2021 FINANCIAL REPORT

Annual Financial Report for the year ended September 30, 2021

AUBURN UNIVERSITY

2021
FINANCIAL REPORT

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UNIVERSITY

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AUBURN UNIVERSITY

OFFICE OF THE PRESIDENT

January 21, 2022

Dear members of the Auburn community and Alabama citizens:

The most recent fiscal year has been a good one for Auburn University.

Following are a few notable highlights.

The demand for an Auburn education remains high
Auburn continues to break records in terms of the number of freshmen applications, demonstrating the demand for an Auburn degree has never been greater. By the end of December 2021, the university had received 43,000 freshmen applications. There was more than a 75% increase in applications from in-state students. As the state's land-grant institution, it is important that increasing access to the university for our state's students remains a priority. With increased growth, Auburn's welcoming spirit and collegial campus endures. Princeton Review took note in its 2021 list of "Best 386 Colleges," as it ranked Auburn No. 8 for "Students Love It Here" and No. 10 for "Happiest Students." Auburn ranked 35th nationally for first-year experiences in U.S. News & World Report's annual Best Colleges edition for 2022. The student experience remains the university's crown jewel.

Auburn continues to deliver real-world solutions
Our research endeavors enhance classroom learning as well as delivering Auburn innovations to Alabama communities through extension and outreach. One such way we are helping our local community and students is with the opening of a $33.7 million healthcare facility in June 2021. The Auburn Medical Pavilion in the Auburn Research Park is a collaboration between East Alabama Medical Center, the City of Auburn and the university. The facility includes a freestanding 12-bed emergency department, an outpatient surgery center, an in-house pharmacy and a breast health center. The Auburn Research Park location benefits AU students as they can gain necessary hands-on training at the facility while assisting EAMC staff.

Our impact makes our state's economy stronger
With a contribution of more than $5.63 billion to Alabama's economy, Auburn delivers an impressive 8.5-to-1 return on the state's investment. This demonstrates that even during the economic downturn associated with the COVID pandemic, the university's robust institutional capacity still produced an increase in its overall economic contribution to the state.

More of our state's students graduate from Auburn than any other institution, and we're preparing a talented workforce to ensure Alabama's economy continues to grow. This report summarizes our financial position and activity for the fiscal year ending September 30, 2021. We invite you to learn more at auburn.edu.

Sincerely,

Jay Gogue
President

107 Samford Hall, Auburn, AL 36849-5113; Telephone: 334-844-4650; Fax: 334-844-6179

auburn.edu

AUBURN UNIVERSITY
OFFICE OF THE VICE PRESIDENT FOR
BUSINESS AND FINANCE AND CFO

January 21, 2022

The management of Auburn University (the "University") is responsible for the preparation, integrity, and fair presentation of the consolidated financial statements. The financial statements, presented on pages 28 through 31, have been prepared in conformity with accounting principles generally accepted in the United States of America and, as such, include amounts based on judgments and estimates by management.

The consolidated financial statements have been audited by our independent auditor PricewaterhouseCoopers, LLP, which was given unconditional access to all financial records and related data, including minutes of all meetings of the Board of Trustees. The University believes that all representations made to the independent auditors during their audit were valid and appropriate. PricewaterhouseCoopers' audit opinion is presented on pages 26 and 27.

The University maintains a system of internal controls over financial reporting, which is designed to provide reasonable assurance to the University's management and Board of Trustees regarding the preparation of reliable published financial statements. Such controls are designed to identify internal control weaknesses in order to permit management to take appropriate corrective action on a timely basis. There are, however, inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention of controls.

The Board of Trustees, through its Audit and Compliance Committee, is responsible for engaging the independent auditors. The Audit and Compliance Committee provides oversight of the internal and external audit functions of the University. Both internal auditors and the independent auditors have full and free access to the Audit and Compliance Committee.

Based on the above, we certify that the information contained in the accompanying financial statements fairly presents, in all material respects, the financial condition, changes in net position and cash flows of the University, which is a component of the State of Alabama, as of and for the years presented in this report.

Sincerely,

Kelli D. Shomaker

Kelli D. Shomaker, CPA
Vice President for Business and Finance and CFO

Amy K Douglas

Amy K. Douglas, CPA
Associate Vice President for Financial Services/Controller

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AUBURN

UNIVERSITY

2021

FINANCIAL REPORT

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The following discussion and analysis provides an overview of the financial position and activities of Auburn University (the University) for the year ended September 30, 2021, with a comparison to the year ended September 30, 2020. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section. The financial statements, footnotes, and this discussion are the responsibility of University management.

The University is a land-grant institution with four divisions, including two campuses, Auburn (main campus) and Montgomery (AUM). Main campus is classified by the Carnegie Foundation as "Very High Research Activities," commonly referred to as "R1", while AUM is classified as "Master's I." Fall 2021 enrollment totaled 36,599 students at main campus and AUM. The University offers a diverse range of degree programs in 13 colleges and schools, and has approximately 5,800 full-time employees, including approximately 1,700 faculty members. The Alabama Agricultural Experiment Station conducts innovative fundamental and applied research that supports the advancement of Alabama's agriculture and forestry industries. The Alabama Cooperative Extension System delivers research-based educational programs in every county of the State. The four divisions contribute to the University's mission of improving the lives of the people of Alabama, the nation, and the world through forward-thinking education, life enhancing research and scholarship, and selfless service.

Using the Annual Report

The University's financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities. The financial report includes three financial statements: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. All references to "2021," "2020," or another year refer to the fiscal year ended September 30, unless otherwise noted.

The University's financial statements are summarized as follows:

The Statement of Net Position presents entity-wide assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) on the last day of the fiscal year. Distinctions are made between current and noncurrent assets and liabilities. Net position is segregated into unrestricted, restricted (expendable and nonexpendable), and net investment in capital assets. The University's net position is one indicator of the University's financial health. From the data presented, readers of the Statement of Net Position have the information to determine the assets available to continue the operations of the University. They may also determine how much the University owes vendors, investors, and lending institutions. Finally, the Statement of Net Position outlines the net resources available to the University.

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. Governmental accounting standards require state appropriations, gifts, and investment earnings to be classified as nonoperating revenues. As a result, the University will typically realize a significant operating loss. The utilization of capital assets is reflected in the Statement of Revenues, Expenses and Changes in Net Position as depreciation expense, which reflects the amortization of the cost of an asset over its expected useful life.

The Statement of Cash Flows reports the major sources and uses of cash and reveals further information for assessing the University's ability to meet its financial obligations as they become due. Inflows and outflows of cash are summarized by operating, noncapital financing, capital and related financing, and investing activities.

In addition to the University's financial statements, related component unit Statements of Financial Position and Statements of Activities and Changes in Net Assets have been included in this annual report. GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement No. 14*, provides criteria for determining which related organizations should be reported as component units based on the nature and significance of their relationship with the primary government, which is the University. GASB Statement No. 39 clarifies financial reporting requirements for those organizations as amendments to GASB Statement No. 14, *The Financial Reporting Entity*. The University also evaluated GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 80, *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14*, and GASB Statement No. 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61* to ensure proper presentation and disclosure. The component units report financial results under principles prescribed by the Financial Accounting Standards Board (FASB) and are subject to standards under the Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles and present net assets in two classes: with donor restrictions and without donor restrictions. The four component units of the University reported herein are as follows:

(1) Auburn University Foundation (AUF) - AUF was organized on February 9, 1960, and is the fundraising foundation for the University. AUF holds endowments and distributes earnings from those endowments to the University. AUF is incorporated as a legally separate, tax-exempt nonprofit organization established to solicit individual and corporate donations for the direct benefit of the University. The Auburn University Real Estate Foundation, Inc. (AUREFI) has been consolidated into AUF's financial statements.

(2) Auburn Alumni Association (the Association) - The Association is a nonprofit corporation organized on April 14, 1945, which was created to promote mutually beneficial relationships between the University and its alumni, to encourage loyalty among alumni, and to undertake various other actions for the benefit of the University, its alumni, and the State of Alabama. Membership is comprised of alumni, friends, and students of the University. The Association provides monetary support to the University in the form of faculty awards and student scholarships.

(3) Tigers Unlimited Foundation (TUF) - TUF is a legally separate nonprofit organization incorporated in December 2002, which began operations on April 21, 2004. TUF was organized exclusively for charitable purposes, pursuant to Sections 501(a) and 501(c)(3) of the Internal Revenue Code to support athletic fundraising and athletic programs. TUF has a June 30 fiscal year end. TUF provides economic resources to the University for athletic scholarships, athletic building maintenance or new construction, and for athletic department programs.

(4) Auburn Research and Technology Foundation (ARTF) - ARTF was organized on August 24, 2004, as a separate nonprofit organization to develop and operate the Auburn Research Park and to assist the University with the attraction, development, and commercialization of technology. The vision of ARTF is to establish an entrepreneurial atmosphere for businesses to foster economic diversification and vitality of the local community, state, and region.

Financial Highlights

Statement of Net Position

A summary of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of September 30, 2021 and 2020, is as follows:

	2021	2020
Assets		
Current assets	$ 427,056,935	$ 493,916,451
Investment in plant, net	2,105,858,788	2,007,735,989
Other noncurrent assets	1,628,619,345	1,397,631,419
Total assets	4,161,535,068	3,899,283,859
Deferred Outflows of Resources		
Loss on refunding of bonds	34,867,734	39,204,267
Pension and OPEB	484,034,912	198,626,259
Total deferred outflows of resources	518,902,646	237,830,526
Liabilities		
Current liabilities	468,954,590	450,462,501
Noncurrent liabilities	2,353,396,136	2,060,290,401
Total liabilities	2,822,350,726	2,510,752,902
Deferred Inflows of Resources		
Nonexchange transactions	772,425	386,666
Pension and OPEB	248,957,570	243,611,982
Total deferred inflows of resources	249,729,995	243,998,648
Net Position		
Net investment in capital assets	1,379,257,453	1,375,760,121
Restricted-nonexpendable	30,320,962	30,075,058
Restricted-expendable	255,084,037	257,590,606
Unrestricted	(56,305,459)	(281,062,950)
Total net position	$ 1,608,356,993	$ 1,382,362,835

The University's Assets

Current assets consist of cash and cash equivalents, operating investments (those investments that are expected to be liquidated during the course of normal operations), net accounts receivable (primarily amounts due from the federal and state governments and other agencies as reimbursements for sponsored programs), net student accounts receivable (including amounts due from third parties on behalf of the students), current portion of loans receivable, accrued interest receivable, inventories, and prepaid expenses.

The University's current assets decreased $66.9 million (13.5%) from 2020 to 2021.

