



# ANNUAL FINANCIAL REPORT 2011

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



WEBER STATE  
UNIVERSITY

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## ANNUAL FINANCIAL REPORT 2011





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# MESSAGE FROM THE PRESIDENT

Many years ago, leaders of our institution worked to build a hometown college that gave students educational advantages, a college that was open to every aspiring young man or woman, a college that, in other words, was committed to learning, access and community.

I am proud to say that, today, Weber State University is as committed to those three goals as we were when our institution was founded more than a century ago, even formally recognizing them as core themes in our mission. In my 29 years at Weber State, I've seen them demonstrated often.

*Listed below are just a few of the many accomplishments achieved at WSU this year.*

- For four consecutive years, we have experienced record enrollment. Having surpassed enrollment mile stones of 23,000 and 24,000 students in 2009 and 2010 respectively, WSU's fall semester 2011 attracted 25,483 students. That's an increase of more than 1,350 students, or 5.62 percent, in comparison with last fall. Since fall 2005, WSU has experienced a 40 percent increase in enrollment.
- Zoology student **Amanda Truong** was selected to present her brine fly research at one of the world's foremost molecular genetics research conferences.
- Economics professor **John Mbaku** was named a Nonresident Senior Fellow at the prestigious Brookings Institute in Washington, D.C. During his yearlong appointment, he pursued his ongoing research on water rights in Africa.
- This year, psychology major **Amy Friend** was invited to the national Posters on the Hill event in Washington, D.C., to present her undergraduate research on pharmacy fatigue. She is the seventh WSU student chosen to attend in the past eight years.
- The first of three buildings that will comprise Wildcat Village, our new residential housing complex, was completed. The construction of Hall 2 is under way. We also received the necessary funding to start construction on the second building at Weber State University Davis.
- For the fifth consecutive year, WSU was named to the President's Higher Education Community Service Honor Roll. Service projects included efforts to benefit the local homeless population, special needs support for people with disabilities, and efforts to increase environmentally friendly practices.
- Our campus hosted the Utah Conference on Undergraduate Research in February 2011 and is currently gearing up to host more than 3,000 students at the National Conference on Undergraduate Research in March 2012.

As you can see, we have many reasons to be excited about our university. I, myself, am deeply grateful to be part of an institution that continues to make a difference in the lives of many.

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, 2011. This financial report is intended to reflect the overall financial position of the university as of June 30, 2011. It also reflects the flow of financial resources to and from the University for the fiscal year ended June 30, 2011.

I am pleased to report that the 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.

Sincerely,



F. Ann Millner  
President





# STATE AUDITOR'S REPORT



Auston G. Johnson, CPA  
UTAH STATE AUDITOR

STATE OF UTAH  
**Office of the State Auditor**

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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, 2011, 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 2010 financial statements, and in our report dated November 2, 2010, 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 previously present fairly, in all material respects, the financial position of the University as of June 30, 2011, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the University changed its method of accounting for direct student loans for the year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2011 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  
October 28, 2011







# MANAGEMENT'S DISCUSSION & ANALYSIS

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, 2011, with comparable information for the fiscal year ended June 30, 2010. 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, 2011 and 2010 is shown below

Condensed Statement of Net Assets				
	As of June 30, 2011 Amount	As of June 30, 2010 Amount	Amount of Increase (Decrease)	Percent Increase (Decrease)
<b>Assets</b>				
Current Assets	\$ 49,099,925	\$ 47,005,441	\$ 2,094,484	4.46%
Noncurrent Assets				
Capital	207,124,421	200,570,058	6,554,363	3.27%
Other	169,955,587	132,064,127	37,891,460	28.69%
Total Assets	426,179,933	379,639,626	46,540,307	12.26%
<b>Liabilities</b>				
Current Liabilities	16,486,389	13,076,586	3,409,803	26.08%
Noncurrent Liabilities	49,321,690	36,634,775	12,686,915	34.63%
Total Liabilities	65,808,079	49,711,361	16,096,718	32.38%
<b>Net Assets</b>				
Invested in Capital Assets, net of debt	160,432,557	167,054,671	(6,622,114)	-3.96%
Restricted - Nonexpendable	57,709,494	47,897,392	9,812,102	20.49%
Restricted - Expendable	92,691,311	70,666,403	22,024,908	31.17%
Unrestricted	49,538,492	44,309,799	5,228,693	11.80%
Total Net Assets	\$ 360,371,854	\$329,928,265	\$30,443,589	9.23%

