer space for residents, will be completed by Fall 2012. Building three is expected to begin in June 2012 and be completed for Fall 2013, adding an additional 144 beds (pod style). This new Residential Life complex will replace Stansbury and LaSal Halls (built in 1964), Wasatch Hall (built in 1965), and Promontory Tower (built in 1968), which are all outdated and beyond their useful lives. The estimated project cost is \$33 million.

On August 18, 2010, the University issued \$14,015,000 of Taxable Student Facilities System Revenue Bonds, Series 2010A (Issuer Subsidy - Build America Bonds). Proceeds from these bonds will be used to finance the demolition of the four old dormitories and the construction of the three modern student dorms mentioned above. A portion of the Series 2010A Bond proceeds will be used to cover the costs of design, construction, furnishings, and equipment associated with the Project. For more detailed information regarding these bonds, see footnote #10, in the "Notes to Financial Statements" section.

Softball Field

In May 2009, the University started construction of a new softball field adjacent to the Dee Events Center to support the Women's Intercollegiate Softball program. The new softball field includes a clay infield softball diamond, batting cages, a new scoreboard, pressbox and bleachers for 460 people. The playing field was accepted for substantial completion in June 2010, and the bleachers were accepted for substantial completion in October 2010. The project cost was approximately \$1.2 million.





ECONOMIC

OUTLOOK

A crucial element in the University's future continues to be a strong relationship with the State of Utah. The University's current budget is supported by two major sources of revenue comprising of Utah State appropriations (\$59.9 million) and student tuition and fees (\$64 million). The State of Utah's budget struggles, resulting in \$8 million one-time and \$6.5 million ongoing cuts, appear to be moderating. The University absorbed these reductions through prudent fiscal management, strategic planning, \$8.6 million one-time Federal stimulus ARRA funds, 6.5% tuition and 4% fee increases, and 10% student enrollment growth.

Projected enrollment growth of an additional 6%, coupled with a 6% tuition and 3% fee increase, should continue to strengthen the University's financial position. Current economic conditions are likely to force 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.

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



BASIC FINANCIAL

S T A T E M E N T S



	2010	(comparative only) 2009
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 26,810,351	\$ 16,717,375
Short-term investments	9,542,205	10,261,770
Accounts receivable, less allowance for doubtful accounts of \$710,127 and \$1,179,562 in 2010 and 2009, respectively	7,218,500	6,198,922
Receivable from state agencies	473,667	-
Interest receivable	296,354	267,678
Inventories	3,082,370	3,002,333
Prepaid expenses	183,316	71,656
Student loans receivable, less allowance for doubtful notes of \$61,181 and \$78,415 in 2010 and 2009, respectively	829,201	1,132,824
Pledges receivable, less allowance for doubtful pledges of \$4,200 and \$17,864 in 2010 and 2009, respectively	205,800	875,336
Other assets	195,111	307,180
Total Current Assets	48,836,875	38,835,074
Noncurrent Assets		
Restricted cash and cash equivalents	2,211,991	3,012,468
Investments	112,310,588	98,411,275
Student loans receivable, less allowance for doubtful notes of \$529,366 and \$444,701 in 2010 and 2009, respectively	7,171,962	6,419,381
Pledges receivable, less allowance for doubtful pledges of \$174,248 and \$33,648 in 2010 and 2009, respectively	8,538,152	1,648,752
Capital assets, net (footnote 3)	200,570,058	205,636,675
Total Noncurrent Assets	330,802,751	315,128,551
Total Assets	379,639,626	353,963,625
LIABILITIES		
Current Liabilities		
Accounts payable	1,098,912	1,160,837
Accrued liabilities	371,538	387,479
Accrued payroll	268,659	183,000
Contracts payable-leases	31,397	95,981
Payable to state agencies	520,505	1,052,254
Compensated absences & termination benefits	2,815,552	2,516,270
Deferred revenue	5,437,578	5,654,504
Bonds payable	954,845	1,414,845
Other liabilities	1,577,600	1,111,894
Total Current Liabilities	13,076,586	13,577,064
Noncurrent Liabilities		
Compensated absences & termination benefits	3,625,163	3,790,256
Annuities payable	480,467	507,780
Contracts payable-leases	-	31,397
Bonds payable	32,529,145	33,483,990
Total Noncurrent Liabilities	36,634,775	37,813,423
Total Liabilities	49,711,361	51,390,487
NET ASSETS		
Invested in capital assets, net of related debt	167,054,671	170,610,462
Restricted:		
Nonexpendable		
Primarily scholarships and fellowships	47,897,392	41,329,604
Expendable		
Primarily scholarships and fellowships	31,838,159	30,478,825
Capital projects	28,575,201	14,407,148
Loans	8,497,445	8,810,890
Sponsored projects	1,755,598	1,761,906
Unrestricted	44,309,799	35,174,303
Total Net Assets	\$ 329,928,265	\$ 302,573,138

