Annual Financial Report 2023

WEBER STATE UNIVERSITY

A Component Unit of the State of Utah

MESSAGE
FROM THE PRESIDENT

If you visited campus recently, you may have noticed some upgrades. The electric UTA OGX Bus Rapid Transit line breezes through campus next to a rebuilt, more environment-friendly pond at the Ada Lindquist Plaza. The David O. McKay Education Building is undergoing renovations to offer the best in space and technology for our next generation of educators. The Noorda Engineering, Applied Science, & Technology Building is fully operational, merging the paths of high-demand engineering, computer science, and professional sales majors with early college high school students as they complete their college studies. At Stewart Stadium, the east side stands are replaced, and new surfaces are installed on the track and football fields for our highly competitive Wildcat teams. And all around campus, you will find students, faculty, and staff of all identities and backgrounds making personal connections to elevate their Weber experience.

For over 134 years, students have chosen Weber State University as their academic destination to "Be Brilliant." The brilliance of our students is what we highlight as a Weber State distinction, that each student can achieve at a high level with tuition at a low level. The high return on investment of a Weber State degree is nationally recognized, and we value all stakeholders who help make this happen.

Our industry partnerships continue to grow as a result of smart investments of donor and state-appropriated funds in projects such as the Miller Advanced Research & Solutions (MARS) Center right off I-15 at the Hill Air Force Base west gate. This exclusive space has brought together leaders across industries, including defense and education. What is most important, our students benefit in that space from unique, high-impact educational experiences that often land them rewarding internships.

It is Weber State's vision to meet students where they are and challenge and guide them to achieve their goals academically and in life. We see that vision realized every day with students sharing their stories of student success and every semester when we celebrate students at commencement. Our faculty and staff ensure each student has a chance at success with tailored support.

The financial statements that follow are prepared according to generally accepted accounting principles established by the Governmental Accounting Standards Board. The Office of the State Auditor has reviewed and audited this financial report for the year ending June 30, 2023. This financial report is intended to reflect the overall financial position of the university as of June 30, 2023. It also reflects the flow of financial resources to and from the university for the fiscal year ending June 30, 2023.

I am happy to report that the university is in good financial standing and benefits from a joint commitment of students, faculty, staff, alumni, administrators, elected and appointed officials, and the community at large.

Wishing us a successful remaining 2023 and a great 2024 academic and fiscal year.

Best,

Brad Mortensen, President

OFFICE OF THE
STATE AUDITOR

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Weber State University (the University) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the University, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

Emphasis of Matter

As described in Note 1, the University implemented Governmental Accounting Standards (GASB) Statement 96 *Subscription-Based Information Technology Arrangements*. Our opinion is not

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modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going

concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Message from the President and the listing of the Governing Boards and Officers but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2023 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Office of the State Auditor

Office of the State Auditor
Salt Lake City, Utah
October 20, 2023

MANAGEMENT'S DISCUSSION & ANALYSIS

INTRODUCTION

This section of Weber State University's (the University's) Annual Report presents management's discussion and analysis of the University's financial performance during the fiscal year ended June 30, 2023, with comparable information for the fiscal year ended June 30, 2022. The discussion has been prepared by management and should be read in conjunction with the accompanying financial statements and footnotes. The discussion and analysis is designed to provide an easily readable analysis of the University's financial activities based on facts, decisions, and conditions known at the date of the auditor's report. The financial statements, footnotes, and this discussion are the responsibility of management.

FINANCIAL STATEMENTS OVERVIEW

This annual report consists of a series of financial statements, prepared in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis – for Public Colleges and Universities*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*.

As required by these accounting principles, the annual report consists of three basic financial statements which provide information on the University as a whole: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. Each one of these statements will be discussed.

STATEMENT OF NET POSITION

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

A summarized comparison of the University's assets, deferred outflows, liabilities, deferred inflows, and net position as of June 30, 2023 and 2022 is shown below.

CONDENSED STATEMENT OF NET POSITION

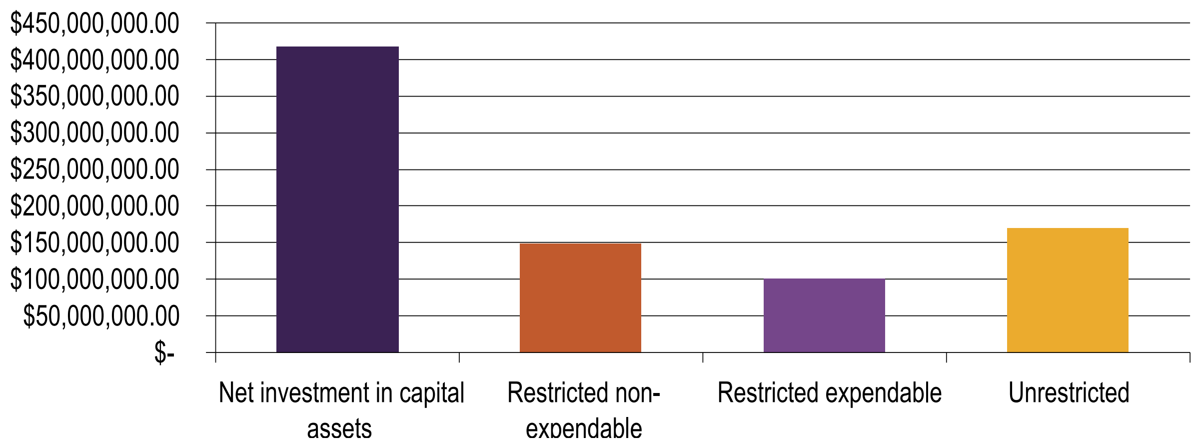
	As of June 30, 2023 Amount	As of June 30, 2022 Amount	Amount of Increase (Decrease)	Percent Increase (Decrease)
Assets				
Current assets	$146,330,260	$160,868,509	$(14,538,249)	(9.04%)
Noncurrent assets				
Capital	464,200,707	407,349,410	56,851,297	13.96%
Other	307,134,025	260,771,089	46,362,936	17.78%
Total assets	917,664,992	828,989,008	88,675,984	10.70%
Deferred outflows of resources				
Deferred amount of refunding	588,862	652,156	(63,294)	(9.71%)
Deferred outflows relating to pensions	5,827,664	3,011,834	2,815,830	93.49%
Total deferred outflows of resources	6,416,526	3,663,990	2,752,536	75.12%
Liabilities				
Current liabilities	29,487,837	27,134,413	2,353,424	8.67%
Noncurrent liabilities	48,543,948	50,333,347	(1,789,399)	(3.56%)
Total liabilities	78,031,785	77,467,760	564,025	0.73%
Deferred inflows of resources				
Deferred inflows relating to beneficial interests	8,189,448	7,874,255	315,193	4.00%
Deferred inflows relating to pensions	160,669	22,389,548	(22,228,879)	(99.28%)
Total deferred inflows of resources	8,350,117	30,263,803	(21,913,686)	(72.41%)
Net position				
Net investment in capital assets	417,740,809	360,860,654	56,880,155	15.76%
Restricted - nonexpendable	148,574,173	135,365,274	13,208,899	9.76%
Restricted - expendable	101,140,140	77,033,289	24,106,851	31.29%
Unrestricted	170,244,494	151,662,218	18,582,276	12.25%
TOTAL NET POSITION	$837,699,616	$724,921,435	$112,778,181	15.56%

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

Net position is divided into three major categories. The first category, "net investment in capital assets," provides the University's equity in property, plant, and equipment. The next category is "restricted" net position, which is divided into two subcategories, "nonexpendable" and "expendable." The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net position is available for expenditure by the University but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is "unrestricted" net position. Unrestricted net position is generally designated internally by the University for specific institutional purposes.

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

COMPOSITION OF THE UNIVERSITY'S NET POSITION AS OF JUNE 30, 2023



The following bullet points highlight the significant changes for fiscal year 2023:

- In fiscal year 2023 current assets decreased 9.04%, partially from a decrease in cash and cash equivalents, related to an increased amount of investments in government agencies, due to higher yields, combined with a decrease in receivables of HEERF funds compared with fiscal year 2022.
- Noncurrent capital assets increased $56.8 million due primarily to addition of the Noorda Engineering, Applied Science, & Technology building.
- Other noncurrent assets increased $46.4 million largely due to market value increases on investments along with a decrease in net pension assets.
- Deferred outflows related to pensions increased $2.8 million largely related to differences between projected and actual earnings on pension plan investments and differences between expected and actual experience (see note 7).
- Deferred inflows related to pensions decreased $22.2 million primarily from differences between projected and actual earnings on pension plan investments and differences between expected and actual experience (see note 7).

