ANNUAL
FINANCIAL REPORT
2012

WEBER STATE UNIVERSITY

A Component Unit of the State of Utah

WEBER STATE
UNIVERSITY

ANNUAL FINANCIAL REPORT 2012

CONTENTS

MESSAGE FROM THE **PRESIDENT**

This fall, for the fifth year in a row, Weber State University set a new record for enrollment growth. More than 26,500 students are pursuing their education and their dreams at WSU. That's nearly a five percent increase in students from a year ago.

This growth occurs at a time of transition, as WSU prepares for the arrival of a new university president. Such change is inevitable, and WSU is well prepared for new leadership, thanks to our institution's continued commitment to our core themes of access, learning and community.

For more than 50 years, these themes have been hallmarks of Weber State, demonstrated by the achievements of our faculty and students. This commitment is consistent with our vision for Weber State University to be the national model for a dual-mission university that integrates learning, scholarship and community.

Listed below are just a few of the many accomplishments WSU celebrated this year.

- WSU was recognized in the 2012 U.S. News & World Report as a premier college and was included in the Forbes' 2012 America's Top Colleges list.
- In March 2012, WSU hosted the National Conference on Undergraduate Research, which attracted more than 3,000 visitors to campus. The event further established WSU as a leader in undergraduate research and provided a significant economic boost to the greater Ogden area.
- In April 2012, WSU alumna Paula Fiet was invited to the national Posters on the Hill event in Washington, D.C., to present her undergraduate research on how simple memory enhancement computer games significantly improve a child's reading and mathematics ability. She is the eighth WSU student chosen to participate in the past nine years.
- For the sixth consecutive year, WSU was named to the President's Higher Education Community Service Honor Roll.
- Wildcat star point guard Damian Lillard is heading to the NBA. Damian was selected by the Portland Trail Blazers with the sixth overall pick in the 2012 NBA Draft.
- The Olene S. Walker Institute for Politics & Public Service opened on campus in fall 2012. Established by Walker, the first woman governor of Utah and a Weber alumna, the institute held a kick-off event featuring a discussion with three former governors of Utah, and Gov. Gary Herbert.
- WSU's ongoing commitment to sustainability has led to a Cool School designation by the Sierra Club. It's the latest recognition for WSU, which signed the American College & University Presidents' Climate Commitment. We continue to work toward our goal of being carbon neutral by 2050.
- Bain and Company recently published a report placing WSU among the most financially sound universities in the country. The study compared the recent financial performances of 1700 U.S. colleges and universities. WSU was included in the 20 percent of schools considered the most "financially sound" – having produced positive changes in its financial statement ratios in recent years.

These are just a few of the many accomplishments at WSU. Our focus on access, learning and community remain steadfast, transcending enrollment growth and changes in administration.

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, 2012. This financial report is intended to reflect the overall financial position of the university as of June 30, 2012. It also reflects the flow of financial resources to and from the University for the fiscal year ended June 30, 2012.

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

F. Ann Millner, *President*

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) as of and for the year ended June 30, 2012, as listed in the table of contents. The University is a component unit of the State of Utah. 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.

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 Weber State University as of June 30, 2012, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2012 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.

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

Auston G. Johnson

Auston G. Johnson, CPA
Utah State Auditor
October 19, 2012

MANAGEMENT'S DISCUSSION & ANALYSIS

Fiscal Year Ended June 30, 2012

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, 2012, with comparable information for the fiscal year ended June 30, 2011. 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, 2012 and 2011 is shown below.