Statement of Revenues, Expenses & Changes in Net Assets

for the Fiscal Year Ended June 30, 2010

	2010	(comparative only) 2009
REVENUES		
Operating Revenues		
Student tuition and fees (net of allowances of \$22,430,498 and \$14,690,153 in 2010 and 2009, respectively)	\$ 63,958,542	\$ 57,859,042
Federal grants and contracts	397,711	308,146
State and local grants and contracts	112,578	47,988
Nongovernmental grants and contracts	170,766	151,271
Sales and services of educational activities	1,578,954	1,424,267
Auxiliary enterprises (net of scholarship allowances of \$767,922 and \$688,023 in 2010 and 2009, respectively)	15,918,296	14,773,799
Other operating revenues	2,624,021	2,235,904
Total Operating Revenues	84,760,868	76,800,417
EXPENSES		
Operating Expenses		
Salaries and wages	82,763,048	84,937,473
Employee benefits	31,459,053	32,642,757
Scholarships and fellowships	14,505,463	9,093,366
Depreciation	11,748,040	11,026,936
Other operating expenses	38,072,571	37,655,264
Total Operating Expenses	178,548,175	175,355,796
Operating Income (Loss)	(93,787,307)	(98,555,379)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	59,860,100	64,166,040
Federal grants and contracts	34,765,909	20,276,157
State and local grants and contracts	2,140,769	3,065,205
Nongovernmental grants and contracts	613,518	240,925
Gifts	5,960,852	7,362,882
Investment income (net of investment expense)	9,610,191	(8,910,256)
Interest on capital assets-related debt	(1,539,064)	(1,602,281)
Net Nonoperating Revenues	111,412,275	84,598,672
Income (Loss) Before Other Revenue	17,624,968	(13,956,707)
OTHER REVENUES		
Capital appropriations	1,489,900	24,040,969
Capital grants and gifts	5,575,509	2,692,399
Additions to permanent endowments	2,664,750	2,612,874
Total Other Revenue	9,730,159	29,346,242
Increase in Net Assets	27,355,127	15,389,535
NET ASSETS		
Net Assets - Beginning of Year	302,573,138	287,183,603
Net Assets - End of Year	\$ 329,928,265	\$ 302,573,138

Statement of Cash Flows

for the Fiscal Year Ended June 30, 2010

	2010	(comparative only) 2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 62,722,038	\$ 58,597,910
Receipts from grants/contracts	681,055	507,405
Receipts from auxiliary and educational services	17,497,250	16,198,066
Collection of loans from students	769,659	826,703
Loans issued to students	(1,398,101)	(1,627,272)
Payments for scholarships and fellowships	(14,204,571)	(9,093,366)
Payments for employee services and benefits	(114,002,253)	(117,124,486)
Other operating receipts	2,714,697	2,001,642
Payments to suppliers	(37,680,762)	(37,136,893)
Net cash provided (used) by Operating Activities	(82,900,988)	(86,850,291)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	59,860,100	64,166,040
Receipts from grants/contracts	37,520,196	23,982,650
Receipts from gifts	4,175,384	7,759,525
Receipts for permanent endowments	2,530,750	2,612,874
Other noncapital financing activities	(27,313)	50,639
Net cash provided (used) by Noncapital Financing Activities	104,059,117	98,571,728
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
State capital appropriations	-	1,412,900
Receipts from capital grants/gifts	884,445	2,692,399
Purchases of capital assets	(6,234,873)	(21,577,934)
Principal paid on capital debt/leases	(1,495,981)	(1,396,731)
Interest paid on capital debt/leases	(1,555,005)	(1,616,940)
Net cash provided (used) by Capital and related Financing Activities	(8,401,414)	(20,486,306)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale/maturity of investments	10,306,784	11,909,493
Receipt of interest/dividends from investments	4,197,500	4,575,157
Purchase of investments	(17,968,500)	(39,634,949)
Net cash provided (used) by Investing Activities	(3,464,216)	(23,150,299)
Net Increase (decrease) in Cash and Cash Equivalents	9,292,499	(31,915,168)
Cash and Cash Equivalents - Beginning of Year	19,729,843	51,645,011
Cash and Cash Equivalents - End of Year	\$ 29,022,342	\$ 19,729,843