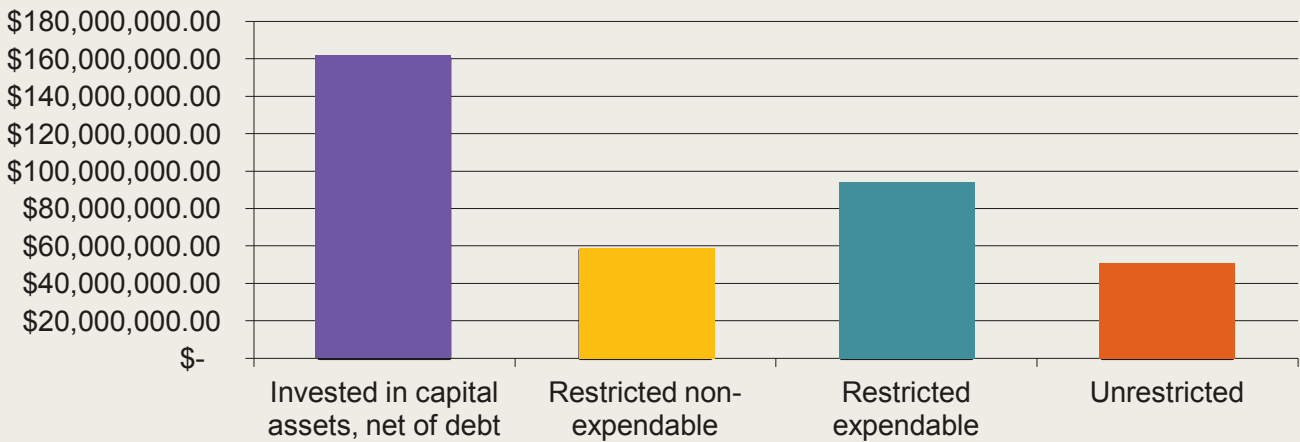
From the data presented, readers of the Statement of Net Assets are able to determine the assets available to continue the operations of the University. They are also able to determine how much the University owes to outside organizations. Finally, the Statement of Net Assets provides a picture of the 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, 2011



In fiscal year 2011, the total assets of the University increased by \$46.5 million. Cash and cash equivalents increased by approximately \$10.5 million. Restricted cash and cash equivalents increased \$8 million primarily due to funds held by Wells Fargo Bank restricted for the construction of the new residential life complex. Total investments increased by \$22.5 million for the fiscal year, largely due to market value fluctuations on investments. Noncurrent liabilities increased \$12.7 million primarily due to the University bonding for \$14 million for the new residential life complex. At the end of fiscal year 2011, the University's current assets of \$49.1 million were sufficient to cover current liabilities of \$16.5

million. Also at the end of fiscal year 2011, total assets of \$426.2 million are sufficient to cover total liabilities of \$65.8 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, 2011 and 2010 is shown below.

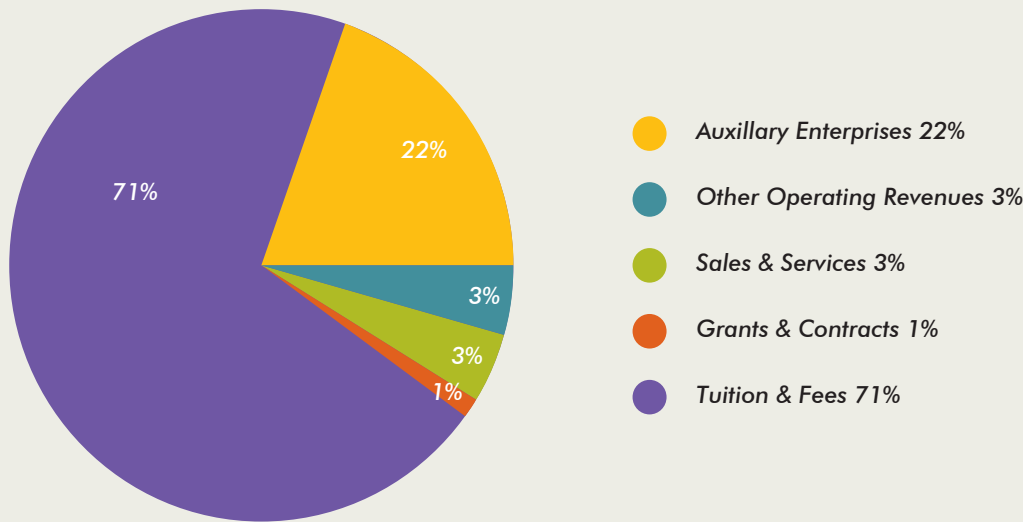
Condensed Statement of Revenues, Expenses, and Changes in Net Assets