- Of this decrease, cash and cash equivalents decreased $33.9 million (15.8%) and operating investments decreased $53.0 million (46.0%). The University continued construction on several large projects as well as invested in longer term investments rather than money market instruments, due to increased returns versus the short-term market.
- This decrease was offset by an increase in accounts receivable of $18.9 million (18.8%). This increase was due to additional accruals in receivables relating to revenue earned in fiscal year 2021 but not received until fiscal year 2022. This included revenues related to

Federal Direct Loans ($5.3 million), small animal clinic and other unrestricted activities ($1.9 million) as well as a receivable of $1.1 million in a receipt from the sale of a bond in the Blue Cross Blue Shield fund. The largest increase related to Athletics' radio and television revenue accrued for September games ($10.0 million).

- In addition, the University's prepaid expenses increased $2.0 million (3.8%). This increase was primarily due to an increase in scholarship expense deferred at September 30, 2021.

The University's capital assets, net of depreciation, shown as "Investment in plant, net," on the Statement of Net Position increased $98.1 million (4.9%) from 2020 to 2021.

- Capital assets generally represent the historical cost of land, land improvements, buildings, construction in progress, infrastructure, equipment, library books, art and collectibles, software implementation, and livestock, less any accumulated depreciation, with buildings comprising approximately 70.3% of the total net capital asset value. The increase, offset by disposal activity, depreciation, and transfers, was the result of $198.2 million of new additions to property, plant, and equipment, net of construction in progress transfers. The University expended $164.3 million for new construction during fiscal year 2021.

The following building construction projects, totaling $58.0 million, were either completed and placed into service or additional work was performed on a previously completed project during the current fiscal year:

Central Dining Facility	$ 21.9	million
Advanced Structural Testing Lab	20.1	million
Plainsman Park New Player Development Center	3.9	million
Moore Softball Complex New Player Development Building and Seat Expansion	3.8	million
Miller Poultry Center New Processing Plant	1.5	million
Haley Center North Elevators 1 and 2 Modernization	1.2	million
NCAT Test Facility New Autonomous Vehicles	0.9	million
Ag Heritage Park-ALFA Pavilion Renovations Research Facility	0.7	million
Leach Science Center HVAC and Fire Alarm	0.6	million
Haliday-CaryPick Restoration (Cary Center)	0.6	million
Other Small Projects	2.8	million
	$ 58.0	million

In addition to Investment in plant, other noncurrent assets include investments and noncurrent loans receivable. Other noncurrent assets increased $231.0 million (16.5%).

- Investments increased $232.9 million (16.8%). This increase was the direct result of investing unspent bond proceeds issued in fiscal year 2020.
- Offsetting the increase in investments was a decrease in loans receivable of $2.0 million (17.0%). This Perkins loan program is ending, so loans receivable will continue to decrease.

The University's Deferred Outflows of Resources

Deferred outflows of resources are a consumption of net position that are applicable to a future reporting period. In 2010, 2012, 2014, 2015, 2016, and 2020, the University defeased certain outstanding bonds. These refundings resulted in losses (the difference between the acquisition price of the new debt and the net carrying amount of the old debt). In accordance with GASB Statements No. 63 and No. 65, these losses are presented as deferred outflows of resources. The loss on refunding is amortized over the life of the old or new bonds, whichever is shorter. The University amortizes the losses over the life of the defeased bonds (see Note 8).

In addition, in accordance with GASB Statement No. 68, deferred outflows of resources are a component of accounting and reporting of pensions (see Note 11). Similarly, GASB Statement No. 75 prescribes that deferred outflows of resources are a component of accounting and reporting of other post-employment benefits (OPEB) (see Note 12).

Deferred outflows of resources increased $281.1 million (118.2%).

- During fiscal year 2021, the University amortized $4.3 million related to the refunding losses.
- The deferred outflows of resources increased $66.4 million (46.4%) relating to current year pension activity and $219.0 million (394.6%) relating to current year OPEB activity. During fiscal year 2021, the University's proportionate share increased, causing increases in all components of the pension and OPEB financial statement line items.

The University's Liabilities

Current liabilities consist of accounts payable, compensation-related liabilities, accrued interest payable, other accrued liabilities, student and other deposits (including Perkins and Health Professions loan liability), unearned revenues, and the current portion of noncurrent liabilities.

Unearned revenue is comprised of tuition, room and board revenue that relates to fiscal year 2022, contracts and grants funding received prior to expenditure, as well as athletic revenue related to games played subsequent to September 30.

Current liabilities increased $18.5 million from 2020 to 2021.

- At fiscal year end, the University accrued $4.2 million (5.8%) more in accounts payable than in 2020. Although payables relating to operations remained consistent, Athletics accrued an additional $3.0 million relating to football game settlements for games played prior to September 30. There were also additional amounts accrued for international insurance for international students and their families.
- Other accrued liabilities increased $2.6 million (33.9%). This increase related to health insurance claims incurred but not reported as of September 30.
- Student deposits and deposits held in custody decreased $1.5 million (6.1%). Although student deposits decreased slightly, the majority of the decrease was due to decreases in agency activities.
- The University accrued $0.4 million (1.5%) of additional compensation-related liabilities. This is due to an additional day of accrual for bi-weekly personnel from fiscal year 2020 to fiscal year 2021.
- Unearned revenue showed an increase of $4.1 million (1.6%). For Fall 2021, although tuition and fees remained stable, there was an increase in enrollment, which led to an increase in tuition revenues. Sixty percent of Fall tuition is reported as unearned revenue due to the fiscal year end of September 30.
- Although accrued interest payable decreased $1.3 million (8.6%), the current portion of the University's noncurrent liabilities increased $10.0 million (25.4%). This increase was due to the new bonds issued in fiscal year 2020 and the loan relating to the new transit buses acquired in 2021.

Noncurrent liabilities include principal amounts due on University bonds payable, capital lease obligations, pension, other post-employment benefit obligations, pollution remediation, and self-insured liabilities that are payable beyond September 30, 2022.

Noncurrent liabilities increased $293.1 million (14.2%) from 2020 to 2021.

- The majority of this increase was due to increases in pension and OPEB liabilities of $314.2 million (33.9%), based on actuarial valuations as well as the increase in the University's proportionate share of the total liability.
- The increase was slightly offset by the decrease in the University's bonds and notes payable of $20.0 million (1.8%) and the University's lease obligations decreasing $1.0 million (8.8%), which was due to payments made on outstanding bonds and leases in fiscal year 2021.

The University's Deferred Inflows of Resources
Deferred inflows of resources are an acquisition of net position that are applicable to a future reporting period. The University engages in certain voluntary nonexchange transactions (grants). Grant funds received for which all eligibility requirements have been met, other than time requirements, are presented as deferred inflows of resources in accordance with GASB Statements No. 63 and No. 65. In addition, in accordance with GASB Statement No. 68, the University reports deferred inflows of resources relating to the accounting and reporting of pensions. Similarly, GASB Statement No. 75 prescribes that deferred inflows of resources are a component of accounting and reporting of other post-employment benefits (OPEB).

The University's deferred inflows of resources increased $5.7 million (2.3%) from 2020 to 2021.

- This increase was the result of the accounting and reporting of current year pension and OPEB activity, in accordance with GASB Statement No. 68 (see Note 11) and GASB Statement No. 75 (see Note 12). During fiscal year 2021, the University's proportionate share increased, causing increases in all components of the pension and OPEB financial statement line items.

The University's Net Position
The three major net position categories are discussed below:

Net investment in capital assets represents the University's capital assets, net of accumulated depreciation and outstanding principal balances of debt as well as any deferred inflows or outflows of resources, attributable to the acquisition, construction, or improvement of those assets.

Net investment in capital assets increased $3.5 million (0.3%) from 2020 to 2021.

- This increase was due to capitalization of assets as previously described and payments made on outstanding debt.

Restricted-nonexpendable net position is subject to external restrictions governing its use and consists of the University's permanent endowment funds.

Restricted-nonexpendable net position increased $0.2 million (0.8%) from 2020 to 2021.

- This increase was primarily the result of additional gifts to permanently endowed funds, as well as an increase in the cash value of life insurance.

Restricted-expendable net position is also subject to external restrictions governing its use. Items of this nature include gifts, contracts and grants restricted by federal, state, local governments, or private sources for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. Restricted funds functioning as endowments, restricted funds available for student loans, and funds restricted for construction purposes are also included in this category.

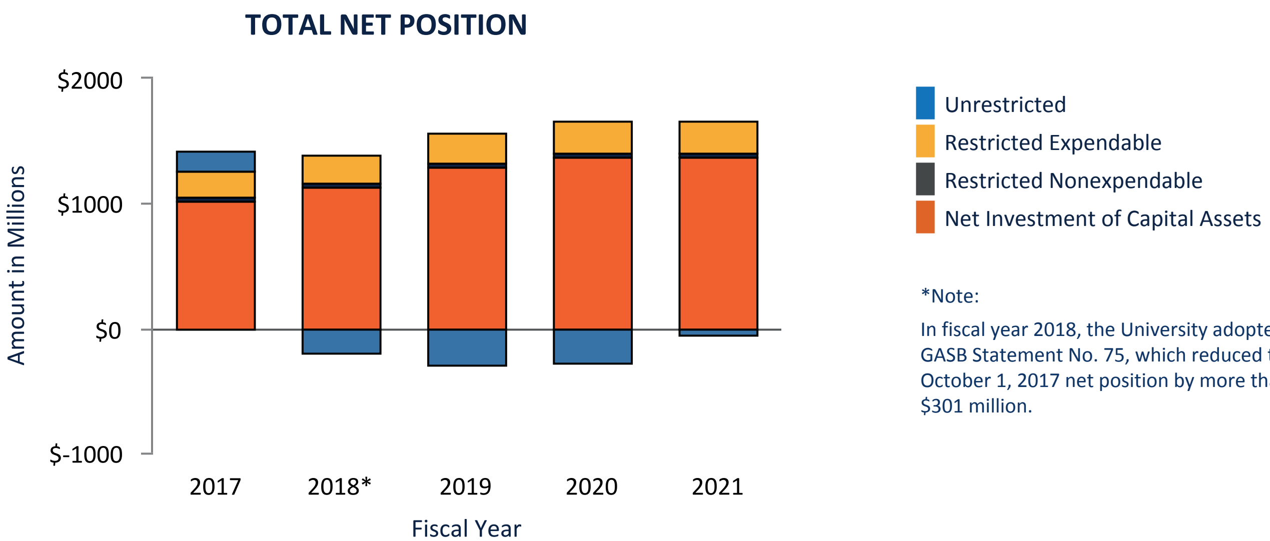
Restricted-expendable net position decreased $2.5 million (1.0%) from 2020 to 2021.