Statement of Cash Flows (continued)

for the Fiscal Year Ended June 30, 2010

	<u>2010</u>	<small>(comparative only)</small> <u>2009</u>
Reconciliation of net operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (93,787,307)	\$ (98,555,379)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation expense and loss on disposal	11,771,112	11,171,204
Donated property and equipment	256,668	361,387
Changes in assets and liabilities:		
Receivables (net)	(1,019,578)	(716,063)
Student loans receivable	(448,958)	(920,703)
Inventories	(80,037)	(303,215)
Prepaid expenses	(111,660)	(6,150)
Other current assets	112,069	12,716
Accounts payable	(61,925)	265,500
Accrued payroll	85,659	18,000
Deferred revenue	(216,926)	1,454,931
Compensated absences and early retirement	134,189	437,744
Other current liabilities	465,706	(70,263)
Net Cash Provided (used) by Operating Activities	<u>\$ (82,900,988)</u>	<u>\$ (86,850,291)</u>
Noncash Investing, Capital, and Financing Activities		
Increase (decrease) in fair value of investments	\$ 5,384,015	\$ (13,523,592)
Capital assets acquired from State of Utah (DFCM)	1,489,900	22,628,069
Donated property and equipment	390,668	361,387
Total Noncash Investing, Capital, and Financing Activities	<u>\$ 7,264,583</u>	<u>\$ 9,465,864</u>

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.

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 will require 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 assets, a statement of revenues, expenses, and changes in net assets, a statement of cash flows, notes to the financial statements, and other applicable RSI. The required basic financial 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. 20, the University is required to follow all applicable GASB pronouncements. In addition, the University should apply all applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The University has elected not to apply FASB pronouncements issued after November 30, 1989.

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 assets.

Receivables

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, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grant and contracts. Accounts receivable are recorded net of estimated un-collectible amounts. The following schedule presents receivables at June 30, 2010, including approximately \$7,171,962 and \$8,538,152 of net noncurrent student loans and pledges receivable, respectively:

Accounts	\$ 6,359,061
Grants and contracts	1,569,566
Student loans	8,591,710
Pledges	8,922,400
Receivable from state agencies	473,667
Interest	296,354
Less allowance for bad debt	(1,479,122)
Receivables, net	\$ 24,773,636

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 will be 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.

Deferred Revenues

Deferred 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. Deferred 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 will be made for unused sick leave in the event of termination. Non-classified and professional staff will have sick leave provided to them as it is needed. 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 Assets 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 Assets

The University's net assets are classified as follows:

Invested in capital assets, net of related debt: 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 assets - expendable: Restricted expendable net assets include resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Restricted net assets - nonexpendable: Nonexpendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

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

Disclosures

The fiscal year 2009 financial report is included for comparison only and is not complete. The footnotes related to the 2009 financial statements have not been repeated in this report but are available in the separately issued financial statements for the fiscal year ended June 30, 2009. Certain reclassifications have been made to the prior year financial statements to conform with the current year presentation.