	Year Ended June 30, 2011 Amount	Year Ended June 30, 2010 Amount	Amount of Increase (Decrease)	Percent Increase (Decrease)
<b>Operating Revenues</b>				
Tuition and Fees	\$ 50,271,742	\$ 63,958,542	\$ (13,686,800)	-21.40%
Grants and Contracts	845,945	681,055	164,890	24.21%
Auxiliary Enterprises	15,908,857	15,918,296	(9,439)	-0.06%
Other	4,390,964	4,202,975	187,989	4.47%
Total Operating Revenues	71,417,508	84,760,868	(13,343,360)	-15.74%
<b>Operating Expenses</b>				
Salaries and Wages	84,359,610	82,763,048	1,596,562	1.93%
Employee Benefits	31,010,686	31,459,053	(448,367)	-1.43%
Scholarships & Fellowships	35,111,425	14,505,463	20,605,962	142.06%
Depreciation	11,820,725	11,748,040	72,685	0.62%
Other Operating Expenses	43,033,416	38,072,571	4,960,845	13.03%
Total Operating Expenses	205,335,862	178,548,175	26,787,687	15.00%
Operating Income/(loss)	(133,918,354)	(93,787,307)	(40,131,047)	-42.79%
<b>Nonoperating Revenues/(expenses)</b>				
State Appropriations	61,197,800	59,860,100	1,337,700	2.23%
Grants and Contracts	77,867,847	37,520,196	40,347,651	107.54%
Other Nonoperating Revenues/(Expenses)	19,561,518	14,031,979	5,529,539	39.41%
Net Nonoperating Revenues/(Expenses)	158,627,165	111,412,275	47,214,890	42.38%
Income (loss) Before Other Revenue	24,708,811	17,624,968	7,083,843	40.19%
<b>Other Revenues</b>				
Capital Appropriations	3,019,621	1,489,900	1,529,721	102.67%
Capital Grants and Gifts	1,661,241	5,575,509	(3,914,268)	-70.20%
Additions to Permanent Endowments	1,053,916	2,664,750	(1,610,834)	-60.45%
Total Other Revenue	5,734,778	9,730,159	(3,995,381)	-41.06%
Increase in Net Assets	30,443,589	27,355,127	3,088,462	11.29%
Net Assets - Beginning of Year	329,928,265	302,573,138	27,355,127	9.04%
Net Assets - End of Year	\$ 360,371,854	\$ 329,928,265	\$ 30,443,589	9.23%

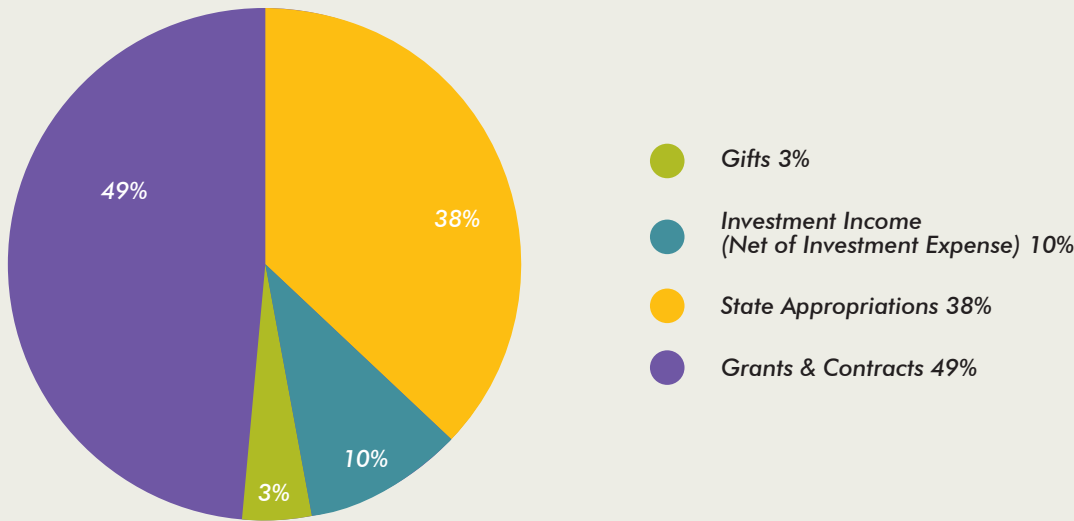
The most significant source of operating revenue for the University is student tuition and fees. Due to the new student Direct Loan program administered by the Federal government, funds previously administered by private financial institutions have been discontinued. Loans are now processed through the University and issued directly to students. Consequently, funds which were previously recorded as agency funds and tuition revenue at the University are now recorded as nonoperating Federal grants and contracts revenue. This change, in conjunction with the scholarship discounts and allowances, described in footnote 1, will reflect large variances in tuition and

fee revenue, scholarships and fellowships expense, and nonoperating grants and contracts revenue during this first year of transition. Although these loan program changes may reflect declining tuition and fee revenue during this transitional year, enrollment for the University continues to climb, with a larger portion of this revenue now appearing as nonoperating federal grants and contracts revenue. Other nonoperating revenues/(expenses) increased 39.4% or \$5.5 million largely due to market value fluctuations on investments. The following charts highlight the University’s operating and nonoperating revenues for the fiscal year 2011.