Condensed Statement of Net Assets

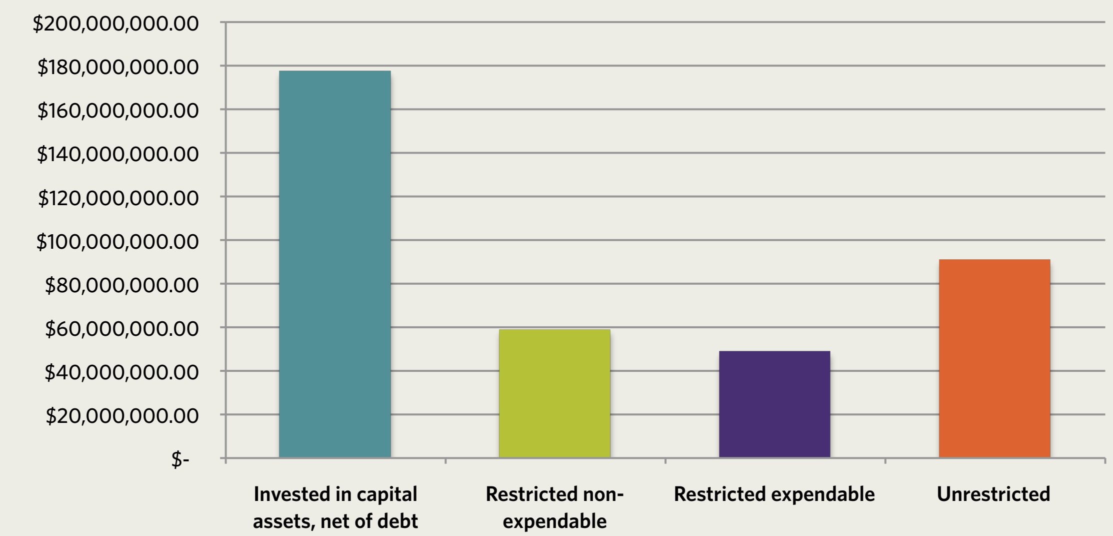
	As of June 30, 2012 Amount	As of June 30, 2011 Amount	Amount of Increase (Decrease)	Percent Increase (Decrease)
Assets				
Current assets	$ 95,903,212	$ 49,099,925	$ 46,803,287	95.32%
Noncurrent assets				
Capital	223,146,203	207,124,421	16,021,782	7.74%
Other	143,892,670	169,955,587	(26,062,917)	-15.34%
Total assets	462,942,085	426,179,933	36,762,152	8.63%
Liabilities				
Current liabilities	22,233,424	16,486,389	5,747,035	34.86%
Noncurrent liabilities	65,988,564	49,321,690	16,666,874	33.79%
Total liabilities	88,221,988	65,808,079	22,413,909	34.06%
Net assets				
Invested in capital assets, net of debt	177,010,296	169,035,780	7,974,516	4.72%
Restricted - nonexpendable	58,624,368	57,709,494	914,874	1.59%
Restricted - expendable	48,493,003	49,698,032	(1,205,029)	-2.42%
Unrestricted	90,592,430	83,928,548	6,663,882	7.94%
Total net assets	$374,720,097	$360,371,854	$ 14,348,243	3.98%

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, 2012



In fiscal year 2012, total assets of the University increased 8.6% largely due to capital asset additions and continued University growth. Current assets increased $46.8 million or 95.3% largely due to $33.2 million in certificates of deposit, held at Wells Fargo Bank, which mature in fiscal year 2013. Cash and cash equivalents increased by approximately $13.5 million. Restricted cash and cash equivalents increased $11.5 million primarily due to bond funds held by Wells Fargo Bank restricted to partially finance the construction of the Davis Campus Professional Classroom Building, the Recreation Center Project, and the final phase of the Student Housing Project. Total investments decreased by $2.3 million for the fiscal year, largely due to market value fluctuations on investments. Noncurrent liabilities increased $16.7 million mainly due to the University bonding for $17.4 million, which will be used to partially finance the three previously mentioned projects. At the end of fiscal year 2012, the University's current assets of $95.9 million were sufficient to cover current liabilities of $22.2 million. Also at the end of fiscal year 2012, total assets of $462.9 million are sufficient to cover total liabilities of $88.2 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.

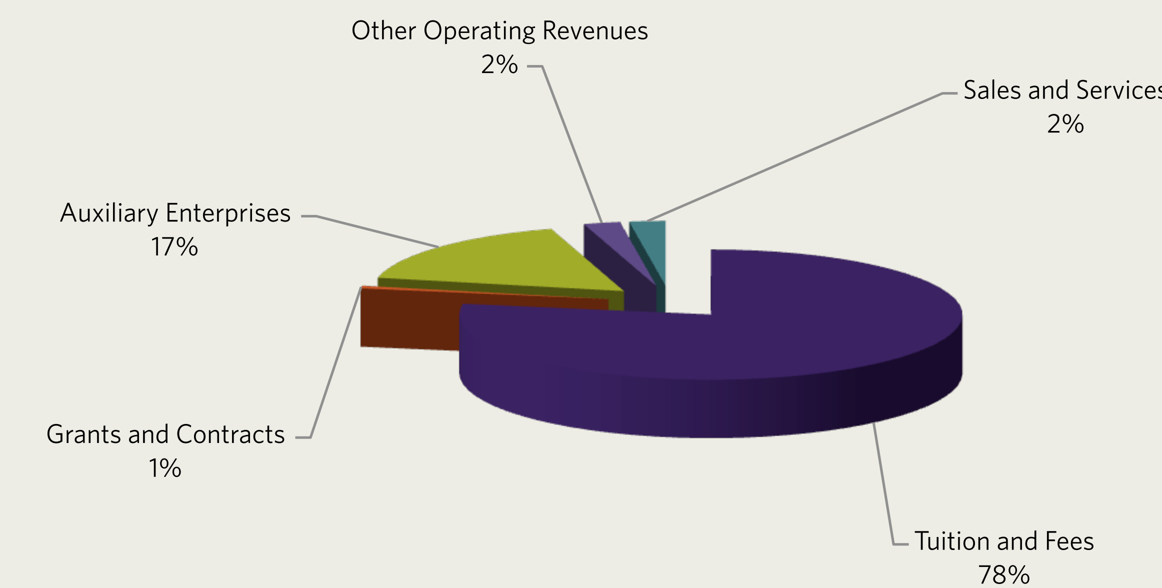
A summarized comparison of the University's revenues, expenses and changes in net assets for the years ended June 30, 2012 and 2011 is shown below.

