



# Annual Financial Report 2008

# **Grand Valley State University**

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## **Financial Report with Additional Information June 30, 2008**

# **Grand Valley State University**

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## Independent Auditor's Report

To the Board of Trustees  
Grand Valley State University

We have audited the accompanying basic financial statements of Grand Valley State University as of June 30, 2008 and 2007 and for the years then ended, as listed in the table of contents. These basic financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance that the statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Grand Valley State University at June 30, 2008 and 2007 and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, the University adopted GASB 45, changing how it accounted for its other postemployment benefits (OPEB) liability.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2008 on our consideration of the University's internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



To the Board of Trustees  
Grand Valley State University

The management's discussion and analysis presented on pages 4 through 14 is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

*Plante & Moran, PLLC*

October 7, 2008

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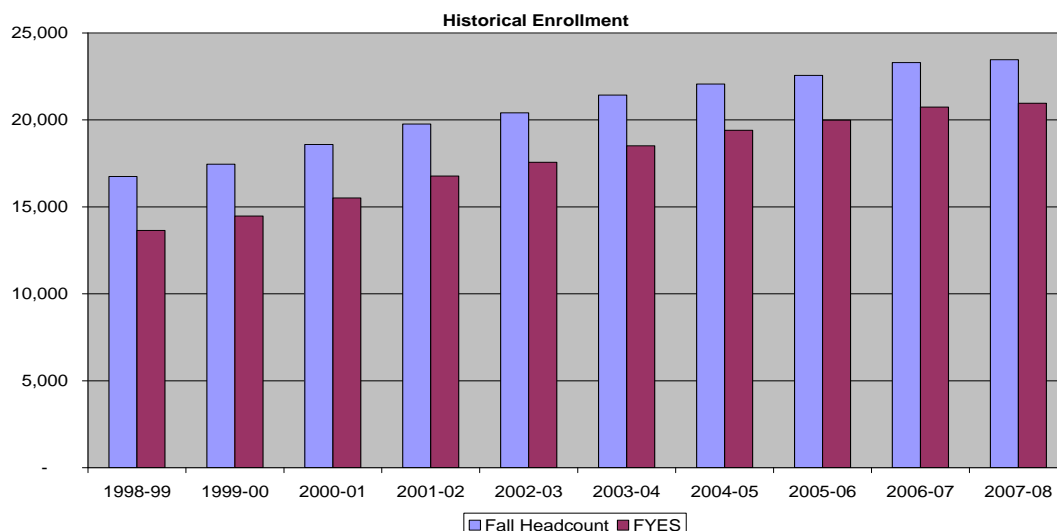
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# Grand Valley State University

## Management's Discussion and Analysis - Unaudited

### Financial and Enrollment Highlights for the Year Ended June 30, 2008

- Enrollment increased by 1 percent based on FYES (fiscal year equated students). Headcount for the fall semester was 23,464 students.
- Operating revenue increased 9 percent as a result of increased enrollment combined with higher tuition and housing rates. Revenue from federal and state grants also increased.
- State appropriations for operations increased \$12.6 million from 2007. This includes a deferred state appropriation payment of \$5.9 million from the previous year that the University received in October 2007. If the deferred payment had been included in the previous year, the increase would have been \$784,200 in 2008.
- In September 2007, the University issued \$72.4 million in long-term debt to fund four major capital projects - the Niemeyer Learning and Living Center, the Laker Turf Building, and additions to the Kirkhof Center and Mackinac Hall.
- In March 2008, the University responded to instability of the variable rate bond market that occurred when several bond insurance companies were downgraded. The University refinanced \$145.1 million of variable debt, terminated one variable to fixed interest rate swap agreement, and issued \$147.9 million of variable and fixed rate debt.
- Net assets increased 7 percent primarily due to the "Shaping Our Future" campaign, capital appropriations, receipt of the deferred state appropriation, and investment income on unrestricted investments.
- The investment return on the endowment for 2008 was a 2.5 percent loss compared to a 19.4 percent gain in 2007.



# Grand Valley State University

## Management's Discussion and Analysis - Unaudited (Continued)

The purpose of the annual report is to provide readers with financial information about the activities and financial condition of the University. The report consists of three basic financial statements that provide information on the University as a whole: the statement of net assets, the statement of revenues, expenses, and changes in net assets, and the statement of cash flows. These reports begin on page 15 and should be read in conjunction with the notes to the financial statements. The following summary and management discussion of the results is intended to provide the readers with an overview of the financial statement.

### The Statement of Net Assets

The statement of net assets includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. Net assets - the difference between assets and liabilities - are one way to measure the financial health of the University. Over the past two years, net assets have increased by 13 percent, from \$441 million to \$500 million.

	June 30		
	2008	2007	2006
	(in 000s)		
<b>Current Assets</b>			
Cash and short-term investments	\$ 54,508	\$ 34,028	\$ 35,267
Receivables	48,662	40,604	41,128
Inventory, prepaid expenses, and other	4,811	3,865	5,532
Total current assets	107,981	78,497	81,927
<b>Noncurrent Assets</b>			
Endowment investments	62,181	63,164	52,826
Other long-term investments	74,771	60,780	54,067
Long-term receivables	20,027	11,209	10,921
Capital assets - Net of depreciation	512,223	458,208	450,060
Other	3,901	3,284	3,867
Total assets	<u>\$ 781,084</u>	<u>\$ 675,142</u>	<u>\$ 653,668</u>
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	\$ 54,311	\$ 48,127	\$ 40,610
Deferred revenue	10,136	11,863	12,656
Long-term liabilities - Current portion	8,577	11,203	10,753
Total current liabilities	73,024	71,193	64,019
<b>Noncurrent Liabilities - Long-term liabilities - Net of current portion</b>	208,536	138,581	148,845
Total liabilities	<u>\$ 281,560</u>	<u>\$ 209,774</u>	<u>\$ 212,864</u>



# Grand Valley State University

## Management's Discussion and Analysis - Unaudited (Continued)

	June 30		
	2008	2007	2006
	(in 000s)		
<b>Net Assets</b>			
Invested in physical properties	\$ 309,960	\$ 313,412	\$ 295,291
Restricted	88,628	63,062	61,926
Unrestricted	100,936	88,894	83,587
Total net assets	<b>\$ 499,524</b>	<b>\$ 465,368</b>	<b>\$ 440,804</b>

Cash and short-term investments include unrestricted funds, which are used for operating expenditures and are managed within the parameters of the University's investment policy, and restricted funds, which consist of bond proceeds that are used for capital projects. The balance in 2008 was higher than the balance in 2007 and 2006 primarily because it includes \$25 million of unspent bond proceeds.

Current receivables include grants, state appropriations, pledges, student notes, and various operating receivables that are expected to be collected within a year. Accounts receivable remained consistent from 2007 to 2008. From 2006 to 2007, accounts receivable for grants increased approximately \$3.1 million. Current pledges receivable increased in conjunction with increased activity from the Shaping Our Future campaign. State appropriation receivable increased from 2007 to 2008 by \$7.8 million for general operations (resuming the standard payment schedule) and \$0.5 million for charter schools, but decreased \$2.8 million for capital appropriations. State appropriation receivable decreased from 2006 to 2007 by \$7.7 million for general operations (due to the delayed payment schedule), but increased \$3.1 million for capital appropriations and \$1.6 million for charter schools.

The University, with advice from the investment advisory committee and outside consultants, continues to review the endowment investment strategy and allocations between fund managers. The overall investment return for the endowment was a loss of 2.5 percent in 2008, a gain of 19.4 percent in 2007, and a gain of 12.7 percent in 2006. Unrestricted long-term investments should be looked at in conjunction with cash and short-term investments. The combination of the two is the overall pool of unrestricted cash and investments. The overall pool increased \$9.9 million from 2007 to 2008 and \$5.5 million from 2006 to 2007.

Long-term receivables include pledges and student notes. This asset increased \$8.8 million from 2007 to 2008 and \$.3 million from 2006 to 2007. Pledges receivable increased in 2008 due to the Shaping Our Future campaign. The pledge receivable balance in 2006 reflects the Kennedy Engineering capital campaign. Pledges are discounted to net present value for financial statement purposes. Increases in student notes receivable reflect a higher number of eligible students and increased tuition rates.

# Grand Valley State University

## Management's Discussion and Analysis - Unaudited (Continued)

Capital assets (net of depreciation) have increased in 2008 with additions of \$73.6 million that were offset by depreciation of \$19.0 million. Several major projects were nearing completion for the fall semester of 2008: Niemeyer Learning and Living Center, the Laker Turf Building, and additions to Kirkhof Center and Mackinac Hall. Capital assets increased in 2007 with additions of \$27 million that were offset by depreciation of \$18.1 million. Construction in progress for the summer of 2007 included the projects mentioned above. Capital asset changes are summarized in Note 4 of the financial statements.

Accounts payable and other current liabilities increased from 2007 to 2008 and from 2006 to 2007 as a result of the construction activity and, in 2007, also as a result of amounts due to sub-recipients for significant grants.

Deferred tuition revenue decreased from 2007 to 2008 because a higher percentage of students took classes in the first six weeks as opposed to the second six weeks (of which five weeks were deferred at June 30.) It also decreased slightly from 2006 to 2007 because one week of the second summer session fell before June 30. Therefore, that week of revenue was recognized in 2007. Deferred grant revenue decreased from 2006 to 2007 since the primary deferred grant approached the end of its multiple-year grant period.

Current maturities in long-term debt decreased from 2007 to 2008 because the 2001A bonds are completely paid off - therefore reducing current maturities by \$2.4 million.

The University issued \$72.4 million in long-term debt in September 2007 to fund current capital projects. In March 2008, the University also issued \$147.9 million of long-term debt to refinance several variable rate bonds and terminate one of the existing variable to fixed rate swaps. The loss on the extinguishment of this debt was recorded under nonoperating expenses. The University's bond rating continues to be A+, as rated by Standard & Poors. No new long-term debt was issued in 2006 or 2007. Therefore, the balance decreased according to the scheduled payments of principal. More detailed information about the University's long-term debt is presented in Note 5 of the financial statements.

Long-term liabilities also include the recognized portion of the liability for retiree medical benefits. While the University has internally set aside funds for this benefit, the Governmental Accounting Standards Board, Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires that we recognize this portion of the total liability. The total liability for this benefit is \$7.9 million as of June 30, 2008.

The increase in the University's net assets reflects the investment in physical assets (capital additions, less depreciation, plus retirement of related debt), reserves for future projects, and increased endowment value due to gifts. Unrestricted net assets are designated for certain purposes by the University as summarized in Note 1 of the financial statements.

# Grand Valley State University

## Management's Discussion and Analysis - Unaudited (Continued)

### The Statement of Revenues, Expenses, and Changes in Net Assets

The statement of revenues, expenses and changes in net assets presents the operating results of the University, as well as the non-operating revenues and expenses. Annual state appropriations, while budgeted for operations, are considered nonoperating revenues according to generally accepted accounting principles.

	Year Ended June 30		
	2008	2007	2006
	(in 000s)		
<b>Operating Revenues</b>			
Student tuition and fees	\$ 178,361	\$ 159,897	\$ 144,269
Less scholarship allowance	(24,202)	(21,255)	(17,959)
Auxiliary	47,973	45,958	44,309
Less scholarship allowance	(4,676)	(4,538)	(4,085)
Grant and contracts	25,389	22,865	16,345
Other	11,472	11,426	10,662
Total operating revenues	234,317	214,353	193,541
<b>Operating Expenses</b>	302,595	283,252	257,419
<b>Net Operating Loss</b>	(68,278)	(68,899)	(63,878)
<b>Nonoperating Revenues (Expense)</b>			
State appropriations	69,278	56,713	61,588
Government grants	12,756	10,599	10,345
Gifts (including endowment and capital)	24,080	6,977	8,726
Capital appropriations and grants	2,785	10,243	279
Investment income - Net	3,548	15,862	8,327
Other income and expense	(10,013)	(6,931)	(6,811)
Net nonoperating revenues	102,434	93,463	82,454
<b>Net Increase in Net Assets</b>	34,156	24,564	18,576
<b>Net Assets - Beginning of year</b>	465,368	440,804	422,228
<b>Net Assets - End of year</b>	<b>\$ 499,524</b>	<b>\$ 465,368</b>	<b>\$ 440,804</b>

Revenue generated by tuition and fees increased by 12 percent in 2008 and 11 percent in 2007. The 2008 increase was caused by tuition rate increases of 9.9 percent for undergraduate and 15.4 percent for graduate and an enrollment increase of 1.0 percent of FYES. The 2007 increase was caused by tuition rate increases of 5.9 percent to 9.0 percent and enrollment increases of 3.7 percent of FYES.

# **Grand Valley State University**

## **Management's Discussion and Analysis - Unaudited (Continued)**

Scholarship allowances as a percent of tuition and fees have increased from 12.4 percent in 2006 to 13.3 percent in 2007 to 13.6 percent in 2008. In 2008, scholarship allowances increased 14 percent primarily due to an additional \$2.9 million of internally funded scholarships and an additional \$2.1 million in Pell grants. In 2007, scholarship allowances increased 18 percent primarily due to an additional \$3.7 million of internally funded scholarships.

Auxiliary revenue consists of housing, parking, bookstores, vending, golf course, health center, and conference fees for external customers. Housing revenues for 2008 reflect a 4.2 percent increase in rates and a 3.9 percent decrease in occupancy. Housing revenues for 2007 reflect a 3.7 percent increase in rates and a 0.7 percent increase in occupancy. Parking revenues and bookstore revenues have also increased with the growth of the University.

Grant and contracts revenue increased from 2007 to 2008 due to the federal WIRED grant and state grants from the 21st Century Jobs Fund. The increase from 2006 to 2007 also includes a large increase due to the federal WIRED grant and some new financial aid grants. In 2008, revenue from the Pell grant was reclassified to nonoperating revenues. From 2007 to 2008, the Pell grant increased \$2.1 million.

Operating expenses increased by \$19.3 million in 2008 (\$25.8 million in 2007). Further analysis of this increase is provided beginning on page 11. Salaries, wages, and benefits represent the largest operating expense, while instruction is the largest functional category.

State appropriations increased by \$12.6 million from 2007 to 2008 after a decrease of \$4.9 million from 2006 to 2007. The appropriation for 2007 was originally \$64.8 million - a \$3.2 million increase from 2006. However, the state then instituted a \$2.2 million cut and a deferral of \$5.9 million. Because the deferred payment came from the state's FY08 budget, GASB rules did not allow the University to book a receivable at June 30, 2007. The payment was received and recorded as revenue in 2008. Over the past three years, state appropriation per FYES changed from \$3,081 (in 2006) to \$3,019 (including the deferred payment in 2007) to \$3,025 (excluding the deferred payment in 2008) - an overall 1.8 percent decrease over three years.

Capital gifts and endowment gifts increased significantly in 2008 as a result of the Shaping Our Future campaign. In 2007, gifts to WGVU and the Annual Fund increased along with nonexchange grants from foundations and additions to the endowment. Over the past three years, the most significant gifts to the endowment were for the Dorothy A. Johnson Center for Philanthropy and the most significant capital pledges were for the Kennedy Engineering capital campaign.

In 2007 and 2008, capital appropriations represent the State of Michigan's support for the construction of the Kennedy Hall of Engineering. In 2007 and 2008, the University recognized capital grants for the biodigester project and the Lake Michigan Center for the Annis Water Resources Institute. In 2006, the University did not receive any significant capital grants.