Operating Revenues



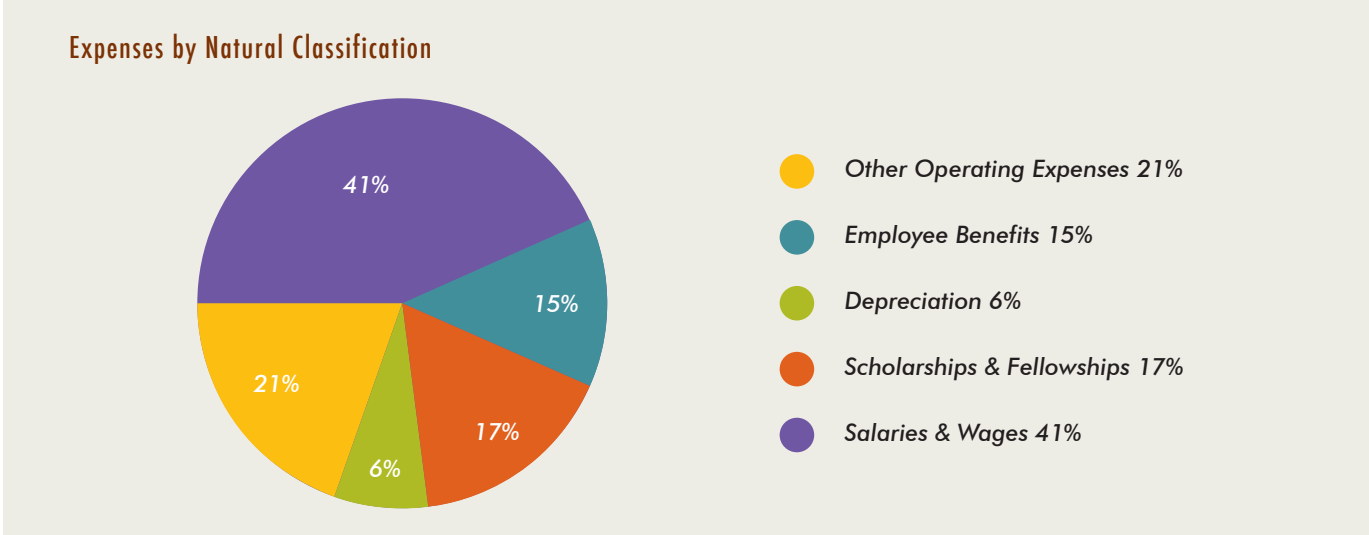
Nonoperating Revenues





The University’s operating expenses were \$205.3 million for the fiscal year ended June 30, 2011. Scholarships and Fellowships expense increased \$20.6 million for the year, largely due to this transition year in accounting for the new Direct Loans program mentioned previously. 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 2011.



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 Assets. For fiscal year 2011 the increase in cash and cash equivalents was \$18.5 million. This increase is partially due to \$8 million held by Wells Fargo Bank restricted for the construction of the new residential life complex.

The University’s cash flows for the fiscal year ended June 30, 2011 are shown below.

	Year Ended June 30, 2011 Amount	Year Ended June 30, 2010 Amount	Amount of Increase (Decrease)	Percent Increase (Decrease)
Cash & Cash Equivalents Provided (Used) by:				
Operating Activities	\$ (121,395,576)	\$ (82,900,988)	\$ (38,494,588)	-46.43%
Noncapital Financing Activities	144,927,085	104,059,117	40,867,968	39.27%
Capital Financing Activities	854,529	(8,401,414)	9,255,943	110.17%
Investing Activities	(5,869,522)	(3,464,216)	(2,405,306)	-69.43%
Net Change in Cash & Cash Equivalents	18,516,516	9,292,499	9,224,017	99.26%
Cash & Cash Equivalents - Beginning of Year	29,022,342	19,729,843	9,292,499	47.10%
Cash & Cash Equivalents - End of Year	\$ 47,538,858	\$ 29,022,342	\$ 18,516,516	63.80%





# MAJOR CONSTRUCTION PROJECTS

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.

## 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 includes 165 beds (semi-suite style), and was 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 started May 2011 and will be completed by July 2012. Building three is expected to begin in May 2012 and be completed by July 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 \$35 million.

## Stewart Stadium Track and Turf Replacement

In March 2011, construction began on the removal of the existing natural turf based football field, replacing it with a Hellas 'Matrix' synthetic turf field on a two stone base drainage system. The new stone base drainage system on a PVC liner provides complete drainage of the field and can accommodate 120"+ of rain per hour. The new synthetic field layout meets NCAA standards. The existing 8 lane latex track surface was also removed and replaced with a new Beynon BSS 1000 full pour polyurethane track system. The project concluded in August 2011 in time for the first football game. The total project cost is \$1.8 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 operating budget is supported by two major sources of revenue: tax funds from the State of Utah (\$61.2 million) and net student tuition and fees (\$50.3 million). Weber

State University's budget challenges have moderated, assisted by \$1.9 million one-time Federal stimulus ARRA funds, 6% tuition and 3% fee increases, and 6.5% student enrollment growth. Prudent fiscal management and strategic planning was key during this challenging economic environment. Projected

enrollment growth of an additional 1%, 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 STATEMENTS