- The majority of the decrease was due to expending restricted-expendable resources on capital projects and other donor specified items.

Unrestricted net position is the third major class of net position, and it is not subject to externally imposed stipulations; however, the majority of the University's unrestricted net position has been internally designated for various mission-related purposes. This category includes funds for general operations of the University, auxiliary operations (including athletics, housing, and the bookstores), unrestricted quasi-endowments, and capital projects.

Unrestricted net position increased $224.8 million (80.0%) from 2020 to 2021.

- The University received $35.6 million in reimbursements of lost revenue through the Higher Education Emergency Relief Fund (HEERF). Unrestricted net position also increased due to additional auxiliary revenues, increases in state appropriations, and unrealized gains in unrestricted quasi-endowments.



*Note:

In fiscal year 2018, the University adopted GASB Statement No. 75, which reduced the October 1, 2017 net position by more than $301 million.

Statement of Revenues, Expenses and Changes in Net Position

Changes in total net position are the result of activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of this statement is to present the operating and nonoperating revenues, operating and nonoperating expenses, other revenues, expenses, gains, losses, and changes in net position. A condensed statement for the years ended September 30, 2021 and 2020, is provided below:

	2021	2020
Operating revenues	$ 975,223,168	$ 888,067,907
Operating expenses	1,302,038,299	1,195,852,118
Operating loss	(326,815,131)	(307,784,211)
Net nonoperating revenues and other changes in net position	552,809,289	416,872,939
Net increase in net position	225,994,158	109,088,728
Net position - beginning of year	1,382,362,835	1,273,274,107
Net position - end of year	$ 1,608,356,993	$ 1,382,362,835

The 2021 Statement of Revenues, Expenses, and Changes in Net Position reflects an increase in net position at the end of the year of $226.0 million (16.3%).

Operating revenues includes Tuition and Fees, net of scholarship allowance, Federal appropriations, Federal, State & Local, and Nongovermmental grants, Sales and Services of educational departments, Auxiliary revenue, and Other revenue.

Operating revenues increased $87.2 million (9.8%) from 2020 to 2021.

- Main campus and AUM had increases in enrollment, which led to an increase in tuition and fees revenue, net of discounts, of $11.2 million (2.1%) over 2020.

The University saw a net increase in federal appropriations, federal, state, and nongovernmental contract and grant revenues of $19.2 million (13.3%).

- This increase was primarily the result of additional spending of sponsored funds appropriated and awarded for research.

Sales and services of educational departments increased $6.6 million (15.4%).

- The University saw sales and services activities rebound in fiscal year 2021, which is consistent with the sales and services activities in 2019 prior to the pandemic.

Auxiliary revenues increased $45.3 million (31.6%).

- Due to the resumption of normal operations, the University experienced increases in Housing, Dining, Tiger Cards, Transit, and Bookstores sales; however, the biggest increase was in Athletics, which reopened sporting events, specifically football, at maximum capacity. Additional revenues of $10.0 million were generated from football games.

Operating expenses include Compensation and benefits, Scholarship and fellowships, Utilities, Other supplies and services, and Depreciation.

Operating expenses increased $106.2 million (8.9%) from 2020 to 2021.

Compensation and benefits increased $54.4 million (7.2%).

- Compensation and benefits was the largest increase in operating expenses. This was the result of increasing health benefits, one-time supplement payments to employees, and disbursements relating to the termination of employment contracts.

Scholarship and fellowships increased $25.1 million (74.6%).

- During fiscal year 2020, the University expended $9.4 million in HEERF from the CARES Act as direct grants to students. During 2021, the University expended $33.9 million under the extension of this program. Excluding these payments, scholarship and fellowships expense only increased $0.6 million (2.6%), which is consistent with the increase in enrollment.

Other supplies and services increased $17.4 million (6.1%) from 2020 to 2021.

- This increase was caused by multiple factors. The largest was due to increases in repairs and maintenance of $6.4 million. The University experienced increases in rental expense of all properties of $5.1 million. A portion of this increase was due to acquiring space in the new research building at the Research Park. Game day expenses, bookstore purchases for resale, supply purchases and non-capital equipment all showed increases, due to resumption of normal activities. These increases were slightly offset by decreases in travel and entertainment and temporary employment services.

Depreciation expense increased $8.9 million (9.6%).

- This increase was the result of approximately $45 million in new buildings that were placed into service and began depreciating in fiscal year 2021.

Net nonoperating revenues and other changes in net position includes State appropriations, Gifts, Grants, Net investment income, and Interest expense on capital debt.

Net nonoperating revenues and other changes in net position increased $135.9 million (32.6%) from 2020 to 2021.

State appropriations increased 3.0%.

- The State of Alabama appropriated an additional $8.8 million for educational purposes.

Grant funding increased $66.5 million (139.6%).

- The majority of this increase was the result of additional COVID-19 relief grant funding provided through Federal and State governments.

Net investment income increased $34.9 million (62.9%).

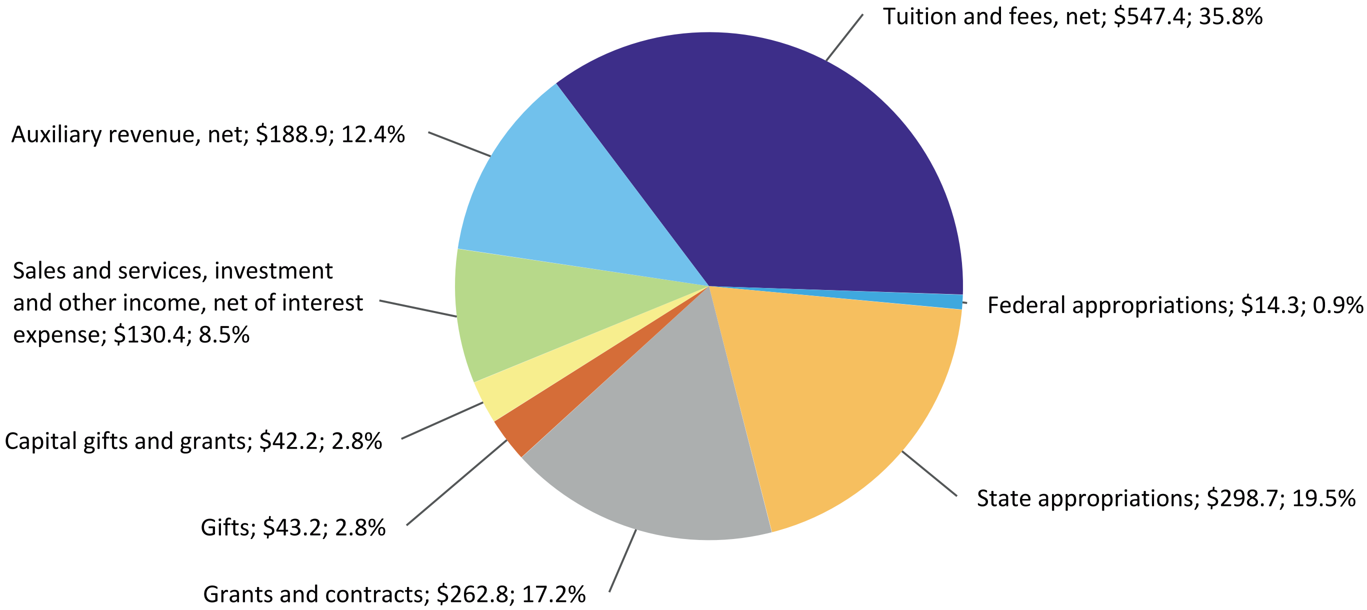
- The majority of this increase was due to unrealized gains of $36.3 million and realized gains of $5.5 million. Although there was also a slight increase in endowment income, these increases were offset by decreases in interest, dividend, and investment income of $7.3 million.

Interest expense had an increase of $1.7 million (4.9%).

- During fiscal year 2021, there was additional interest accrued and expended due to higher balances of outstanding bonds.

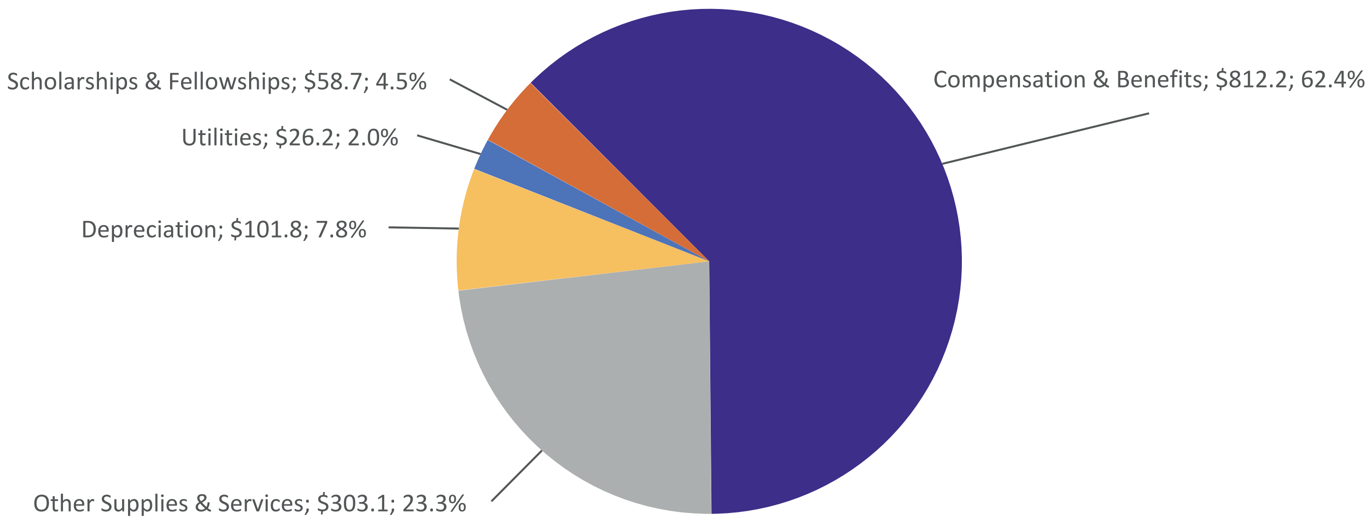
REVENUES BY SOURCE

For the year ended September 30, 2021
(in millions)