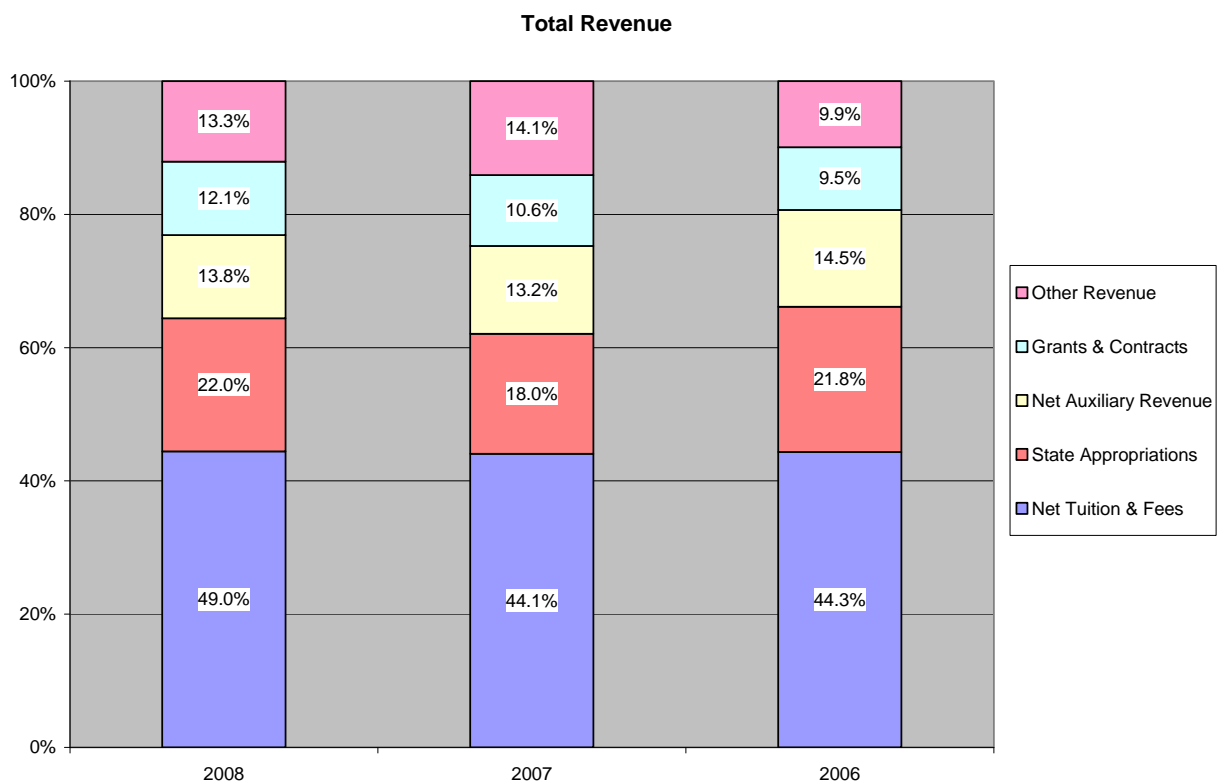
# Grand Valley State University

## Management's Discussion and Analysis - Unaudited(Continued)

Net investment income consists of realized income (interest, dividends, and realized gains on the sale of investments), unrealized gains/losses, and investment expenses (primarily bank fees). Endowment investments resulted in a loss of 2.5 percent in 2008 - as compared to a gain of 19.4 percent in 2007 and 10.5 percent in 2006.

Other nonoperating expenses for 2008 include a loss on extinguishment of debt. This includes a swap termination fee of \$1.2 million and the write-off of unamortized bond issue costs and bond premiums of \$1.5 million.

Revenue for the University consists of four main categories: tuition, state appropriation, auxiliary activities, and grants. The following table shows the breakdown of total revenue for the University:



Tuition and fees, net of scholarship allowances, make the largest contribution to the total revenue of the University. State appropriations are the next largest. These two sources, along with grants and contracts, provide for the majority of the operating expenses. Auxiliary activities are considered self-supporting enterprises. Other revenue includes investment income, gifts, and capital appropriations.

# Grand Valley State University

## Management's Discussion and Analysis - Unaudited (Continued)

### Operating Expenses by Functional Classification

Functional classifications are the traditional categories that universities have used. They represent the types of programs and services that the University provides.

	2008	2007	2006
	(in 000s)		
Instruction	\$ 110,007	\$ 105,674	\$ 100,290
Research	6,902	6,716	5,458
Public service	22,817	17,796	14,017
Academic support	25,306	22,002	20,237
Student services	21,477	20,589	18,840
Institutional support	23,494	21,769	19,762
Operation and maintenance of facilities	27,683	28,318	22,144
Depreciation	18,996	18,136	17,352
Scholarships and related expenses	11,335	9,139	8,052
Auxiliary activities	34,353	32,816	30,916
Other expenditures	225	297	351
Total	<u>\$ 302,595</u>	<u>\$ 283,252</u>	<u>\$ 257,419</u>

Instructional expense continued to grow with increases in faculty and student credit hours. The University was able to offer more sections and new courses. There was one new degree program in 2008, the BA in Chinese studies. The new degree program in 2007 was the BA in art history. New degree programs in 2006 included the EdS degree in leadership and the BS in exercise science.

Research expenditures have gradually increased. Research expenditures include the continuing activities at the Annis Water Resources Institute as well as the Johnson Center for Philanthropy.

Public service expenditures include WGVSU public broadcasting, the Michigan Small Business and Technology Development Center, Project Safe Neighborhood, the Charter School Office administration, and the West Michigan WIRED grant, for which the University is the fiscal agent. Expenditures increased in 2008 due to increases in public service grant activity and initiatives in the Charter School administration. The increase in 2007 also reflects increased public service grant activity.



# **Grand Valley State University**

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## **Management's Discussion and Analysis - Unaudited (Continued)**

Academic support expenditures include grants administration, information technology, student advising, the library, academic resources, and administration expenses for the academic deans. The increase from 2007 to 2008 reflects initiatives in student advising to increase retention and additional library resources. The increase from 2006 to 2007 reflects initiatives for grants administration and information technology and the shift of student advising expenses from the instruction category to the academic support category.

Student services expenditures represent student life programming, admissions, records, registration, financial aid, and intercollegiate athletics.

Institutional support expenditures include administration for the business operations, human resources, executive offices, marketing and communications, public safety, development, and alumni relations. The increase in 2008 reflects initiatives in development, marketing, and wellness.

The operation and maintenance of facilities increased in both 2007 and 2006. This reflects the ongoing maintenance and repair of the University's facilities. In 2007, this also includes expenses for the biodigester grant, engineering equipment that fell below the capitalization threshold, and facility planning expenses. In 2008, operation and maintenance expenditures decreased with the completion of the biodigester plant. This decrease was partially offset by operational increases.

Depreciation increased as the University completed construction projects and placed those buildings into use. Depreciation includes both academic and auxiliary buildings.

Scholarships and related expenses include work-study programs as well as the portion of financial aid that is not considered a scholarship allowance. Increases in both federal and University-funded awards (including the Bert Price minority scholarship) occurred in 2008 and 2007.

Auxiliary activities include housing, parking, bookstores, vending, golf course, health center, and conference services. Debt service, depreciation, and repairs related to housing are included in the other categories of expense. No expansions or additions were made to auxiliary activities in 2008 and 2007.

# Grand Valley State University

## Management's Discussion and Analysis - Unaudited (Continued)

### Operating Expenses by Natural Classification

Operating expenses are summarized here by natural classification. Natural classifications show the type of expense regardless of program.

	2008	2007	2006
	(in 000s)		
Salaries and benefits	\$ 175,003	\$ 162,535	\$ 151,203
Scholarships and awards	11,149	8,679	7,633
Utilities	7,398	7,794	6,695
Supplies and other	90,050	86,108	74,535
Depreciation	18,995	18,136	17,353
Total	<u>\$ 302,595</u>	<u>\$ 283,252</u>	<u>\$ 257,419</u>

Salaries and benefit expenses, which represent 57.8 percent of total operating expense, increased due to additional positions and annual pay increases throughout every functional category. Scholarships and awards represent financial aid expense less scholarship allowances and work-study wages. Utilities expense and depreciation increased with the completion and opening of new buildings. Supplies and other expenses increased along with the overall growth of the University.

### The Statement of Cash Flows

The statement of cash flows provides information about cash receipts and cash payments during the year. This statement also helps users assess the University's ability to generate net cash flows, its ability to meet its obligations as they come due, and its need for external financing.

	2008	2007	2006
	(in 000s)		
<b>Net Cash Provided by (Used in)</b>			
Operating activities	\$ (45,832)	\$ (48,934)	\$ (32,456)
Noncapital financing activities	83,546	80,724	65,019
Capital and related financing activities	(8,785)	(33,402)	(26,339)
Investing activities	<u>(8,191)</u>	<u>10,134</u>	<u>(12,550)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	20,738	8,522	(6,326)
<b>Cash and Cash Equivalents - Beginning of year</b>	<u>13,691</u>	<u>5,169</u>	<u>11,495</u>
<b>Cash and Cash Equivalents - End of year</b>	<u><u>\$ 34,429</u></u>	<u><u>\$ 13,691</u></u>	<u><u>\$ 5,169</u></u>

# **Grand Valley State University**

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## **Management's Discussion and Analysis - Unaudited (Continued)**

The primary cash receipts from operating activities consist of tuition and housing revenues. Cash outlays include payment of wages, benefits, supplies, utilities, and scholarships. In 2008, revenue from the federal Pell grant program was reclassified from operating to noncapital financing activities.

State appropriation is the primary source of noncapital financing. This source of revenue is categorized as nonoperating even though the University's budget depends upon it in order to continue the current level of operations. Other noncapital financing activity includes grants and gifts.

Capital and related financing activities include the bond proceeds from the issuance of debt in September 2007 and the refinancing of existing debt in March and April 2008. Financing income is offset by capital expenditures and debt service payments.

Investing activities reflect purchases, sales, and interest income earned on investments. Investments identified in the cash flow statement include both short- and long-term investments.

### **Economic Factors that will Affect the Future**

The economic position of Grand Valley State University is closely tied to that of the State of Michigan. State tax revenues have remained low over the past few years and this has adversely impacted the State's ability to support higher education. The state has already passed the FY09 higher education appropriation budget and the University has been allocated \$64,021,400.

Grand Valley State University receives the smallest state appropriation per student, and it continues to drop based on year-to-year comparisons. The Legislature has attempted to address Grand Valley State University's anomaly by establishing a per student state aid level of \$4,000. However, the state has not yet provided funding at that level.

Enrollment growth at the University is expected to continue, but at a slower rate. The University is committed to holding the number of incoming new students at a constant number and enrollment will begin to stabilize as these classes move through the system and retention statistics improve. At the same time, applications received by the University continue to increase, allowing the University to implement a more selective admissions process.

# Grand Valley State University

## Statement of Net Assets

		June 30	
		2008	2007
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents (Note 3)	\$	23,616,983	\$ 13,278,163
Restricted cash and cash equivalents (Note 3)		10,812,372	413,182
Short-term investments (Note 3)		5,898,398	20,337,087
Restricted short-term investments (Note 3)		14,180,000	-
Accounts receivable		9,083,992	9,028,622
State appropriation receivable		33,052,401	27,532,533
Pledges receivable		3,575,402	1,542,620
Inventories		2,347,616	2,043,344
Prepaid expenses and other		2,463,718	1,821,342
Student notes receivable - Current portion		2,950,000	2,500,000
Total current assets		107,980,882	78,496,893
<b>Noncurrent Assets</b>			
Endowment investments (Note 3)		62,180,566	63,163,524
Other long-term investments (Note 3)		74,771,460	60,780,133
Pledges receivable		12,041,403	2,433,649
Student notes receivable - Net of allowance of \$484,481 and \$503,291 in 2008 and 2007, respectively		7,985,126	8,775,214
Capital assets - Net (Note 4)		512,222,856	458,208,746
Other assets		3,901,450	3,283,677
Total noncurrent assets		673,102,861	596,644,943
Total assets	<b>\$</b>	<b>781,083,743</b>	<b>\$ 675,141,836</b>
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	\$	54,310,970	\$ 48,127,418
Deferred revenue		10,136,124	11,862,556
Long-term liabilities - Current portion (Note 5)		8,576,726	11,203,192
Total current liabilities		73,023,820	71,193,166
<b>Noncurrent Liabilities</b>			
Deferred capital revenue		737,000	763,400
Long-term liabilities - Net of current portion (Note 5)		207,799,198	137,817,142
Total noncurrent liabilities		208,536,198	138,580,542
Total liabilities		281,560,018	209,773,708
<b>Net Assets</b>			
Invested in capital assets - Net of related debt		309,959,820	313,411,509
Restricted:			
Nonexpendable - Scholarships and academic support		29,477,954	24,309,553
Expendable:			
Scholarships and academic support		31,031,115	33,194,394
Capital projects		16,319,989	(6,034,791)
Loans		11,798,508	11,593,306
Unrestricted		100,936,339	88,894,157
Total net assets		499,523,725	465,368,128
Total liabilities and net assets	<b>\$</b>	<b>781,083,743</b>	<b>\$ 675,141,836</b>

# Grand Valley State University

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

	Year Ended June 30	
	2008	2007
<b>Operating Revenues</b>		
Student tuition and fees	\$ 178,360,749	\$ 159,897,061
Scholarship allowances	(24,202,282)	(21,254,608)
Net student tuition and fees	154,158,467	138,642,453
Government grants and contracts	22,618,381	19,827,513
Nongovernmental grants	2,770,800	3,037,554
Sales and services of educational activities	7,162,413	7,470,721
Auxiliary activities	47,973,412	45,957,853
Scholarship allowances	(4,676,216)	(4,538,024)
Net auxiliary activities	43,297,196	41,419,829
Other operating revenues	4,309,456	3,954,861
Total operating revenues	234,316,713	214,352,931
<b>Operating Expenses - Education and general</b>		
Instruction	110,007,345	105,673,597
Research	6,902,000	6,715,693
Public service	22,817,244	17,795,865
Academic support	25,305,498	22,002,021
Student services	21,477,446	20,588,607
Institutional support	23,494,165	21,769,318
Operation and maintenance - Plant	27,683,217	28,318,646
Depreciation expense	18,995,449	18,135,829
Scholarships and related expenses	11,334,679	9,138,798
Auxiliary activities	34,352,620	32,816,130
Loan administrative fees and collection costs	225,024	297,282
Total operating expenses	302,594,687	283,251,786
<b>Operating Loss</b>	(68,277,974)	(68,898,855)
<b>Nonoperating Revenues (Expense)</b>		
State appropriations	69,278,200	56,712,600
Government grants	12,756,054	10,598,885
Gifts	3,478,810	3,780,252
Investment income - Net of investment expense of approximately \$477,400 and \$417,000 in 2008 and 2007, respectively	3,547,954	15,861,711
Interest on capital asset - Related debt	(7,319,584)	(6,798,721)
Loss on extinguishment of debt	(2,754,985)	-
Net nonoperating revenues	78,986,449	80,154,727
<b>Income - Before other revenues, expenses, gains, and losses</b>	10,708,475	11,255,872
<b>Other Revenues, Expenses, Gains, and Losses</b>		
Capital appropriations	2,156,119	9,194,092
Capital grants and gifts	16,197,201	2,350,660
Other capital income	278,177	3,819
Additions to permanent endowments	5,031,855	1,895,288
Loss on disposal of assets	(216,230)	(136,020)
Total other revenues, expenses, gains, and losses	23,447,122	13,307,839
<b>Increase in Net Assets</b>	34,155,597	24,563,711
<b>Net Assets - Beginning of year</b>	465,368,128	440,804,417
<b>Net Assets - End of year</b>	<b>\$ 499,523,725</b>	<b>\$ 465,368,128</b>

# Grand Valley State University

## Statement of Cash Flows

	Year Ended June 30	
	2008	2007
<b>Cash Flows from Operating Activities</b>		
Tuition and fees	\$ 152,602,975	\$ 137,540,790
Grants and contracts	24,392,014	19,380,427
Payments to suppliers	(86,162,080)	(79,868,054)
Payments for utilities	(7,442,260)	(7,658,576)
Payments to employees	(131,209,765)	(122,986,172)
Payments for benefits	(41,709,037)	(38,794,719)
Payments for scholarships and fellowships	(11,149,211)	(8,678,955)
Loans issued to students	(23,961,746)	(19,384,967)
Collection of loans from students	24,301,834	18,531,740
Auxiliary enterprise charges:		
Residence halls	28,412,319	27,284,335
Bookstore	8,784,376	9,063,594
Other	5,736,253	5,437,973
Sales and service of educational activities	7,203,397	7,552,787
Other receipts	4,368,669	3,645,640
Net cash used in operating activities	(45,832,262)	(48,934,157)
<b>Cash Flows from Noncapital Financing Activities</b>		
State appropriations	61,449,600	64,377,518
Government grants	12,756,791	10,593,014
Gifts and grants for other than capital purposes	3,472,194	3,773,720
Private gifts for endowment purposes	5,031,855	1,895,288
Charitable annuities payments - Net	809,460	(14,040)
Federal direct loan receipts	95,148,719	74,754,458
Federal direct loan lending disbursements	(95,122,820)	(74,655,980)
Net cash provided by noncapital financing activities	83,545,799	80,723,978
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from capital debt	220,260,000	-
Capital appropriations	4,943,241	6,135,019
Capital grants and gifts received	4,553,457	2,464,319
Other capital income	801,162	1,040,805
Proceeds from sale of capital assets	388,260	28,863
Purchases of capital assets and construction	(73,351,339)	(26,193,171)
Principal paid on capital debt	(154,317,125)	(10,556,866)
Interest paid on capital debt	(8,877,811)	(6,320,722)
Termination fees paid for early extinguishment of debt	(1,214,650)	-
Bond issue costs paid on new debt issues	(1,969,743)	-
Net cash used in capital and related financing activities	(8,784,548)	(33,401,753)
<b>Cash Flows from Investing Activities</b>		
Proceeds from sales and maturities of investments	158,363,296	70,950,975
Interest on investments	7,686,769	6,536,851
Purchase of investments	(174,241,044)	(67,353,561)
Net cash (used in) provided by investing activities	(8,190,979)	10,134,265
<b>Net Increase in Cash and Cash Equivalents</b>	20,738,010	8,522,333
<b>Cash and Cash Equivalents - Beginning of year</b>	13,691,345	5,169,012
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 34,429,355</b>	<b>\$ 13,691,345</b>