At the end of fiscal year 2023, the University's current assets of $146.3 million were sufficient to cover current liabilities of $29.5 million. Also, at the end of fiscal year 2023, total assets of $917.7 million were sufficient to cover total liabilities of $78 million. Deferred outflows and inflows relating to pensions are a result of GASB Statement No. 68, Accounting and Financial Reporting for Pensions. (see notes 1 and 7). Deferred inflows of resources relating to beneficial interests are a result of GASB Statement No. 81, Irrevocable Split-Interest Agreements. Over time, increases or decreases in net position (the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources) is one indicator of the improvement or erosion of the University's financial health when considered with non-financial facts such as enrollment levels and the condition of facilities. One must also consider that the consumption of assets follows the institutional philosophy to use available resources to acquire and improve all areas of the University to better serve the mission of the University.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Changes in total net position, as presented on the Statement of Net Position, are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of the statement is to present the revenues received by the University, both operating and nonoperating, and the expenses paid by the University, both operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the University. Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the University. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the University. Nonoperating revenues are revenues received for which goods and services are not provided.

A summarized comparison of the University's revenues, expenses, and changes in net position for the years ended June 30, 2023 and 2022 is shown below.

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

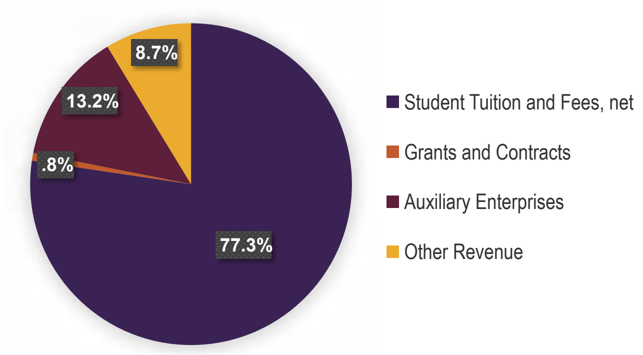
	Year Ended June 30, 2023 Amount	Year Ended June 30, 2022 Amount	Amount of Increase (Decrease)	Percent Increase (Decrease)
Operating revenues				
Tuition and fees	$89,775,946	$77,996,906	$11,779,040	15.10%
Grants and contracts	906,637	627,793	278,844	44.42%
Auxiliary enterprises	15,306,480	15,176,261	130,219	0.86%
Other	10,091,732	9,058,475	1,033,257	11.41%
Total operating revenues	116,080,795	102,859,435	13,221,360	12.85%
Operating expenses				
Salaries and wages	141,798,137	131,954,298	9,843,839	7.46%
Employee benefits	48,978,407	58,629,939	(9,651,532)	(16.46%)
Scholarships and fellowships	18,299,844	31,813,454	(13,513,610)	(42.48%)
Depreciation and amortization	22,630,258	20,202,373	2,427,885	12.02%
Other operating expenses	65,605,532	60,136,544	5,468,988	9.09%
Total operating expenses	297,312,178	302,736,608	(5,424,430)	(1.79%)
Operating loss	(181,231,383)	(199,877,173)	18,645,790	9.33%
Nonoperating revenues/(expenses)				
State appropriations	122,586,100	105,218,600	17,367,500	16.51%
Grants and contracts	73,022,951	83,933,474	(10,910,523)	(13.00%)
Other nonoperating revenues/(expenses)	28,978,955	(5,158,022)	34,136,977	661.82%
Net nonoperating revenues/(expenses)	224,588,006	183,994,052	40,593,954	22.06%
Income before other revenue	43,356,623	(15,883,121)	59,239,744	372.97%
Other revenues				
Capital appropriations	53,626,276	7,259,458	46,366,818	638.71%
Capital grants and gifts	6,880,193	121,197	6,758,996	5,576.87%
Additions to permanent endowments	8,915,089	3,160,392	5,754,697	182.09%
Total other revenue	69,421,558	10,541,047	58,880,511	558.58%
Increase in net position	112,778,181	(5,342,074)	118,120,255	2,211.13%
Net position - beginning of year	724,921,435	730,263,509	(5,342,074)	(0.73%)
Net position - end of year	$837,699,616	$724,921,435	$112,778,181	15.56%

Significant changes in the Statement of Revenues, Expenses, and Changes in Net Position for fiscal year 2023 are highlighted below:

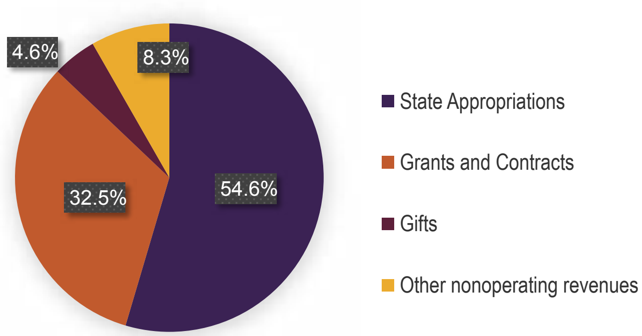
- Net tuition and fees increased 15% as a result of decreased scholarship discounts and allowances, primarily related to a significant decrease in HEERF student scholarships, compared to fiscal year 2022. The decreased scholarship discounts and allowances created a smaller netting of tuition and fees. Scholarship discounts and allowances went from $51 million in fiscal year 2022 down to $40.7 million in fiscal year 2023. Gross tuition and fees increased approximately $1.4 million in fiscal year 2023, going from $129 million in fiscal year 2022 to $130.4 million in fiscal year 2023. (see note 1).
- Employee benefits decreased $9.7 million in fiscal year 2023, largely due to a negative pension benefits adjustment of $7.4 million. In comparison, in fiscal year 2022 employee benefits increased $4.2 million for similar pension adjustments (see note 7). Salary increases and the associated increased cost of benefits also contributed to the change.
- The $13.5 million dollar decrease in scholarships and fellowships expenses is largely the result of decreasedstudent financial aid distributed from the Higher Education Emergency Relief Funds (HEERF), due to COVID 19, resulting in less residual payments to students, in conjunction with the associated impacts of the scholarship discounts and allowances calculation. (see note 1),
- The primary reason for the $10.9 million decrease in Nonoperating grants and contracts was due to a decreased amount of funds received from the Higher Education Emergency Relief Funds (HEERF).
- Other nonoperating revenues/(expenses) increased approximately $34.1 million primarily from unrealized market value increases on endowment investments for fiscal year 2023, compared to fiscal year 2022.
- Capital appropriations increased $46.4 million primarily from the appropriations related to the new Noorda Engineering, Applied Science, & Technology building.
- Capital grants and gifts increased $6.8 million primarily due to the new Miller Advanced Research and Solutions Center (MARS) building and a large capital gift-in-kind.
- Additions to permanent endowments increased $5.8 million due to several large donations received in fiscal year 2023.

The following charts highlight the University's operating and nonoperating revenues for the fiscal year 2023.

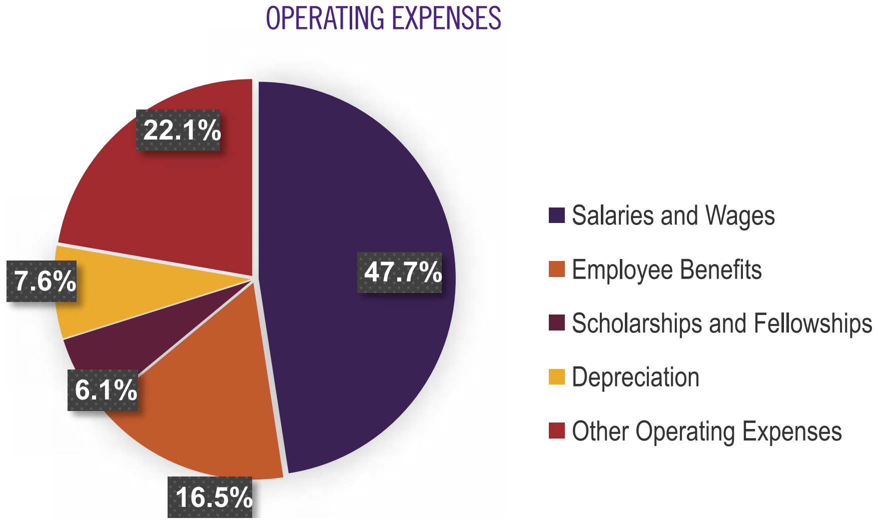
OPERATING REVENUES



NONOPERATING REVENUES



The following chart illustrates the University's operating expenses by natural classification for the fiscal year ended 2023.



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

STATEMENT OF CASH FLOWS

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

The statement is divided into five parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the University. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for nonoperating, noninvesting, and noncapital financing purposes. The third section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section shows the net change in cash which reconciles to the end of year cash shown on the Statement of Net Position. The University's cash flows for the fiscal year ended June 30, 2023 are shown below.