As of June 30, 2011

ASSETS	(comparative only)	
	2011	2010
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	\$ 37,279,373	\$ 26,810,351
Short-term investments (Notes 2 and 10)	134,000	9,542,205
Accounts receivable, net (Note 5)	4,543,792	4,492,449
Receivable from state agencies (Note 5)	1,229,826	1,368,284
Interest receivable	163,820	296,354
Inventories	2,873,991	3,082,370
Prepaid expenses	169,350	183,316
Student loans receivable, net (Note 5)	758,038	829,201
Pledges receivable, net (Note 5)	1,577,800	205,800
Other assets	369,935	195,111
Total current assets	49,099,925	47,005,441
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents (Note 2)	10,259,485	2,211,991
Investments (Note 2 and 10)	144,206,191	112,310,588
Accounts receivable, net (Note 5)	1,451,097	1,831,434
Student loans receivable, net (Note 5)	7,140,403	7,171,962
Pledges receivable, net (Note 5)	6,898,411	8,538,152
Capital assets, net (Note 3)	207,124,421	200,570,058
Total noncurrent assets	377,080,008	332,634,185
<b>Total Assets</b>	426,179,933	379,639,626
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable (Note 5)	763,942	1,098,912
Accrued liabilities	516,772	371,538
Accrued payroll	246,295	268,659
Contracts payable-leases (Note 3)	-	31,397
Payable to state agencies	3,442,828	520,505
Compensated absences & termination benefits (Note 3)	3,141,020	2,815,552
Deferred revenue	5,916,437	5,437,578
Bonds payable (Notes 3 and 4)	1,004,939	954,845
Other liabilities	1,454,156	1,577,600
Total current liabilities	16,486,389	13,076,586
<b>Noncurrent Liabilities</b>		
Compensated absences & termination benefits (Note 3)	3,008,262	3,625,163
Annuities payable (Note 3)	626,503	480,467
Bonds payable (Notes 3 and 4)	45,686,925	32,529,145
Total noncurrent liabilities	49,321,690	36,634,775
<b>Total Liabilities</b>	65,808,079	49,711,361
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	160,432,557	167,054,671
Restricted:		
Nonexpendable		
Primarily scholarships and fellowships	57,709,494	47,897,392
Expendable		
Primarily scholarships and fellowships	33,825,389	31,838,159
Capital projects	48,905,970	28,575,201
Loans	8,261,139	8,497,445
Sponsored projects	1,698,813	1,755,598
Unrestricted	49,538,492	44,309,799
<b>Total Net Assets</b>	\$ 360,371,854	\$ 329,928,265

For the Fiscal Year Ended 30, 2011

REVENUES	(comparative only)	
	2011	2010
<b>Operating Revenues</b>		
Student tuition and fees, net (Note 1)	\$ 50,271,742	\$ 63,958,542
Federal grants and contracts	507,030	397,711
State and local grants and contracts	144,019	112,578
Nongovernmental grants and contracts	194,896	170,766
Sales and services of educational activities	2,031,894	1,578,954
Auxiliary enterprises, net (Note 1)	15,908,857	15,918,296
Other operating revenues	2,359,070	2,624,021
<b>Total Operating Revenues</b>	71,417,508	84,760,868
<b>EXPENSES</b>		
<b>Operating Expenses</b>		
Salaries and wages	84,359,610	82,763,048
Employee benefits	31,010,686	31,459,053
Scholarships and fellowships	35,111,425	14,505,463
Depreciation	11,820,725	11,748,040
Other operating expenses	43,033,416	38,072,571
<b>Total Operating Expenses</b>	205,335,862	178,548,175
<b>Operating Income (Loss)</b>	(133,918,354)	(93,787,307)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	61,197,800	59,860,100
Federal grants and contracts	74,866,819	34,765,909
State and local grants and contracts	2,504,479	2,140,769
Nongovernmental grants and contracts	496,549	613,518
Gifts	4,648,740	5,960,852
Investment income (net of investment expense)	16,655,342	9,610,191
Interest on capital assets-related debt	(1,706,599)	(1,539,064)
Other nonoperating revenue (expenses)	(35,965)	-
<b>Net Nonoperating Revenues</b>	158,627,165	111,412,275
<b>Income (Loss) Before Other Revenue</b>	24,708,811	17,624,968
<b>OTHER REVENUES</b>		
Capital appropriations	3,019,621	1,489,900
Capital grants and gifts	1,661,241	5,575,509
Additions to permanent endowments	1,053,916	2,664,750
Total other revenue	5,734,778	9,730,159
<b>Increase in Net Assets</b>	30,443,589	27,355,127
<b>NET ASSETS</b>		
<b>Net Assets - Beginning of Year</b>	329,928,265	302,573,138
<b>Net Assets - End of Year</b>	\$ 360,371,854	\$ 329,928,265