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 (the 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*, Section 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 Rule 541, 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, 2010, the University had bank and deposit balances of \$213,132 and \$37,260,766 at Wells Fargo, and \$53,621 held by State Street Bank, of which \$37,277,519 was uninsured and uncollateralized. The Foundation had \$37,326 held by Key Bank, \$15,637 held by Merrill Lynch, and \$132,997 held by Morgan Stanley, of which \$185,960 was uninsured and uncollateralized. 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, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate

securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the 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), section 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, 2010, is 2% 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 on investments of donor-restricted endowments that were available for authorization for expenditure at June 30, 2010 was approximately \$4 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, Section 51-7, *Utah Code Annotated*, 1953, as amended. 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, 2010, 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	\$ 30,833,439	\$ 30,833,439	\$ -	\$ -
Bond Mutual Fund	24,034,209	-	-	24,034,209
U.S. Agencies	14,104,720	2,007,820	12,096,900	-
Repurchase Agreement	1,788,494	1,788,494	-	-
Money Market Mutual Funds	90,947	90,947	-	-
Total	\$ 70,851,809	\$ 34,720,700	\$ 12,096,900	\$ 24,034,209

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, Section 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 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years. For 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, 2010, the University had the following investments and quality ratings:

Investment Type	Fair Value	Quality Ratings	
		AAA	Un-rated
State of Utah Public Treasurer's Investment Fund	\$ 30,833,439	\$ -	\$ 30,833,439
Bond Mutual Fund	24,034,209	-	24,034,209
U.S. Agencies	14,104,720	14,104,720	-
Repurchase Agreement	1,788,494	1,788,494	-
Money Market Mutual Fund	90,947	-	90,947
Total	\$ 70,851,809	\$ 15,893,214	\$ 54,958,595

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, 2010, the University had \$1,788,494 in repurchase agreements, \$14,104,720 in U.S. agencies, and \$240,398 in stock, that are uninsured and held by the counterparty but not in the University's name.



3 CAPITAL ASSETS & LONG-TERM LIABILITIES

CAPITAL ASSETS

	Beginning Balance	Additions	Reductions	Ending Balance
Land	\$ 7,116,954	\$ 159,309	\$ -	\$ 7,276,263
Water Rights	71,775	-	71,775	-
Land Improvements & Infrastructure	30,112,141	1,914,126	-	32,026,267
Buildings	270,960,222	1,594,362	709,025	271,845,559
Equipment	21,856,300	1,651,776	1,146,103	22,361,973
Library Collections	23,987,092	684,482	94,366	24,577,208
CIP	1,265,619	2,975,328	2,203,113	2,037,834
Total	355,370,103	8,979,383	4,224,382	360,125,104
<i>Less Accumulated Depreciation for:</i>				
Land Improvements & Infrastructure	13,646,941	1,153,646	-	14,800,587
Buildings	104,766,866	7,903,583	709,025	111,961,424
Equipment	16,876,624	1,797,243	1,123,031	17,550,836
Library Collections	14,442,997	893,568	94,366	15,242,199
Total	149,733,428	11,748,040	1,926,422	159,555,046
Capital Assets, Net	\$ 205,636,675	(\$ 2,768,657)	\$ 2,297,960	\$ 200,570,058

LONG-TERM LIABILITIES

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
<i>Contracts Payable-leases & Bonds Payable:</i>					
Contracts Payable-leases	\$ 127,378	\$ -	\$ 95,981	\$ 31,397	\$ 31,397
Bonds Payable	34,550,000	-	1,400,000	33,150,000	940,000
Unamortized Bond Premium	665,635	-	29,245	636,390	29,245
Deferred amount of refunding	(316,800)	14,400	-	(302,400)	(14,400)
Total Contract & Bond Obligations	35,026,213	14,400	1,525,226	33,515,387	986,242
<i>Other Liabilities:</i>					
Compensated Absences	3,165,154	1,602,847	1,605,622	3,162,379	1,593,640
Termination Benefits Payable	3,141,372	1,287,491	1,150,527	3,278,336	1,221,912
Annuities Payable	590,559	84,358	92,485	582,432	101,964
Total Other Liabilities	6,897,085	2,974,696	2,848,634	7,023,147	2,917,516
Total Long-term Liabilities	\$ 41,923,298	\$ 2,989,096	\$ 4,373,860	\$ 40,538,534	\$ 3,903,758

4 REVENUE BONDS PAYABLE

Revenue Bonds Payable Consisted of the Following at June 30, 2010:

Student Facilities System

Revenue Bonds, Series 2005, \$22,810,000
3.25%-5.125% maturing 2009 through 2032 \$ 22,500,000

Student Facilities System Refunding

Revenue Bonds Series 2001A, \$12,280,000
4.00%-5.25% maturing 2006 through 2012 585,000