CONDENSED STATEMENT OF CASH FLOWS

	Year Ended June 30, 2023 Amount	Year Ended June 30, 2022 Amount	Amount Increase (Decrease)	Percent Increase (Decrease)
Cash and cash equivalents provided (used) by:				
Operating activities	$(163,118,504)	$(171,480,433)	$8,361,929	4.88%
Noncapital financing activities	222,419,783	208,358,682	14,061,101	6.75%
Capital financing activities	(18,322,042)	(15,863,669)	(2,458,373)	(15.50%)
Investing activities	(53,455,054)	(6,085,911)	(47,369,143)	778.34%
Net change in cash and cash equivalents	(12,475,817)	14,928,669	(27,404,486)	(183.57%)
Cash and cash equivalents - beginning of year	139,564,995	124,636,326	14,928,669	11.98%
Cash and cash equivalents - end of year	$127,089,178	$139,564,995	$(12,475,817)	(8.94%)

MAJOR
CONSTRUCTION PROJECTS

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

STEWART STADIUM RENOVATION

Construction started in January 2023 to completely rebuild the east stands of the Stewart Stadium, which enhanced the gameday experience. In addition, a new artificial field and track was installed. The new east stands are split into two levels with a walkway and concourse between the levels that includes concessions. The new artificial field includes the new enhanced logo in the middle of the field and has purple in both endzones with the word “Wildcats” in gray. The track will be gray with purple exchange zones. The project was completed in September 2023 and the estimated project cost is $11 million.

EDUCATION BUILDING RENOVATION

Construction started on the McKay Education building in Spring of 2023, which will undergo a complete renovation to modernize and upgrade its teaching and learning spaces. The rebuild will provide updated classrooms, new study spaces, increased natural light, and roof-mounted solar panels. The renovation will also focus on creating more space for collaboration, including a digital media production lab and a makerspace called the Fabrication lab. These rooms will provide tools for creating lesson plans and class materials. The building will receive a redesign to improve accessibility and student safety. The renovation is expected to completed by December 2024 and the estimated budget is $44.2 million.

OGX WILDCAT SHUTTLE

Weber State University officially welcomed the Wildcat Shuttle, a more efficient and environmentally conscious way to navigate the Ogden campus, during a ribbon-cutting held on Aug. 25, 2022. WSU students, faculty and staff gathered outside the Val A. Browning Center for the Performing Arts at the center of campus, home to one of the shuttle’s three stops, along with the Dee Events Center and Wildcat Village, to celebrate the debut of the all-electric shuttles. The Wildcat Shuttle is the first segment of the Ogden Express Bus Rapid Transit line, known as OGX, making the campus more accessible to students, faculty, staff and community. The full OGX line will include stops at the Ogden Intermodal Transit Center, The Junction, downtown Ogden, along 25th Street and Harrison Boulevard, and McKay-Dee Hospital. The $120 million bus rapid transit project aims to combine the capacity and speed of light rail with the low-cost construction of a bus route. Construction was completed in August 2023 in time for Fall semester classes.


Wildcat Village


UTA
OGX


WSU
WSU

ECONOMIC
OUTLOOK FOR WSU

A crucial element in the University's future continues to be a strong relationship with the State of Utah. The University's operating budget for the fiscal year ending June 30, 2023 was supported by two major sources of revenue: appropriations from the State of Utah ($122.6 million) and net student tuition and fees ($89.8 million). With the easing of the economic impact of the COVID 19 pandemic, Weber State University's budget conditions remained solid during the fiscal year 2023, assisted by a 2.66% tuition increase and 2.32% increase in student fees. The slight decrease in enrollment was anticipated and the budgeting process was able to absorb the decrease in tuition and fees collections. Performance funding of $4.64M was received in June 2023 and carried into FY24 as directed by the state.

Utah's economy continues to be recognized among the top performing states. Given the historical inverse relationship between student enrollment growth and a strong state economy, only a slight enrollment increase is projected for fiscal year 2024. Conservative budgeting should continue to keep the University's financial position stable during the fiscal year 2024.

During fiscal year 2023, the University continued to monitor and mitigate the financial impacts of COVID 19. Over the course of the pandemic Weber State University received HEERF (I, II & III) awards of $33,338,802 in Student Financial Aid funding, $45,123,891 in Institutional funding, and $3,516,102 in Strengthening Institutions (SIP) funding. As of June 30, 2023, the University had expended all of the HEERF Student Financial Aid funding, all of the Institutional funding, and all of the SIP funding.

Current economic conditions are likely to influence the University's need to examine future tuition and fee increases. As the institution moves from year one to year two of implementing the Amplified Strategic Plan, retention and persistence of students remained strong with the institution setting records for first-time students fall-to-fall retention increasing 2.9% over the prior year. Additionally, fall to spring retention also set an all-time high with a 3.2% increase. As the financial statements and footnotes indicate, the University remains on a solid financial foundation. A conservative financial management approach will continue to be employed in managing the resources of the University.

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

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

As of June 30, 2023

	2023
ASSETS	
Current Assets	
Cash and cash equivalents (Note 2)	$106,774,094
Short-term investments (Note 2)	24,912,985
Accounts receivable, net (Note 5)	4,127,481
Receivable from state agencies (Note 5)	1,558,213
Interest receivable	842,220
Inventories	3,761,986
Prepaid expenses	1,713,118
Student loans receivable, net (Note 5)	293,416
Pledges receivable, net (Note 5)	1,963,595
Other assets	383,152
Total Current Assets	146,330,260
Noncurrent Assets	
Restricted cash and cash equivalents (Note 2)	20,315,084
Investments (Note 2)	272,246,790
Accounts receivable, net (Note 5)	3,207,491
Student loans receivable, net (Note 5)	680,781
Pledges receivable, net (Note 5)	2,355,524
Other noncurrent assets (note 1)	8,189,449
Capital assets, net (Note 3)	464,200,707
Net pension asset (Notes 1 and 7)	138,906
Total noncurrent assets	771,334,732
Total Assets	917,664,992
DERERRED OUTFLOWS OF RESOURCES	
Deferred Outflows relating to Pensions (Notes 1 and 7)	5,827,664
Deferred amount of refunding	588,862
Total Deferred Outflows of Resources	6,416,526
LIABILITIES	
Current Liabilities	
Accounts payable (Note 5)	2,980,023
Accrued liabilities	743,930
Accrued payroll	442,000
Payable to state agencies	3,307,313
Compensated absences & termination benefits (Note 3)	4,245,542
Unearned revenue	11,818,421
Bonds payable (Notes 3 and 4)	3,706,634
Other liabilities	2,243,974
Total current liabilities	29,487,837
Noncurrent Liabilities	
Compensated absences & termination benefits (Note 3)	6,509,928
Annuities payable (Note 3)	309,848
Bonds payable (Notes 3 and 4)	37,872,075
Other noncurrent liabilities	3,635,847
Net pension liability (Notes 1 and 7)	216,250
Total noncurrent liabilities	48,543,948
Total Liabilities	78,031,785
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Relating to Beneficial Interests (Note 1)	8,189,448
Deferred Inflows Relating to Pensions (Notes 1 and 7)	160,669
Total Deferred Inflows of Resources	8,350,117
NET POSITION	
Net investment in capital assets	417,740,809
Restricted:	
Nonexpendable	
Primarily scholarships and fellowships	148,574,173
Expendable	
Primarily scholarships and fellowships	68,392,776
Capital projects	3,600,510
Loans	1,269,594
Sponsored projects	27,868,737
Debt service	8,523
Unrestricted	170,244,494
Total Net Position	$837,699,616

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Fiscal Year Ended June 30, 2023

REVENUES	
Operating Revenues	**2023**
Student tuition and fees, net (Note 1)	$89,775,946
Federal grants and contracts	672,379
State and local grants and contracts	83,553
Nongovernmental grants and contracts	150,705
Sales and services of educational activities	3,140,208
Auxiliary enterprises, net (Note 1)	15,306,480
Other operating revenues	6,951,524
Total Operating Revenues	116,080,795
EXPENSES	
Operating Expenses	
Salaries and wages	141,798,137
Employee benefits	48,978,407
Scholarships and fellowships	18,299,844
Depreciation and amortization	22,630,258
Other operating expenses	65,605,532
Total Operating Expenses	297,312,178
Operating Loss	(181,231,383)
NONOPERATING REVENUES (EXPENSES)	
State appropriations	122,586,100
Federal grants and contracts	39,739,831
State and local grants and contracts	33,127,548
Nongovernmental grants and contracts	155,572
Gifts	10,402,741
Investment income (net of investment expense)	19,793,578
Interest on capital assets-related debt	(1,281,359)
Other nonoperating revenues	63,995
Net Nonoperating Revenues	224,588,006
Income Before Other Revenue	43,356,623
OTHER REVENUES	
Capital appropriations	53,626,276
Capital grants and gifts	6,880,193
Additions to permanent endowments	8,915,089
Total other revenue	69,421,558
Increase in Net Position	112,778,181
NET POSITION	
Net Position - Beginning of Year	724,921,435
Net Position - End of Year	$837,699,616