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

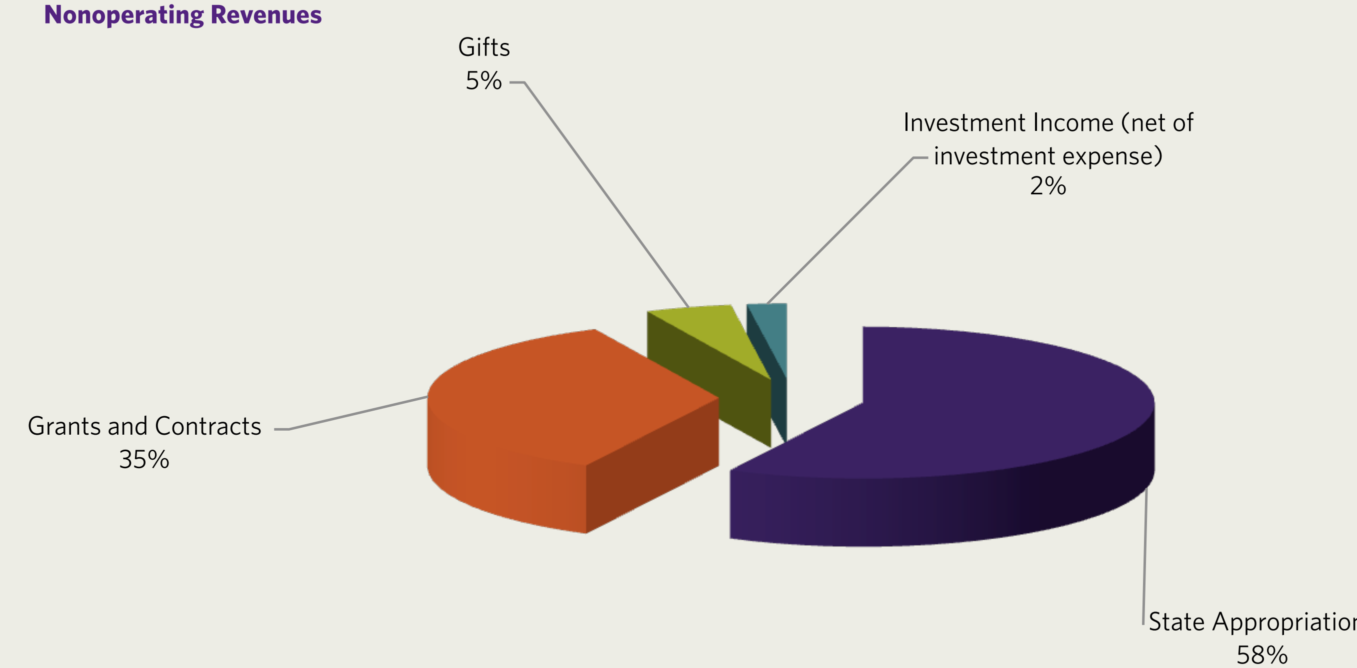
	Year Ended June 30, 2012 Amount	Year Ended June 30, 2011 Amount	Amount of Increase (Decrease)	Percent Increase (Decrease)
Operating revenues				
Tuition and fees	$ 78,140,874	$ 70,367,178	$ 7,773,696	11.05%
Grants and contracts	658,480	845,945	(187,465)	-22.16%
Auxiliary enterprises	17,135,883	16,544,917	590,966	3.57%
Other	4,708,764	4,390,964	317,800	7.24%
Total operating revenues	100,644,001	92,149,004	8,494,997	9.22%
Operating expenses				
Salaries and wages	87,777,899	84,359,610	3,418,289	4.05%
Employee benefits	32,285,934	31,010,686	1,275,248	4.11%
Scholarships and fellowships	20,160,734	18,871,690	1,289,044	6.83%
Depreciation	12,309,803	11,820,725	489,078	4.14%
Other operating expenses	44,594,267	43,033,416	1,560,851	3.63%
Total operating expenses	197,128,637	189,096,127	8,032,510	4.25%
Operating income/(loss)	(96,484,636)	(96,947,123)	462,487	0.48%
Nonoperating revenues/(expenses)				
State appropriations	61,490,600	61,197,800	292,800	0.48%
Grants and contracts	37,942,946	40,896,616	(2,953,670)	-7.22%
Other nonoperating revenues/(expenses)	5,944,959	19,561,518	(13,616,559)	-69.61%
Net nonoperating revenues/(expenses)	105,378,505	121,655,934	(16,277,429)	-13.38%
Income (loss) before other revenue	8,893,869	24,708,811	(15,814,942)	-64.01%
Other revenues				
Capital appropriations	4,176,386	3,019,621	1,156,765	38.31%
Capital grants and gifts	232,151	1,661,241	(1,429,090)	-86.03%
Additions to permanent endowments	1,045,837	1,053,916	(8,079)	-0.77%
Total other revenue	5,454,374	5,734,778	(280,404)	-4.89%
Increase in net assets	14,348,243	30,443,589	(16,095,346)	-52.87%
Net assets - beginning of year	360,371,854	329,928,265	30,443,589	9.23%
Net assets - end of year	$374,720,097	$360,371,854	$ 14,348,243	3.98%