# Grand Valley State University

## Statement of Cash Flows (Continued)

	Year Ended June 30	
	2008	2007
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>		
Operating loss	\$ (68,277,974)	\$ (68,898,855)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation expense	18,995,449	18,135,829
Changes in assets and liabilities:		
Receivables - Net	(1,181,251)	(3,253,070)
Inventories	(304,272)	(353,600)
Other assets	(60,674)	513,047
Accounts payable and accrued liabilities	6,286,227	7,046,082
Deferred revenue	(1,451,700)	(2,161,992)
Deposits held for others	161,933	38,402
Net cash used in operating activities	<u>\$ (45,832,262)</u>	<u>\$ (48,934,157)</u>

# Grand Valley State University

## Statement of Fiduciary Net Assets Employee Benefit Plans

	June 30	
	2008	2007
<b>Assets</b>		
Cash and cash equivalents	\$ 223,087	\$ 218,580
Investments	<u>30,129,731</u>	<u>31,222,131</u>
Total cash and cash equivalents and investments	30,352,818	31,440,711
Accrued income	<u>306</u>	<u>675</u>
<b>Net Assets - Held in trust for pension benefits</b>	<b><u>\$ 30,353,124</u></b>	<b><u>\$ 31,441,386</u></b>

# Grand Valley State University

## Statement of Changes in Fiduciary Net Assets Employee Benefit Plans

	Year Ended June 30	
	2008	2007
<b>Additions</b>		
Investment income:		
Interest and dividends	\$ 2,041,340	\$ 1,055,484
Net (depreciation) appreciation in fair value of investments	(5,375,429)	2,562,267
Gain on sale of investments	1,028,225	1,473,992
Total investment income	(2,305,864)	5,091,743
Employer contributions	2,399,367	2,452,061
Other income	54,574	43,783
Total additions	148,076	7,587,587
<b>Deductions</b>		
Benefit payments	1,142,083	1,056,009
Administrative expense	94,255	86,529
Total deductions	1,236,339	1,142,538
<b>Net (Decrease) Increase</b>	(1,088,262)	6,445,049
<b>Net Assets Held in Trust for Pension Benefits</b>		
Beginning of year	31,441,386	24,996,337
End of year	<u>\$ 30,353,124</u>	<u>\$ 31,441,386</u>

### **Note 1 - Summary of Significant Accounting Policies**

**Reporting Entity** - Grand Valley State University (the "University") is an institution of higher education created by the Michigan Constitution of 1963 and is considered to be a component unit of the State of Michigan (the "State"). Its board of trustees is appointed by the governor of the State. Accordingly, the University is included in the State's financial statements as a discrete component unit. Transactions with the State relate primarily to appropriations for operations and capital improvements and grants from various state agencies.

No component units are required to be reported in the University's financial statements. The financial statements of all organizations that are affiliated with the University, such as the Grand Valley Research Corporation, Grand Valley University Foundation, Inc., and University Properties, Inc., are not included in the University's financial statements. The net assets of these organizations are insignificant to the financial statements and, accordingly, have not been separately disclosed.

**Basis of Presentation** - The financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The University follows the business-type activities reporting requirements of GASB Statement No. 35, which provides a comprehensive one-line look at the University's financial activities.

**Basis of Accounting** - The financial statements of the University have been prepared on the accrual basis, whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents** - The University considers all investments with an original maturity of three months or less when purchased to be cash equivalents.

### Note 1 - Summary of Significant Accounting Policies (Continued)

**Investments** - In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are reported at fair value. Alternative investments are recorded at their most recent available valuation and updated for capital contributions and distributions. The net realized and unrealized appreciation (depreciation) in market value of investments is included in the accompanying statement of revenues, expenses, and changes in net assets. Gains, losses, and investment income are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or law.

**Accounts Receivable** - Accounts receivable are stated at net invoice amounts. An allowance for bad debts is established on a specific assessment of all invoices that remain unpaid following normal customer payment periods. All amounts deemed uncollectible are charged against bad debt expense in the period that determination is made. At June 30, 2008 and 2007, there was no allowance.

**Inventories** - Inventories, consisting principally of bookstore merchandise and golf equipment and apparel, are determined on the first-in, first-out (FIFO) method and stated at the lower of cost or market. The cost is recorded as an expense as the inventory is consumed.

**Pledges Receivable** - The carrying amount of pledges receivable represents recorded promises to contribute, measured at fair value, net of estimated uncollectible promises. Pledges receivable are recorded at their net present value using a discount rate of 6 percent. Included in pledges receivable are an unamortized discount of \$2,146,026 and \$654,607 at June 30, 2008 and 2007, respectively, and an allowance of \$55,932 and \$95,004 at June 30, 2008 and 2007, respectively.

**Physical Properties** - Capital assets with a unit cost of over \$5,000 and all library books are recorded at cost at the date of acquisition, or, if donated, at fair market value at the date of donation. Infrastructure assets are included in the financial statements and are depreciated. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expenditure categories. Expenditures for construction in progress are capitalized as incurred. Interest expense relating to construction is capitalized net of interest income earned on resources set aside for this purpose. Certain maintenance and replacement reserves have been established to fund costs relating to residences and other auxiliary activity facilities.

**Deferred Tuition and Fee Revenues** - Tuition and fee revenues received and related to the period after June 30 have been deferred.

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

**Provision for Unemployment Compensation** - The University has elected to establish a provision for unemployment compensation under the terms of the Michigan Employment Security Act. Under this provision, the State of Michigan is reimbursed by the University for claims paid to former employees.

**Compensated Absences** - Compensated absence costs are accrued when earned by employees.

**Operating Revenues** - All revenues from programmatic sources are considered to be operating revenues. Included in nonoperating revenues are state appropriations, investment income, Pell grant revenues, and gifts. Gifts (pledges) that are received on an installment basis are recorded at net present value.

**Scholarship Allowances and Student Aid** - Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid, such as loans, funds provided to students as awarded by third parties, and federal direct lending, is accounted for as a third-party payment (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a university basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third-party aid.

**Federal Financial Assistance Programs** - The University participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study, Federal Direct Lending, and Perkins Loans programs. Federal programs are audited in accordance with the Single Audit Act amendments of 1996, the U.S. Office of Management and Budget Revised Circular A-133, *Audit of States, Local Governments and Non-Profit Organizations*, and the compliance supplement.

During 2008 and 2007, the University distributed approximately \$95,149,000 and \$74,755,000, respectively, for direct lending through the U.S. Department of Education, which is not included as revenues and expenditures on the accompanying financial statements.



### **Note 1 - Summary of Significant Accounting Policies (Continued)**

**Encumbrances** - The University maintains an encumbrance system for tracking outstanding purchase orders and other commitments for materials or services not received during the year. Encumbrances totaled approximately \$19,918,400, which represents the estimated amount of expenses ultimately to result if unperformed contracts in progress at June 30, 2008 are completed. Approximately \$12,984,300 of the total is committed for capital projects, including \$1,325,300 for the Mackinac Hall addition, \$4,114,100 for the Honors Housing Complex, \$1,499,600 for the Movement Sciences and Indoor Recreation Center, and \$400,100 for the addition to the Student Activity Center. New projects, Seymour and Esther Padnos Hall of Science Renovation and the Lower Commons Renovation added \$2,345,900 and \$1,276,500, respectively.

Encumbrances outstanding do not constitute expenses or liabilities and are not reflected in the financial statements.

**Fiduciary Fund** - The fiduciary fund consists of funds held in a trust and accounts for the activities of the employees' retirement system, which accumulates resources for pension benefit payments to qualified employees.

**Net Assets** - Net assets are classified according to external donor restrictions or availability of assets for satisfaction of University obligations. Nonexpendable restricted net assets are gifts that have been received for endowment purposes, the corpus of which cannot be expended. Expendable restricted net assets represent funds that have been gifted for specific purposes and funds held in federal loan programs.

The unrestricted net asset balance at June 30, 2008 includes \$8,617,104 of funds functioning as endowment, \$15,007,859 of capital projects in progress, \$12,104,147 of housing and auxiliary repair and maintenance funds, \$4,842,069 of debt service funds, \$19,731,206 for academic initiatives and technology, \$19,913,559 for future capital projects and debt service, \$19,445,964 for reserves for operations and cash flow, and \$1,274,431 of uncommitted funds.

The unrestricted net asset balance at June 30, 2007 includes \$9,208,013 of funds functioning as endowment, \$7,682,157 of capital projects in progress, \$13,608,307 of housing and auxiliary repair and maintenance funds, \$5,067,813 of debt service funds, \$19,034,593 for academic initiatives and technology, \$21,185,367 for future capital projects and debt service, \$11,741,350 for reserves for operations and cash flow, and \$1,366,557 of uncommitted funds.

**Reclassification** - Certain 2007 amounts have been reclassified to conform to the 2008 presentation.

### **Note 2 - Change in Accounting for Other Postemployment Benefits**

The University implemented Governmental Accounting Standards Board (GASB) No. 45, *Accounting for Postemployment Benefits Other than Pensions*, for the fiscal year ended June 30, 2008. The adoption of the new accounting standard increased total liabilities as of June 30, 2008 by approximately \$872,000.

### **Note 3 - Cash and Investments**

The University has adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, for the years ended June 30, 2008 and 2007.

The operating portfolio is invested in accordance with University policy.

**Cash and Short-term Investments** - Investment policies for cash and short-term investments as set forth by the board of trustees authorize the University to invest in interest-bearing time deposits, short-term cash funds, money market funds, intermediate cash funds, U.S. government-backed obligations, managed equity mutual funds, and commercial paper. All investments must be held by financial institutions organized under federal or state law.

**Custodial Credit Risk** - Custodial credit risk is the risk that in the event of a bank failure, the University's deposits may not be available or returned. The University does not have a deposit policy for custodial credit risk. At June 30, 2008 and 2007, the carrying amount of the University's deposits was \$34,429,355 and \$13,691,345, respectively. Of that amount, \$248,096 and \$313,409, respectively, was insured. The remaining \$34,181,259 and \$13,377,936 at June 30, 2008 and 2007, respectively, was uninsured and uncollateralized. The University does not require deposits to be insured or collateralized. It is precluded by state law from collateralizing its deposits.

**Investments** - Investment policies as set forth by the board of trustees also authorize the University to invest in equity securities, bonds, or similar securities and real estate investments for production of rental income. The board of trustees has authorized the treasurer or assistant treasurer of the board of trustees to make the University's investment decisions, subject to review, with the members of the appropriate board committee. In accordance with policies set forth by the board of trustees, complete discretion in selecting individual investments of endowment assets is assigned to two or more money managers who are chosen at the discretion of the University's treasurer. The University's treasurer and the appropriate board committee monitor the money managers' performance.

# Grand Valley State University

## Notes to Financial Statements June 30, 2008 and 2007

### Note 3 - Cash and Investments (Continued)

The board of trustees has established an investment policy with the objectives of protecting the principal of these funds and maximizing total investment return without assuming extraordinary risks. Additionally, for endowment investments, the foremost objective is to maintain a spending rate, currently established at 5 percent, which provides a proper balance between preservation of corpus and enhancement of the purchasing power of investment earnings.

The University has remaining commitments of \$3,875,250 in alternative asset investments. As of June 30, 2008 and 2007, the University had approximately \$16.9 million and \$14.1 million, respectively, invested in alternative asset investments.

The University's cash and investments are included in the statement of net assets under the following classifications:

	2008	2007
Cash and cash equivalents	\$ 23,616,983	\$ 13,278,163
Restricted cash and cash equivalents	10,812,372	413,182
Short-term investments	5,898,398	20,337,087
Restricted short-term investments	14,180,000	-
Endowment investments	62,180,566	63,163,524
Other long-term investments	74,771,460	60,780,133
Total cash and investments	<u>\$ 191,459,779</u>	<u>\$ 157,972,089</u>

The University's cash and investments consist of the following:

	2008	2007
Money markets	\$ 35,300,634	\$ 13,691,345
Certificates of deposit	14,180,000	-
Commercial paper	5,027,119	4,936,875
Fixed income securities	86,974,064	86,587,526
Equity security investments	32,684,741	36,425,160
Other	17,293,221	16,331,183
Total cash and investments	<u>\$ 191,459,779</u>	<u>\$ 157,972,089</u>

# Grand Valley State University

## Notes to Financial Statements June 30, 2008 and 2007

### Note 3 - Cash and Investments (Continued)

As of June 30, 2008, the University had the following investments and maturities:

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Money markets	\$ 35,300,634	\$ 35,300,634	\$ -	\$ -	\$ -
Commercial paper	5,027,119	5,027,119	-	-	-
Certificates of deposit	14,180,000	14,180,000	-	-	-
Government securities*	72,260,853	-	50,714,266	21,546,587	-
U.S. Treasuries	1,465,785	-	-	-	1,465,785
Mutual bond funds	12,239,965	-	12,239,965	-	-
Mutual equity funds	15,686,531	-	-	-	15,686,531
Insured mortgage-backed securities	148,475	-	148,475	-	-
Government-backed securities	858,986	-	-	858,986	-
Mutual international equity funds	16,998,211	-	-	-	16,998,211
Real estate	231,855	-	-	-	231,855
Venture capital	2,648,078	-	-	-	2,648,078
Other investments	14,413,287	-	128,750	-	14,284,537
Total investments and maturities	<u>\$ 191,459,779</u>	<u>\$ 54,507,753</u>	<u>\$ 63,231,456</u>	<u>\$ 22,405,573</u>	<u>\$ 51,314,997</u>

\* \$70,266,473 of the U.S. agency notes are callable.

As of June 30, 2007, the University had the following investments and maturities:

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Money markets	\$ 13,691,345	\$ 13,691,345	\$ -	\$ -	\$ -
Commercial paper	4,936,875	4,936,875	-	-	-
Government securities*	71,780,951	15,400,212	36,887,594	17,578,875	1,914,270
Mutual bond funds	13,667,312	-	13,667,312	-	-
Mutual equity funds	17,981,510	-	-	-	17,981,510
Insured mortgage-backed securities	189,923	-	189,923	-	-
Government-backed securities	949,340	-	-	949,340	-
Mutual international equity funds	18,443,650	-	-	-	18,443,650
Real estate	2,106,803	-	-	-	2,106,803
Venture capital	1,025,183	-	-	-	1,025,183
Other investments	13,199,197	-	100,000	-	13,099,197
Total investments and maturities	<u>\$ 157,972,089</u>	<u>\$ 34,028,432</u>	<u>\$ 50,844,829</u>	<u>\$ 18,528,215</u>	<u>\$ 54,570,613</u>

\* \$69,279,161 of the government securities notes are callable.

### Note 3 - Cash and Investments (Continued)

**Interest Rate Risk** - As a means of limiting its exposure to fair value losses arising from rising interest rates, the University's operating investment policy limits the amount of the University's operating portfolio that can be invested in securities with maturities of more than one year. Operating investment maturities are limited as follows:

Less than one year	0%-100%
One to five years	0%-70%
More than five years	0%-30%

Because the mutual bond funds as of June 30, 2008 and 2007 had a weighted average maturity of 30 months, it was presented as an investment with a maturity of less than five years.

Investments held by the endowment funds are invested based on the policy that they are held to maturity; therefore, the interest rate risk is not considered in the University's decisions.

**Credit Risk** - The University's operating investment policy limits its short-term operating investments to .5 percent of total bank assets or to investment vehicles that possess the highest ratings available by two national services.

The University's operating investment policy limits its longer-term investments to investment grade or better securities, or managed equity mutual funds. All investments in debt securities are at AAA per Standards & Poor's at June 30, 2008 and 2007.

The endowment funds are invested based on the policy that they are held permanently. Therefore, it is possible to invest in alternative investments that have a higher credit risk, but over the long term have the opportunity to yield higher rates of return.