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

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	2023
Tuition and fees	$90,394,900
Receipts from grants/contracts	906,637
Receipts from auxiliary and educational services	18,446,688
Collection of loans from students	279,568
Payments for scholarships and fellowships	(17,840,840)
Payments for employee services and benefits	(197,425,247)
Other operating receipts	6,659,545
Payments to suppliers	(64,539,755)
Net cash provided (used) by Operating Activities	(163,118,504)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	122,586,100
Receipts from grants/contracts	79,619,681
Agency receipts including direct lending program	31,647,735
Agency disbursements including direct lending program	(31,712,412)
Receipts from gifts	8,063,492
Receipts for permanent endowments	8,915,089
Other noncapital financing activities	3,300,098
Net cash provided (used) by Noncapital Financing Activities	222,419,783
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Receipts from state capital appropriations	3,194,268
Receipts from capital grants/gifts	61,683
Purchases of capital assets	(17,062,027)
Principal paid on capital debt/leases	(3,235,000)
Interest paid on capital debt/leases	(1,280,966)
Net cash provided (used) by Capital and related Financing Activities	(18,322,042)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale/maturity of investments	43,733,555
Receipt of interest/dividends from investments	13,163,167
Purchase of investments	(110,351,776)
Net cash provided (used) by Investing Activities	(53,455,054)
Net Increase (decrease) in Cash and Cash Equivalents	(12,475,817)
Cash and Cash Equivalents - Beginning of Year	139,564,995
Cash and Cash Equivalents - End of Year	$127,089,178

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

STATEMENT OF CASH FLOWS (CONTINUED)

For the Fiscal Year Ended June 30, 2023

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

	2023
Operating income (loss)	$(181,231,383)
Difference between actuarial calculated pension expense and actual contributions	$(7,378,428)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	23,120,283
Changes in assets and liabilities:	
Receivables (net)	569,611
Student loans receivable	692,809
Inventories	(232,451)
Prepaid expenses	(464,861)
Other current assets	22,952
Accounts payable	(588,340)
Accrued liabilities	393
Accrued payroll	402,000
Unearned revenue	49,343
Compensated absences and early retirement	327,332
Other current liabilities	1,592,236
Net cash provided (used) by Operating Activities	$(163,118,504)

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

Increase (decrease) in fair value of investments	$5,920,871
Capital assets acquired from State of Utah (DFCM)	54,152,008
Donated property and equipment	3,130,336
Total Noncash Investing, Capital, and Financing Activities	$63,203,215

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 Annual Comprehensive Financial Report, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity.*

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

The Foundation and the Research Foundation are included in the financial statements of the University as blended component units. A blended component unit is an entity which is legally separate from the University but which is so intertwined with the University that it is, in substance, the same as the University. It is reported as part of the University. Financial statements of the Foundation and the Research Foundation can be obtained from the University. In Note 10, condensed financial statements have been prepared for the Foundation. Due to minimal financial activity, condensed financial statements have not been prepared for the Research Foundation.

BASIS OF ACCOUNTING

Under the provisions of the GASB standards, the University is permitted to report as a special-purpose government engaged in business-type activities (BTA). BTA reporting requires the University to present only the basic financial statements and required supplementary information (RSI) for an enterprise fund. This includes an MD&A, a statement of net position, a statement of revenues, expenses, and changes in net position, a statement of cash flows, notes to the financial statements, and other applicable RSI. The required basic financial statements described above are prepared using the economic resources measurement focus and the accrual basis of accounting. Operating activities include all revenues and expenses, derived on an exchange basis, used to support the instructional, research and public efforts, and other University priorities. Fund financial statements are not required for BTA reporting.

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, the University recognizes the estimated net realizable value of pledges as revenue as soon as all eligibility and time requirements imposed by the provider have been met.

CASH EQUIVALENTS

For purposes of the statements of cash flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the Utah State Treasurers' Investment Pool are also considered cash equivalents.

INVESTMENTS

The University accounts for its investments at fair value or NAV (net asset value) in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. The University distributes earnings from pooled investments according to the University Policy No. 5-14 *Investment of Public Funds*.

INVENTORIES

Inventories held for resale are stated at the lower of cost (first-in, first-out method) or market or on a basis which approximates cost determined on the first-in, first-out method. Non-resale inventories are expensed as purchased. Bookstore inventories are valued using the retail inventory method.

DEFERRED OUTFLOWS/INFLOWS

In addition to assets, financial statements will sometimes report separate sections for deferred outflows/inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period (s) and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period (s) and will not be recognized as an inflow of resources (revenue) until that time. Also, in accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, losses incurred due to refunding of bond debt are reported as deferred outflows rather than as bond liabilities.

OTHER NON-CURRENT ASSETS

Other non-current assets are primarily composed of beneficial interests which have been donated to the University. Due to GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, the University has recognized $8,189,449 as a noncurrent asset and corresponding deferred inflow of resources for certain irrevocable split-interest agreements. The University has a beneficial interest or right to a portion of the benefits donated pursuant to an irrevocable split-interest agreement, in which the donor enters into a trust and transfers resources to an intermediary. Asset recognition criteria include (1) the government is specified by name as beneficiary in the legal document underlying the donation; (2) the donation agreement is irrevocable; (3) the donor has not granted variance power to the intermediary with respect to the donated resources; (4) the donor does not control the intermediary, such that the actions of the intermediary are not influenced by the donor beyond the specified stipulations of the agreement; (5) the irrevocable split-interest agreement established a legally enforceable right for the government's benefit (an unconditional beneficial interest). Agreements specifying the University as the only beneficiary are now reflected in Note 11.

CAPITAL ASSETS

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation in the case of gifts. For equipment, the University's capitalization policy includes all items with a unit cost of $5,000 or more, and an estimated useful life of greater than one year. Buildings, renovations to buildings, infrastructure, and land improvements with a cost of $250,000 or more are capitalized. Right-of-use financing leases with an annual payment greater than $25,000 that meet the definition of a lease according to GASB Statement No. 87, *Leases*, are capitalized. Subscription-Based Information Technology Arrangements (SBITA) with payments greater than $25,000 annually and $100,000 in total, and meet the definition of a (SBITA) according to GASB Statement No. 96, 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. Right-of-use leased assets are amortized over the term of the lease.

LEASE RELATED ASSETS AND LIABILITIES

As the lessee, the University has recognized a lease liability and a leased asset for educational and office space for classes and various programs. Leased assets and lease liabilities are recorded at the present value of payments expected to be made during the lease term. The University has used discount rates between 3.56%-3.84%, which is based on the University's incremental borrowing rate and length of the lease. Leased assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset.

The University implemented GASB Statement No. 96, Subscription-based Information Technology Arrangements (SBITA), effective July1, 2022, which requires recognition of a right-to-use subscription asset and a corresponding subscription liability for certain subscription-based information technology arrangements. The right-to-use asset is amortized over the subscription term. The University has a number of qualified SBITA arrangements. For fiscal year 2023 a right-to-use asset, net of amortization, of $3,833,078, and a corresponding subscription liability in the amount of $3,833,078 were recorded, along with an amortization expense of $1,386,950. An incremental borrowing rate of 4.74% was used and the implementation has no effect on prior period net position. See Notes 3 and 6.

UNEARNED REVENUES

Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

COMPENSATED ABSENCES

Non-academic full-time and certain part-time University employees earn vacation leave for each month worked at a rate between 12 and 22 days per year. Vacation time may be used as it is earned. A maximum of 240 hours can be carried over into the next vacation year, which begins each November 1. Upon termination, no more than the maximum plus the current year earned vacation is payable to the employee. A liability is recognized in the Statement of Net Position for vacation payable to the employees at the statement date.

Non-academic full-time and certain part-time University employees earn sick leave at the rate of one day earned for each month worked. No payment is made for unused sick leave in the event of termination. After an employee has accumulated 18 days of unused sick leave, any sick leave days accumulated by the end of the sick leave year in excess of 8 days may be converted at the option of the employee to vacation days.

NON-CURRENT LIABILITIES

Non-current liabilities include (1) principal amounts of revenue bonds payable, leases, and other obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year; and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as non-current assets.

PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (Systems) and additions to/deductions from the Systems fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NET POSITION

The University's net position is classified as follows:

Net investment in capital assets: This represents the University's total investment in capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets.

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

Restricted net position - expendable: Restricted expendable net position includes resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted net position: Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include unrestricted quasi-endowments.

CLASSIFICATION OF REVENUES AND EXPENSES

The University has classified its revenues and expenses as either operating or non-operating according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of educational activities and auxiliary enterprises, net of scholarship discounts and allowances, (3) federal, state, local, and nongovernmental research grants and contracts, and (4) interest on institutional student loans.

Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as (1) gifts and contributions, (2) non-research federal, state, local, and nongovernmental grants and contracts and (3) other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as state appropriations and investment income.

Operating expenses: Operating expenses include activities that have the characteristics of exchange transactions, such as (1) salaries and wages, (2) employee benefits, (3) scholarships and fellowships, (4) depreciation, and (5) other operating expenses.

Non-operating expenses: Non-operating expenses primarily include interest on debt obligations.