The most significant source of operating revenue for the University is student tuition and fees, which increased approximately $7.8 million. Other nonoperating revenues/(expenses) decreased 69.6% or $13.6 million largely due to market value fluctuations on investments. The following charts highlight the University's operating and nonoperating revenues for the fiscal year 2012.

Operating Revenues



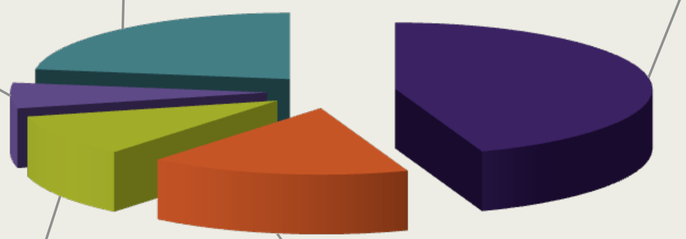
Nonoperating Revenues



The University's operating expenses were $197.1 million for the fiscal year ended June 30, 2012. 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 2012.

Expenses by Natural Classification



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

STATEMENT OF CASH FLOWS

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

The statement is divided into five parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the University. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for nonoperating, noninvesting, and noncapital financing purposes. The third section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section shows the net change in cash which reconciles to the end of year cash shown on the Statement of Net Assets.

The University's cash flows for the fiscal year ended June 30, 2012 are shown below.

Condensed Statement of Cash Flows

	Year Ended June 30, 2012 Amount	Year Ended June 30, 2011 Amount	Amount of Increase (Decrease)	Percent Increase (Decrease)
Cash and cash equivalents provided (used) by:				
Operating activities	$(79,004,493)	$(84,424,345)	$5,419,852	6.42%
Noncapital financing activities	106,299,635	107,955,854	(1,656,219)	-1.53%
Capital financing activities	(6,923,017)	854,529	(7,777,546)	-910.16%
Investing activities	4,632,170	(5,869,522)	10,501,692	178.92%
Net change in cash and cash equivalents	25,004,295	18,516,516	6,487,779	35.04%
Cash and cash equivalents - beginning of year	47,538,858	29,022,342	18,516,516	63.80%
Cash and cash equivalents - end of year	$72,543,153	$47,538,858	$25,004,295	52.60%

MAJOR CONSTRUCTION PROJECTS

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

- **Residential Life Complex**
  Construction began in July 2012 on phase 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 was completed July 2012. Building three began in July 2012 and will 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). The estimated total project cost is $35 million.

- **Professional Classroom Building - Davis Campus**
  Construction began in March 2012 to construct the Professional Classroom Building at the University's Davis Campus. This multi-use facility will provide academic space for the University's rapidly growing and professionally-oriented programs offered at the Davis Campus. Approximately 30% of the building will be student-union/student-recreation space for this campus, including: a food court, fitness center, student clubs and organizations, and customer service facilities. The project is expected to be completed in August 2013 and has an estimated project cost of $39.9 million. Approximately $8.4 million of Series 2012 Bond Proceeds and $31.5 million of State Capital Appropriations will be used to finance this project.

- **Recreation Center Project**
  Approximately $8 million of the Series 2012 Bond proceeds will be used to fund an expansion of the Stromberg Center on the WSU Ogden Campus. The Stromberg Center is a fieldhouse-type facility with an indoor running track, basketball courts, and walk-in fitness areas. It is a shared-use facility that houses academic programs (Department of Health Promotion and Human Performance), student recreation, WSU's NCAA athletic programs, and community use. The bonds will fund a 30,000 square-foot expansion of this facility intended to expand opportunities for student walk-in fitness. The project is currently under design; it is expected to break ground in October 2012 and open in the Fall of 2013.