# Grand Valley State University

## Notes to Financial Statements June 30, 2008 and 2007

### Note 3 - Cash and Investments (Continued)

The University held the following types of fixed income investments and credit ratings at June 30, 2008 and 2007:

2008	Investments Grade	Non- investment Grade	Not Rated	Total
Government securities	\$ 72,260,853	\$ -	\$ -	\$ 72,260,853
U.S. Treasuries	1,465,785	-	-	1,465,785
Mutual bond funds	12,239,965	-	-	12,239,965
Insured mortgage-backed securities	148,475	-	-	148,475
Government-backed securities	858,986	-	-	858,986
Certificates of deposit	14,180,000	-	-	14,180,000
Commercial paper	5,027,119	-	-	5,027,119
Investments by rating	<u>\$ 106,181,183</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,181,183</u>

2007	Investments Grade	Non- investment Grade	Not Rated	Total
Government securities	\$ 71,780,951	\$ -	\$ -	\$ 71,780,951
Mutual bond funds	13,667,312	-	-	13,667,312
Insured mortgage-backed securities	189,923	-	-	189,923
Government-backed securities	949,340	-	-	949,340
Commercial paper	4,936,875	-	-	4,936,875
Investments by rating	<u>\$ 91,524,401</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,524,401</u>

**Custodial Credit Risk** - Custodial risk is the risk that, in the event of 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 policy for custodial credit risk. The University's investments are uninsured, unregistered, and held by the University's agent in the University's name.



### Note 3 - Cash and Investments (Continued)

**Concentration of Credit Risk** - Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. As of June 30, 2008, the University's combined cash, short-term investments, and long-term investments portfolio included 23.7 percent of its investments in Federal Home Loan Bank securities, 19.3 percent in Federal National Mortgage Association securities, and 16.9 percent in Federal Home Loan Mortgage Association securities. As of June 30, 2007, the University's combined cash, short-term investments, and long-term investments portfolio included 34.7 percent of its investments in Federal Home Loan Bank securities, 18.5 percent in Federal National Mortgage Association securities, and 13.0 percent in Federal Home Loan Mortgage Association securities.

**Foreign Credit Risk** - The University holds investments in some international mutual funds that invest in international equity funds. These funds are invested in various countries throughout the world and, therefore, expose the University to foreign credit risk. These international investments represent approximately 29 percent of the endowment portfolio at June 30, 2008 and 2007. Investments in these funds were approximately \$19,122,000 and \$18,544,000 for the years ended June 30, 2008 and 2007, respectively. The Euro, Japanese Yen, and British Pound represent approximately 52 percent and 69 percent of the foreign currency in which the international equity funds are invested at June 30, 2008 and 2007, respectively.

**Alternative Assets** - The other investments and venture capital are comprised of investments in alternative assets. As referenced above, alternative assets consist of investments that seek absolute-based return in hedge markets, investments in the private equity class investing in various ventures, or investments in a pool of assets invested in the following subclasses: global natural resources, commodities, global real estate, and global inflation-linked bonds.

# Grand Valley State University

## Notes to Financial Statements June 30, 2008 and 2007

### Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land	\$ 24,944,331	\$ 4,187,954	\$ -	\$ 29,132,285
Nondepreciable artwork and historical treasures	3,982,650	115,700	-	4,098,350
Nondepreciable land improvements	1,722,820	-	-	1,722,820
Construction in progress - Net	<u>21,487,847</u>	<u>28,161,104</u>	<u>-</u>	<u>49,648,951</u>
Total cost of nondepreciable capital assets	52,137,648	32,464,758	-	84,602,406
Land improvements and infrastructure	64,944,632	2,580,000	-	67,524,632
Buildings	411,731,822	31,032,438	546,053	442,218,207
Equipment	51,970,331	3,933,563	337,380	55,566,514
Library books	<u>29,323,154</u>	<u>3,624,529</u>	<u>287,595</u>	<u>32,660,088</u>
Total cost of depreciable capital assets	<u>557,969,939</u>	<u>41,170,530</u>	<u>1,171,028</u>	<u>597,969,441</u>
Total cost of capital assets	610,107,587	<u>\$ 73,635,288</u>	<u>\$ 1,171,028</u>	682,571,847
Less accumulated depreciation for:				
Land improvements and infrastructure	17,956,124	\$ 3,209,323	\$ -	21,165,447
Buildings	86,751,285	9,227,774	-	95,979,059
Equipment	31,142,659	3,868,575	257,704	34,753,530
Library books	<u>16,048,773</u>	<u>2,689,777</u>	<u>287,595</u>	<u>18,450,955</u>
Total accumulated depreciation	<u>151,898,841</u>	<u>\$ 18,995,449</u>	<u>\$ 545,299</u>	<u>170,348,991</u>
Capital assets - Net	<u>\$ 458,208,746</u>			<u>\$ 512,222,856</u>

# Grand Valley State University

## Notes to Financial Statements June 30, 2008 and 2007

### Note 4 - Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2007 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land	\$ 24,194,130	\$ 750,201	\$ -	\$ 24,944,331
Nondepreciable artwork and historical treasures	3,982,650	-	-	3,982,650
Nondepreciable land improvements	1,722,820	-	-	1,722,820
Construction in progress - Net	7,522,186	13,965,661	-	21,487,847
Total cost of nondepreciable capital assets	37,421,786	14,715,862	-	52,137,648
Land improvements and infrastructure	64,160,697	783,935	-	64,944,632
Buildings	411,144,417	587,405	-	411,731,822
Equipment	47,582,719	6,795,315	2,407,703	51,970,331
Library books	25,857,110	3,621,879	155,835	29,323,154
Total cost of depreciable capital assets	548,744,943	11,788,534	2,563,538	557,969,939
Total cost of capital assets	586,166,729	\$ 26,504,396	\$ 2,563,538	610,107,587
Less accumulated depreciation for:				
Land improvements and infrastructure	14,790,660	\$ 3,165,464	\$ -	17,956,124
Buildings	77,827,433	8,923,852	-	86,751,285
Equipment	29,716,440	3,614,039	2,187,820	31,142,659
Library books	13,772,134	2,432,474	155,835	16,048,773
Total accumulated depreciation	136,106,667	\$ 18,135,829	\$ 2,343,655	151,898,841
Capital assets - Net	\$ 450,060,062			\$ 458,208,746

The following estimated useful lives are used to compute depreciation:

Land improvements and infrastructure	20 years
Buildings	40-50 years
Equipment	3-25 years
Library books	10 years

# Grand Valley State University

## Notes to Financial Statements June 30, 2008 and 2007

### Note 5 - Long-term Liabilities

Long-term liabilities of the University consist of bonds payable, net other post-employment benefits, charitable gift annuities payable, and notes payable.

The changes in long-term liabilities for the year ended June 30, 2008 are as shown below:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Revenue and Refunding					
Bonds, Series 1994	\$ 2,141,251	\$ -	\$ 986,251	\$ 1,155,000	\$ 1,045,000
General Revenue and Refunding					
Bonds, Series 1997	4,105,000	-	505,000	3,600,000	530,000
General Revenue Bonds, Series 1998	12,080,000	-	450,000	11,630,000	525,000
General Revenue Bonds, Series 1999	1,995,000	-	445,000	1,550,000	460,000
General Revenue Bonds, Series 2000	9,770,000	-	2,155,000	7,615,000	1,220,000
General Revenue Bonds, Series 2001A	2,415,000	-	2,415,000	-	-
General Revenue Variable Rate					
Demand Bonds, Series 2001B	20,730,000	-	20,730,000	-	-
General Revenue Variable Rate					
Demand Bonds, Series 2002A	15,165,000	-	15,165,000	-	-
General Revenue Variable Rate					
Demand Bonds, Series 2003	26,295,000	-	26,295,000	-	-
General Revenue Variable Rate					
Demand Bonds, Series 2004	22,660,000	-	22,660,000	-	-
General Revenue Variable Rate					
Demand Bonds, Series 2005	30,430,000	-	190,000	30,240,000	195,000
General Revenue Bonds, Series 2007A	-	10,865,000	-	10,865,000	-
General Revenue Variable Rate					
Demand Bonds, Series 2007B	-	61,535,000	61,535,000	-	-
General Revenue Refunding Bonds, Series 2008A	-	102,190,000	-	102,190,000	3,570,000
General Revenue Refunding Variable Rate Demand Bonds, Series 2008B	-	45,670,000	715,000	44,955,000	690,000
 Total bonds payable	 147,786,251	 220,260,000	 154,246,251	 213,800,000	 8,235,000
Net other post-employment benefits (see Note 6)	-	-	-	872,071	-
Charitable gift annuities payable	924,029	907,808	367,164	1,464,673	266,597
Note payable	310,054	-	70,874	239,180	75,129
 Total	 <u>\$ 149,020,334</u>	 <u>\$ 221,167,808</u>	 <u>\$ 154,684,289</u>	 216,375,924	 <u>\$ 8,576,726</u>
 Due within one year				 8,576,726	
 Total long-term liabilities				 <u>\$ 207,799,198</u>	

# Grand Valley State University

## Notes to Financial Statements June 30, 2008 and 2007

### Note 5 - Long-term Liabilities (Continued)

The changes in long-term liabilities for the year ended June 30, 2007 are as shown below:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Revenue and Refunding					
Bonds, Series 1994	\$ 3,076,251	\$ -	\$ 935,000	\$ 2,141,251	\$ 985,000
General Revenue and Refunding					
Bonds, Series 1997	4,585,000	-	480,000	4,105,000	505,000
General Revenue Bonds, Series 1998	12,510,000	-	430,000	12,080,000	450,000
General Revenue Bonds, Series 1999	2,420,000	-	425,000	1,995,000	445,000
General Revenue Bonds, Series 2000	11,820,000	-	2,050,000	9,770,000	2,155,000
General Revenue Bonds, Series 2001A	4,735,000	-	2,320,000	2,415,000	2,415,000
General Revenue Variable Rate					
Demand Bonds, Series 2001B	20,900,000	-	170,000	20,730,000	160,000
General Revenue Variable Rate					
Demand Bonds, Series 2002A	15,540,000	-	375,000	15,165,000	390,000
General Revenue Variable Rate					
Demand Bonds, Series 2003	27,120,000	-	825,000	26,295,000	850,000
General Revenue Variable Rate					
Demand Bonds, Series 2004	24,960,000	-	2,300,000	22,660,000	2,390,000
General Revenue Variable Rate					
Demand Bonds, Series 2005	30,610,000	-	180,000	30,430,000	190,000
Total bonds payable	158,276,251	-	10,490,000	147,786,251	10,935,000
Charitable gift annuities payable	944,601	246,680	267,252	924,029	197,317
Note payable	376,920	-	66,866	310,054	70,875
Total	<u>\$ 159,597,772</u>	<u>\$ 246,680</u>	<u>\$ 10,824,118</u>	149,020,334	<u>\$ 11,203,192</u>
Due within one year				<u>11,203,192</u>	
Total long-term liabilities				<u>\$ 137,817,142</u>	

The General Revenue Refunding Bonds, Series 1994, were issued in January 1994 by the board of trustees for the advance refunding of \$6,680,000 of Series 1988 bonds and \$1,130,000 of Series 1989 bonds. The advance refunding of the callable portions of the Series 1988 and Series 1989 bonds resulted in an in-substance defeasance. The interest rate on these bonds is 5.15 percent. The bonds mature in 2010.

The General Revenue and Refunding Bonds, Series 1997, were issued in June 1997 by the board of trustees to provide funds for construction of residential facilities, an addition to an existing classroom and office building, and refunding a 5.85 percent bank note payable. The interest rates on these bonds range from 5.00 percent to 5.25 percent. The bonds mature in 2023.

### **Note 5 - Long-term Liabilities (Continued)**

The General Revenue Bonds, Series 1998, were issued in January 1998 by the board of trustees to provide funds for construction of additional residential facilities. The interest rate on these bonds is 5.50 percent. The bonds mature in 2018.

The General Revenue Bonds, Series 1999, were issued in July 1999 by the board of trustees for an advance bond refunding of \$1,775,000 of Series 1988 bonds and \$7,325,000 to fund a portion of the cost of constructing student housing in downtown Grand Rapids. The interest rates on these bonds range from 5.125 percent to 5.20 percent. The bonds mature in 2013.

The General Revenue Bonds, Series 2000, were issued in October 2000 by the board of trustees to fund new construction and remodeling on the Allendale Campus. The interest rate on these bonds is 5.25 percent. The bonds mature in 2014.

The General Revenue Bonds, Series 2001A, were issued in July 2001 by the board of trustees to provide funds for classroom additions and an athletic facility addition on the Allendale Campus. The bonds matured in 2008.

The General Revenue Variable Rate Demand Bonds, Series 2001B, were issued in July 2001 by the board of trustees to fund the cost of constructing new student housing and an athletic facility addition on the Allendale Campus. At June 30, 2007, the bonds bore interest based on a weekly rate determined by the remarketing agent (3.73 percent). The bonds were extinguished through refunding in 2008.

The General Revenue Variable Rate Demand Bonds, Series 2002A were issued in October 2002 by the board of trustees to fund the purchase of land and construction of student housing in downtown Grand Rapids. At June 30, 2007, the bonds bore interest based on a weekly rate determined by the remarketing agent (3.73 percent). The bonds were extinguished through refunding in 2008.

The General Revenue Variable Rate Demand Bonds, Series 2003, were issued in October 2003 by the board of trustees to fund the cost of new student housing on the Allendale Campus. At June 30, 2007, the bonds bore interest based on a weekly rate determined by the remarketing agent (3.73 percent). The bonds were extinguished through refunding in 2008.

### **Note 5 - Long-term Liabilities (Continued)**

The General Revenue Variable Rate Demand Bonds, Series 2004, were issued in August 2004 by the board of trustees to fund the cost of a parking ramp on the Pew Campus in Grand Rapids and the cost of a new academic building on the Allendale Campus. At June 30, 2007, the bonds bore interest based on a weekly rate determined by the remarketing agent (3.72 percent). The bonds were extinguished through refunding in 2008.

The General Revenue Refunding Variable Rate Demand Bonds, Series 2005, were issued in April 2005 and reoffered in April 2008 by the board of trustees for the advance refunding of \$7,970,000 of Series 1997 bonds, \$4,390,000 of Series 1999 bonds, and \$15,915,000 of Series 2000 bonds. The refunded bonds with an outstanding balance at June 30, 2005 of \$30,282,925 were defeased upon delivery of the new issue. The bonds mature in 2026.

At June 30, 2008, the Series 2005 bonds bear interest based on a weekly rate determined by the remarketing agent (1.54 percent and 3.73 percent at June 30, 2008 and 2007, respectively). The bonds may be converted and subject to a different interest rate mode, provided certain conditions are met. The interest rate modes that the bonds could potentially be converted to include a daily rate mode, a commercial paper rate mode, a term rate mode, an ARS rate mode, and a fixed rate mode. The bonds are subject to purchase on demand of the holder at a price equal to the principal amount plus accrued and unpaid interest, without premium, upon seven days' notice and delivery to the remarketing agent. Liquidity for the payment of the purchase price of the bonds on any mandatory or optional tender will be provided by an irrevocable direct pay letter of credit.

The General Revenue Bonds, Series 2007A, and the General Revenue Variable Rate Demand Bonds, Series 2007B, were issued in September 2007 by the board of trustees to provide funds for construction of a residential living and learning center, construction of a movement science and indoor recreational facility, and additions to an academic building and student activity center, as well as a portion of the construction period interest expense. The interest rates on the Series 2007A bonds range from 4.00 percent to 5.00 percent. The Series 2007A bonds mature in 2021. The Series 2007B bonds were extinguished through refunding in 2008.

# Grand Valley State University

## Notes to Financial Statements June 30, 2008 and 2007

### Note 5 - Long-term Liabilities (Continued)

The General Revenue Refunding Bonds, Series 2008A, and the General Revenue Refunding Variable Rate Demand Bonds, Series 2008B, were issued in April 2008 by the board of trustees for the refunding and extinguishment of \$20,730,000 of Series 2001B bonds, \$14,775,000 of Series 2002A bonds, \$25,445,000 of Series 2003 bonds, \$22,660,000 of Series 2004 bonds, and \$61,535,000 of Series 2007B bonds and to provide funds for the termination of a prior swap agreement. The interest rate on the Series 2008A bonds is 5.00 percent. The Series 2008A bonds mature in 2034 and the Series 2008B bonds mature in 2032.

At June 30, 2008, the Series 2008B bonds bear interest based on a weekly rate determined by the remarketing agent (1.48 percent). The bonds may be converted and subject to a different interest rate mode, provided certain conditions are met. The interest rate modes that the bonds could potentially be converted to include a daily rate mode, a commercial paper rate mode, a term rate mode, and a fixed rate mode. The bonds are subject to purchase on demand of the holder at a price equal to the principal amount plus accrued and unpaid interest, without premium, upon seven days' notice and delivery to the remarketing agent. Liquidity for the payment of the purchase price of the bonds on any mandatory or optional tender will be provided by an irrevocable direct pay letter of credit.