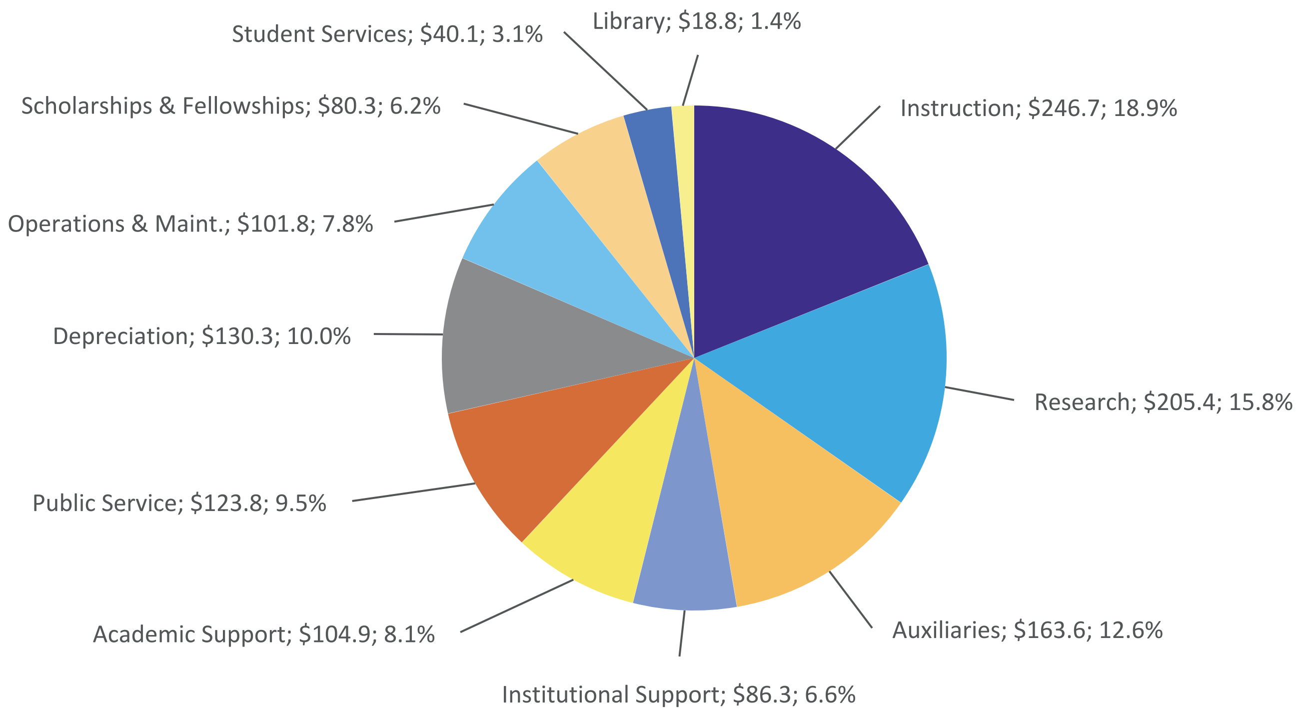
OPERATING EXPENSES BY NATURAL CLASSIFICATION

For the year ended September 30, 2021
(in millions)



OPERATING EXPENSES BY FUNCTION

For the year ended September 30, 2021
(in millions)



Statement of Cash Flows

The Statement of Cash Flows presents information about changes in the University's cash position using the direct method of reporting sources and uses of cash. The direct method reports all major gross cash inflows and outflows, differentiating these activities into operating activities; noncapital financing, such as nonexchange grants and contributions; capital and related financing, including bond proceeds from debt issued to purchase or construct buildings; and investing activities. Operating activity uses of cash significantly exceed operating activity sources of cash due to classification of state appropriations and gifts as noncapital financing activities.

The University's cash flows for the years ended September 30, 2021 and 2020, are summarized below:

	2021	2020
Net cash provided by (used in):		
Operating activities	$ (189,983,478)	$ (229,362,565)
Noncapital financing activities	446,466,655	383,731,336
Capital and related financing activities	(201,505,412)	79,939,329
Investing activities	(88,872,863)	(265,461,106)
Net decrease in cash and cash equivalents	(33,895,098)	(31,153,006)
Cash and cash equivalents - beginning of year	215,189,316	246,342,322
Cash and cash equivalents - end of year	$ 181,294,218	$ 215,189,316

Net cash used in operating activities decreased from 2020 to 2021 by $39.4 million (17.2%). The decrease was due to the following:

- There was a reduction in cash paid to suppliers and utilities of $25.9 million (7.5%).
- The University saw an influx in cash from auxiliary enterprises of $26.3 million (17.6%), sales and services of educational departments of $2.1 million (4.6%), and other operating revenues of $2.8 million (11.3%).
- The University received additional cash provided from tuition and fees of $19.3 million (3.6%), and a slight reduction of student loans issued and collected of $0.1 million (4.2%).
- Additionally, there were increases in Federal appropriations/grants and contracts of $14.0 million (9.4%).

These inflows were offset by:

- Additional payments for employee compensation and benefits of $21.7 million (2.9%). This was the result of increasing health benefits, one-time supplement payments to employees, and disbursements relating to the termination of employment contracts.
- As a direct result of the previously discussed increase in HEERF funding, there was an increase in payments for scholarships and fellowships of $25.0 million.

The University saw an increase in net cash provided by noncapital financing activities of $62.7 million (16.3%). This increase was the result of the following:

- The University received additional state appropriations over fiscal year 2020 in the amount of $8.8 million (3.0%).
- There was an increase in gifts and grants for other than capital purposes of $66.3 million (72.6%). This was the result of HEERF funding in fiscal year 2021.
- There was a reduction of direct and other loan receipts of $17.8 million (8.1%), combined with a decrease in loan disbursements of $5.5 million (2.5%).

Net cash used in capital and related financing activities was $201.5 million in fiscal year 2021 compared to net cash provided by those activities in fiscal year 2020 of $79.9 million, a change of 352.1%.

- This increase was predominantly the result of the University issuing a relatively small loan for transit buses in fiscal year 2021 for $28.2 million, as opposed to the $300 million bond issuance in fiscal year 2020.
- The University continued work on several large capital projects in 2021, expending an additional $41.7 million for purchases of capital assets.
- These decreases were offset by increases in capital gifts and grants received of $34.8 million (596.8%), and additional interest paid on debt and capital leases of $1.3 million (3.0%).

The University used $88.9 million in fiscal year 2021 for investing activities compared to net cash used of $265.5 million in fiscal year 2020, which is a variance of 66.5%.

- During fiscal year 2021, the University purchased $942.3 million of new investments. These expenditures were offset by $821.8 million of proceeds from sales and maturities of investments/reinvestments and investment income of $31.6 million.

Economic factors that will affect the future

While the University is impacted by general economic conditions and the COVID-19 pandemic, management believes the University will continue its high level of excellence in service to students, sponsors, the State of Alabama, and other constituents. The University's strong financial position and internal planning processes provide the University some protection against funding reductions and adverse economic conditions. Nonetheless, future reductions in state support must be anticipated and managed carefully to maintain excellence. Neither external nor internal efforts to mitigate the impact, however, are intended to eliminate the effects of future proration or decreases in state funding. As a labor intensive organization, the University faces competitive pressures related to attracting and retaining faculty and staff. The rising cost of health care remains a concern, particularly in light of the post-retirement health care benefits offered to retirees.

The University continues to address aging facilities with significant new construction, as well as modernization and renovation of existing facilities. Although funding of these projects through capital debt issuances, gifts, federal and state funds, and deferred maintenance budget allocations continues, the costs of operating the new and renovated facilities, as well as servicing the capital debt, will continue to place additional resource demands on the operating budget of the University.

The University continues to take steps to enhance student recruitment, both in marketing efforts and in providing additional scholarship funding. Applications, acceptances, and retention are monitored closely to assess the potential impact of general economic conditions on future enrollment. We are cautiously optimistic that demand will remain strong.

The University will continue to employ its long-term investment strategy to maximize total returns at an appropriate level of risk, while utilizing a spending rate policy to insulate the University's operations from temporary market volatility. Preservation of capital is regarded as the highest priority in the investing of the University's Non-Endowment Cash Pool (the Cash Pool). Diversification through asset allocation is utilized as a fundamental risk strategy for endowed funds.

Cautionary note regarding forward-looking statements
Certain information provided by the University, including written, as outlined above, or oral statements made by its representatives, may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, which address activities, events, or developments that the University expects or anticipates will or may occur in the future, contain forward-looking information.

In reviewing such information, it should be kept in mind that actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based upon various factors and was derived using various assumptions.

UNDERGRADUATE TUITION FOR THE ACADEMIC YEAR

	2017-18	2018-19	2019-20	2020-21	2021-22
Auburn Main Campus/ Auburn University at Montgomery					
Full Time Students: In-State	$10,968/ $9,910	$11,276/ $8,404*	$11,492/ $8,620	$11,796/ $8,860	$11,826/ $9,546
Out-of-State	$29,640/ $21,310	$30,524/ $17,812*	$31,124/ $18,292	$31,956/ $18,820	$31,986/ $20,336

*Beginning in 2018–19, AUM's undergraduate tuition was calculated using 12 credit hours per semester. This is a change from previous years, when the calculation used 15 credit hours per semester.