- **Center for Continuing Education Building**
  Grand opening took place in May 2012 for the new Center for Continuing Education building, located in Clearfield, which was purchased for approximately $2.1 million in September 2011 by the University. The building was remodeled in order to bring it in line with the University' standards and needs. The 14,000 square foot facility will primarily house professional development and the law enforcement academy. The facility includes five classrooms, a 40-person computer lab, interactive videoconferencing capabilities, a defensive tactics room, and locker rooms for the law enforcement academy.

ECONOMIC **OUTLOOK**

A crucial element in the University's future continues to be a strong relationship with the State of Utah. The University's operating budget for the fiscal year ending June 30, 2012 is supported by two major sources of revenue: tax funds from the State of Utah ($61.5 million) and net student tuition and fees ($78.1 million). Weber State University's budget conditions continue to improve, assisted by 6% tuition and 3% fee increases, and 3.4% student enrollment growth. The State of Utah ended the fiscal year with $85 million in surplus revenue, which is the first surplus since 2008.

Projected enrollment growth of an additional 2%, coupled with 5% tuition and 4.2% fee increase, and $1.5 million new tax fund appropriations, should continue to strengthen the University's financial position during the fiscal year 2012-2013. 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

STATEMENT OF NET ASSETS

As of June 30, 2012

	2012
ASSETS	
Current Assets	
Cash and cash equivalents (Note 2)	$ 50,747,126
Short-term investments (Note 2)	33,413,796
Accounts receivable, net (Note 5)	4,238,655
Receivable from state agencies (Note 5)	1,107,249
Interest receivable	156,860
Inventories	3,203,983
Prepaid expenses	295,066
Student loans receivable, net (Note 5)	820,855
Pledges receivable, net (Note 5)	1,533,700
Other assets	385,922
Total current assets	95,903,212
Noncurrent Assets	
Restricted cash and cash equivalents (Note 2)	21,796,027
Investments (Note 2)	108,661,489
Accounts receivable, net (Note 5)	1,981,073
Student loans receivable, net (Note 5)	6,009,990
Pledges receivable, net (Note 5)	5,444,091
Capital assets, net (Note 3)	223,146,203
Total noncurrent assets	367,038,873
Total Assets	462,942,085
LIABILITIES	
Current Liabilities	
Accounts payable (Note 5)	1,661,636
Accrued liabilities	1,806,924
Accrued payroll	311,235
Payable to state agencies	5,359,411
Compensated absences & termination benefits (Note 3)	2,932,246
Deferred revenue	6,805,195
Bonds payable (Notes 3 and 4)	1,563,388
Other liabilities	1,793,389
Total current liabilities	22,233,424
Noncurrent Liabilities	
Compensated absences & termination benefits (Note 3)	3,496,682
Annuities payable (Note 3)	519,364
Bonds payable (Notes 3 and 4)	61,972,518
Total noncurrent liabilities	65,988,564
Total Liabilities	88,221,988
NET ASSETS	
Invested in capital assets, net of related debt	177,010,296
Restricted:	
Nonexpendable	
Primarily scholarships and fellowships	57,410,843
Debt Service	1,213,525
Expendable	
Primarily scholarships and fellowships	34,579,633
Capital projects	4,387,028
Loans	8,179,701
Sponsored projects	1,346,641
Unrestricted	90,592,430
Total Net Assets	$ 374,720,097

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

STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET ASSETS

For the Fiscal Year Ended June 30, 2012

	2012
REVENUES	
Operating Revenues	
Student tuition and fees, net (Note 1)	$ 78,140,874
Federal grants and contracts	135,518
State and local grants and contracts	333,317
Nongovernmental grants and contracts	189,645
Sales and services of educational activities	2,339,553
Auxiliary enterprises, net (Note 1)	17,135,883
Other operating revenues	2,369,211
Total Operating Revenues	100,644,001
EXPENSES	
Operating Expenses	
Salaries and wages	87,777,899
Employee benefits	32,285,934
Scholarships and fellowships	20,160,734
Depreciation	12,309,803
Other operating expenses	44,594,267
Total Operating Expenses	197,128,637
Operating Income (Loss)	(96,484,636)
NONOPERATING REVENUES (EXPENSES)	
State appropriations	61,490,600
Federal grants and contracts	35,349,087
State and local grants and contracts	2,199,615
Nongovernmental grants and contracts	394,244
Gifts	5,126,686
Investment income (net of investment expense)	2,360,303
Interest on capital assets-related debt	(1,677,668)
Other nonoperating revenue (expenses)	135,638
Net Nonoperating Revenues	105,378,505
Income (Loss) Before Other Revenue	8,893,869
OTHER REVENUES	
Capital appropriations	4,176,386
Capital grants and gifts	232,151
Additions to permanent endowments	1,045,837
Total other revenue	5,454,374
Increase in Net Assets	14,348,243
NET ASSETS	
Net Assets - Beginning of Year	360,371,854
Net Assets - End of Year	$ 374,720,097