When both restricted and unrestricted resources are available, such resources are spent and tracked at the discretion of the department subject to donor restrictions, where applicable.

SCHOLARSHIP DISCOUNTS AND ALLOWANCES

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance. The following schedule presents revenue allowances for the year ended June 30, 2023:

Revenue	2023
Tuition and Fees	$40,654,155
Auxiliary enterprises	$605,695

2. CASH & INVESTMENTS

DEPOSITS

Custodial Credit Risk
Custodial credit risk is the risk that, in the event of a bank failure, the University's deposits may not be returned to it. The University does not have a formal policy for custodial credit risk that further limits what is required by the State Money Management Act. As of June 30, 2023, the University had bank and deposit balances of $7,514,388 at Wells Fargo, of which $7,264,388 was uninsured and uncollateralized, and cash in transit to Commonfund totaling $269,010 all of which uninsured and uncollateralized. The Foundation had $41,659 held by Key Bank, and $99,142 held by Morgan Stanley, all of which was insured. The State of Utah does not require collateral on deposits.

Investments
The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review the rules adopted under the authority of the State of Utah Money Management Act (*Utah Code*, Title 51, Chapter 7) (the Act) that relate to the deposit and investment of public funds.

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

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

The Act defines the types of securities authorized as appropriate investments for the University's non-endowment funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the University to invest in negotiable or nonnegotiable deposits of qualified or permitted depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State;

fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah Public Treasurers' Investment Fund (PTIF).

The Utah State Treasurer's Office operates the PTIF. The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the Securities and Exchange Commission (SEC) as an investment company. The PTIF is authorized and regulated by the Act. The Act established the Money Management Council which oversees the activities of the Utah State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

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

According to the Uniform Prudent Management of Institutional Funds Act (UPMIFA), Title 51-8 of the Utah Code, the University may appropriate for expenditure or accumulate so much of an endowment fund as the University determines to be prudent for uses, benefits, purposes, and duration for which the endowment was established. The endowment income spending policy at June 30, 2023, 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, 2023 was approximately $16.6 million. The net appreciation is a component of restricted expendable net position.

FAIR VALUE OF INVESTMENTS

The University measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Agencies: quoted prices for identical securities in markets that are not active;
- Corporate Notes; quoted prices for similar securities in active markets;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund; and,
- Utah Public Treasurers' Investment Fund: application of the June 30, 2023 fair value factor, as calculated by the Utah State Treasurer, to the University balance in the Fund.

Securities classified in Level 3 are valued using the following approaches:

- Other donated assets are valued using the real estate's market value or the cash surrender value of the life insurance policy.

The Bond and Equity Mutual funds listed below are held and managed by Commonfund. For these funds Commonfund is not required to register as an investment company, and has not registered as such. For these funds, Commonfund received a ruling from the Commodity Futures Trading Commission that it is entitled to relief from regulation as a Commodity Pool Operator. In terms of regulatory oversight, these funds are subject to regulatory reporting under Form PF, National Futures Association/ Commodity Futures Trading Commission pool quarterly and annual reporting (for commodity pools).

At June 30, 2023 the University had the following recurring fair value measurements.

	6/30/22	Fair Value Measurements Using		
Investments by Fair Value Level	**Total**	**Level 1**	**Level 2**	**Level 3**
Debt Securities				
U.S. Agencies	$ 63,646,668		$63,646,668	
Corporate Notes	35,029,873		35,029,873	
Money Market Mutual Funds	1,381,029		1,381,029	
Bond Mutual Funds	41,315,955		41,315,955	
Utah Public Treasurers' Investment Fund	121,222,323		121,222,323	
Total Debt Securities	262,595,848		262,595,848	-
Equity Securities				
Common and Preferred Stock	7,205,228	7,205,228		
Exchange Traded/Closed-End Funds	1,684,881	1,684,881		
Equity Mutual Funds	96,789,856		96,788,856	
Total Equity Securities	105,679,965	8,890,109	96,789,856	-
Other				
Donated Assets	3,932,412			3,932,412
Total Other	3,932,412			3,932,412
Total investments by Fair Value Level	$ 372,208,225	$ 8,890,109	$359,385,704	$3,932,412
Investments Measured at Net Asset Value NAV				
Real Estate Opportunity	$5,358,919			
Private Equity Partnerships	13,516,159			
Secondary Partners	5,866,974			
Venture Capital Funds	15,739,471			
Global Distressed	20,698			
Core Real Estate	2,514,992			
Natural Resources Partners	3,170,755			
Environmental Sustainability	1,366,936			
Total Investments Measured at NAV	47,554,904			
Total Investments Measured at Fair Value	$419,763,129			

Investments valued using the net asset value (NAV) per share (or its equivalent) are considered "alternative investments" and, unlike more traditional investments, generally do not have readily obtainable market values and take the form of limited partnerships or limited liability companies. The University values these investments based on the values provided by the partnerships as well as the audited financial statements. If June 30 statements are available, those values are used preferentially. However, some partnerships have fiscal years ending at other than June 30. If June 30 valuations are not available, the value is progressed from the most recently available valuation taking into account subsequent capital calls and distributions. In order to mitigate market volatility and provide diversification to traditional investments, the University has opted to invest portions of its portfolio in alternative assets, including private capital. Private capital partnerships utilize investments strategies that focuses on managers who buy and sell privately owned companies. The following table presents the unfunded commitments, redemption frequency (if currently eligible), and the redemption notice period for the University's alternative investments measured at NAV:

Investments Measured at NAV	Fair Value	Unfunded Commitments	Redemption	Redemption Notice Period
Real Estate Opportunity	5,358,916	5,863,532	N/A	N/A
Private Equity Partnerships	13,516,159	8,812,375	N/A	N/A
Secondary Partners	5,866,974	3,012,501	N/A	N/A
Venture Capital Funds	15,739,471	4,356,950	N/A	N/A
Global Distressed	20,698	76,300	N/A	N/A
Environmental Sustainability	1,366,936	1,012,500	N/A	N/A
Core Real Estate	2,514,992	0	N/A	N/A
Natural Resources Partners	3,170,755	590,000	N/A	N/A
Total Investments Measured at NAV	47,554,904	23,724,158		

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act or the UPMIFA and Rule 541, as applicable. For non-endowment funds, Title 51-7-11 of the Money Management Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days – 15 months or less. The Act further limits the remaining terms to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 10 years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years. For endowment funds, Rule 541 is more general, requiring only that investments be made as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the endowments and by exercising reasonable care, skill, and caution.

As of June 30, 2023, the University had the following debt investments and maturities:

		Investment Maturities (in Years)		
Investment Type	**Fair Value**	**Less than 1**	**1-5**	**6-10**
State of Utah Public Treasurers' Investment Fund	$121,222,323	$121,222,323	$ -	$ -
Bond Mutual Funds	41,315,955	-	-	41,315,955
U.S. Agencies	63,646,668	9,962,385	53,684,283	
Corporate Notes	35,029,873	14,950,600	20,079,273	-
Money Market Mutual Funds	1,381,029	1,381,029	-	-
Total	$262,595,848	$147,516,337	$73,763,556	$41,315,955

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, 2023, the University had the following debt investments and quality ratings:

		Quality Ratings		
Investment Type	**Fair Value**	**AA+**	**A**	**Unrated**
State of Utah Public Treasurer's Investment Fund	$121,222,323			$121,222,323
Bond Mutual Funds	41,315,955			41,315,955
U.S. Agencies	63,646,668	58,676,395		4,970,273
Corporate Notes	35,029,873	-	35,029,873	
Money Market Mutual Funds	1,381,029			1,381,029
Total	$262,595,848	58,676,395	35,029,873	168,889,580

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The University's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council or the UPMIFA and Rule 541, as applicable. Rule 17 of the Money Management Council limits non-endowment fund investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio. For endowment funds, Rule 541 requires that a minimum of 25% of the overall endowment portfolio be invested in fixed income or cash equivalents. Also, the overall endowment portfolio cannot consist of more than 75% equity investments. Rule 541 also limits investments in alternative investment funds, as allowed by Rule 541, to between 0% and 30% based on the size of the University's endowment fund. At June 30, 2023, the University was in compliance with these rules.