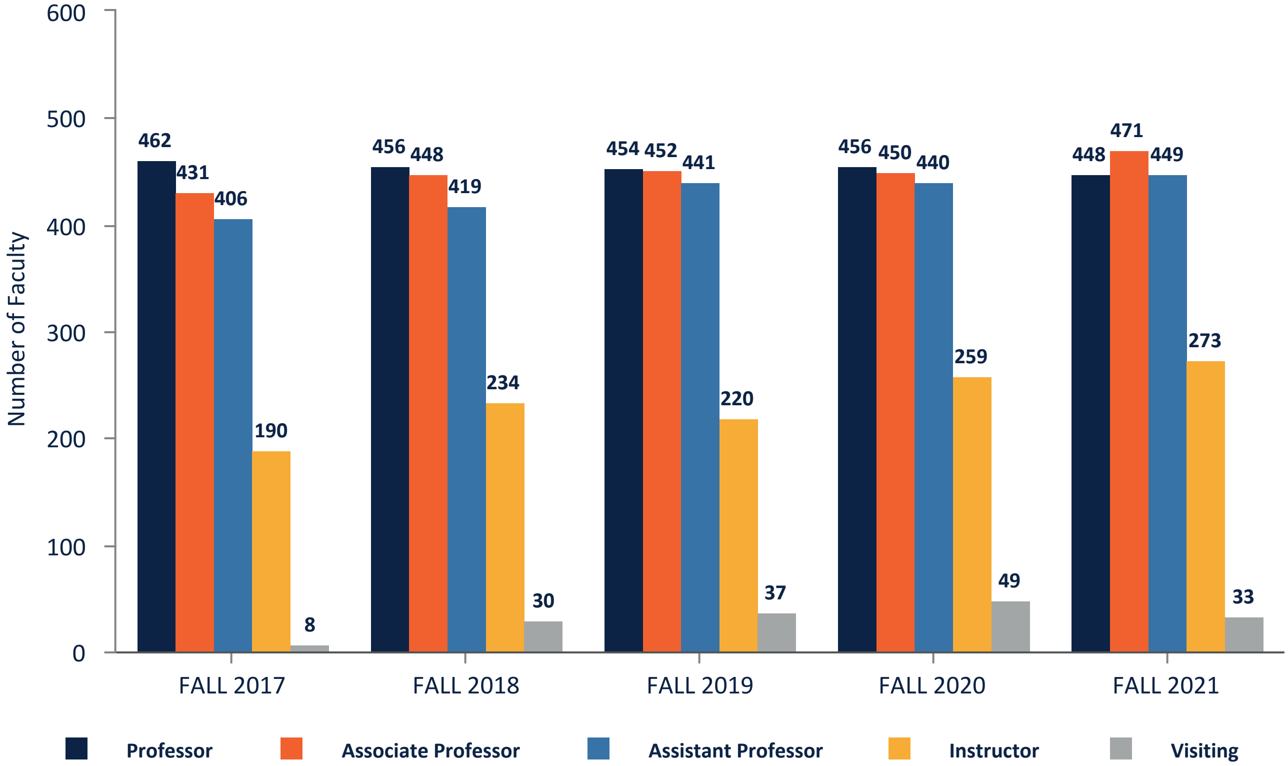
FALL STUDENT ENROLLMENT

	2017	2018	2019	2020	2021
Auburn Main Campus and Auburn University at Montgomery					
Undergraduate	28,277	29,260	29,117	28,880	29,022
Graduate and Professional	6,393	6,391	6,531	7,069	7,577

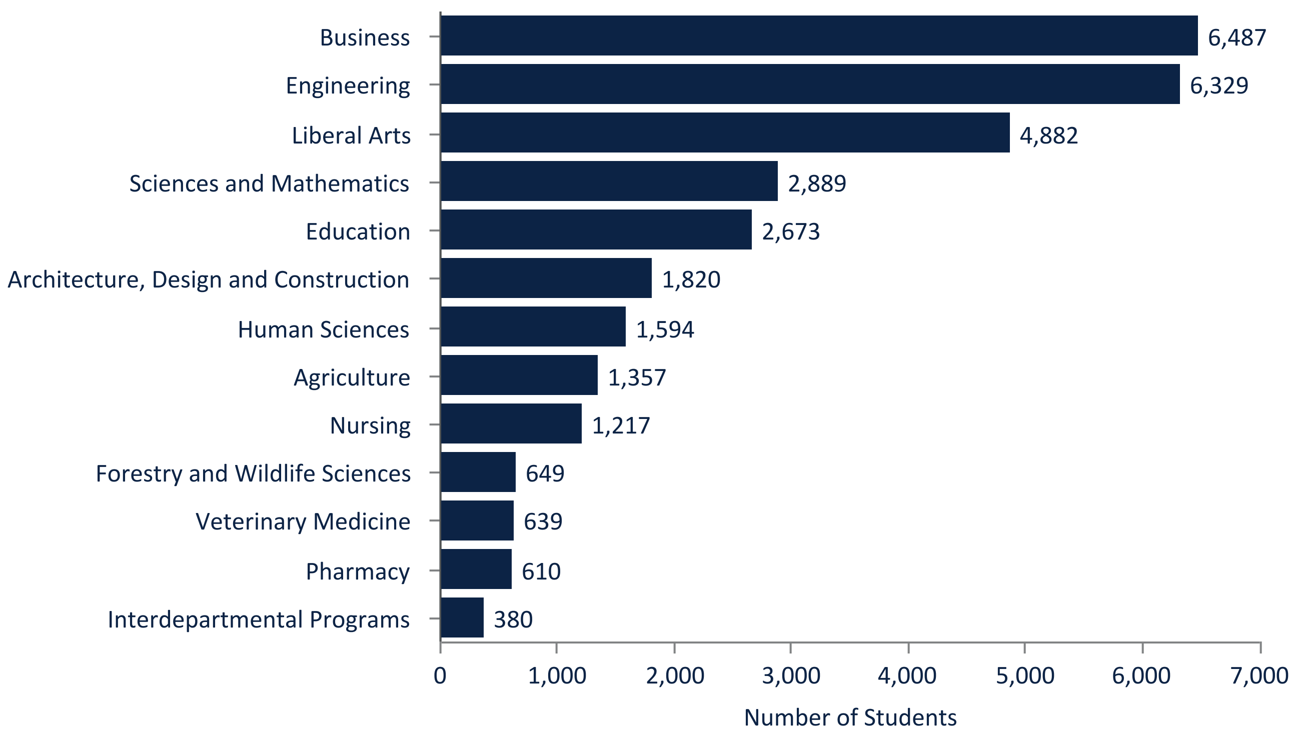
DEGREES AWARDED FOR THE ACADEMIC YEAR

	2016-17	2017-18	2018-19	2019-20	2020-21
Auburn Main Campus and Auburn University at Montgomery					
Bachelor	5,049	5,539	5,928	6,275	6,448
Advanced	2,061	2,134	2,121	2,077	2,182

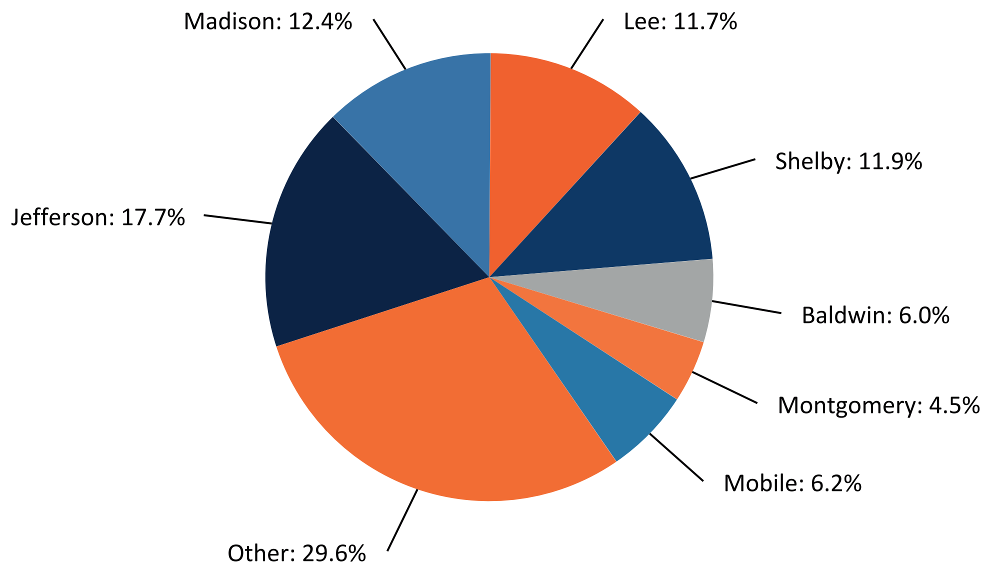
AUBURN UNIVERSITY MAIN CAMPUS AND AUBURN UNIVERSITY AT MONTGOMERY FULL-TIME FACULTY BY RANK



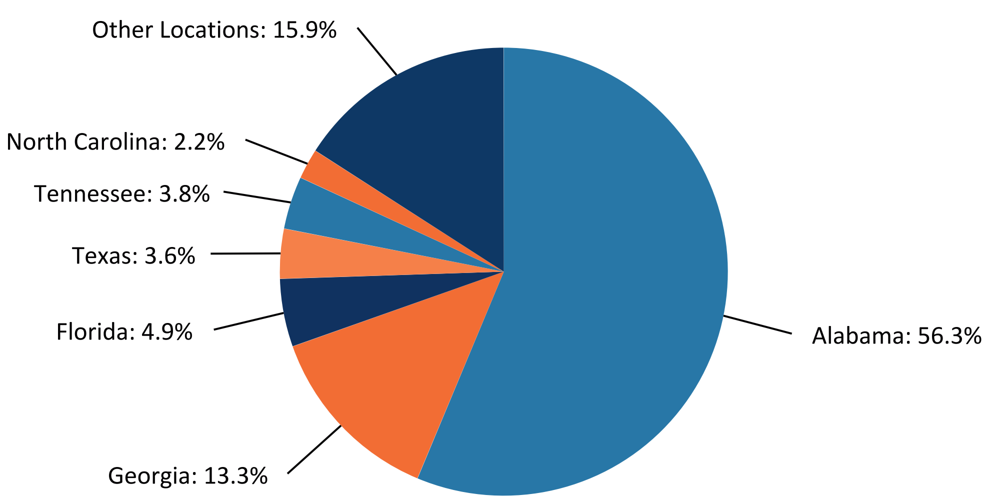
AUBURN UNIVERSITY MAIN CAMPUS ENROLLMENT BY COLLEGE/SCHOOL FALL 2021



AUBURN UNIVERSITY MAIN CAMPUS FRESHMEN ENROLLMENT BY ALABAMA COUNTIES SUMMER/FALL TERMS 2021



AUBURN UNIVERSITY MAIN CAMPUS FRESHMEN ENROLLMENT BY STATE SUMMER/FALL TERMS 2021



AUBURN UNIVERSITY

TEN YEAR HIGHLIGHTS (MILLIONS OF DOLLARS)
FOR THE FISCAL YEARS ENDED SEPTEMBER 30

	2012	2013	2014
Revenues by Source			
Tuition and fees, net	$ 323.1	$ 349.2	$ 365.9
Federal appropriations	11.8 *	13.0	12.9
State appropriations	247.8	238.6	243.0
Grants and contracts	134.5	121.1	118.4
Gifts	36.6	35.4	36.6
Capital gifts and grants	17.2	28.2	3.8
Sales and services, investments and other income, net of interest expense	72.8	60.7	89.2
Auxiliary revenue, net	101.5	104.8	123.4
Total Revenues by Source	$ 945.3	$ 951.0	$ 993.2
Expenditures by Function			
Instruction	$ 239.5	$ 242.6	$ 249.0
Research	102.6	97.4	99.2
Public service	107.4	104.7	102.5
Academic support	38.8	43.7	53.3
Library	10.1	8.3	9.7
Student services	24.9	27.6	30.2
Institutional support	73.3	70.0	70.5
Operation and maintenance	66.3	84.5	78.8
Scholarships and fellowships	35.0	39.5	40.2
Auxiliaries	99.1	106.9	123.1
Depreciation	61.1	66.1	71.8
Total Expenditures by Function	$ 858.1	$ 891.3	$ 928.3
Expenditures by Natural Classification			
Compensation	$ 539.2	$ 558.0	$ 578.2
Scholarships and fellowships	18.4	21.6	22.7
Utilities	23.2	22.8	26.0
Other supplies and services	216.2	222.8	229.6
Depreciation	61.1	66.1	71.8
Total Expenditures by Natural Classification	$ 858.1	$ 891.3	$ 928.3

*Includes appropriation from The American Recovery and Reinvestment Act of 2009.