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

STATEMENT OF CASH FLOWS

	2012
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ 78,804,793
Receipts from grants/contracts	658,480
Receipts from auxiliary and educational services	19,475,436
Collection of loans from students	1,121,241
Loans issued to students	(170,448)
Payments for scholarships and fellowships	(19,900,977)
Payments for employee services and benefits	(118,429,095)
Other operating receipts	3,007,476
Payments to suppliers	(43,571,399)
Net cash provided (used) by Operating Activities	(79,004,493)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	61,490,600
Receipts from grants/contracts	38,065,523
Agency receips including direct lending program	58,354,135
Agency disbursements including direct lending program	(58,024,828)
Receipts from gifts	5,204,231
Receipts for permanent endowments	1,045,837
Other noncapital financing activities	164,137
Net cash provided (used) by Noncapital Financing Activities	106,299,635
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Receipts from capital grants/gifts	1,314,071
Proceeds from sale of capital assets	1,209,988
Proceeds from bond issuance	17,380,000
Purchases of capital assets	(24,164,408)
Principal paid on capital debt/leases	(985,000)
Interest paid on capital debt/leases	(1,677,668)
Net cash provided (used) by Capital and related Financing Activities	(6,923,017)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale/maturity of investments	21,138,446
Receipt of interest/dividends from investments	6,071,818
Purchase of investments	(22,578,094)
Net cash provided (used) by Investing Activities	4,632,170
Net Increase (decrease) in Cash and Cash Equivalents	25,004,295
Cash and Cash Equivalents - Beginning of Year	47,538,858
Cash and Cash Equivalents - End of Year	$ 72,543,153

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

STATEMENT OF CASH FLOWS (continued)

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

	2012
Operating income (loss)	$ (96,484,636)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation expense and loss on disposal	13,009,703
Donated property and equipment	338,955
Changes in assets and liabilities:	
Receivables (net)	(224,839)
Student loans receivable	1,067,596
Inventories	(329,992)
Prepaid expenses	(125,716)
Other current assets	(15,987)
Accounts payable	897,694
Accrued liabilities	1,290,152
Accrued payroll	64,940
Deferred revenue	888,758
Compensated absences and early retirement	279,646
Other current liabilities	339,233
Net cash provided (used) by Operating Activities	$ (79,004,493)
Noncash Investing, Capital, and Financing Activities:	
Increase (decrease) in fair value of investments	$ (3,704,555)
Capital assets acquired from State of Utah (DFCM)	4,176,386
Donated property and equipment	338,955
Total Noncash Investing, Capital, and Financing Activities	$ 810,786

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

NOTES TO **FINANCIAL** STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

The Foundation and the Research Foundation are included in the financial statements of the University as blended component units. A blended component unit is an entity which is legally separate from the University but which is so intertwined with the University that it is, in substance, the same as the University. It is reported as part of the University. Financial statements of the Foundation and the Research Foundation can be obtained from the University.

Basis of Accounting

Under the provisions of the GASB standards, the University is permitted to report as a special-purpose government engaged in business-type activities (BTA). BTA reporting requires the University to present only the basic financial statements and required supplementary information (RSI) for an enterprise fund. This includes an MD&A, a statement of net 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 is made for unused sick leave in the event of termination. Non-classified and professional staff 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. The following schedule presents revenue allowances for the year ended June 30, 2012:

Revenue	2012
Tuition and Fees	$23,742,215
Auxiliary Enterprises	$472,118

Disclosures

Certain reclassifications have been made to the prior year financial statement amounts shown in MD&A to conform with the current year presentation.

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

Except for endowment funds, the University follows the requirements of the Utah Money Management Act (*Utah Code*, 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, 2012, the University had bank and deposit balances of $42,844,169 at Wells Fargo, $250,031 at Bancorp, and $122,393 held by State Street, of which $40,862,110 was uninsured and uncollateralized. The Foundation had $50,834 held by Key Bank, and $110,075 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 Corporation (Freddie Mac), Federal National Mortgage Association (Fannie Mae), and Student Loan Marketing Association (Sallie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Money Management Act; and the Utah State Public Treasurer's Investment Fund.