Student Facilities System Refunding

Revenue Bonds, Series 2007, \$10,155,000
3.50%-5.00% maturing 2008 through 2031 10,065,000

33,150,000

Less Deferred Amount of Refunding (302,400)

Plus Unamortized Bond Premium 636,390

Total Bonds Payable

\$ 33,483,990

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; 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 2001A, Series 2005, and Series 2007 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, for the timely payment of principal and interest. For the year ended June 30, 2010, the receipts and disbursements of pledged revenues were as follows:

Receipts

Pledged auxiliary operating revenue \$ 17,732,588
Student building fees 2,843,610
Total receipts 20,576,198

Disbursements

Pledged auxiliary operating expenses 16,145,606
Excess of Pledged Receipts over Expenses \$ 4,430,592

Debt Service Principal and Interest Payments

\$ 2,949,917



Defeased Revenue Bonds

In prior years, the University defeased the Weber State University Special Events Center Bond Series E by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. In fiscal year 2007, the University issued Student Facilities System Revenue Refunding Bonds, Series 2007, in the amount of \$10,155,000 and defeased portions of the 2001A Bonds by placing proceeds from the 2007 Bonds in an irrevocable trust escrow account to refund, in advance of their stated maturity, portions of the 2001A Bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the University's financial statements. On June 30, 2010, \$10,920,000 of bonds outstanding are considered defeased.

The Scheduled Maturities of the Revenue Bonds are as Follows:

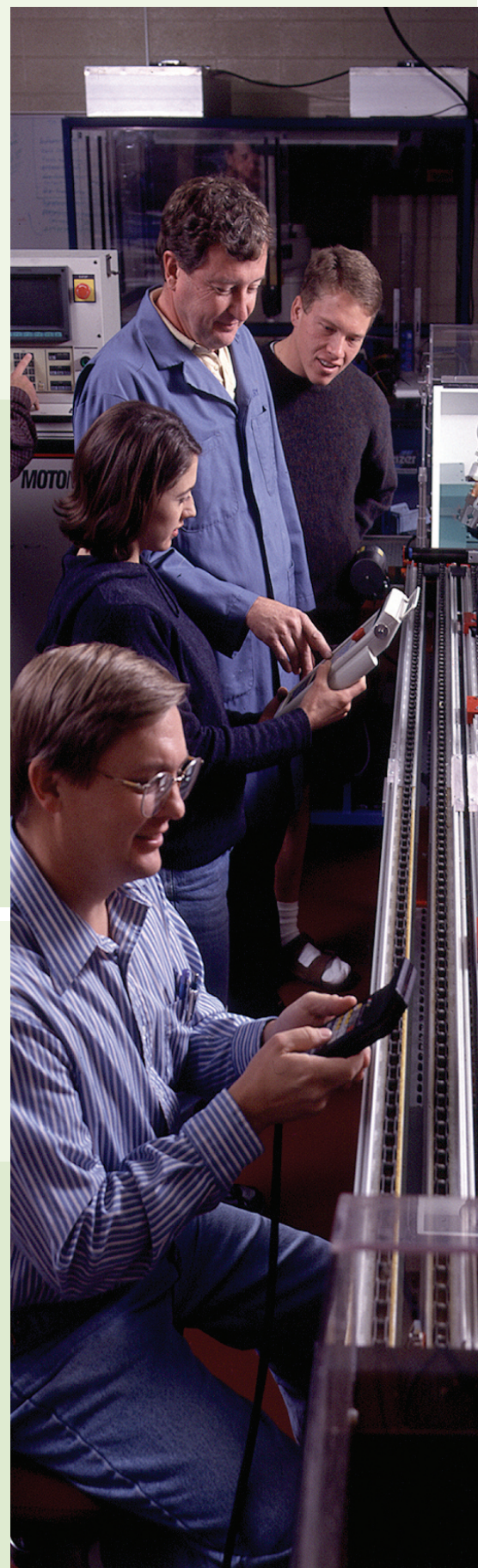
	Principal	Interest	Total Payments
2011	\$ 940,000	\$ 1,486,150	\$ 2,426,150
2012	985,000	1,439,806	2,424,806
2013	1,025,000	1,401,031	2,426,031
2014	1,060,000	1,361,781	2,421,781
2015	1,130,000	1,315,781	2,445,781
2016-2020	6,425,000	5,754,107	12,179,107
2021-2025	7,960,000	4,213,418	12,173,418
2026-2030	9,835,000	2,351,002	12,186,002
2031-2032	3,790,000	270,807	4,060,807
Totals	\$ 33,150,000	\$ 19,593,883	\$ 52,743,883