AUBURN UNIVERSITY

TEN YEAR HIGHLIGHTS (MILLIONS OF DOLLARS)
FOR THE FISCAL YEARS ENDED SEPTEMBER 30

2015	2016	2017	2018	2019	2020	2021
$ 395.6	$ 414.8	$ 451.7	$ 492.2	$ 520.0	$ 536.1	$ 547.4
14.3	13.2	15.3	13.8	16.9	13.6	14.3
245.5	248.1	254.7	256.6	272.9	289.8	298.7
120.5	126.8	130.2	139.7	147.3	177.8 **	262.8 ^
43.9	50.6	46.0	48.3	48.9	43.4	43.2
4.8	22.8	21.5	26.1	15.1	14.5	42.2
79.6	88.4	95.6	80.7	106.1	86.0	130.4
136.3	174.3	157.5	184.0	161.2	143.6	188.9
$ 1,040.5	$ 1,139.0	$ 1,172.5	$ 1,241.4	$ 1,288.4	$ 1,304.8	$ 1,527.9
$ 254.6	$ 270.1	$ 295.0	$ 286.9	$ 249.9	$ 236.1	$ 246.7
97.3	110.1	122.1	146.1	177.9	182.2	205.4
106.7	107.6	112.9	111.0	111.1	109.0	104.9
55.4	56.2	61.5	72.8	110.7	115.3	123.8
9.0	7.9	9.6	18.9	18.7	19.2	18.8
33.0	35.0	38.0	39.7	40.7	38.3	40.1
78.5	87.3	88.9	100.6	105.4	101.9	130.3
78.8	85.4	102.2	105.5	121.8	119.8	86.3
39.3	42.0	42.4	47.8	47.8	54.5	80.3 ^
122.6	131.8	143.2	153.7	146.6	126.8	163.6
74.3	75.7	77.4	79.5	79.0	92.8	101.8
$ 949.5	$ 1,009.1	$ 1,093.2	$ 1,162.5	$ 1,209.6	$ 1,195.9	$ 1,302.0
$ 598.4	$ 627.2	$ 688.8	$ 727.7	$ 752.6	$ 757.9	$ 812.2
20.7	22.4	22.7	26.5	27.0	$ 33.6	58.7 ^
24.5	24.1	24.9	24.5	26.3	$ 25.9	26.2
231.6	259.6	279.4	304.2	324.7	$ 285.7	303.1
74.3	75.8	77.4	79.6	79.0	92.8	101.8
$ 949.5	$ 1,009.1	$ 1,093.2	$ 1,162.5	$ 1,209.6	$ 1,195.9	$ 1,302.0

**Includes funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020.

^ Includes funding from Coronavirus Aid, Relief, and Economic Security Act of 2020 (CARES), the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA), and the American Rescue Plan Act of 2021 (ARPA).

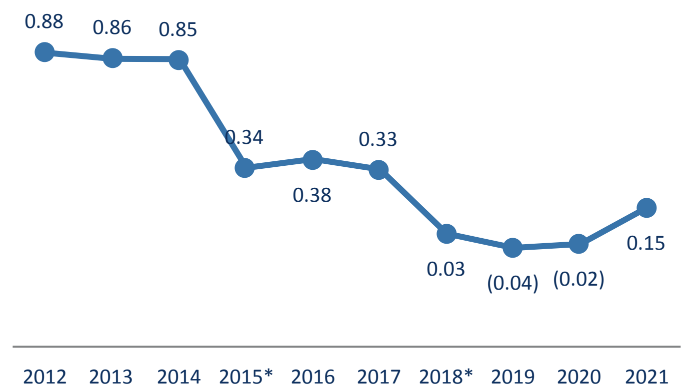
AUBURN UNIVERSITY

FINANCIAL RATIOS**
FOR THE FISCAL YEARS ENDED SEPTEMBER 30

Primary Reserve Ratio

The Primary Reserve Ratio measures the financial strength of the institution by indicating how many years it could operate using expendable net position without relying on additional revenue. This ratio is calculated by dividing expendable net position by total operating expenses. It is generally recommended that the ratio be at least 0.40.

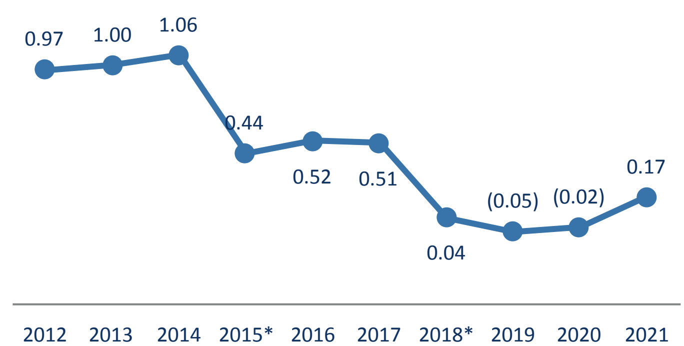
The primary reserve ratio was significantly impacted by the implementation of GASB Statement No. 68 in 2015 and by the implementation of GASB Statement No. 75 in 2018. Changes in these actuarial valuations in 2021 caused the expendable net position to increase. In addition, the University recognized increases in auxiliary revenue, tuition and fees as well as significant unrealized gains. Although the ratio is below 0.40, management believes the University has sufficient expendable net position to continue to operate.



Viability Ratio

This ratio measures the availability of expendable net position to cover debt obligations. It is calculated by dividing expendable net position by total outstanding debt. A ratio of 1.0 indicates that the institution could pay off all debts.

New debt issuances in 2011 dropped the ratio below 1.0%. The ratio rebounded in 2012 through 2014, and then was significantly impacted by the implementation of GASB Statement No. 68 in 2015 and by the implementation of GASB Statement No. 75 in 2018. Based on the increases in expendable net position, as described above, this ratio is rebounding. Management believes the University has sufficient expendable net position to cover its debt obligations.



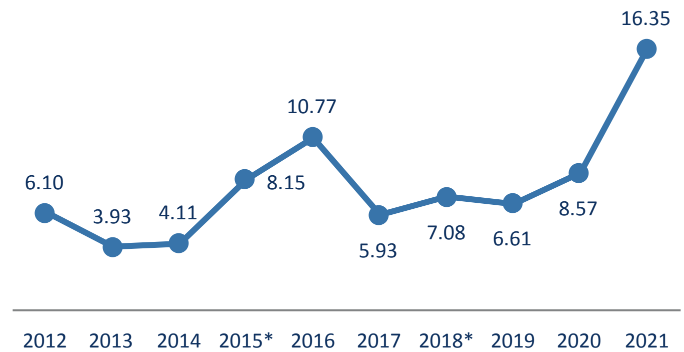
*In fiscal year 2015, the University adopted GASB Statement No. 68, which reduced the October 1, 2014 net position by more than $558 million. In fiscal year 2018, the University adopted GASB Statement No. 75, which reduced the October 1, 2017 net position by more than $301 million.
**These financial ratios are presented for purposes of additional analysis and are not a required part of the basic financial statements. These ratios include only the University's financial statements and may not be comparable to other institutions.

AUBURN UNIVERSITY

FINANCIAL RATIOS**
FOR THE FISCAL YEARS ENDED SEPTEMBER 30

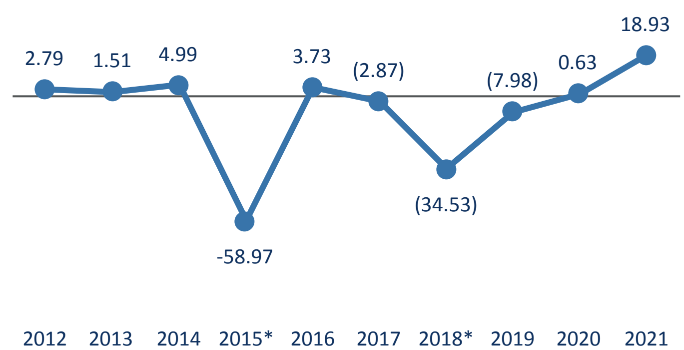
Return on Net Position Ratio
This ratio measures total economic return and can be used to indicate whether the institution is financially stronger or weaker over time. It is calculated by dividing the change in net position by the total net position at the beginning of the year. It is generally recommended that the goal be a 3.0% - 4.0% return over the long-term.

The University's return on net position ratio remains strong. The implementation of GASB Statement No. 68 lowered the beginning net position, which resulted in a higher ratio for 2015. In 2017, an increase in net pension obligations and the use of unrestricted net position for capital projects and deferred maintenance needs led to a 15.4% decrease in Unrestricted Net Position, which negatively impacted this ratio. The implementation of GASB Statement No. 75 again lowered the beginning net position, which resulted in a higher ratio for 2018. There was some slight variations in 2019 and 2020, but the ratio remained relatively constant. Due to the increases in expendable net position, discussed previously, the ratio has significantly increased. This ratio over time has consistently exceeded 3.0 - 4.0%, well above the recommended level.



Net Income Ratio
This ratio measures the success of financial operations for a given year. It is calculated by dividing the total change in unrestricted net position by total unrestricted revenue. It is generally recommended that the goal be 2.0%–4.0% return over the long-term.

The University's net income ratio was significantly impacted by the implementation of GASB Statement No. 68 in fiscal year 2015. It rebounded to the recommended levels in 2016. Like the Return on Net Position ratio, this ratio was impacted by the decrease in Unrestricted Net Position in 2017, as well as the implementation of GASB Statement No. 75 in fiscal year 2018, which significantly impacted this ratio. The ratio began to rebound in 2019. Changes in net position discussed previously contributed to the significant increase in this ratio for fiscal year 2021. Management believes the University will continue to operate successfully within available resources.



*In fiscal year 2015, the University adopted GASB Statement No. 68, which reduced the October 1, 2014 net position by more than $558 million. In fiscal year 2018, the University adopted GASB Statement No. 75, which reduced the October 1, 2017 net position by more than $301 million.
**These financial ratios are presented for purposes of additional analysis and are not a required part of the basic financial statements. These ratios include only the University's financial statements and may not be comparable to other institutions.