CUSTODIAL CREDIT RISK

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The University does not have a formal policy for custodial credit risk that further limits what is required by the State Money Management Act. As of June 30, 2023, the University had $63,646,666 in U.S. agencies, $35,029,873 in corporate notes, and $1,013,556 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, 2023 are summarized below:

CAPITAL ASSETS

	Beginning Balances	Additions	Reductions	Ending Balance
Capital assets not being depreciated/amortized:				
Land	$11,079,665	$468,295	$-	$11,547,960
Construction in progress	16,521,125	11,989,155	21,653,871	6,856,409
Total nondepreciable assets	27,600,790	12,457,450	21,653,871	18,404,369
Capital assets being depreciated/amortized:				
Land improvements & infrastructure	53,327,903	9,353,068	2,810,134	59,870,837
Buildings	548,771,013	66,192,109	2,773,074	612,190,048
Leasehold Improvements	1,309,530	-	-	1,309,530
Leased buildings	2,377,640	-	-	2,377,640
Right-to-use software	5,220,028	-	-	5,220,028
Equipment	36,438,305	5,307,205	2,496,289	39,249,221
Library collections	17,267,461	3,095,590	1,013,950	19,349,101
Total depreciable assets	664,711,880	83,947,972	9,093,447	739,566,405
Total capital assets	692,312,670	96,405,422	30,747,318	757,970,774
Less: Accumulated depreciation/amortization:				
Land Improvements & infrastructure	27,624,188	2,750,298	2,639,734	27,734,752
Buildings	206,126,168	14,794,116	2,500,192	218,420,092
Leasehold Improvements	851,195	130,953	-	982,148
Leased buildings	357,070	383,596	-	740,666
Right-to-use software	-	1,386,950	-	1,386,950
Equipment	30,962,154	2,655,736	2,449,547	31,168,343
Library collections	13,822,457	528,610	1,013,951	13,337,116
Total accumulated depreciation/amortization	279,743,232	22,630,259	8,603,424	293,770,067
Capital assets, net	$412,569,438	$73,775,163	$22,143,894	$464,200,707

LONG TERM LIABILITIES

	Beginning Balances	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable:					
Bonds payable	$41,655,000	$-	$3,235,000	$38,420,000	$3,400,000
Unamortized bond premium	3,465,342	-	306,634	3,158,708	306,634
Total contract and bond obligations	45,120,342	-	3,541,634	41,578,708	3,706,634
Other Liabilities:					
Compensated absences	5,813,709	3,302,890	2,951,863	6,164,736	2,901,275
Termination benefits payable	4,614,429	1,082,462	1,106,156	4,590,735	1,344,267
Net pension liability	0	216,250	-	216,250	-
Leases payable	2,020,570	-	383,596	1,636,974	409,163
Right-to-use software	5,220,028	-	1,386,950	3,833,078	1,425,042
Annuities payable	304,296	59,627	13,039	350,884	41,035
Total other liabilities	17,973,032	4,661,229	5,841,604	16,792,657	6,120,782
Total long-term liabilities	$63,093,374	$4,661,229	$9,383,238	$58,371,365	$9,827,416

4. REVENUE BONDS PAYABLE

Revenue bonds payable consisted of the following at June 30, 2023:

Student Facilities System Refunding Revenue Bonds, Series 2015, $18,135,000, 2%-5% maturing 2015 through 2030	$ 9,620,000
Student Facilities System, Revenue Bonds, Series 2012, $17,380,000, 3%-4% maturing 2013 through 2032	9,245,000
Student Facilities System, Revenue Bonds, Series 2019, $10,835,000, 2.25%-5% maturing 2021 through 2040	9,740,000
Student Facilities System Refunding, Revenue Bonds, Series 2017, $7,215,000, 2.00%-5.00% maturing 2018 through 2030	4,200,000
Student Facilities System Revenue Bonds, Series 2021, $5,815,000 2.00%-5.00% maturing 2022 through 2041	5,615,000
	38,420,000
Plus unamortized bond premium	3,158,709
Total bonds payable	$ 41,578,709

Principal and interest on these revenue bonds are collateralized by a first lien on certain revenue and other income of the University operations. The Student Facilities System includes the Student Union Building; the University bookstore; the Dee Events Center, including the parking and all concessions; Series 2012 System Facilities; and student housing facilities. The general purpose for which the secured debt was issued is student facilities capital additions and improvements. All revenues from these facilities and student building fees are pledged to the Series 2012, Series 2015, Series 2017, Series 2019, and Series 2021. Revenue Bonds are included in Student Tuition & Fees and Auxiliary Enterprises Revenue. The University has agreed that it will allocate such amount of its discretionary investment interest income as is necessary to ensure its compliance with rate covenant requirements of the indentures. In addition, the Bonds are secured by reserve instruments issued by Build America Mutual Assurance Company and Assured Guaranty Mutual) for the timely payment of principal and interest. For the year ended June 30, 2023, the receipts and disbursements of pledged revenues were as follows:

Receipts	
Pledged auxiliary operating revenue	$17,070,032
Student building fees	3,949,128
Pledged discretionary investment income	1,150,000
Total receipts	22,169,160
Disbursements	
Pledged auxiliary operating expenses	16,188,670
Excess of pledged receipts over expenses	$ 5,980,490
Debt service principal and interest payments	$ 4,779,761

The scheduled maturities of the revenue bonds are as follows:

	Principal	Interest	Total Payments
2024	3,400,000	1,400,511	4,800,511
2025	3,550,000	1,248,611	4,798,611
2026	3,720,000	1,089,711	4,809,711
2027	3,850,000	950,311	4,800,311
2028	4,000,000	804,549	4,804,549
2029-2033	12,245,000	2,032,555	14,277,555
2034-2038	5,045,000	722,967	5,767,967
2039-2041	2,610,000	107,382	2,717,382
Totals	$ 38,420,000	$ 8,356,597	$ 46,776,597


WILDCATS
0

5. ACCOUNTS RECEIVABLE AND PAYABLE

Accounts receivable consist primarily of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of Utah. Grants and contracts receivable include amounts due from the Federal Government, local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grant and contracts. The receivable from State agencies includes amounts due from State agencies in connection with the reimbursement of allowable expenses made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts. The following schedule presents receivables as of June 30, 2023, including approximately $3,207,491, $680,781, and $2,355,524 of net, noncurrent accounts, student loans, and pledges receivable, respectively:

Accounts	$10,687,353
Grants and contracts	1,130,251
Student loans	984,037
Pledges	4,407,263
Receivable from state agencies	1,558,213
Interest	842,220
Total receivables	19,609,337
Less allowances for doubtful accounts	(4,580,617)
Receivables, net	$15,028,720

The following schedule presents the major components of accounts payable at June 30, 2023:

Vendors	$2,980,023
Payable to State Agencies	3,307,313
Interest	350,128
Accrued payroll	442,000
Other	393,802
Total Accounts Payable	$7,473,266

6. LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAS)

The University has entered into several building leases for educational and office space for various programs as a lessee. Total payments for such leases were $451,502, which includes $67,906 in interest expense, for the fiscal year ended June 30, 2023. The University has also entered into several subscription-based information technology arrangements (SBITAs). Total payments for such arrangements for the year ended June 30, 2023 was $1,386,950. The following are schedules by year of future financing lease and SBITA obligations:

Leased Buildings

Fiscal Year Ending June 30	Principal	Interest	Total Payment
2024	409,163	53,507	462,670
2025	435,318	38,174	473,492
2026	463,980	21,851	485,831
2027	145,674	10,081	155,755
2028	156,103	4,305	187,272
2029	26,736	128	26,864
Total leases payable	1,636,974	128,046	1,765,020

Subscription-Based IT Arrangements

Fiscal Year Ending June 30	Principal	Interest	Total Payment
2024	1,243,354	181,688	1,425,042
2025	983,343	122,753	1,106,096
2026	725,189	76,142	801,331
2027	300,962	41,768	342,730
2028	315,477	27,503	342,980
2029	264,753	12,549	277,302
Total SBITAs payable	3,833,078	462,403	4,295,481

7. PENSION PLANS AND RETIREMENT BENEFITS

As required by State law, eligible non-exempt employees of the University (as defined by the U.S. Fair Labor Standards Act) are covered by either the State and School Contributory, Noncontributory, or Tier 2 Retirement Systems (Systems). Employees hired after November 16, 2015 cannot elect to participate in the URS system unless they had already participated in a URS plan from a previous employer. These ineligible non-exempt employees along with exempt employees (as defined by the U.S. Fair Labor Standards Act) are covered by the Teachers Insurance and Annuity Association (TIAA).

DEFINED CONTRIBUTION PLANS

TIAA provides individual retirement fund contracts with each participating employee. Benefits provided to retired employees are generally based on the value of the individual contracts and the estimated life expectancy of the employee at retirement, and are fully vested from the date of employment. Employees are eligible to participate from the date of employment and are not required to contribute to the fund. For the year ending June 30, 2023, the University's contribution to this defined contribution plan was 14.2% of the participating employees' annual salaries, or $14,266,505 which is included in the benefits expense. The compensation for employees covered by TIAA (including post-retired employees), for the year ended June 30, 2023, was $100,468,334. The University has no further liability once annual contributions are made.

Employees who participate in the State and School Noncontributory and Tier 2 pension plans also participate in qualified contributory 401(k) and 457 savings plans administered by the Utah Retirement Systems. The University contributes 1.5%, and .18% respectively of participating employees' annual salaries to a 401(k) plan administered by the Systems. For employees participating in the Tier 2 Public Employee defined contribution plan, the University is required to contribute 20.02% of the employee's salary, of which 10% is paid into a 401(k)/457 plan while the remainder is contributed to the Tier 1 Plans, as required by law. During the year ended June 30, 2023, the University's contribution totaled $332,363 which was included in the benefits expense, and the participating employees' voluntary contributions totaled $747,710.