Scheduled maturities of long-term liabilities are as follows:

Fiscal Year	Revenue Bonds	Annuities		Total	Interest
		Payable	Note Payable		
2009	\$ 8,235,000	\$ 266,597	\$ 75,129	\$ 8,576,726	\$ 7,679,083
2010	8,710,000	266,597	79,636	9,056,233	7,703,677
2011	7,645,000	266,597	84,415	7,996,012	7,393,410
2012	7,830,000	266,597	-	8,096,597	7,087,570
2013	8,260,000	266,597	-	8,526,597	6,770,466
2014-2018	48,545,000	131,688	-	48,676,688	28,646,224
2019-2023	42,030,000	-	-	42,030,000	19,901,494
2024-2028	36,710,000	-	-	36,710,000	13,351,582
2029-2033	39,995,000	-	-	39,995,000	5,511,982
2034	5,840,000	-	-	5,840,000	146,000
Total	<u>\$ 213,800,000</u>	<u>\$ 1,464,673</u>	<u>\$ 239,180</u>	<u>\$ 215,503,853</u>	<u>\$ 104,191,488</u>

### Defeased Debt

The University's General Revenue Bonds are secured by the unrestricted operating revenues of the University. When possible, the University defeases prior debt issuances to reduce its borrowing cost. The total amount of defeased bonds outstanding at June 30, 2008 and 2007 totaled \$28,275,000.



# Grand Valley State University

## Notes to Financial Statements June 30, 2008 and 2007

### Note 5 - Long-term Liabilities (Continued)

#### Loss on Extinguishment of Debt

In 2008, the University recognized a loss on extinguishment of debt as a result of the refunding and extinguishment of \$20,730,000 of Series 2001B bonds, \$14,775,000 of Series 2002A bonds, \$25,445,000 of Series 2003 bonds, \$22,660,000 of Series 2004 bonds, and \$61,535,000 of Series 2007B bonds. The loss on extinguishment of debt includes \$1,572,985 of bond issue costs and original issue discounts on the extinguished debt and \$1,182,000 of swap termination fees.

#### Interest Rate Swaps

The University is party to derivative financial instruments (interest rate swaps) that are not reported at fair value on the statement of net assets at June 30, 2008.

The objective of the swaps is to protect the University against the potential of rising interest rates by entering into three separate pay-fixed, receive-variable interest rate swaps at a cost less than what the University would have paid to issue fixed-rate debt.

The terms and fair values of the outstanding swaps as of June 30, 2008 are listed below. The notional amounts of the swaps match the principal amounts of the associated debt. The University's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to follow scheduled or anticipated reductions in the associated "bonds payable" category:

Associated Bond Issue	Outstanding Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values	Swap Termination Date
Series 2008B (formerly series 2001B, 2002 and 2003)	\$ 17,015,000	9/24/2003	3.299%	70% of one-month LIBOR	\$ (268,000)	6/1/2019
Series 2005	\$ 30,240,000	3/3/2005	3.501%	The lesser of 70% of one-month LIBOR and the weighted average rate on the bonds	(790,000)	12/1/2025
Series 2008B (formerly Series 2007)	\$ 27,940,000	9/6/2007	3.691%	70% of one-month LIBOR	(1,215,000)	12/1/2031
					\$ (2,273,000)	

### Note 5 - Long-term Liabilities (Continued)

Primarily because interest rates have increased since their execution, the swaps in total have a negative fair value as of June 30, 2008. As long as the variable rate portion of the swap being received by the University is less than the fixed rate being paid, the University will be in a negative position on the swap. However, the University believes that the variable rates it has received on the swap agreements will eventually exceed the fixed rate the University pays, and the swap will reduce its overall interest expense in the future.

The swaps expose the University to basis risk should the relationship between LIBOR (London Interbank Offered Rate) and the variable coupon rates (based on the Securities Industry and Financial Markets (SIFMA) Municipal Swap Index) converge, changing the synthetic fixed rate of the bonds. The difference between the LIBOR and variable rate as of June 30, 2008 for each swap agreement is as follows:

Associated Bond Issue	Floating Rate Under LIBOR	Variable Coupon Rate
Series 2008B (formerly series 2001B, 2002 and 2003)	1.738%	1.480%
Series 2005	1.738%	1.540%
Series 2008B (formerly Series 2007)	1.738%	1.480%

As of June 30, 2008, (1) the University's credit rating was A+ as assigned by Standard & Poors, and (2) the University was not exposed to net credit risk related to the swaps.

The University or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable rate bonds would no longer carry a synthetic fixed interest rate. Also, if at termination a swap has a negative fair value, the University would be liable to the appropriate counterparty for a payment equal to the swap's fair value.

# Grand Valley State University

## Notes to Financial Statements June 30, 2008 and 2007

### Note 5 - Long-term Liabilities (Continued)

Using rates as of June 30, 2008, debt service requirements of the variable rate debt issues associated with the swap agreements and net swap payments, assuming current interest rates remain the same for their term, were as follows. As rates vary, variable rate bond interest payments and net swap payments will vary.

Variable Rate Bonds Associated with Swap Agreements				
Fiscal Year	Principal	Interest	Interest Rate Swaps - Net	Total
2009	\$ 885,000	\$ 1,141,954	\$ 1,356,032	\$ 3,382,986
2010	1,520,000	1,127,928	1,340,964	3,988,892
2011	1,670,000	1,105,014	1,316,506	4,091,520
2012	1,735,000	1,080,051	1,289,875	4,104,926
2013	1,805,000	1,054,079	1,262,168	4,121,247
2014-2018	20,440,000	4,505,035	5,467,497	30,412,532
2019-2023	20,290,000	2,780,996	3,530,242	26,601,238
2024-2028	15,200,000	1,380,104	1,808,977	18,389,081
2029-2032	11,650,000	339,786	480,390	12,470,176
Totals	<u>\$ 75,195,000</u>	<u>\$ 14,514,947</u>	<u>\$ 17,852,651</u>	<u>\$ 107,562,598</u>

### Note 6 - Retirement Plans

#### Defined Contribution Plans

The executive, administrative, and professional staff and faculty are covered under a defined contribution retirement plan through TIAA-CREF (Teachers Insurance and Annuity Association of America - College Retirement Equities Fund) or Fidelity Investments. Employees may contribute an amount not to exceed the Internal Revenue Service designated maximum. Participants become fully vested upon completion of two years of employment. Discretionary University contributions equal to 12 percent of participants' base salaries were made in each year.

The total expense under this discretionary plan was approximately \$10,178,400 and \$9,478,000 for the years ended June 30, 2008 and 2007, respectively. Total payroll covered under this plan was approximately \$84,819,500 in 2008 and \$78,648,000 in 2007.

# Grand Valley State University

## Notes to Financial Statements June 30, 2008 and 2007

### Note 6 - Retirement Plans (Continued)

Maintenance, grounds, and service staff hired after October 8, 2004 and clerical, office, and technical staff hired on or after February 2, 2006 participate in a defined contribution plan with University contributions equal to 8 percent of wages. Participants become fully vested upon completion of two years of employment. Total expenses under this plan were approximately \$160,940 in 2008 and \$88,500 in 2007. Total payroll covered under this plan was approximately \$2,011,740 in 2008 and \$1,106,400 in 2007.

#### Defined Benefit Plans

Clerical, office, technical, maintenance, grounds, and service staff and public safety officers hired before the above dates are covered under two noncontributory defined benefit plans sponsored by the University that are designed to provide monthly sources of retirement income at future dates. Participants become fully vested upon completion of 10 years of employment.

Membership of each plan consisted of the following at July 1, 2007, the date of the latest actuarial valuation:

	Maintenance, Grounds, and Service Employees' Retirement Plan	Clerical, Office, and Technical Employees' Retirement Plan
Active and transferred plan members	122	400
Terminated plan members entitled to but not yet receiving benefits	9	42
Retired and beneficiaries receiving benefits	<u>39</u>	<u>84</u>
Total participants	170	526

The University's policy is to fund the current annual required contribution. The annual required contribution was determined as part of an actuarial valuation at July 1, 2007, using the aggregate actuarial cost method. This method does not identify or separately amortize unfunded actuarial liabilities. Significant assumptions include (a) a 7.5 percent investment rate of return, (b) projected salary increases of 3.5 percent per year, including step increases, and (c) no cost of living adjustment.

# Grand Valley State University

## Notes to Financial Statements June 30, 2008 and 2007

### Note 6 - Retirement Plans (Continued)

Activity for the Maintenance, Grounds, and Service Employees' Retirement Fund and the Clerical, Office, and Technical Employees' Retirement Fund for the years ended June 30, 2008 and 2007 is as follows:

	Maintenance, Grounds, and Service Employees' Retirement Plan		Clerical, Office, and Technical Employees' Retirement Plan	
	Year Ended June 30		Year Ended June 30	
	2008	2007	2008	2007
<b>Additions</b>				
Investment income:				
Interest and dividends	\$ 526,746	\$ 289,740	\$ 1,514,593	\$ 765,744
Net appreciation (depreciation) in fair value of investments	(1,475,885)	669,556	(3,899,544)	1,892,711
Gain on sale of investments	303,309	428,839	724,916	1,045,153
Total investment income (loss)	(645,830)	1,388,135	(1,660,035)	3,703,608
Employer contributions	697,068	738,609	1,702,299	1,713,452
Other income	15,836	1,508	38,738	42,275
Total additions	67,074	2,128,252	81,002	5,459,335
<b>Deductions</b>				
Benefit payments	432,591	383,504	709,492	672,505
Administrative expense	34,087	32,054	60,168	54,475
Total deductions	466,678	415,558	769,660	726,980
<b>Net (Decrease) Increase</b>	(399,604)	1,712,694	(688,658)	4,732,355
<b>Net Assets Held in Trust for Pension Benefits</b>				
Beginning of year	8,513,068	6,800,374	22,928,318	18,195,963
End of year	\$ 8,113,464	\$ 8,513,068	\$ 22,239,660	\$ 22,928,318

Three-year trend information is as follows:

	Fiscal Year Ended June 30		
	2008	2007	2006
Annual pension cost	\$ 2,399,367	\$ 2,198,440	\$ 2,198,440
Percentage of annual pension cost contributed	100%	100%	100%
Net pension obligation	-	-	-

# Grand Valley State University

## Notes to Financial Statements June 30, 2008 and 2007

### Note 6 - Retirement Plans (Continued)

As noted above, the aggregate method is used to determine the annual required contribution of the employer (ARC) for the defined benefit plans. Because this method does not identify or separately amortize unfunded actuarial liabilities, information about the funded status is prepared using the entry age actuarial cost method and is intended to serve as a surrogate for the funded status. The schedule of funding progress is as follows:

Funded Status of Plan							
	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
Maintenance, Grounds, and Service Employees' Retirement Plan	7/1/2007	\$ 7,824,826	\$ 10,839,007	\$(3,014,181)	72.2%	\$ 4,928,839	61.2%
	7/1/2006	6,576,549	10,065,352	(3,488,803)	65.3%	4,854,849	71.9%
	7/1/2005	5,838,138	8,695,456	(2,857,318)	67.1%	4,692,877	60.9%
Clerical, Office, and Technical Employees' Retirement Plan	7/1/2007	\$ 21,037,946	\$ 27,656,029	\$(6,618,083)	76.1%	\$ 12,929,742	51.2%
	7/1/2006	17,560,196	24,866,358	(7,306,162)	70.6%	12,382,784	59.0%
	7/1/2005	15,131,659	21,844,079	(6,712,420)	69.3%	11,896,404	56.4%

### Other Postemployment Benefits

The University has a single employer defined benefit plan that provides certain healthcare benefits for retired faculty and staff. The plan covers 2,248 members as of June 30, 2008 and currently does not require active members to contribute to the plan.

**Plan Description** - Substantially all of the University's employees may become eligible for certain healthcare benefits if they reach retirement age while working for the University, are vested in a University-sponsored retirement plan, and their years of University service and age total a minimum of 75.

**Funding Policy** - The plan requirements are established and may be amended by the University's board of trustees.

# Grand Valley State University

## Notes to Financial Statements June 30, 2008 and 2007

### Note 6 - Retirement Plans (Continued)

**Annual OPEB Cost and Net OPEB Obligation** - The University's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 15 years. The following table shows the components of the University's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the University's OPEB obligation:

Annual required obligation	\$ 1,218,532
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
	<hr/>
Annual OPEB cost (expense)	1,218,532
Contributions made	<hr/> 346,461
	<hr/>
Increase in net OPEB obligations	872,071
	<hr/>
Net OPEB obligation - Beginning of year	-
Net OPEB obligation - End of year	<hr/> <hr/> \$ 872,071

**Funded Status and Funding Progress** - As of July 1, 2007, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$7,928,780, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$7,928,780. An investment fund was established for purposes of pre-funding retiree benefits, with a market value of \$871,484 at June 30, 2008. However, because the funds are not irrevocable, these contributions do not constitute contributions for GASB 45 purposes. The covered payroll (annual payroll of active employees covered by the plan) was \$103,032,500, and the ratio of all UAAL to covered payroll was 7.70 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

### Note 6 - Retirement Plans (Continued)

**Actuarial Methods and Assumptions** - Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2007 actuarial valuation, the projected unit cost actuarial method was used. The actuarial assumptions included a 7.5 percent investment rate of return (net of administrative expenses) based on the expected long-term investment returns on plan assets. The UAAL is being amortized as a projected unit credit level dollar, closed on a 15-year basis. The remaining amortization period at June 30, 2008 was 14 years. Benefits valued are fixed dollar amounts.

### Note 7 - Commitments

The University has an arrangement with the State of Michigan and State Building Authority (the SBA) to finance a large portion of the Padnos College of Engineering and Computing and the Graduate School of Business and Graduate Library Building located on the Pew Campus in downtown Grand Rapids. The arrangement is based upon a lease agreement that is signed by the University. It stipulates that the SBA will hold title to the buildings and the State will make all lease payments to the SBA on behalf of the University, and the University will pay all operating and maintenance costs. At the expiration of the lease, the SBA has agreed to sell each building to the University for \$1.

The University has entered into an agreement with Van Andel Research Institute for the purpose of constructing a Good Manufacturing Practices Lab that is funded by grants from the State of Michigan and the federal government. Beginning November 1, 2006, the lab will be leased for \$140,000 (excluding CPI adjustments) over five years, with an option to renew for an additional five years.

The University has leased a portion of a downtown parking lot to Bicycle Factory, LLC commencing on June 1, 2007 for a 30-year period, receiving an upfront payment of \$792,000.

The University has agreed to lease the Michigan Alternative and Renewable Energy Facility from the City of Muskegon at no cost through June 30, 2025. Ownership of the building will revert to the University at lease termination for \$1.



### **Note 7 - Commitments (Continued)**

The University has agreed to lease office space from Bicycle Factory, LLC, expecting to commence in the fiscal year ended June 30, 2009 for 90 months. The University has paid \$678,857 as a security deposit and \$113,143 as a put deposit. In the event the lessor elects to sell individual units therein, the University has the ability to purchase for \$3.47 million.

### **Note 8 - Contingencies**

The University is self-funded for coverage under portions of its hospital/medical benefits and for all unemployment compensation and workers' compensation. The University also offers two HMO plans to employees. Stop-loss coverage has been purchased by the University for the self-funded hospital/medical benefits and workers' compensation claims. The stop-loss insurance limits the claims for hospital/medical benefits to \$150,000 per individual, up to \$1 million in aggregate. Individual claims in excess of the \$1 million limit are funded by the University with an aggregate annual stop-loss of \$15.8 million and \$14.2 million in 2008 and 2007, respectively. The workers' compensation stop-loss insurance limits its liability for claims paid per individual to \$500,000 in 2008 and 2007. Liabilities for estimated claims retained by the University under self-insurance programs have been established.

To secure payment for a utility agreement, the University requested a \$450,000 letter of credit during August 2007, which will expire on March 11, 2011.

Effective July 1, 1987, the University entered into an arrangement with several other Michigan public universities to form a separate corporation that provides comprehensive general liability, errors and omissions, and property and vehicle liability coverages. The corporation provides coverage for claims in excess of agreed-upon deductibles.

In the normal course of its activities, the University has been a party in various legal actions. Historically, the University has not experienced significant losses from such actions. After taking into consideration legal counsel's evaluation of pending actions, the University is of the opinion that the outcome thereof will not have a material effect on its financial statements.

### **Note 8 - Contingencies (Continued)**

Pursuant to State of Michigan Public Act 362 of 1993, the University has previously authorized 30 public school academies. All 30 of these public school academies can operate schools funded by the State School Aid Act. The University, as fiscal agent, provides guidance in and review of compliance with state requirements and forwards the state payment to the public school academies. Public funding is provided by the State of Michigan on a per pupil basis. Funding of \$117,016,604 and \$114,645,287 was appropriated by the State in 2008 and 2007, respectively, to be allocated to the public school academies, net of approximately a 3 percent administrative fee retained by the University. At June 30, 2008, \$21,255,550 was outstanding as a receivable from the State, of which \$19,732,036 will be subsequently forwarded to the public school academies. At June 30, 2007, \$20,777,160 was outstanding as a receivable from the State, of which \$19,638,782 was subsequently forwarded to the public school academies. This activity is treated as an agency transaction. Contracts with two public school academies ended on June 30, 2008. The University plans to authorize additional academies during fiscal year 2009.