Report of Independent Auditors

To the Board of Trustees of Auburn University

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of Auburn University (the "University"), a component unit of the State of Alabama, which comprise the statements of net position as of September 30, 2021 and 2020, and the related statements of revenues, expenses, and changes in net position and of cash flows (where applicable) for the years then ended, and the related notes to the financial statements, which collectively comprise the University's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on the financial statements based on our audits. We did not audit the financial statements of Auburn University Foundation (the "Foundation") and Auburn Alumni Association (the "Association"), two of the University's discretely presented component units, as of and for the years ended September 30, 2021 and 2020. We also did not audit the financial statements of Tigers Unlimited Foundation ("TUF"), one of the University's discretely presented component units, as of and for the years ended June 30, 2021 and 2020. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above mentioned discretely presented component units of the University, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the University's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

PricewaterhouseCoopers LLP, 569 Brookwood Village, Suite 851, Birmingham, AL 35209
T: (205) 414 4000, F: (205) 414 4001, www.pwc.com/us

Opinions

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of Auburn University as of September 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The accompanying management's discussion and analysis and the required supplemental information on pages 10 through 25 and 86 through 95, respectively, are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the required supplemental information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The University has omitted the management's discussion and analysis for the year ended September 30, 2020 that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The introductory information on pages 5 through 7 and the supplemental divisional financial statements on pages 97 to 107 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements by us or other auditors, and accordingly, we do not express an opinion or provide any assurance on them.

PricewaterhouseCoopers LLP

Birmingham, AL
January 21, 2022

AUBURN UNIVERSITY

STATEMENTS OF NET POSITION
SEPTEMBER 30, 2021 AND 2020

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 181,294,218	$ 215,189,316
Operating investments	62,181,928	115,137,723
Accounts receivable, net	68,330,270	50,939,238
Student accounts receivable, net	50,663,792	49,193,361
Loans receivable, net	2,904,084	2,970,659
Accrued interest receivable	2,299,661	3,149,546
Inventories	6,313,629	6,227,980
Prepaid expenses	53,069,353	51,108,628
Total current assets	427,056,935	493,916,451
Noncurrent assets		
Investments	1,619,078,362	1,386,134,667
Loans receivable, net	9,540,983	11,496,752
Investment in plant, net	2,105,858,788	2,007,735,989
Total noncurrent assets	3,734,478,133	3,405,367,408
Total assets	4,161,535,068	3,899,283,859
DEFERRED OUTFLOWS OF RESOURCES		
Loss on refunding of bonds	34,867,734	39,204,267
Pension and OPEB	484,034,912	198,626,259
Total deferred outflows of resources	518,902,646	237,830,526
LIABILITIES		
Current liabilities		
Accounts payable	77,278,001	73,072,423
Accrued salaries and wages	6,100,150	5,609,944
Accrued compensated absences	23,435,089	23,478,844
Accrued interest payable	13,561,896	14,831,656
Other accrued liabilities	10,271,886	7,672,805
Student deposits	3,866,530	4,196,339
Deposits held in custody	20,067,317	21,283,547
Unearned revenues	265,195,184	261,097,077
Noncurrent liabilities-current portion	49,178,537	39,219,866
Total current liabilities	468,954,590	450,462,501
Noncurrent liabilities		
Bonds and notes payable	1,090,447,109	1,110,434,853
Lease obligation	10,371,008	11,375,638
Pension and OPEB	1,241,567,899	927,402,579
Other noncurrent liabilities	11,010,120	11,077,331
Total noncurrent liabilities	2,353,396,136	2,060,290,401
Total liabilities	2,822,350,726	2,510,752,902
DEFERRED INFLOWS OF RESOURCES		
Nonexchange transactions	772,425	386,666
Pension and OPEB	248,957,570	243,611,982
Total deferred inflows of resources	249,729,995	243,998,648
NET POSITION		
Net investment in capital assets	1,379,257,453	1,375,760,121
Restricted		
Nonexpendable	30,320,962	30,075,058
Expendable:		
Scholarships, research, instruction, other	223,925,034	210,650,416
Loans	4,765,468	4,979,319
Capital projects	26,393,535	41,960,871
Unrestricted	(56,305,459)	(281,062,950)
Total net position	$ 1,608,356,993	$ 1,382,362,835

See accompanying notes to financial statements.

AUBURN UNIVERSITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
OPERATING REVENUES		
Tuition and fees, net of scholarship allowances of $147,577,227 and $138,724,605, respectively	$ 547,368,613	$ 536,140,726
Federal appropriations	14,278,707	13,603,341
Federal grants and contracts, net	110,692,356	90,674,871
State and local grants and contracts, net	19,981,362	19,351,169
Nongovernmental grants and contracts, net	18,002,949	20,144,794
Sales and services of educational departments	49,229,787	42,675,718
Auxiliary revenue, net of scholarship allowances of $9,831,043 and $7,768,374, respectively	188,945,433	143,629,086
Other operating revenues	26,723,961	21,848,202
Total operating revenues	975,223,168	888,067,907
OPERATING EXPENSES		
Compensation and benefits	812,259,284	757,883,558
Scholarships and fellowships	58,714,417	33,635,809
Utilities	26,195,843	25,849,921
Other supplies and services	303,105,505	285,666,641
Depreciation	101,763,250	92,816,189
Total operating expenses	1,302,038,299	1,195,852,118
Operating loss	(326,815,131)	(307,784,211)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	298,668,946	289,838,448
Gifts	43,162,183	43,413,542
Grants	114,142,692	47,638,999
Net investment income	90,265,152	55,399,868
Interest expense on capital debt	(35,848,091)	(34,163,962)
Nonoperating revenues, net	510,390,882	402,126,895
Income before other changes in net position	183,575,751	94,342,684
OTHER CHANGES IN NET POSITION		
Capital gifts and grants	42,172,503	14,533,281
Additions to permanent endowments	245,904	212,763
Net increase in net position	225,994,158	109,088,728
Net position - beginning of year	1,382,362,835	1,273,274,107
Net position - end of year	$ 1,608,356,993	$ 1,382,362,835

See accompanying notes to financial statements.

AUBURN UNIVERSITY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 556,584,292	$ 537,324,982
Federal appropriations	14,190,091	14,506,944
Grants and contracts	147,880,971	133,610,904
Sales and services of educational departments	43,204,113	45,276,704
Auxiliary enterprises	175,974,099	149,644,479
Other operating revenues	27,374,724	24,587,359
Payments to suppliers	(293,856,324)	(320,147,332)
Payments for utilities	(26,195,583)	(25,849,921)
Payments for employee compensation and benefits	(773,695,204)	(751,975,830)
Payments for scholarships and fellowships	(63,543,911)	(38,532,722)
Student loans issued	(567,006)	(930,478)
Student loans collected	2,666,260	3,122,346
Net cash used in operating activities	(189,983,478)	(229,362,565)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	298,668,946	289,838,448
Gifts and grants for other than capital purposes	157,535,973	91,264,210
Direct and other loan receipts	203,126,393	220,974,062
Direct and other loan disbursements	(212,864,657)	(218,345,384)
Net cash provided by noncapital financing activities	446,466,655	383,731,336
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from issuance of debt, net of issuance costs and payments to escrow	28,177,000	302,614,930
Capital gifts and grants received	40,661,618	5,835,721
Purchases of capital assets	(197,574,454)	(155,879,500)
Proceeds received from sale of capital assets	406,233	242,195
Principal paid on debt and capital leases	(31,656,457)	(30,072,865)
Interest paid on debt and capital leases	(41,519,352)	(42,801,152)
Net cash (used in) provided by capital and related financing activities	(201,505,412)	79,939,329
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments and reinvestments	821,824,472	1,100,922,863
Investment income	31,609,396	38,318,262
Purchases of investments	(942,306,731)	(1,404,702,231)
Net cash used in investing activities	(88,872,863)	(265,461,106)
Net decrease in cash and cash equivalents	(33,895,098)	(31,153,006)
Cash and cash equivalents - beginning of year	215,189,316	246,342,322
Cash and cash equivalents - end of year	$ 181,294,218	$ 215,189,316

See accompanying notes to financial statements.

AUBURN UNIVERSITY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (326,815,131)	$ (307,784,211)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	101,763,250	92,816,189
Write-off of loans receivable	(76,910)	695,131
(Gain) loss on sale of capital assets	(2,117,448)	3,479,674
Changes in assets and liabilities:		
Accounts receivable	(14,342,929)	13,708,462
Student accounts receivable	(1,470,431)	(453,444)
Inventories	(85,649)	304,034
Unearned revenue	4,098,107	3,579,053
Accounts payable	6,539,682	(29,812,328)
Prepaid expenses	(1,956,054)	(5,729,047)
Accrued salaries, wages and compensated absences	446,451	3,150,434
Student deposits and deposits held in custody	3,695,698	(3,286,510)
Loans receivable	2,099,254	2,191,868
Other accrued liabilities	2,599,081	(6,142,483)
Nonexchange transactions	385,761	196,804
Pension and OPEB obligation	34,102,254	1,854,358
Other noncurrent liabilities	1,151,536	1,869,451
Net cash used in operating activities	$ (189,983,478)	$ (229,362,565)
SUPPLEMENTAL NONCASH ACTIVITIES INFORMATION		
Capital assets acquired with a liability at year-end	$ 10,381,171	$ 12,715,275
Gifts of capital assets	$ 2,968,964	$ 6,782,871
Payments to escrow on advanced refunding of debt deducted from proceeds	$ —	$ 143,155,623