DEFINED BENEFIT PLANS

Eligible plan participants are provided with pensions through the Systems. The University participates in the following pension trust funds:

- Public Employees Noncontributory Retirement System (Noncontributory System) and Public Employees Contributory Retirement System (Contributory System or

Tier 1): multiple employer, cost sharing, public employees retirement systems.

- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System): a multiple employer, cost sharing, public employees retirement system.

The Tier 2 Public Employees System was established July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with the Utah Retirement Systems, are members of the Tier 2 Retirement System.

Systems are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds and are a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. The Systems' publicly available financial report can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

The Systems provide retirement benefits as follows:

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age	2.0% per year all years	Up to 4%
		25 years any age*		
		20 years age 60*		
		10 years age 62*		
		4 years age 65		
Contributory System	Highest 5 years	30 years any age	1.25% per year to June 1975;	Up to 4%
		20 years age 60*	2.00% per year July 1975 to present	
		10 years age 62*		
		4 years age 65		
Tier 2 Public Employees System	Highest 5 years	35 years any age	1.5% per year all years	Up to 2.5%
		20 years age 60*		
		10 years age 62*		
		4 years age 65		

** with actuarial reductions*

*** All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.*

Contributions: As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2023 are as follows:

	Paid by Employer for Employee	Employer Contribution Rate
Contributory System		
17 Higher Education – Tier 1	6.00 %	17.70 %
117 Higher Education – Tier 2*	N/A	19.84 %
Noncontributory System		
18 - Higher Education – Tier 1	N/A	22.19 %
Tier 2 DC Only		
217 Higher Education	N/A	10.02 %

** Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 Plans.*

For Fiscal year ended June 30, 2023, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	$3,149,390	N/A
Contributory System	6,917	2,345
Tier 2 Public Employees System	900,867	-
Total Contributions	$4,057,174	2,345

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

PENSION ASSETS, LIABILITIES, EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATING TO PENSIONS

At June 30, 2023, the University reported a net pension asset of $138,906 and a net pension liability of $216,250.

(Measurement Date): December 31, 2022

	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share Dec 31, 2021	Change (Decrease)
Noncontributory System	$127,996	$0	7.3117681%	6.9484743%	0.3632938%
Contributory System	$10,910	$0	1.1808038%	1.5074367%	(0.3266329)%
Tier 2 Public Employees System		$216,250	0.1985960%	0.2023868%	(0.0037908)%
Total Net Pension Asset / Liability	$138,906	$216,250			

The net pension asset and liability were measured as of December 31, 2022. The total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2022 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2023, the University recognized pension expense of ($3,228,629) for the defined benefit pension plans.

At June 30, 2023, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$961,123	$149,373
Changes in assumption	$98,203	$550
Net difference between projected and actual earnings on pension plan investments	$2,593,479	$0
Changes in proportion and differences between contributions and proportionate share of contributions	$125,276	$10,746
Contributions subsequent to the measurement date	$2,049,583	$0
Total	$5,827,664	$160,669

$2,049,583 was reported as deferred outflows of resources related to pensions results from contributions made by the University prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Net Deferred Outflows (inflows) of Resources
2023	($1,422,754)
2024	(433,042)
2025	1,168,168
2026	4,221,308
2027	$17,270
Thereafter	$66,462

Actuarial assumptions: Actuarial assumptions: The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- **Inflation**: 2.50 Percent
- **Salary increases:** 3.25 – 9.25 percent, average, including inflation
- **Investment rate of return:** 6.85 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the January 1, 2022, valuation were based on an experience study of the demographic assumptions as of January 1, 2020, and a review of economic assumptions as of January 1, 2021.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best- estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Expected Return Arithmetic Basis		
Asset class	**Target Asset Allocation**	**Real Return Arithmetic Basis**	**Long-Term Expected Portfolio Real Rate of Return**
Equity securities	35 %	6.58 %	2.30 %
Debt securities	20 %	1.08 %	.22 %
Real assets	18 %	5.72 %	1.03 %
Private equity	12 %	9.80 %	1.18 %
Absolute return	15 %	2.91 %	0.44 %
Cash and cash equivalents	0 %	(0.11) %	0.00 %
Totals	100 %		5.17 %
Inflation			2.50 %
Expected arithmetic nominal return			7.67 %

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50% and a real return of 4.35% that is net of investment expense.

The discount rate used to measure the total pension liability was 6.85 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability (asset) calculated using the discount rate of 6.85 percent, as well as what the proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.85 percent) or 1-percentage-point higher (7.85 percent) than the current rate:

	1% Decrease (5.85%)	**Discount Rate (6.85%)**	**1% Increase (7.85%)**
Noncontributory	$19,480,376	($127,996)	($16,555,741)
Contributory	152,171	(10,910)	($151,343)
Tier 2 Public Employees	$944,894	216,250	($345,078)
Total	$20,577,441	77,344	($17,052,162)

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

8. CONSTRUCTION COMMITMENTS

The Utah State Division of Facilities Construction and Management (DFCM) administers most of the construction of facilities for state institutions, maintains records, and furnishes cost information for recording land assets on the books of the University. State-funded construction projects administered by DFCM will not be recorded on the books of the University until the facility is available for occupancy. At June 30, 2023, the University had outstanding commitments for the construction and remodeling of University buildings of approximately $9,567,001.

9. TERMINATION BENEFITS

In addition to the pension benefits described in Note 7, the University may provide an early retirement program to qualified employees that are approved by the administration in accordance with University policy as approved by the State Board of Higher Education. Full-time salaried employees who will have 15 years of full-time service and are within ten years of the Full Retirement Age (FRA) on the date of the proposed retirement are eligible to apply for the early retirement program. FRA or normal retirement age, is the age a person can receive full (100%) social security benefits as specified by the Social Security Administration. Full-time service will include approved leaves of absence with pay such as sabbaticals. Hourly service is not credited. The benefits include a semi-monthly stipend of between 14.28% to 30% of the retiree's salary at the end of active employment along with health and dental insurance. The benefits are paid by the University at a rate of 71.4% to 100% for medical and 57.1% to 80.0% for dental benefits. Benefits are payable for 7 years or until the retiree reaches age 65 for health and dental insurance and until the employee reaches FRA for the stipend.

There are currently 64 retirees who are receiving benefits under the University's early retirement program. The University has recorded a liability for the cost of these benefits at their net present value in the year the individuals retire using a discount rate of 2%. To offset increasing healthcare and dental costs, the University has also adjusted the liability by 3% to account for these estimated future increases. The expense for the early retirement program for the year ended June 30, 2023, was $1,582,378.

10. WSU FOUNDATION - BLENDED PRESENTATION COMPONENT UNIT

The Weber State University Foundation (the Foundation) is a legally separate, tax-exempt component unit of the University. The Foundation acts primarily as a fund-raising organization to supplement resources that are available to the University in support of its programs. The majority of the resources or income the Foundation holds and invests is restricted to the activities of the University by the donors. Additionally, the University Board of Trustees approves the individuals who are appointed to serve on the Foundation's governing board. These restricted resources held by the Foundation can only be used by, or for the benefit of the University. For these reasons the Foundation is considered a component unit of the University and is presented in the University financial statements as a blended component unit. Separately issued financial statements for the Foundation can be obtained from the University at 3850 Dixon Parkway Department 1014, Ogden Utah 84408-1014.

Elimination of internal balances and transactions between the University and the Foundation and a presentation of eliminated balances and transactions in a separate column is required by GASB Statement 34. However, because there are no such internal balances and transactions, the following is a single-column, condensed version of their financial statements for the fiscal year ended June 30, 2023.

The following is a condensed version of their financial statements for the fiscal year ended June 30, 2023.

STATEMENT OF NET POSITION

Assets	
Current Assets	
Other Current Assets	$383,152
Non Current Assets	
Restricted Cash & Cash Equivalents	160,258
Investments	12,763,746
Total Assets	13,307,156
Liabilities	
Current Liabilities	
Current Liabilities	41,035
Noncurrent Liabilities	
Annuities Payable	309,848
Total Liabilities	350,883
Net Position	
Restricted	
Restricted	12,956,273
Total Net Position	$12,956,273

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Operating Revenues	
Gifts	$101,545
Total Operating Revenues	101,545
Operating Expenses	
Other Expenses	109,316
Transfers to University	461,166
Total Operating Expenses and Transfers	570,482
Operating Income (Loss)	(468,937)
Nonoperating Revenues	
Investment Income (Loss)	745,200
Change in Net Position	276,263
Net Position at beginning of year	12,680,010
Net Position at end of year	$12,956,273

STATEMENT OF CASH FLOWS

Cash Flows from Operating Activities	
Cash Received through contributions	$101,545
Cash Payments for operations	(39,775)
Transfers to University	(461,166)
Net Cash Provided by (used in) Operating Activities	(399,396)
Cash Flows from Investing Activities	
Investment Income	(316,889)
Investment Purchases/Proceeds	685,137
Net Cash Provided by (used in) Investing Activities	368,248
Increase in Cash and Cash Equivalents	(31,148)
Cash and Cash Equivalents at beginning of year	191,407
Cash and Cash Equivalents at end of year	$160,259

11. FUNDS HELD IN TRUST BY OTHERS

Funds held in trust by others for the sole benefit of the University are neither in the possession of nor under the management of the University. These funds, which are not recorded on the University's financial records and which arose from contributions, are held and administered by external fiscal agents, selected by the donors, who distribute net income earned by such funds to the University, where it is recorded when received. The fair value of funds held in trust at June 30, 2023 was $10,718,483.