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

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



STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES	(comparative only)	
	2011	2010
Tuition and fees	\$ 51,079,595	\$ 62,722,038
Receipts from grants/contracts	845,945	681,055
Receipts from auxiliary and educational services	17,940,751	17,497,250
Collection of loans from students	1,003,197	769,659
Loans issued to students	(1,017,561)	(1,398,101)
Payments for scholarships and fellowships	(34,849,438)	(14,204,571)
Payments for employee services and benefits	(115,684,093)	(114,002,253)
Other operating receipts	1,978,100	2,714,697
Payments to suppliers	(42,692,072)	(37,680,762)
Net cash provided (used) by Operating Activities	(121,395,576)	(82,900,988)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	61,197,800	59,860,100
Receipts from grants/contracts	78,006,305	37,520,196
Receipts from gifts	4,558,993	4,175,384
Receipts for permanent endowments	1,053,916	2,530,750
Other noncapital financing activities	110,071	(27,313)
Net cash provided (used) by Noncapital Financing Activities	144,927,085	104,059,117
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
State capital appropriations	832,628	-
Receipts from capital grants/gifts	1,772,182	884,445
Proceeds from bond issuance	14,015,000	-
Purchases of capital assets	(13,232,519)	(6,234,873)
Principal paid on capital debt/leases	(971,397)	(1,495,981)
Interest paid on capital debt/leases	(1,561,365)	(1,555,005)
Net cash provided (used) by Capital and related Financing Activities	854,529	(8,401,414)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale/maturity of investments	22,222,533	10,306,784
Receipt of interest/dividends from investments	5,244,692	4,197,500
Purchase of investments	(33,336,747)	(17,968,500)
Net cash provided (used) by Investing Activities	(5,869,522)	(3,464,216)
Net Increase (decrease) in Cash and Cash Equivalents	18,516,516	9,292,499
Cash and Cash Equivalents - Beginning of Year	29,022,342	19,729,843
Cash and Cash Equivalents - End of Year	\$ 47,538,858	\$ 29,022,342

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

STATEMENT OF CASH FLOWS (continued)

For the Fiscal Year Ended June 30, 2011

Reconciliation of net operating income (loss) to Net cash provided (used) by operating activities:	(comparative only)	
	2011	2010
Operating income (loss)	\$ (133,918,354)	\$ (93,787,307)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation expense and loss on disposal	12,090,346	11,771,112
Donated property and equipment	246,547	256,668
Changes in assets and liabilities:		
Receivables (net)	328,994	(1,019,578)
Student loans receivable	102,722	(448,958)
Inventories	208,379	(80,037)
Prepaid expenses	13,966	(111,660)
Other current assets	(174,824)	112,069
Accounts payable	(334,970)	(61,925)
Accrued payroll	(22,364)	85,659
Deferred revenue	478,859	(216,926)
Compensated absences and early retirement	(291,433)	134,189
Other current liabilities	(123,444)	465,706
Net cash provided (used) by Operating Activities	\$ (121,395,576)	\$ (82,900,988)
Noncash Investing, Capital, and Financing Activities:		
Increase (decrease) in fair value of investments	\$ 11,543,184	\$ 5,384,015
Capital assets acquired from State of Utah (DFCM)	3,019,621	1,489,900
Donated property and equipment	246,547	390,668
Total Noncash Investing, Capital, and Financing Activities	\$ 14,809,352	\$ 7,264,583

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





NOTES TO  
FINANCIAL STATEMENTS



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.

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.

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. Federal Grants and Contracts non-operating revenue includes Federal grants and contracts revenue as well as other Federal revenue related to the Direct Loan Program.

**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, Direct Loans, 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 schedule below presents revenue allowances for the years ended June 30, 2011 and 2010.

Direct Loan Program

Due to the new student Direct Loan program administered by the Federal government, funds previously administered by private financial institutions have been discontinued. Loans are now processed through the University and issued directly to students. Consequently, funds which were recorded as agency funds and tuition revenue at the University are now recorded as nonoperating Federal grants and

contracts revenue. The University does have some discretion on how these Direct Loan program funds are recorded. The selected methodology is deemed more reflective of the originating source of the income. This change, in conjunction with the scholarship discounts and allowances, mentioned previously, will reflect large variances in tuition and fee revenue, scholarships and fellowships expense, and nonoperating grants and contracts revenue during this first year of transition. Although these loan program changes may reflect declining tuition and fee revenue during this transitional year, enrollment for the University continues to climb, with a larger portion of this revenue now appearing as nonoperating federal grants and contracts revenue. The University’s beginning Net Assets are not impacted by this change in accounting principle.

Disclosures

The fiscal year 2010 financial report is included for comparison only and is not complete. The footnotes related to the 2010 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, 2010. Certain reclassifications have been made to the prior year financial statements to conform with the current year presentation.