### **Note 9 - Subsequent Events**

The State of Michigan has approved the 2009 fiscal year appropriation in the amount of \$64,021,400.

Subsequent to year end, the University's investment portfolio has incurred a decline in fair value, consistent with the general decline in the financial markets. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined at this time.

## **Additional Information**

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To the Board of Trustees  
Grand Valley State University

We have audited the basic financial statements of Grand Valley State University for the years ended June 30, 2008 and 2007. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of Grand Valley State University. This information has been subjected to the procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Plante & Moran, PLLC*

October 7, 2008

# Grand Valley State University

## Schedule of Endowment and Similar Funds June 30, 2008

	Balance July 1, 2007	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intra-fund Distribution	Balance June 30, 2008	Retained Investment Income	Principal Balance June 30, 2008
<b>Endowment Funds</b>								
Alumni Heritage Scholarship Fund	\$ 461,854	\$ 51,398	\$ (14,199)	\$ 21,311	\$ 500	\$ 478,242	\$ 82,632	\$ 395,610
David G. and Mary L. Annis Scholarship	87,432	3,574	(2,671)	3,969	3,480	87,846	12,752	75,094
R.B. Annis Educational Foundation and Outreach Program Endowment	96,662	50,000	(5,707)	-	-	140,955	15,235	125,720
Joseph E. Appelt P.E. Engineering Scholarship Fund	42,565	6,350	(1,221)	1,897	-	45,797	9,955	35,842
APICS Scholarship Fund	43,294	-	(1,129)	1,909	-	40,256	35,156	5,100
Carl and Delores Arendsen Golf Scholarship	-	15,000	(132)	-	-	14,868	(132)	15,000
Baker-Hall Physics Fund	63,359	1,010	(1,730)	2,817	360	60,182	22,195	37,987
John T. Batchelder Political Science Scholarship	9,247	8,460	(395)	-	210	17,522	92	17,430
William C. Baum Endowment	80,651	3,400	(2,295)	3,617	-	78,139	15,216	62,923
Nancy H. Baum Endowment in Dance	41,672	-	(2,104)	-	-	39,568	15,368	24,200
Beckering Family Carillon Endowment	28,009	100	(787)	-	-	27,322	4,022	23,300
Fred A. Bell Business Scholarship Endowment	45,718	-	(1,192)	2,016	-	42,510	11,269	31,241
David Alan Bergsma Scholarship Fund	63,628	-	(1,659)	2,806	-	59,163	48,528	10,635
Hyman H. and Greta M. Berkowitz Scholarship Fund	477,267	165	(12,448)	21,047	44	443,981	179,507	264,474
Biology Field and Laboratory Enhancement Fund	91,311	11,841	(2,813)	4,176	397	96,560	23,022	73,538
The Biomedical/Health Science Fund	19,864	1,553	458	-	500	22,375	6,099	16,276
Darld and Joyce Black Physical Therapy Scholarship in Memory of Robert Klein	27,047	3,250	(956)	-	192	29,533	5,157	24,376
Edith I. Blodgett Endowed Music Scholarship Fund	66,155	212	(1,744)	2,923	204	61,904	29,335	32,569
Joan Boand Athletic Scholarship Fund	64,019	1,600	(1,755)	2,853	-	61,011	15,002	46,009
Ira Brad Memorial Scholarship	80,541	27,604	(3,477)	4,055	-	100,613	10,981	89,632
William J. and Margaret G. Branstrom Fund	130,706	-	(3,407)	5,764	-	121,535	72,949	48,586
The Donna K. Brooks Presidential Scholarship	339,528	773	(8,930)	14,995	853	317,229	59,377	257,852
The Brooks Family Minority Scholarship	334,945	-	(8,733)	14,770	-	311,442	59,432	252,010
Johnny C. Burton Memorial Scholarship	86,913	24	(2,270)	3,834	54	80,887	26,219	54,668
Greg Cadaret Baseball Fund	80,593	400	(2,301)	3,555	96	75,233	33,656	41,577
Ara Cary Lectureship Fund	56,860	100	(1,498)	2,511	160	53,111	13,181	39,930
Barry Castro Business Ethics Scholarship	77,846	5,176	(2,444)	3,553	2,794	79,819	5,228	74,591
Bernard and Camille Cebalak Scholarship Fund	282,331	-	(7,384)	12,449	-	262,498	32,498	230,000
Collegiate Entrepreneurs' Organization (CEO) Endowment	96,009	-	(2,503)	4,234	-	89,272	15,186	74,086
Robert L. Chamberlain Scholarship Fund	66,340	567	(1,778)	2,940	383	62,572	29,218	33,354
Hong Chen Memorial Endowment	29,063	-	(757)	1,282	-	27,024	5,853	21,171
Douglas K. and Ellen Chung Asian Social Work Graduate Scholarship	31,269	63	(1,135)	-	4,665	34,862	4,170	30,692
Helen Claytor Minority Scholarship	1,420,628	145	(37,061)	62,652	290	1,321,350	336,959	984,391
School of Communications Scholarship Fund	47,320	1,006	(1,297)	2,110	385	45,304	10,354	34,950

# Grand Valley State University

## Schedule of Endowment and Similar Funds (Continued) June 30, 2008

	Balance July 1, 2007	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intra-fund Distribution	Balance June 30, 2008	Retained Investment Income	Principal Balance June 30, 2008
<b>Endowment Funds (Continued)</b>								
Community Foundation for Muskegon County Interfaith Dialogue Fund	\$ -	\$ 321,599	\$ (2,829)	\$ -	\$ -	\$ 318,770	\$ (2,829)	\$ 321,599
Community Leadership Endowment	72,006	15,969	(2,712)	3,438	42	81,867	6,099	75,768
Computer Science and Information Systems Endowment	113,623	4,294	(3,273)	5,111	2,003	111,536	34,088	77,448
The Coopersville Scholarship	-	1,003,000	(60,387)	-	-	942,613	(60,387)	1,003,000
The COT Association Scholarship Endowment Fund	112,696	1,817	(3,100)	5,017	1,599	107,995	23,837	84,158
David Daniels Memorial Scholarship	73,492	1,818	(2,004)	3,277	480	70,509	29,118	41,391
Gilbert R. and Patricia K. Davis Endowed Merit Scholarship	108,057	1,778	(2,894)	4,786	430	102,585	31,677	70,908
Greta and Arthur Delong Perpetual Scholarship Fund	88,360	50	(2,305)	3,896	-	82,209	28,819	53,390
Aaron M. DesRocher Memorial Chemistry Scholarship	12,239	18,715	(1,092)	-	204	30,066	1,471	28,595
Pamella and Daniel G. DeVos Musical Theater Scholarship	30,972	1,300	(971)	-	600	31,901	1	31,900
DeWitt Barrels Inc. Environmental Science and Natural Resources Scholarship	8,275	7,942	(598)	-	640	16,259	392	15,867
Mary Jane Dockeray Scholarship Fund	98,370	560	(2,597)	4,349	20	92,004	30,856	61,148
Scott M. Dykstra Oliver Products Company Engineering Scholarship	65,523	300	(1,726)	2,896	-	61,201	13,787	47,414
L.V. Eberhard Scholarship Fund	663,696	-	(17,303)	29,267	-	617,126	347,903	269,223
Eitzen Voice Scholarship	131,950	1,875	(3,586)	5,865	1,312	125,686	47,940	77,746
School of Engineering Fund	186,951	3,083	(5,073)	8,306	1,132	177,787	64,402	113,385
Enrichment Fund	659,040	9,100	(17,658)	29,160	-	621,322	335,397	285,925
Jean Enright Women and Gender Studies Scholarship	3,061	3,389	(251)	-	127	6,326	169	6,157
Faculty Teaching and Learning Center Endowment	2,623,300	815	(68,507)	115,715	1,340	2,441,233	525,962	1,915,271
Finance Department Endowment	95,541	1,170	(2,624)	4,252	1,488	91,323	21,772	69,551
Richard E. Flanders Scholarship Fund	155,985	1,263	(4,147)	6,907	128	146,322	60,088	86,234
Robert W. Fletcher Memorial Endowment	44,717	8,283	(1,837)	2,176	5,892	54,879	4,137	50,742
Football Alumni Endowment Fund	11,051	8,209	(713)	-	347	18,894	(152)	19,046
Frey Foundation Chair for Family Foundations and Philanthropy	-	1,500,000	(13,195)	-	-	1,486,805	(13,195)	1,500,000
The General Dynamics Land Systems Engineering Scholarship	46,728	-	(1,218)	2,061	-	43,449	11,449	32,000
Geology Development Fund	135,197	814	(3,577)	5,978	94	126,550	60,688	65,862
Geology Student Field Endowment	41,612	1,025	(1,181)	1,865	670	40,261	10,915	29,346
Norman Gibson Geology Field Study Scholarship	-	17,966	(901)	-	50	17,115	(901)	18,016
Charlotte A. Gierst and Salome C. Egeler Trust Fund	83,887	-	(2,187)	3,699	-	78,001	32,921	45,080
Richard Giles Memorial Scholarship Fund	414,324	2,116	(10,921)	18,310	11	387,220	226,592	160,628
John and Barbara Gracki Football Degree Completion Scholarship Fund	-	15,000	(1,733)	-	15,000	28,267	(1,733)	30,000
The Graduate Teacher Certification Scholarship	75,123	2,142	(2,171)	3,375	1,882	73,601	13,339	60,262
Grand Valley Grand Forum Endowment	205,323	6,179	(6,092)	-	243	205,653	66,489	139,164
The Grand Valley Lanthorn Merit Scholarship	35,824	233	(1,008)	-	33	35,082	9,214	25,868

# Grand Valley State University

## Schedule of Endowment and Similar Funds (Continued) June 30, 2008

	Balance July 1, 2007	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intra-fund Distribution	Balance June 30, 2008	Retained Investment Income	Principal Balance June 30, 2008
<b>Endowment Funds (Continued)</b>								
Grand Valley State University Athletic Fund	\$ 212,637	\$ 11,269	\$ (5,935)	\$ 9,495	\$ 560	\$ 209,036	\$ 59,471	\$ 149,565
Grand Valley State University Fund	5,378,420	208,328	(80,266)	259,630	(187,719)	5,059,133	3,034,308	2,024,825
GVSU LGBT Scholarship Endowment	71,126	4,904	(2,303)	3,266	4,460	74,921	10,432	64,489
Women's Center Non-Traditional Student Scholarship	76,702	1,555	(2,162)	3,431	1,873	74,537	14,057	60,480
Hauenstein Center for Presidential Studies Endowment	338,859	16,545	(10,356)	-	915	345,963	59,883	286,080
Hanenberg Scholarship	20,648	-	465	21,113	-	-	-	-
Earl Harper Scholarship Fund	73,829	-	(1,925)	3,256	-	68,648	30,553	38,095
Joyce Hecht Distinguished Scholarship in Philanthropy	160,051	1,060	(4,234)	7,082	-	149,795	29,070	120,725
William Hegarty Endowment Fund	36,467	100	(957)	1,610	-	34,000	8,066	25,934
Arthur C. Hills Music Scholarship Fund	89,504	1,224	(2,405)	3,968	34	84,389	39,147	45,242
Hispanic Scholarship Fund	77,137	314	(2,061)	3,417	631	72,604	23,441	49,163
Dr. James D. Hoffman Scholarship	106,091	-	(2,766)	4,678	-	98,647	25,595	73,052
The Hilda C. Holder Endowed Scholarship for Women in Business Fund	44,174	-	(1,152)	1,948	-	41,074	5,974	35,100
Honors Program Enrichment	5,617	851	(193)	-	84	6,359	1,987	4,372
Hospitality and Tourism Management Department Endowment	-	50	-	-	-	50	-	50
J. C. Huizenga Business Scholarship	34,177	10,000	(980)	1,507	-	41,690	1,690	40,000
The Professor Paul A. Huizenga Biology Education Scholarship	93,149	6,430	(2,700)	4,196	450	93,133	12,719	80,414
W.G. Jackson Fund	255,521	144	(6,676)	11,272	154	237,871	83,465	154,406
Todd J. Jager Memorial Scholarship	-	3,322	(29)	-	-	3,293	(29)	3,322
The Dorothy A. Johnson Center for Philanthropy Library Endowment	675,782	320	(17,640)	29,805	174	628,831	123,130	505,701
The Dorothy A. Johnson Center for Philanthropy Operations Endowment	2,433,999	179,132	(73,717)	-	14,997	2,554,411	347,694	2,206,717
Jurries Family Scholarship	24,606	5,000	(733)	-	-	28,873	3,873	25,000
Sylvia and Richard Kaufman Interfaith Institute Endowment	-	216,130	(24,882)	-	5,000	196,248	(24,882)	221,130
Fred M. and Bernadine Keller Engineering Diversity Scholarship	58,414	-	(1,523)	2,576	-	54,315	4,315	50,000
Kirkhof College of Nursing Endowment	146,353	8,364	(4,302)	6,612	1,303	145,106	36,176	108,930
Don Klein Endowment	120,756	5,925	(3,493)	5,439	115	117,864	19,820	98,044
Walton Boston Koch Memorial Scholarship	40,609	182	(1,074)	1,796	149	38,070	17,394	20,676
The Albert S. and Ella D. Koeze Art Scholarship	17,448	2,000	(507)	-	25	18,966	5,834	13,132
A. Scott and Ruth P. Koeze Graduate Business Scholarship	35,948	-	(977)	814	-	34,157	3,857	30,300
Dirk Koning Film and Video Scholarship	34,070	2,576	(1,045)	1,542	705	34,764	7,659	27,105
The Jack J. Korff Seidman College of Business Finance Scholarship	42,289	5,000	(1,401)	1,974	-	43,914	3,804	40,110
Lynne Kraemer Memorial Scholarship	46,093	100	(1,202)	2,033	-	42,958	25,164	17,794
The Mike Lints Track and Field Equipment Endowment	38,717	5,276	(1,188)	1,818	380	41,367	7,515	33,852
Logie Fellowship Endowment	168,783	500	(4,430)	7,454	-	157,399	31,564	125,835

# Grand Valley State University

## Schedule of Endowment and Similar Funds (Continued) June 30, 2008

	Balance July 1, 2007	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intra-fund Distribution	Balance June 30, 2008	Retained Investment Income	Principal Balance June 30, 2008
<b>Endowment Funds (Continued)</b>								
Loutit Foundation Fund	\$ 214,275	\$ 46	\$ 1,724	\$ -	\$ (1,680)	\$ 214,365	\$ -	\$ 214,365
Arend D. and Nancy Lubbers Honors College Scholarship	864,197	1,735	(22,573)	38,117	3	805,245	192,857	612,388
McFadden Picciuca International Child Welfare Scholarship	-	5,283	486	-	2,100	7,869	486	7,383
Dr. Faite R-P. Mack and Dr. Thomas E. Jackson Scholarship Fund	85,508	73	(2,237)	3,772	71	79,643	29,165	50,478
Mathematics Endowment Fund	188,721	1,880	(5,398)	-	840	186,043	70,749	115,294
Russell G. Mawby Fellowship in Philanthropic Studies	28,481	25,000	(1,746)	-	-	51,735	1,735	50,000
Fred Meijer Diversity Scholarship	32,535	-	(919)	-	-	31,616	6,616	25,000
Corky Meinecke Scholarship Endowment Fund	58,220	25	(1,519)	2,568	25	54,183	11,797	42,386
Memorial Garden Endowment	10,385	100	(6,149)	-	100	4,436	1,016	3,420
Paul C. and Florence Miller Mineral Collection Endowment	59,196	98	(1,551)	2,613	48	55,178	14,583	40,595
Paul C. Miller Scholarship Fund	194,637	-	(5,074)	8,583	-	180,980	80,657	100,323
Mithilesh and Jitendra Mishra Foreign Student/Faculty Scholarship Fund	35,206	-	(917)	1,553	-	32,736	9,816	22,920
Jacob B. Mol Family Scholarship Fund	95,802	-	(2,497)	4,225	-	89,080	40,117	48,963
Dr. Rodney J. Mulder Social Work Scholarship	73,071	1,125	(2,000)	3,248	820	69,768	15,013	54,755
Mullendore Legal Studies Criminal Justice Scholarship	111,027	20,100	(5,199)	5,561	20,096	140,463	4,221	136,242
Mark A. and Elizabeth C. Murray International Travel Fund	39,499	3,144	(1,100)	1,755	446	40,234	2,136	38,098
Nichols Sustainability Scholarship	10,675	10,140	(916)	-	140	20,039	(341)	20,380
Glenn A. and Betty J. Neimeyer History Scholarship Endowment	122,509	1,584	(3,322)	5,439	941	116,273	36,506	79,767
The Nedra J. Otis Art Scholarship	91,881	1,402	(2,526)	4,090	1,247	87,914	19,133	68,781
Arnold C. Ott Lectureship in Chemistry	765,539	13,040	(21,449)	-	-	757,130	243,790	513,340
Candace Otte Scholarship for Nursing	-	24,315	(214)	-	-	24,101	(214)	24,315
Barbara Padnos Scholarship Fund	1,365,392	420	(35,629)	60,218	269	1,270,234	267,924	1,002,310
Esther R. Padnos Nursing Scholarship	-	120,478	(5,919)	-	-	114,559	(5,919)	120,478
Stuart and Barbara Padnos Chair in Art and Design	1,032	-	(30)	-	-	1,002	2	1,000
Seymour and Esther Padnos Engineering Scholarship	682,937	300	(17,823)	30,122	-	635,292	124,267	511,025
Joan A. Panopoulos Scholarship	-	36,702	(2,230)	-	365	34,837	(2,230)	37,067
Pathways to Recovery Scholarship	8,600	446	(265)	-	-	8,781	197	8,584
Eugene and Lillian Pawl Scholarship	705	-	(19)	-	-	686	86	600
Peace and Justice Award	57,713	559	(1,581)	2,565	921	55,047	24,121	30,926
Ross W. Perry Bachelor of Science Scholarships	296,436	-	(7,728)	13,072	-	275,636	70,521	205,115
Physical Therapy Department Fund	54,518	1,794	(1,597)	2,457	1,548	53,806	16,175	37,631
William F. Pickard Fund	94,672	-	(2,468)	4,175	-	88,029	57,264	30,765
Plant Service Personnel Descendants Scholarship Fund	490,031	9,379	(13,632)	21,859	8,181	472,100	107,985	364,115
Positive Black Women Endowment Fund	55,644	951	(1,544)	2,482	963	53,532	11,561	41,971