12. RISK MANAGEMENT

The University maintains insurance coverage for commercial general liability, automobile, errors and omissions, and property (buildings and equipment) through policies administered by the Utah State Risk Management Fund. Employees of the University and authorized volunteers are covered by workers' compensation and employees' liability through the Workers' Compensation Fund of Utah.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of the Net Pension Liability Noncontributory, Contributory, & Tier 2 Public Employees Systems of the Utah Retirement Systems

	December 31, 2022		
	Noncontributory System	**Contributory System**	**Tier 2 Public Employees System**
Proportion of Net Pension Liability (Asset)	7.3117681%	1.1808038%	0.198596%
Proportionate Share of Net Pension Liability (Asset)	$(127,996)	$(10,910)	$216,250
Covered Payroll	$14,427,387	$37,987	$4,335,577
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	-0.89%	-28.72%	4.99%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	100.1%	100.6%	92.3%

	December 31, 2021		
	Noncontributory System	**Contributory System**	**Tier 2 Public Employees System**
Proportion of Net Pension Liability (Asset)	6.9484743%	1.5074367%	0.2023868%
Proportionate Share of Net Pension Liability (Asset)	$(17,078,660)	$(424,621)	$(85,658)
Covered Payroll	$14,202,569	$54,637	$3,756,055
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	-120.25%	-777.17%	-2.28%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	111.8%	117.6	103.8%

	December 31, 2020		
	Noncontributory System	**Contributory System**	**Tier 2 Public Employees System**
Proportion of Net Pension Liability (Asset)	6.9484743%	3.9152387%	0.2100725%
Proportionate Share of Net Pension Liability (Asset)	$(6,853,186)	$(831,711)	$30,214
Covered Payroll	$14,287,764	$174,082	$3,358,236
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	-47.97%	-477.77%	0.90%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	104.7%	113.1%	98.3%

	December 31, 2019		
	Noncontributory System	**Contributory System**	**Tier 2 Public Employees System**
Proportion of Net Pension Liability (Asset)	6.7100228%	3.5167112%	0.2310701%
Proportionate Share of Net Pension Liability (Asset)	$7,871,059	$(198,283)	$51,969
Covered Payroll	$14,223,902	$182,748	$-
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	55.34%	-108.50%	0.00%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	94.2%	103.6%	96.5%

	December 31, 2018		
	Noncontributory System	**Contributory System**	**Tier 2 Public Employees System**
Proportion of Net Pension Liability (Asset)	0.5175892%	2.1021497%	0.2718236%
Proportionate Share of Net Pension Liability (Asset)	$19,256,995	$1,492,535	$116,416
Covered Payroll	$14,396,107	$407,970	$3,177,248
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	133.77%	365.84%	3.66%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.1%	91.4%	90.8%

	December 31, 2017		
	Noncontributory System	**Contributory System**	**Tier 2 Public Employees System**
Proportion of Net Pension Liability (Asset)	0.5362218%	2.1186295%	0.3156128%
Proportionate Share of Net Pension Liability (Asset)	$13,112,565	$139,414	$27,827
Covered Payroll	$14,526,952	$482,045	$3,090,727
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	90.26%	28.92%	0.90%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	89.2%	99.2%	97.4%

	December 31, 2016		
	Noncontributory System	**Contributory System**	**Tier 2 Public Employees System**
Proportion of Net Pension Liability (Asset)	0.5426397%	1.8014682%	0.3777285%
Proportionate Share of Net Pension Liability (Asset)	$17,586,502	$987,128	$42,135
Covered Payroll	$14,565,724	$482,911	$3,097,679
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	120.74%	204.41%	1.36%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.9%	93.4%	95.1%

	December 31, 2015		
	Noncontributory System	**Contributory System**	**Tier 2 Public Employees System**
Proportion of Net Pension Liability (Asset)	0.5649436%	1.4258809%	0.4586583%
Proportionate Share of Net Pension Liability (Asset)	$17,746,496	$893,531	$(1,001)
Covered Payroll	$14,964,592	$451,684	$2,963,149
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	118.59%	197.82%	-0.03%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.5%	92.4%	100.2%

	December 31, 2014		
	Noncontributory System	**Contributory System**	**Tier 2 Public Employees System**
Proportion of Net Pension Liability (Asset)	0.54930260%	1.19379800%	0.4999827%
Proportionate Share of Net Pension Liability (Asset)	$13,801,385	$130,898	$(15,152)
Covered Payroll	$14,708,544	$429,730	$2,452,491
Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll	93.80%	30.50%	(0.60%)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	87.20%	98.70%	103.50%

The University implemented GASB Statement No. 68 in fiscal year 2015. Information on the University's portion of the plans' net pension liabilities (assets) is not available for periods prior to fiscal year 2015.

Changes in Assumptions: The investment return assumption was decreased by 0.10% to 6.85% for use in the January 1, 2021 actuarial valuation This assumption change was based on analysis performed by the actuary and adopted by the Utah State Retirement Board. In aggregate, this assumption change resulted in $509 million increase in the Total Pension Liability, which is about 1.3% of the Total Pension Liability as of December 31, 2020 for all the systems combined. The demographic assumptions were reviewed and updated in the January 1, 2020 actuarial valuation and are currently scheduled to be reviewed in the year 2023..

Schedule of Defined Benefit Pension Contributions

Noncontributory, Contributory, & Tier 2 Public Employees Systems of the Utah Retirement Systems

Last 10 Fiscal Years as of June 30.

Noncontributory System

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	$3,149,390	$3,085,812	$3,159,475	$3,049,150	$3,132,687	$3,143,377	$3,148,336	$3,204,447	$3,239,631	$2,914,501
Contributions in Relation to the Contractually Required Contribution	(3,149,390)	(3,085,812)	(3,159,475)	(3,049,150)	(3,132,687)	(3,143,377)	(3,148,336)	(3,204,447)	(3,239,631)	(2,914,501)
Contribution Deficiency (Excess)	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-
Covered Payroll	$14,398,114	$14,153,802	$14,495,844	$14,011,779	$14,437,619	$14,605,891	$14,188,087	$14,440,949	$14,599,504	$14,244,873
Contributions as a Percentage of Covered Payroll	21.87%	21.80%	21.80%	21.76%	21.70%	21.52%	22.19%	22.19%	22.19%	20.46%

Contributory System

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	$6,917	$6,531	$21,151	$30,938	$47,577	$84,948	$114,251	$111,545	$104,601	$93,105
Contributions in Relation to the Contractually Required Contribution	(6,917)	(6,531)	(21,151)	(30,938)	(47,577)	(84,948)	(114,251)	(111,545)	(104,601)	(93,105)
Contribution Deficiency (Excess)	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-
Covered Payroll	$39,078	$36,896	$119,494	$174,788	$268,797	$479,927	$482,070	$470,656	$441,353	$423,784
Contributions as a Percentage of Covered Payroll	17.70%	17.70%	17.70%	17.70%	17.70%	17.70%	23.70%	23.70%	23.70%	21.97%

Tier 2 Public Employees System

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	$900,867	$810,260	$705,529	$639,286	$629,567	$602,195	$643,870	$628,814	$526,517	$367,060
Contributions in Relation to the Contractually Required Contribution	(900,867)	(810,260)	(705,529)	(639,286)	(629,567)	(602,195)	(643,870)	(628,814)	(526,517)	(367,060)
Contribution Deficiency (Excess)	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-
Covered Payroll	$4,540,661	$4,176,597	$3,688,073	$3,366,433	$3,336,337	$3,265,705	$3,529,983	$3,447,449	$2,881,559	$2,191,402
Contributions as a Percentage of Covered Payroll	19.84%	19.40%	19.13%	18.99%	18.87%	18.44%	18.24%	18.24%	18.27%	16.75%

***Contributions in Tier 2 include an amortization rate to help fund the unfunded liability in the Tier 1 Noncontributory and Contributory systems. The Tier 2 Public Employees System was created in fiscal year 2011.*

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& OFFICERS

As of June 30, 2023

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WEBER STATE
UNIVERSITY

ANNUAL FINANCIAL REPORT 2023

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