Revenue Allowances	2011	2010
Tuition and Fees	\$45,400,784	\$22,430,498
Auxiliary enterprises	\$1,262,867	\$767,922



2 CASH AND 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, 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, 2011, the University had bank and deposit balances of \$45,703,581 at Wells Fargo, and \$12,923 held by Bancorp Bank, of which \$38,865,671 was uninsured and uncollateralized. The Foundation had \$51,190 held by Key Bank, \$20,535 held by Merrill Lynch, and \$70,734 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, 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; 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 Corpo-

ration (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), 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, 2011, 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, 2011 was approximately \$4.6 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, 2011, the University had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-5	6-10
Utah Public Treasurer's Investment Fund	\$43,226,387	\$43,226,387	\$ -	\$ -
Mutual Bond Funds	22,182,638	-	-	22,182,638
U.S. Agencies	19,917,143	-	19,917,143	-
Money Market Mutual Funds	104,192	104,192	-	-
Total	\$85,430,360	\$43,330,579	\$19,917,143	\$22,182,638

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 days to 13 months 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, 2011, the University had the following investments and quality ratings:

Investment Type	Fair Value	Moody's Quality Ratings	
		AAA	Unrated
Utah Public Treasurer's Investment Fund	\$43,226,387	\$ -	\$43,226,387
Mutual Bond Funds	22,182,638	-	22,182,638
U.S. Agencies	19,917,143	19,917,143	-
Money Market Mutual Funds	104,192	-	104,192
Total	\$85,430,360	\$19,917,143	\$65,513,217

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, 2011, the University had \$19,917,143 in U.S. agencies, and \$231,080 in stock, that are uninsured and held by the counterparty but not in the University’s name.





Changes in capital assets and long-term liabilities for the year ended June 30, 2011 are summarized below:

Capital Assets

	Beginning Balances	Additions	Reductions	Ending Balance
Land	\$ 7,276,263	\$ 428,073	\$ 35,000	\$ 7,669,336
Land improvements & infrastructure	32,026,267	1,395,980	8,252,312	25,169,935
Buildings	271,845,559	3,622,049	2,094,230	273,373,378
Equipment	22,361,973	2,532,081	1,525,706	23,368,348
Library collections	24,577,208	625,665	18,321	25,184,552
CIP	2,037,834	12,596,108	2,555,248	12,078,694
Total	<u>360,125,104</u>	<u>21,199,956</u>	<u>14,480,817</u>	<u>366,844,243</u>
Less: Accumulated depreciation for:				
Land improvements & infrastructure	14,800,587	1,206,534	8,186,506	7,820,615
Buildings	111,961,424	7,878,000	2,025,795	117,813,629
Equipment	17,550,836	1,826,839	1,425,327	17,952,348
Library collections	15,242,199	909,352	18,321	16,133,230
Total	<u>159,555,046</u>	<u>11,820,725</u>	<u>11,655,949</u>	<u>159,719,822</u>
Capital assets, net	<u>\$ 200,570,058</u>	<u>\$ 9,379,231</u>	<u>\$ 2,824,868</u>	<u>\$ 207,124,421</u>

Long Term Liabilities

	Beginning Balances	Additions	Reductions	Ending Balance	Current Portion
Contracts payable-leases and bonds payable:					
Contracts payable-leases	\$ 31,397	\$ --	\$ 31,397	\$ --	\$ --
Bonds payable	33,150,000	14,015,000	940,000	46,225,000	985,000
Unamortized bond premium	636,390	152,813	34,339	754,864	34,339
Deferred amount of refunding	(302,400)	14,400	--	(288,000)	(14,400)
Total contract and bond obligations	<u>33,515,387</u>	<u>14,182,213</u>	<u>1,005,736</u>	<u>46,691,864</u>	<u>1,004,939</u>
Other Liabilities:					
Compensated absences	3,162,379	1,746,616	1,556,657	3,352,338	1,581,140
Termination benefits payable	3,278,336	858,265	1,339,658	2,796,943	1,559,880
Annuities payable	582,432	93,678	(60,471)	736,581	110,077
Total other liabilities	<u>7,023,147</u>	<u>2,698,559</u>	<u>2,835,844</u>	<u>6,885,862</u>	<u>3,251,097</u>
Total long-term liabilities	<u>\$ 40,538,534</u>	<u>\$ 16,880,772</u>	<u>\$ 3,841,580</u>	<u>\$ 53,577,726</u>	<u>\$ 4,256,036</u>

Revenue Bonds Payable Consisted of the Following at June 30, 2011:

Student Facilities System Revenue Bonds, Series 2005, \$22,810,000 3.25%-5.125% maturing 2009 through 2032	\$ 21,875,000
Student Facilities System Revenue Bonds, Series 2010A, \$14,015,000 1.75%-5.15% maturing 2014 through 2040	14,015,000
Student Facilities System Refunding Revenue Bonds Series 2001A, \$12,280,000 4.00%-5.25% maturing 2006 through 2012	300,000
Student Facilities System Refunding Revenue Bonds, Series 2007, \$10,155,000 3.50%-5.00% maturing 2008 through 2031	<u>10,035,000</u>
	<u>46,225,000</u>
Less deferred amount of refunding	(288,000)
Plus unamortized bond premium	<u>754,864</u>
Total bonds payable	<u>\$ 46,691,864</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; 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, Series 2007, and Series 2010A 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 or the Assured Guaranty Municipal Corporation (formerly Financial Security Assurance, Inc.) for the timely payment of principal and interest. For the year ended June 30, 2011, the receipts and disbursements of pledged revenues were as follows:

Receipts	
Pledged auxiliary operating revenue	\$18,324,967
Student building fees	<u>2,944,922</u>
Total receipts	<u>21,269,889</u>
Disbursements	
Pledged auxiliary operating expenses	<u>16,790,623</u>
Excess of pledged receipts over expenses	<u>\$ 4,479,266</u>
Debt service principal and interest payments	<u>\$ 2,800,778</u>



The scheduled maturities of the revenue bonds are as follows:

	Principal	Interest	Total Payments
2012	\$ 985,000	\$ 2,067,090	\$ 3,052,090
2013	1,025,000	2,028,315	3,053,315
2014	1,430,000	1,989,065	3,419,065
2015	1,505,000	1,936,590	3,441,590
2016	1,550,000	1,881,565	3,431,565
2017-2021	8,725,000	8,357,920	17,082,920
2022-2026	10,580,000	6,376,681	16,956,681
2027-2031	12,900,000	3,840,034	16,740,034
2032-2036	4,650,000	1,291,328	5,941,328
2037-2040	2,875,000	368,904	3,243,904
Totals	<u>\$ 46,225,000</u>	<u>\$ 30,137,492</u>	<u>\$ 76,362,492</u>

Deceased 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, 2011, \$10,670,000 of bonds outstanding are considered defeased.



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, 2011 are primarily made up of payments to vendors. The following schedule presents receivables as of June 30, 2011, including approximately \$1,451,097, \$7,140,403, and \$6,898,411 of net, noncurrent accounts, student loans, and pledges receivable:

Accounts	\$7,395,156
Grants and contracts	797,331
Student loans	8,495,186
Pledges	8,649,195
Receivable from state agencies	1,238,844
Interest	163,820
Total receivables	<u>26,739,532</u>
Less allowances for doubtful accounts	<u>( 2,976,345)</u>
Receivables, net	<u>\$ 23,763,187</u>

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 either the State and School Contributory or Noncontributory 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, TIAA, and for non-eligible employees for the year ended June 30, 2011, was \$520,448, \$14,178,027, \$53,632,145, and \$16,050,797, 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, 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 salaries, all of which is paid by the University, and the University is required to contribute 11.83% of their annual covered salaries. In the

State and School Noncontributory Retirement System, the University is required to contribute 16.32% of plan members’ 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, 2011, 2010, and 2009 were \$92,796, \$82,107, and \$86,762, respectively. The University’s contributions to the State and School Noncontributory Retirement System for the same fiscal years were \$2,313,852, \$2,040,927, and \$2,225,286, 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 Systems. The University contributes 1.5% of participating employees’ annual salaries to the plan. During the year ended June 30, 2011, the University’s contribution totaled \$240,252, and participating employees’ voluntary contributions totaled \$324,235.

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, 2011, the University’s contribution to this defined contribution plan was 14.2% of the participating employees’ annual salaries or \$7,616,055. Participating employees’ voluntary contributions totaled \$1,953,074. 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, 2011 the University had outstanding commitments for the construction and remodeling of University buildings of approximately \$2,866,486.

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 69 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 2.88%. 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, 2011, was \$1,339,658.

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

The financial markets have experienced volatility and downward pressure on asset value since June 30, 2011, which has affected the University's portfolio.





# GOVERNING BOARDS AND OFFICERS

WEBER STATE UNIVERSITY *as of June 30, 2011*

## UTAH STATE BOARD OF REGENTS

David Jordan, *Chairman*

Bonnie J. Beesley, *Vice Chairwoman*

Jerry C. Atkin

Brent L. Brown

Keith M. Buswell

Daniel Campbell

France A. Davis

Jim T. Evans

Katharine B. Garff

Meghan Holbrook

Nolan E. Karras

Robert S. Marquardt

Carol Murphy

Jed H. Pitcher

David E. Smith

Marlon O. Snow

Mark R. Stoddard

Teresa L. Theurer

John H. Zenger

William A. Sederburg, *Commissioner of  
Higher Education*

## WEBER STATE UNIVERSITY BOARD OF TRUSTEES

Alan E. Hall, *Chairman*

James C. Beardall, *Vice Chairman*

Rex M. Baxter

W. Bryan Bowles

Camille T. Cain

Barney Chapman

Kathryn Lindquist

Kevin Sullivan

Steven Starks

Victoria Thompson

Norman C. Tarbox, Jr., *Treasurer*

JoAnne Robinson, *Executive Secretary*

## WEBER STATE UNIVERSITY ADMINISTRATION

F. Ann Millner, Ed.D.  
*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 Accounting and Reporting*

Michael K. Richter  
*Bursar*

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







**Weber State University**  
**2011 Financial Report**

*Prepared by:*  
**Weber State University Accounting Services**

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