The UPMIFA and Rule 541 allow the University to invest endowment funds (including gifts, devises, or bequests of property of any kind from any source) in any of the above investments or any of the following subject to satisfying certain criteria: mutual funds registered with the Securities and Exchange Commission, investments sponsored by the Common Fund; any investment made in accordance with the donor's directions in a written instrument; investments in corporate stock listed on a major exchange (direct ownership); and any alternative investment funds that derive returns primarily from high yield and distressed debt (hedged or non-hedged), private capital (including venture capital and private equity), natural resources, and private real estate assets or absolute return and long/short hedge funds.

According to the Uniform Prudent Management of Institutional Funds Act (UPMIFA), 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, 2012, 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, 2012 was approximately $5.5 million. The net appreciation is a component of restricted expendable net assets.

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

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

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

As of June 30, 2012, the University had the following investments and maturities:

		Investment Maturities (in Years)		
Investment Type	**Fair Value**	**Less than 1**	**1-5**	**6-10**
State of Utah Public Treasurer's Investment Fund	$ 71,105,124	$ 71,105,124	$ -	$ -
Mutual Bond Funds	20,236,939	-	1,189,297	19,047,642
U.S. Agencies	17,073,799	-	17,073,799	-
Money Market Mutual Funds	482,499	482,499	-	-
Total	$108,898,361	$ 71,587,623	$ 18,263,096	$ 19,047,642

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 - 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, 2012, the University had the following investments and quality ratings:

		S&P Quality Ratings	
Investment Type	**Fair Value**	**AA+**	**Unrated**
State of Utah Public Treasurer's Investment Fund	$ 71,105,124	$ -	$ 71,105,124
Mutual Bond Funds	20,236,939	-	20,236,939
U.S. Agencies	17,073,799	17,073,799	-
Money Market Mutual Funds	482,499	-	482,499
Total	$108,898,361	$ 17,073,799	$ 91,824,562

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, 2012, the University had $17,073,799 in U.S. agencies, and $246,870 in stock, that are uninsured and held by the counterparty but not in the University's name.

3. CAPITAL ASSETS AND LONG-TERM LIABILITIES

Changes in capital assets and long-term liabilities for the year ended June 30, 2012 are summarized below:

Capital Assets

	Beginning Balances	Additions	Reductions	Ending Balance
Land	$ 7,669,336	$ 1,058,495	$ 616,100	$ 8,111,731
Land improvements & infrastructure	25,169,935	4,601,941	864,957	28,906,919
Buildings	273,373,378	14,594,085	6,187,550	281,779,913
Equipment	23,368,348	2,469,141	2,237,816	23,599,673
Library collections	25,184,552	358,152	62,615	25,480,089
CIP	12,078,694	22,561,812	15,402,153	19,238,353
Total	366,844,243	45,643,626	25,371,191	387,116,678
Less: Accumulated depreciation for:				
Land improvements & infrastructure	7,820,615	1,396,686	864,958	8,352,343
Buildings	117,813,629	8,113,723	4,964,954	120,962,398
Equipment	17,952,348	1,907,953	2,166,623	17,693,678
Library collections	16,133,230	891,441	62,615	16,962,056
Total	159,719,822	12,309,803	8,059,150	163,970,475
Capital assets, net	$ 207,124,421	$ 33,333,823	$ 17,312,041	$ 223,146,203

Long Term Liabilities

	Beginning Balances	Additions	Reductions	Ending Balance	Current Portion
Bonds payable:					
Bonds payable	$ 46,225,000	$ 17,380,000	$ 985,000	$ 62,620,000	$ 1,520,000
Unamortized bond premium	754,864	468,981	34,339	1,189,506	57,788
Deferred amount of refunding	(288,000)	14,400	--	(273,600)	(14,400)
Total contract and bond obligations	46,691,864	17,863,381	1,019,339	63,535,906	1,563,388
Other Liabilities:					
Compensated absences	3,352,338	1,662,396	1,641,829	3,372,905	1,599,243
Termination benefits payable	2,796,943	1,585,428	1,326,348	3,056,023	1,333,003
Annuities payable	736,581	31,069	188,522	579,128	59,764
Total other liabilities	6,885,862	3,278,893	3,156,699	7,008,056	2,992,010
Total long-term liabilities	$ 53,577,726	$ 21,142,274	$ 4,176,038	$ 70,543,962	$ 4,555,398

4. REVENUE BONDS PAYABLE

Revenue bonds payable consisted of the following at June 30, 2012:

Student Facilities System Revenue Bonds, Series 2005, $22,810,000 3.25%-5.125% maturing 2009 through 2032	$ 21,225,000
Student Facilities System Revenue Bonds, Series 2012, $17,380,000 3%-4% maturing 2013 through 2032	17,380,000
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 2007, $10,155,000 3.50%-5.00% maturing 2008 through 2031	10,000,000
	62,620,000
Less deferred amount of refunding	(273,600)
Plus unamortized bond premium	1,189,506
Total bonds payable	$ 63,535,906

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 2005, Series 2007, Series 2010A, and Series 2012 Revenue Bonds and are included in Student Tuition & Fees and Auxiliary Enterprises Revenue. In addition, the Bonds are insured by the Municipal Bond Insurance Association, the Assured Guaranty Municipal Corporation (formerly Financial Security Assurance, Inc.), or by a debt service reserve account, for the timely payment of principal and interest.