# Grand Valley State University

## Schedule of Endowment and Similar Funds (Continued) June 30, 2008

	Balance July 1, 2007	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intra-fund Distribution	Balance June 30, 2008	Retained Investment Income	Principal Balance June 30, 2008
<b>Endowment Funds (Continued)</b>								
Paul W. Potter and Margaret E. Potter Scholarship	\$ 30,972	\$ -	\$ (890)	\$ -	\$ -	\$ 30,082	\$ 82	\$ 30,000
The Judith S. Pratt Non-Traditional Nursing Scholarship	69,342	2,175	(1,946)	3,103	665	67,133	13,266	53,867
Berthold Price Scholarship Fund	177,373	428	(4,697)	7,845	969	166,228	69,593	96,635
Price Heneveld Engineering Scholarship	80,903	50	(2,112)	3,569	-	75,272	13,808	61,464
Margaret Proctor Communications Scholarship	24,284	3,617	(1,016)	-	881	27,766	6,890	20,876
Dr. George I. and Helen Z. Quimby Scholarship	24,960	5,500	(766)	-	-	29,694	4,560	25,134
Dr. George I. Quimby Memorial Anthropology Endowment	6,025	4,148	(331)	-	913	10,755	1,109	9,646
Reister Family Scholarship Endowment	101,319	2,575	(2,789)	4,526	125	96,704	20,291	76,413
Renaissance Church of God in Christ African American Academic Achievement Scholarship	-	2	-	-	2	4	-	4
Warren Reynolds Endowed Scholarship	24,172	54	(404)	1,078	54	22,798	7,551	15,247
Laura Sakoski Memorial Scholarship	2,910	1,730	(179)	-	-	4,461	(29)	4,490
John Salski Memorial Fund	44,508	-	(1,160)	1,963	-	41,385	10,859	30,526
The J. Patrick Sandro Education Scholarship	63,173	407	(1,674)	2,795	95	59,206	13,845	45,361
The Ilene I. Schooley Biomedical Sciences Scholarship	38,663	10	(1,009)	1,705	10	35,969	5,745	30,224
Science Equipment Fund	2,333,049	600	(60,852)	102,898	-	2,169,899	1,196,108	973,791
Science Math Development Fund	82,555	550	(2,007)	3,658	200	77,640	46,440	31,200
School of Public and Nonprofit Administration Endowment	33,319	3,066	(1,083)	1,540	763	34,525	10,449	24,076
Mary & Wilhelm Seeger Scholarship Fund	173,950	6,778	(4,946)	7,827	424	168,379	57,884	110,495
Seidman College of Business Commercial Real Estate Scholarship	-	5,000	(44)	-	-	4,956	(44)	5,000
Seidman College of Business Study Abroad Scholarship	25,922	2,192	(889)	-	1,261	28,486	6,381	22,105
Seidman College of Business Management Department Scholarship	2,692	645	(96)	-	163	3,404	551	2,853
Seidman Endowment Fund	1,484,716	4,269	(38,997)	65,587	1,391	1,385,792	726,311	659,481
Esther L. Seidman Chair in Management Fund	392,467	-	(10,232)	17,307	-	364,928	189,528	175,400
The Margaret Sellers Walker Distinguished Practitioner Lecture Series in Public and Nonprofit Administration	-	500	(57)	-	500	943	(57)	1,000
Marilyn and BP Sherwood Seidman College of Business Scholarship for Non-Traditional Students	29,948	9,000	(1,045)	1,366	-	36,537	9,616	26,921
Ryan Short Memorial Scholarship Fund	84,996	952	(2,301)	3,772	849	80,724	18,786	61,938
Ram and Usha Singh Social Work Scholarship	39,583	96	(1,045)	1,750	160	37,044	8,570	28,474
Drs. Esther and Enrico Sobong Scholarship	41,197	-	(1,074)	1,817	-	38,306	8,006	30,300
The Social Work Minority Scholarship	46,386	101	(1,224)	2,051	196	43,408	9,978	33,430
Social Work Faculty Development Fund	36,811	100	(1,038)	-	120	35,993	13,833	22,160
Social Work Scholarship Fund	36,724	1,067	(1,026)	1,637	378	35,506	9,969	25,537

# Grand Valley State University

## Schedule of Endowment and Similar Funds (Continued) June 30, 2008

	Balance July 1, 2007	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intra-fund Distribution	Balance June 30, 2008	Retained Investment Income	Principal Balance June 30, 2008
<b>Endowment Funds (Continued)</b>								
Spectrum Health Diversity Scholarship	\$ 94,502	\$ -	\$ (2,464)	\$ 4,167	\$ -	\$ 87,871	\$ 12,580	\$ 75,291
Joseph Spruit Engineering Scholarship	58,428	-	(1,523)	2,577	-	54,328	3,328	51,000
Statistics Endowment Fund	40,236	963	(1,138)	1,801	779	39,039	7,773	31,266
Steelcase Inc. Seidman College of Business Diversity Scholarship	126,802	50	(3,543)	-	140	123,449	22,914	100,535
The Howard and Rose Stein Endowed Biology Scholarship	54,711	1,968	(1,530)	2,456	148	52,841	12,655	40,186
Joseph Stevens Freedom Fund	133,734	741	(3,543)	5,913	291	125,310	47,277	78,033
Esther Rehm Stotz Scholarship Fund	161,816	125	(4,225)	7,138	-	150,578	79,864	70,714
Tim Strickler Pre-Medical Scholarship	7,032	400	(220)	-	-	7,212	1,112	6,100
The Subar Family - Model Coverall Service Scholarship	41,683	1,360	(1,162)	1,853	-	40,028	9,668	30,360
Duke Tanaka Jr. Anatomy Scholarship	15,627	7,100	(869)	-	4,100	25,958	1,358	24,600
Tax Program Fund	141,447	375	(3,963)	-	-	137,859	72,406	65,453
The Telephone Pioneers of America, Great Lakes Chapter #90 Scholarship Fund	77,377	250	(2,032)	3,418	-	72,177	29,701	42,476
Edward Tremba Geology Scholarship Fund	85,570	1,908	(2,352)	3,809	208	81,525	37,632	43,893
A Trust for Science Education	173,532	613	(4,891)	-	555	169,809	48,370	121,439
University Library Fund	323,461	4,510	(8,799)	14,374	2,969	307,767	146,457	161,310
The Donald and Barbara Vanderjagt Mathematics and Athletic Scholarship	46,111	1,275	(1,229)	2,040	25	44,142	9,371	34,771
VanSteeland Arboretum Fund	140,222	590	(3,702)	6,197	478	131,391	68,101	63,290
Richard E. Veazey Graduate Academic Scholarship in Accounting	-	160,760	(9,472)	-	25,010	176,298	(9,472)	185,770
Kenneth Venderbush Endowment Fund	21,928	1,000	(672)	-	-	22,256	7,031	15,225
Volkhardt Family Scholarship	160,605	250	(4,216)	7,090	250	149,799	32,093	117,706
The Wadell/Treanor Native Plant Endowment	-	620,018	(5,454)	-	-	614,564	(5,454)	620,018
Florence Cowan Ward Scholarship for Nursing	165,717	5,000	(4,618)	7,417	-	158,682	31,318	127,364
Margaret F. Ward Art and Design Scholarship	32,649	1,975	(869)	1,440	-	32,315	3,519	28,796
Margaret Ward Music Scholarship	34,178	25	(894)	1,508	25	31,826	5,424	26,402
WGVU-TV Program Fund	68,975	5,138	(1,916)	3,065	736	69,868	15,146	54,722
WGVU-TV Scholarship Fund	415,397	108	(11,580)	-	93	404,018	199,330	204,688
WRI Equipment Fund	2,544,158	72	(66,337)	112,191	69	2,365,771	1,207,141	1,158,630
Weldon Memorial Chemistry Fund	177,219	7,586	(5,386)	-	1,199	180,618	75,854	104,764
West Side Service Projects Endowment	33,713	-	(4,056)	1,342	1,344	29,659	526	29,133
Westerman Nursing Scholarship Fund	174,085	50	(4,541)	7,678	-	161,916	60,281	101,635
Shawn D. Wiersma Criminal Justice Memorial Scholarship	38,274	445	(1,017)	1,698	162	36,166	5,167	30,999
Holliday Wiley Psychology Scholarship for the Study of Pervasive Development Disorders	39,244	1,286	(1,149)	1,771	1,202	38,812	7,434	31,378

# Grand Valley State University

## Schedule of Endowment and Similar Funds (Continued) June 30, 2008

	Balance July 1, 2007	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intra-fund Distribution	Balance June 30, 2008	Retained Investment Income	Principal Balance June 30, 2008
<b>Endowment Funds (Continued)</b>								
H. James and Carole Campbell Williams Business Scholarship	\$ 4,311	\$ 3,340	\$ (427)	\$ -	\$ 3,113	\$ 10,337	\$ (16)	\$ 10,353
William James Fund	39,052	200	(1,030)	1,727	-	36,495	19,462	17,033
Shelia Williams Student Leadership Development Fund	146,800	1,021	(3,894)	6,495	375	137,807	70,888	66,919
Bill & Diana Wipperfurth Annis Water Resources Institute Student Research Scholarship	38,209	1,153	(1,019)	1,688	121	36,776	3,865	32,911
Thomas and Joyce Wisner Engineering Scholarship Endowment	-	150,000	(1,319)	-	-	148,681	(1,319)	150,000
Wisner Physical Therapy Scholarship	131,540	350	(3,467)	5,811	250	122,862	15,737	107,125
Women's Center Endowment	26,784	4,534	(1,031)	-	2,331	32,618	2,124	30,494
Doug and Linda Woods Athletic Training Scholarship Endowment	112,310	10,045	(3,492)	5,074	499	114,288	19,111	95,177
Wrestling Endowment	12,108	2,864	(479)	-	130	14,623	3,687	10,936
Writing Department Faculty Scholarship	18,000	2,322	(702)	-	2,130	21,750	3,742	18,008
William Zimmerman Memorial Scholarship	43,286	3,225	(1,492)	2,014	3,100	46,105	7,313	38,792
Felix V. and Gladys A. Zukaitis Athletic Trust	243,310	-	(6,344)	10,729	-	226,237	101,052	125,185
Felix V. and Gladys A. Zukaitis Scholarship Trust	232,787	100	(6,073)	10,268	-	216,546	90,846	125,700
Whitney Young Village Outreach Engineering Scholarship	100,000	-	28,749	-	-	128,749	28,749	100,000
Total endowment funds	40,824,438	5,193,002	(1,150,446)	1,582,500	(4,981)	43,279,513	13,801,559	29,477,954
<b>Funds Functioning as Endowments</b>								
Accounting Scholarship Fund	463,793	5,960	(11,254)	20,615	800	438,684	207,218	231,466
Alumni Scholarship Fund	860,779	19,127	(23,580)	38,368	348	818,306	344,286	474,020
Angus Fund	1,679,582	1,288	(43,849)	74,104	244	1,563,161	711,945	851,216
R.B. Annis WRI Endowment	1,813,677	3,086	(48,709)	80,028	683	1,688,709	589,503	1,099,206
Owen F. Bieber Scholarship Trust	708,913	-	(18,485)	31,262	60	659,226	345,696	313,530
Alexander Calder Honors Scholarship	33,557	18,916	(2,003)	1,894	25	48,601	4,076	44,525
Entrepreneurial Center Endowment	1,764,647	550	(46,037)	77,826	-	1,641,334	419,183	1,222,151
Grand Rapids Continuing Education	1,329,058	-	(37,045)	-	-	1,292,013	918,031	373,982
Leon W. Hall Trust Fund	840,553	-	(21,914)	37,066	-	781,573	447,161	334,412
Charles and Florence Irwin Scholarship Endowment Fund	237,883	3,498	(6,451)	10,574	1,081	225,437	77,048	148,389
Russel H. Kirkhof Fund	2,640,478	-	(68,841)	116,437	-	2,455,200	1,447,901	1,007,299
Padnos Fund	1,782,537	-	(46,473)	78,604	-	1,657,460	657,435	1,000,025
Seymour and Esther Padnos School of Engineering	2,681,944	1,555	(70,088)	118,314	1,360	2,496,457	987,155	1,509,302
Joe E. Reid Memorial Scholarship Fund	93,197	450	(2,452)	4,117	-	87,078	37,001	50,077
Charles C. Saur Fund	45,636	-	(1,186)	-	-	44,450	(67,126)	111,576
SPX Corporation Engineering Scholarship Fund	149,123	-	(3,888)	6,576	-	138,659	88,549	50,110

# Grand Valley State University

## Schedule of Endowment and Similar Funds (Continued) June 30, 2008

	Balance July 1, 2007	Gifts and Additions	Investment Income and Deductions	Distribution Beneficiary Funds	Intra-fund Distribution	Balance June 30, 2008	Retained Investment Income	Principal Balance June 30, 2008
<b>Funds Functioning as Endowments (Continued)</b>								
James R. Sebastian Endowed Chair in Engineering Cooperative Education and Educational Development	\$ 1,887,133	\$ -	\$ (49,200)	\$ 83,217	\$ -	\$ 1,754,716	\$ 1,213,394	\$ 541,322
Science Religion Project	192,836	-	(5,375)	-	-	187,461	26,124	161,337
Robert C. Trotter Scholarship Fund	571,057	-	(14,888)	25,182	-	530,987	383,120	147,867
Undistributed Income Fund	967,502	-	(26,017)	-	380	941,865	941,865	-
VanderMey Endowment	176,656	-	(4,606)	7,790	-	164,260	49,833	114,427
Total funds functioning as endowments	20,920,541	54,430	(552,341)	811,974	4,981	19,615,637	9,829,398	9,786,239
<b>Annuity Funds</b>								
John T. and Shirley D. Batchelder Charitable Gift Annuity	55,039	-	(2,880)	-	-	52,159	33,336	18,823
John H. Batts, Sr and Nancy L. Batts Charitable Gift Annuity	-	372,312	128	-	-	372,440	128	372,312
George C. and Margaret T. Cope Charitable Gift Annuity	9,889	-	(1,685)	-	-	8,204	121	8,083
Dr. Gilbert R. and Patricia K. Davis Charitable Gift Annuities	40,040	6,616	(7,903)	-	-	38,753	18,737	20,016
Peter Merrick Turner Charitable Gift Annuity	14,426	-	(2,851)	-	-	11,575	9	11,566
Leslie Eitzen Charitable Gift Annuity	10,797	-	(1,285)	-	-	9,512	2,418	7,094
Ralph and Grace Hauenstein Charitable Gift Annuities	348,481	-	2,229	-	-	350,710	(112,269)	462,979
John and Janice Heerspink Charitable Gift Annuity	1,488	-	(1,008)	-	-	480	(1,155)	1,635
Harvey E. Lemmen Charitable Gift Annuities	33,757	60,000	(88,126)	-	-	5,631	(83,231)	88,862
Dr. Dorothy Merrill Charitable Gift Annuity	16,006	-	(4,669)	-	-	11,337	(5,632)	16,969
John F. and Mae D. Shipley Charitable Gift Annuity	5,524	-	(1,045)	-	-	4,479	(418)	4,897
John T. Tevebaugh Charitable Gift Annuity	8,839	-	(1,016)	-	-	7,823	3,448	4,375
Total annuity funds	544,286	438,928	(110,111)	-	-	873,103	(144,508)	1,017,611
Total endowment and similar funds	<u>\$ 62,289,265</u>	<u>\$ 5,686,360</u>	<u>\$ (1,812,898)</u>	<u>\$ 2,394,474</u>	<u>\$ -</u>	<u>\$ 63,768,253</u>	<u>\$ 23,486,449</u>	<u>\$ 40,281,804</u>