5 LEASE OBLIGATION

The University has acquired certain equipment under various lease-purchase contracts. The cost of University assets held under capital leases totaled \$199,000 and the accumulated depreciation for these assets was \$199,000 as of June 30, 2010.

Future Minimum Lease Payments for all Capital Lease Obligations as of June 30, 2010, are as Follows:

Year Ending June 30,	Equipment Leases
2011	\$ 33,086
Total minimum lease payments	33,086
Less amounts representing interest	(1,689)
Present value of minimum lease payments	\$ 31,397



6 PENSION PLANS & 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 the Utah Public Employees Contributory or Noncontributory Retirement System, 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 Utah Public Employees Contributory System, Utah Public Employees Noncontributory System, TIAA, and for non-eligible employees for the year ended June 30, 2010, was \$521,979, \$14,352,514, \$53,961,388, and \$14,123,178, respectively.

The University contributes to the State and School Contributory Retirement System and State and School Noncontributory Retirement system, cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement 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 Chapter 49 of the Utah Code Annotated, 1953, as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the State and School Contributory Retirement System and State and School Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 560 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

Plan members in the State and School Contributory Retirement System are required to contribute 6.00% of their annual

covered salary (all or part may be paid by the employer for the employee) and the University is required to contribute 9.73% of their annual covered salary. In the State and School Noncontributory Retirement System, the University is required to contribute 14.22% of their annual covered salary. 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 contributions to the State and School Contributory Retirement System for the years ending June 30, 2010, 2009, and 2008 were \$82,107, \$86,762, and \$82,331, respectively. The University's contributions to the Noncontributory Retirement System, for the same fiscal years were \$2,040,927, \$2,225,286, and \$2,148,480, respectively. The contributions were equal to the required contributions for those years.

Employees who participate in the State and School Noncontributory pension plan are also participants in a qualified contributory 401(k) savings plan administered by the system. The University contributes 1.5% of the employee's annual salary to the plan. During the year ended June 30, 2010, the University's contribution totaled \$249,080, and the employee's voluntary contributions totaled \$357,136.

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, 2010, the University's contribution to this defined contribution plan was 14.2% of the employee's annual salary or \$7,662,519. Employee voluntary contributions totaled \$1,958,206 to this plan. The University has no further liability once annual contributions are made.



7 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, 2010 the University had outstanding commitments for the construction and remodeling of University buildings of approximately \$7,161,088.

8 TERMINATION BENEFITS

In addition to the pension benefits described in Note 6, 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 70 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 3.00%. 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, 2010, was \$1,150,527.

9 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.

10 SUBSEQUENT EVENTS

On August 18, 2010, the University issued \$14,015,000 of Taxable Student Facilities System Revenue Bonds, Series 2010A (Issuer Subsidy – Build America Bonds). Principal on the Series 2010A bonds is due annually commencing April 1, 2014 through April 1, 2040. Bond interest is due semiannually commencing April 1, 2011 at rates ranging from 1.75% to 5.15%. Each interest payment on the Series 2010A bonds will receive a subsidy from the Federal Government with funds provided by

the American Recovery and Reinvestment Act totaling \$4,341,528 over the life of the bonds. Proceeds from these bonds will be used to finance the demolition of four old dormitories and the construction of three modern student dorms on the University's Ogden campus. A portion of the Series 2010A Bond proceeds will be used to cover the costs of design, construction, furnishings, and equipment associated with the Project.



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*A Component Unit of the State of Utah
as of June 30, 2010*

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Brian L. Shuppy, M.B.A.
Director of Budget & Investments

2010 Financial Report

Prepared by:

Weber State University | Accounting Services

1014 University Circle
Ogden, UT 84408-1014
Phone 801-626-7443
Fax 801-626-7464

WEBER STATE UNIVERSITY