For the year ended June 30, 2012, the receipts and disbursements of pledged revenues were as follows:

Receipts	
Pledged auxiliary operating revenue	$ 18,803,136
Student building fees	2,910,431
Total receipts	21,713,567
Disbursements	
Pledged auxiliary operating expenses	17,567,216
Excess of pledged receipts over expenses	$ 4,146,351
Debt service principal and interest payments	$ 3,052,090

The scheduled maturities of the revenue bonds are as follows:

	Principal	Interest	Total Payments
2013	$ 1,520,000	$ 2,456,685	$ 3,976,685
2014	2,095,000	2,534,990	4,629,990
2015	2,190,000	2,462,565	4,652,565
2016	2,255,000	2,386,990	4,641,990
2017	2,320,000	2,301,372	4,621,372
2018-2022	13,075,000	10,061,880	23,136,880
2023-2027	15,655,000	7,323,493	22,978,493
2028-2032	18,115,000	3,823,219	21,938,219
2033-2037	3,205,000	1,052,900	4,257,900
2038-2040	2,190,000	223,716	2,413,716
Totals	$ 62,620,000	$ 34,627,810	$ 97,247,810

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. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the University's financial statements. On June 30, 2012, $605,000 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, 2012 are primarily made up of payments to vendors.

The following schedule presents receivables as of June 30, 2012, including approximately 1,981,073, 6,009,990, and 5,444,091 of net, noncurrent accounts, student loans, and pledges receivable:

Accounts	$ 8,142,843
Grants and contracts	653,465
Student loans	7,424,238
Pledges	7,120,195
Receivable from state agencies	1,107,249
Interest	156,860
Total receivables	24,604,850
Less allowances for doubtful accounts	(3,312,377)
Receivables, net	$ 21,292,473

6. PENSION PLANS AND RETIREMENT BENEFITS

As required by State law, eligible non-exempt employees of the University (as defined by the U.S. Fair Labor Standards Act) are covered by either the State and School Contributory, Noncontributory, or Hybrid Retirement Systems, and eligible exempt employees (as defined by the U.S. Fair Labor Standards Act) are covered by the Teachers Insurance and Annuity Association (TIAA). The compensation for employees covered by the State and School Contributory System, the State and School Noncontributory System, the State and School Hybrid, TIAA, and for non-eligible employees for the year ended June 30, 2012, was $469,019, $14,277,150, $426,067, $55,967,827, and $16,569,264, respectively.

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

Plan members in the State and School Contributory Retirement System are required to contribute 6.00% of their annual covered salaries, all of which is paid by the University, and the University is required to contribute 12.37% of their annual covered salaries. In the State and School Noncontributory Retirement System, the University is required to contribute 16.86% of plan members' annual covered salaries. In the State and School Hybrid Retirement System, the University is required to contribute 12.74% of the 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, 2012, 2011, and 2010 were $118,412, $92,796, and $82,107, respectively. The University's contributions to the State and School Noncontributory Retirement System for the same fiscal years were $2,407,266, $2,313,852, and $2,040,927, 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, 2012, the University's contribution totaled $251,280, and participating employees' voluntary contributions totaled $344,820.

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, 2012, the University's contribution to this defined contribution plan was 14.2% of the participating employees' annual salaries or $7,947,436. Participating employees' voluntary contributions totaled $1,887,303. 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, 2012 the University had outstanding commitments for the construction and remodeling of University buildings of approximately $3,622,507.

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 75 retirees who are receiving benefits under the University's early retirement program. The University has recorded a liability for the cost of these benefits at their net present value in the year the individuals retire using a discount rate of 2%. To offset increasing healthcare and dental costs, the University has also adjusted the liability by 3.00% to account for these estimated future increases. The expense for the early retirement program for the year ended June 30, 2012, was $1,326,348.

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.

GOVERNING BOARDS AND OFFICERS

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

as of June 30, 2012

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

2012 Financial Report

Prepared by:
Weber State University Accounting Services

1014 University Circle
Ogden, Utah 84408-1014
Phone: 801-626-7443
FAX: 801-626-7464