# Grand Valley State University

## Schedule of Net Assets by Fund June 30, 2008

	Current Funds					Loan Fund	Endowment Fund	Plant Fund	Agency Fund	Retirement Fund	Consolidated Totals	
	General Fund	Designated Fund	Auxiliary	Expendable	Total						2008	2007
			Activities Fund	Restricted Fund	Current Funds							
Assets												
Current Assets												
Cash and cash equivalents	\$ 11,305,569	\$ 6,716,990	\$ (1,550,716)	\$ 4,662,196	\$ 21,134,039	\$ 599,540	\$ -	\$ 1,965,027	\$ (82,295)	\$ 672	\$ 23,616,983	\$ 13,278,163
Restricted cash and cash equivalents	-	-	-	-	-	-	3,053,199	7,759,173	-	-	10,812,372	413,182
Short-term investments	1,564,914	1,203,749	-	835,636	3,604,299	241,601	-	1,181,099	-	871,399	5,898,398	20,337,087
Restricted short-term investments	-	-	-	-	-	-	-	14,180,000	-	-	14,180,000	-
Accounts receivable	890,598	675,523	1,130,506	5,578,428	8,275,055	-	-	-	808,937	-	9,083,992	9,028,622
State appropriation receivable	11,524,900	-	-	-	11,524,900	-	-	271,951	21,255,550	-	33,052,401	27,532,533
											-	-
Pledges receivable	-	13,325	-	3,618,009	3,631,334	-	-	-	-	-	3,631,334	1,637,624
Less allowance for uncollectible accounts	-	-	-	(55,932)	(55,932)	-	-	-	-	-	(55,932)	(95,004)
Net pledges receivable	-	13,325	-	3,562,077	3,575,402	-	-	-	-	-	3,575,402	1,542,620
Inventory	-	12,140	2,327,869	-	2,340,009	-	-	-	7,607	-	2,347,616	2,043,344
Prepaid expenses and other	1,008,366	643,510	14,751	23,600	1,690,227	219,973	-	553,312	-	206	2,463,718	1,821,342
Student notes receivable - Current portion	-	-	-	-	-	2,950,000	-	-	-	-	2,950,000	2,500,000
Total current assets	26,294,347	9,265,237	1,922,410	14,661,937	52,143,931	4,011,114	3,053,199	25,910,562	21,989,799	872,277	107,980,882	78,496,893
Noncurrent Assets												
Endowment investments	-	-	-	-	-	-	62,180,566	-	-	-	62,180,566	63,163,524
Other long-term investments	-	37,721,939	-	37,360	37,759,299	-	-	37,012,161	-	-	74,771,460	60,780,133
Pledges receivable	-	100	-	14,187,329	14,187,429	-	-	-	-	-	14,187,429	3,088,256
Less discount to present value	-	-	-	(2,146,026)	(2,146,026)	-	-	-	-	-	(2,146,026)	(654,607)
Net pledges receivable	-	100	-	12,041,303	12,041,403	-	-	-	-	-	12,041,403	2,433,649
Student notes receivable - Net	-	-	-	-	-	7,985,126	-	-	-	-	7,985,126	8,775,214
Capital assets - Net	-	-	-	-	-	-	-	512,222,856	-	-	512,222,856	458,208,746
Other assets	-	266,907	-	-	266,907	-	-	3,634,543	-	-	3,901,450	3,283,677
Total noncurrent assets	-	37,988,946	-	12,078,663	50,067,609	7,985,126	62,180,566	552,869,560	-	-	673,102,861	596,644,943
Total assets	\$ 26,294,347	\$ 47,254,183	\$ 1,922,410	\$ 26,740,600	\$ 102,211,540	\$ 11,996,240	\$ 65,233,765	\$ 578,780,122	\$ 21,989,799	\$ 872,277	\$ 781,083,743	\$ 675,141,836

# Grand Valley State University

## Schedule of Net Assets by Fund (Continued) June 30, 2008

	Current Funds					Loan Fund	Endowment Fund	Plant Fund	Agency Fund	Retirement Fund	Consolidated Totals	
	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Total Current Funds						2008	2007
<b>Liabilities and Net Assets</b>												
<b>Current Liabilities</b>												
Accounts payable	\$ 3,690,356	\$ 957,873	\$ 1,099,213	\$ 1,563,848	\$ 7,311,290	\$ 2,070	\$ 839	\$ 10,122,272	\$ 20,722,575	\$ -	\$ 38,159,046	\$ 33,509,136
Accrued payroll and other benefits	13,927,615	39,000	-	-	13,966,615	-	-	-	516,215	-	14,482,830	13,216,996
Accrued interest expense and other liabilities	-	-	-	-	-	-	-	918,085	751,009	-	1,669,094	1,401,286
Deferred revenue	6,272,469	65,992	272,420	3,498,843	10,109,724	-	-	26,400	-	-	10,136,124	11,862,556
Long-term liabilities - Current portion	-	-	-	-	-	-	266,597	8,310,129	-	-	8,576,726	11,203,192
Total current liabilities	23,890,440	1,062,865	1,371,633	5,062,691	31,387,629	2,070	267,436	19,376,886	21,989,799	-	73,023,820	71,193,166
<b>Noncurrent Liabilities</b>												
Deferred revenue - Net of current portion	-	-	-	-	-	-	-	737,000	-	-	737,000	763,400
Long-term liabilities - Net of current portion	-	-	-	-	-	-	1,198,076	205,729,051	-	872,071	207,799,198	137,817,142
Total liabilities	23,890,440	1,062,865	1,371,633	5,062,691	31,387,629	2,070	1,465,512	225,842,937	21,989,799	872,071	281,560,018	209,773,708
<b>Net Assets (Deficit)</b>												
Invested in capital assets - Net of related debt	-	-	-	-	-	-	-	309,959,820	-	-	309,959,820	313,411,509
Restricted:												
Nonexpendable - Scholarships and academic support	-	-	-	-	-	-	29,477,954	-	-	-	29,477,954	24,309,553
Expendable:												
Scholarships and academic support	-	-	-	5,357,920	5,357,920	-	25,673,195	-	-	-	31,031,115	33,194,394
Capital projects	-	-	-	16,319,989	16,319,989	-	-	-	-	-	16,319,989	(6,034,791)
Loans	-	-	-	-	-	11,798,508	-	-	-	-	11,798,508	11,593,306
Unrestricted	2,403,907	46,191,318	550,777	-	49,146,002	195,662	8,617,104	42,977,365	-	206	100,936,339	88,894,157
Total net assets	2,403,907	46,191,318	550,777	21,677,909	70,823,911	11,994,170	63,768,253	352,937,185	-	206	499,523,725	465,368,128
Total liabilities and net assets	<u>\$ 26,294,347</u>	<u>\$ 47,254,183</u>	<u>\$ 1,922,410</u>	<u>\$ 26,740,600</u>	<u>\$ 102,211,540</u>	<u>\$ 11,996,240</u>	<u>\$ 65,233,765</u>	<u>\$ 578,780,122</u>	<u>\$ 21,989,799</u>	<u>\$ 872,277</u>	<u>\$ 781,083,743</u>	<u>\$ 675,141,836</u>

# Grand Valley State University

## Schedule of Revenues, Expenses, and Changes in Net Assets (Deficit) by Fund Year Ended June 30, 2008

	Current Funds					Student Loan Fund	Endowment Fund	Plant Fund	Retirement Fund	Eliminations	Consolidated Totals	
	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Total Current Funds						2008	2007
<b>Operating Revenues</b>												
Student tuition and fees	\$ 177,960,942	\$ 399,807	\$ -	\$ -	\$ 178,360,749	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 178,360,749	\$ 159,897,061
Less scholarship allowances	-	-	-	-	-	-	-	-	-	(24,202,282)	(24,202,282)	(21,254,608)
Net student tuition and fees	177,960,942	399,807	-	-	178,360,749	-	-	-	-	(24,202,282)	154,158,467	138,642,453
Government grants and contracts:												
Federal	-	-	-	19,621,299	19,621,299	-	-	-	-	-	19,621,299	17,699,026
State	-	26,000	-	2,763,648	2,789,648	-	-	-	-	-	2,789,648	2,091,012
Local	-	27,640	-	179,794	207,434	-	-	-	-	-	207,434	37,475
Nongovernmental grants	-	246,938	-	2,523,862	2,770,800	-	-	-	-	-	2,770,800	3,037,554
Sales and services of educational activities	836,934	6,062,539	-	262,940	7,162,413	-	-	-	-	-	7,162,413	7,470,721
Auxiliary activities	-	-	47,973,412	-	47,973,412	-	-	-	-	-	47,973,412	45,957,853
Less scholarship allowances	-	-	-	-	-	-	-	-	-	(4,676,216)	(4,676,216)	(4,538,024)
Net auxiliary activities	-	-	47,973,412	-	47,973,412	-	-	-	-	(4,676,216)	43,297,196	41,419,829
Indirect cost recoveries	925,612	-	-	(925,612)	-	-	-	-	-	-	-	-
Other sources	983,494	2,557,611	-	346,184	3,887,289	403,300	18,867	-	-	-	4,309,456	3,954,861
Endowment income	239,020	458,745	-	1,696,709	2,394,474	-	(2,394,474)	-	-	-	-	-
Total operating revenues	180,946,002	9,779,280	47,973,412	26,468,824	265,167,518	403,300	(2,375,607)	-	-	(28,878,498)	234,316,713	214,352,931
<b>Operating Expenses</b>												
Instruction	106,814,891	708,956	-	2,483,498	110,007,345	-	-	-	-	-	110,007,345	105,673,597
Research	2,804,737	598,741	-	3,498,522	6,902,000	-	-	-	-	-	6,902,000	6,715,693
Public service	1,864,242	7,655,435	-	13,297,567	22,817,244	-	-	-	-	-	22,817,244	17,795,865
Academic support	25,051,769	(2,226,736)	-	2,480,465	25,305,498	-	-	-	-	-	25,305,498	22,002,021
Student services	19,897,970	1,333,847	-	245,629	21,477,446	-	-	-	-	-	21,477,446	20,588,607
Institutional support	23,739,234	(295,870)	-	50,801	23,494,165	-	-	-	-	-	23,494,165	21,769,318
Operation and maintenance - Plant	24,447,191	(379,044)	-	1,899,363	25,967,510	-	-	1,715,707	-	-	27,683,217	28,318,646
Depreciation expense	-	-	-	-	-	-	-	18,995,449	-	-	18,995,449	18,135,829
Scholarships and related expenses	22,026,439	64,826	-	18,121,912	40,213,177	-	-	-	-	(28,878,498)	11,334,679	9,138,798
Auxiliary activities	-	-	34,352,620	-	34,352,620	-	-	-	-	-	34,352,620	32,816,130
Loan administrative fees and collection costs	-	-	-	-	-	225,024	-	-	-	-	225,024	297,282
Total operating expenses	226,646,473	7,460,155	34,352,620	42,077,757	310,537,005	225,024	-	20,711,156	-	(28,878,498)	302,594,687	283,251,786
<b>Operating Income (Loss)</b>	(45,700,471)	2,319,125	13,620,792	(15,608,933)	(45,369,487)	178,276	(2,375,607)	(20,711,156)	-	-	(68,277,974)	(68,898,855)

# Grand Valley State University

## Schedule of Revenues, Expenses, and Changes in Net Assets (Deficit) by Fund (Continued) Year Ended June 30, 2008

	Current Funds					Student Loan Fund	Endowment Fund	Plant Fund	Retirement Fund	Eliminations	Consolidated Totals	
	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Total Current Funds						2008	2007
<b>Nonoperating Revenues (Expense)</b>												
State appropriations	\$ 69,278,200	\$ -	\$ -	\$ -	\$ 69,278,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,278,200	\$ 56,712,600
Government grants	-	-	-	12,756,054	12,756,054	-	-	-	-	-	12,756,054	10,598,885
Gifts	400,000	2,469,455	49,534	517,640	3,436,629	-	42,181	-	-	-	3,478,810	3,780,252
Investment income - Net of investment expense	1,989,044	3,138,544	(22,497)	187,704	5,292,795	56,934	(1,812,898)	10,917	206	-	3,547,954	15,861,711
Interest on capital asset - Related debt	-	-	-	-	-	-	-	(7,319,584)	-	-	(7,319,584)	(6,798,721)
Loss on extinguishment of debt	-	-	-	-	-	-	-	(2,754,985)	-	-	(2,754,985)	-
Net nonoperating revenues (expense)	71,667,244	5,607,999	27,037	13,461,398	90,763,678	56,934	(1,770,717)	(10,063,652)	206	-	78,986,449	80,154,727
<b>Income (Loss) - Before other revenues, expenses, gains, and losses</b>	25,966,773	7,927,124	13,647,829	(2,147,535)	45,394,191	235,210	(4,146,324)	(30,774,808)	206	-	10,708,475	11,255,872
<b>Other Revenues, Expenses, Gains, and Losses</b>												
Capital appropriations	-	-	-	-	-	-	-	2,156,119	-	-	2,156,119	9,194,092
Capital gifts	-	-	-	16,436,223	16,436,223	-	372,312	212,474	-	-	17,021,009	1,223,277
Add discount adjustment	-	-	-	(1,452,347)	(1,452,347)	-	-	-	-	-	(1,452,347)	78,381
Net capital gifts	-	-	-	14,983,876	14,983,876	-	372,312	212,474	-	-	15,568,662	1,301,658
Capital grants	-	-	-	628,539	628,539	-	-	-	-	-	628,539	1,049,002
Other capital income	-	-	-	-	-	-	-	278,177	-	-	278,177	3,819
Capital additions	(4,318,542)	(67,553)	(57,352)	(240,932)	(4,684,379)	-	-	4,684,379	-	-	-	-
Additions to permanent endowments	-	-	-	-	-	-	5,031,855	-	-	-	5,031,855	1,895,288
Gain (loss) on disposal of plant assets	6,100	639	-	362,248	368,987	-	-	(585,217)	-	-	(216,230)	(136,020)
Total other revenues, expenses, gains, and losses	(4,312,442)	(66,914)	(57,352)	15,733,731	11,297,023	-	5,404,167	6,745,932	-	-	23,447,122	13,307,839
<b>Transfers Out (In)</b>												
Mandatory transfers	5,972,925	9,307	12,575,858	(440,235)	18,117,855	-	(78,633)	(18,039,222)	-	-	-	-
Nonmandatory transfers	10,598,238	3,411,193	1,191,416	(229,461)	14,971,386	-	(142,510)	(14,828,876)	-	-	-	-
Total transfers	16,571,163	3,420,500	13,767,274	(669,696)	33,089,241	-	(221,143)	(32,868,098)	-	-	-	-
<b>Increase (Decrease) in Net Assets</b>	5,083,168	4,439,710	(176,797)	14,255,892	23,601,973	235,210	1,478,986	8,839,222	206	-	34,155,597	24,563,711
<b>Net Assets (Deficit) - Beginning of year</b>	(2,679,261)	41,751,608	727,574	7,422,017	47,221,938	11,758,960	62,289,267	344,097,963	-	-	465,368,128	440,804,417
<b>Net Assets - End of year</b>	<u>\$ 2,403,907</u>	<u>\$ 46,191,318</u>	<u>\$ 550,777</u>	<u>\$ 21,677,909</u>	<u>\$ 70,823,911</u>	<u>\$ 11,994,170</u>	<u>\$ 63,768,253</u>	<u>\$ 352,937,185</u>	<u>\$ 206</u>	<u>\$ -</u>	<u>\$ 499,523,725</u>	<u>\$ 465,368,128</u>



## Master Document

FIELD	VALUES
Company Name (Headings)	Grand Valley State University
Company Name (Text)	Grand Valley State University
D/B/A	d/b/a
Year End	June 30, 2008
Prior Year	June 30, 2007
2 Year Prior	June 30, 2005
Opinion Date	October 7, 2008
Comparative Date	June 30, 2008 and 2007
A2004	2008
A2003	2007
A2002	2006
A2001	2005
A2004 and 2003	2008 and 2007