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS

STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2021 AND 2020

	Auburn University Foundation		Auburn Alumni Association	
	2021	2020	2021	2020
ASSETS				
Cash and cash equivalents	$ 4,607,979	$ 5,233,675	$ 91,472	$ 33,742
Investments	786,364,441	619,546,472	4,655,650	4,503,416
Investment in Auburn University Foundation Securities Pool	—	—	10,943,199	9,002,226
Accrued interest receivable	97,103	151,325	5,749	8,292
Contributions receivable, net	50,325,895	71,526,426	200,185	195,160
Other assets	14,257	152,425	20,075	13,390
Investment in real estate	9,644,455	6,089,158	674,799	674,799
Cash surrender value of life insurance	8,160,897	7,613,389	—	—
Beneficial interest in outside trusts	6,709,137	4,738,219	—	—
Property and equipment, net	—	3,484	1,569,438	1,691,551
Prepaid	—	—	2,495	1,016
Due from Auburn University	231,788	360,579	—	60
Due from Auburn University Foundation	—	—	617	9,387
Due from Auburn Alumni Association	234,985	130,672	—	—
Total assets	$ 866,390,937	$ 715,545,824	$ 18,163,679	$ 16,133,039
LIABILITIES				
Accounts payable and accrued liabilities	$ 732,308	$ 193,241	$ 169,694	$ 74,113
Annuities payable	12,466,157	11,354,029	—	—
Due to Auburn University	—	—	5,037	13,265
Due to Auburn University Foundation	—	—	241,041	144,565
Due to Auburn Alumni Association	10,943,199	9,002,226	—	—
Due to Tigers Unlimited Foundation	11,767,801	9,320,341	—	—
Due to outside beneficiaries	2,667,110	2,439,854	—	—
Retained life commitment	1,480,126	1,563,346	—	—
Deferred revenue	95,276	88,596	8,449,229	8,501,334
Total liabilities	40,151,977	33,961,633	8,865,001	8,733,277
NET ASSETS				
Without donor restrictions				
Undesignated	17,709,143	14,860,186	5,984,063	4,081,723
Designated by board, uncommitted	11,643,803	9,589,205	3,314,615	3,318,039
Designated by board, committed for programs	14,075,003	10,724,487	—	—
Total net assets without donor restrictions	43,427,949	35,173,878	9,298,678	7,399,762
With donor restrictions				
Perpetual in nature	493,204,282	465,860,563	—	—
Purpose and time restricted	289,608,959	180,576,857	—	—
Underwater endowments	(2,230)	(27,107)	—	—
Total net assets with donor restrictions	782,811,011	646,410,313	—	—
Total net assets	826,238,960	681,584,191	9,298,678	7,399,762
Total liabilities and net assets	$ 866,390,937	$ 715,545,824	$ 18,163,679	$ 16,133,039

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	Auburn University Foundation		Auburn Alumni Association	
	2021	2020	2021	2020
REVENUES AND OTHER SUPPORT				
Public support - contributions	$ 63,751,909	$ 48,164,204	$ 1,899,969	$ 2,004,057
Investment income	2,723,616	3,559,704	408,251	437,843
Other revenues	2,610,824	2,645,036	989,827	926,127
Total revenues	69,086,349	54,368,944	3,298,047	3,368,027
EXPENSES AND LOSSES				
Program services				
Grants to Auburn University	68,493,246	48,603,768	—	—
Other program services	1,816,740	2,737,769	1,541,716	1,255,954
Total program services	70,309,986	51,341,537	1,541,716	1,255,954
Support services				
General and administrative	2,016,972	2,170,534	1,571,025	1,584,682
Fund raising	2,159,223	2,085,534	191,187	248,229
Total support services	4,176,195	4,256,068	1,762,212	1,832,911
Total expenses	74,486,181	55,597,605	3,303,928	3,088,865
Unrealized (gains) losses on investments	(114,065,653)	(11,779,760)	(1,904,797)	(16,655)
Realized gains on investments	(31,656,802)	(16,441,913)	—	—
Change in valuation of split-interest agreements	(4,332,146)	(760,032)	—	—
Total expenses, (gains) and losses	(75,568,420)	26,615,900	1,399,131	3,072,210
*Change in net assets	144,654,769	27,753,044	1,898,916	295,817
Net assets - beginning of the year	681,584,191	653,831,147	7,399,762	7,103,945
Net assets - end of the year	$ 826,238,960	$ 681,584,191	$ 9,298,678	$ 7,399,762
*Change in net assets				
Without donor restrictions	$ 8,254,071	$ 3,377,803	$ 1,898,916	$ 295,817
With donor restrictions	136,400,698	24,375,241	—	—
Total change in net assets	$ 144,654,769	$ 27,753,044	$ 1,898,916	$ 295,817

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	Tigers Unlimited Foundation	
	2021	2020
ASSETS		
Cash and cash equivalents	$ 2,015,908	$ 503,798
Investments	37,632,575	48,376,487
Investment in Auburn University Foundation Securities Pool	11,423,181	8,775,888
Due from Auburn University	—	—
Due from Auburn University Foundation	—	—
Accrued interest receivable	47,630	186,316
Contributions receivable, net	26,948,197	28,654,726
Accounts receivable	74,459	15,000
Other assets	29,158	3,126
Property and equipment, net	421,428	38,604
Total assets	$ 78,592,536	$ 86,553,945
LIABILITIES		
Accounts payable and accrued liabilities	$ 427,844	$ 5,857,235
Contracts payable, net	—	354,525
Deferred revenue	2,286,836	1,645,593
Due to Auburn University	4,299,340	2,880,035
Due to Auburn University Foundation	—	—
Total liabilities	7,014,020	10,737,388
NET ASSETS		
Without donor restrictions		
Undesignated	16,400,473	19,237,137
Designated by board, uncommitted	—	—
Designated by board, committed for programs	—	—
Investment in property and equipment, net	421,428	38,604
Total net assets without donor restrictions	16,821,901	19,275,741
With donor restrictions		
Perpetual in nature	7,876,722	7,598,014
Purpose and time restricted	46,879,893	48,957,209
Underwater endowments	—	(14,407)
Total net assets with donor restrictions	54,756,615	56,540,816
Total net assets	71,578,516	75,816,557
Total liabilities and net assets	$ 78,592,536	$ 86,553,945

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	Tigers Unlimited Foundation	
	2021	**2020**
REVENUES AND OTHER SUPPORT		
Public support - contributions	$ 34,947,495	$ 37,566,505
Investment income	726,687	1,194,887
Other revenues	2,730,870	6,022,894
Total revenues	38,405,052	44,784,286
EXPENSES AND LOSSES		
Program services		
Contributions to and support for Auburn University	15,417,354	14,133,870
Other program services	19,448,387	20,100,370
Total program services	34,865,741	34,234,240
Support services		
General and administrative	1,602,450	2,004,480
Fund raising	3,920,497	7,608,383
Total support services	5,522,947	9,612,863
Total expenses	40,388,688	43,847,103
Unrealized (gains) losses on investments	(2,024,604)	349,908
Realized gains on investments	(34,209)	(89,396)
Loss on write-off of contribution receivable	4,313,218	139,685
Total expenses, (gains) and losses	42,643,093	44,247,300
*Change in net assets	(4,238,041)	536,986
Net assets - beginning of the year	75,816,557	75,279,571
Net assets - end of the year	$ 71,578,516	$ 75,816,557
*Change in net assets		
Without donor restrictions	$ (2,453,840)	$ (3,601,912)
With donor restrictions	(1,784,201)	4,138,898
Total change in net assets	$ (4,238,041)	$ 536,986

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS

STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2021 AND 2020

	Auburn Research and Technology Foundation	
	2021	**2020**
ASSETS		
Cash and cash equivalents	$ 2,154,154	$ 1,098,581
Restricted cash	—	86,740
Deposits	43,272	13,713
Prepaid expenses and other assets	11,480	76,782
Accounts receivable	2,548,373	1,726,963
Interest receivable	44,263	44,263
Contributions receivable, net	1,646,272	1,735,945
Property, plant and equipment, net	45,505,406	46,059,447
Total assets	$ 51,953,220	$ 50,842,434
LIABILITIES		
Accounts payable	$ 64,180	$ 3,973,254
Deferred revenue	234,491	281,785
Deposits held in custody	34,574	41,554
Interest payable	269,471	80,190
Capital lease payable	148,570	—
Other payable to Auburn University	50,143	10,462
Note payable to Auburn University	589,110	635,634
Notes payable to River Bank and Trust	30,438,645	26,055,454
Notes payable - New Market Tax Credit	9,517,505	9,451,119
Total liabilities	41,346,689	40,529,452
NET ASSETS		
Without donor restrictions	8,960,218	8,576,996
With donor restrictions	1,646,313	1,735,986
Total net assets	10,606,531	10,312,982
Total liabilities and net assets	$ 51,953,220	$ 50,842,434

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	Auburn Research and Technology Foundation	
	2021	**2020**
REVENUES AND OTHER SUPPORT		
Rental income	$ 5,285,912	$ 1,669,511
Other income	4,279	9,328
Other contracts	297,187	692,882
Contributions	1,264,832	728,497
Total revenues	6,852,210	3,100,218
EXPENSES AND LOSSES		
Support services		
General and administrative	2,787,943	1,804,748
Amortization on ground leases	122,650	122,650
Amortization on capital lease	36,690	23,210
Amortization on loan fee	96,271	96,272
Depreciation	1,527,775	425,163
Interest	1,987,332	329,313
Total support services	6,558,661	2,801,356
Total expenses	6,558,661	2,801,356
*Change in net assets	293,549	298,862
Net assets - beginning of the year	10,312,982	10,014,120
Net assets - end of the year	$ 10,606,531	$ 10,312,982
*Change in net assets		
Without donor restrictions	$ 383,222	$ 393,018
With donor restrictions	(89,673)	(94,156)
Total change in net assets	$ 293,549	$ 298,862

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

(1) NATURE OF OPERATIONS

Auburn University (the University) is a land grant university originally chartered on February 1, 1856, as the East Alabama Male College. The Federal Land Grant Act of 1862, by which the University was established as a land grant university, donated public lands to several states and territories with the intent that the states would use these properties for the benefit of agriculture and the mechanical arts. Several pertinent laws dictate specific purposes for which the land may be used. In 1960, the Alabama State Legislature officially changed the name to Auburn University. The University has two campuses, Auburn and Montgomery, with a combined enrollment of 36,599 students for Fall semester 2021. The University serves the State of Alabama, the nation and international business communities through instruction of students and the advancement of research and outreach programs. By statutory laws of the State of Alabama, the University is governed by the Board of Trustees (the Board) who are appointed by the Governor of Alabama, a committee consisting of two trustees and two Alumni Association board members and approved by the Alabama State Senate.

The accompanying financial statements of the University have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). The accompanying financial statements include the following four divisions of the University:

Auburn University Main Campus
Auburn University at Montgomery
Alabama Agricultural Experiment Station
Alabama Cooperative Extension System

The University, a publicly supported, state funded institution, is a component unit of the State of Alabama and is included in the Annual Comprehensive Financial Report of the State; however, the University is considered a separate reporting entity for financial statement purposes.

The University is a public corporation and an instrumentality of the State of Alabama. As a governmental unit of the State of Alabama, the University is not subject to federal income tax. Certain transactions may be taxable as unrelated business income under Internal Revenue Code Sections 511 to 514.

Contributions intended for the University's benefit are primarily received through the University's component units and are deductible by donors as provided under Section 170 of the Internal Revenue Code, consistent with the provisions under Section 501(c)(3) and corresponding state law.

Component Units

The University adheres to GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement No. 14*. This statement clarifies GASB Statement No. 14, *The Financial Reporting Entity*, which provides criteria for determining whether such organizations for which a government is not financially accountable should be reported as component units. In accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 80, *Blending Requirements for Certain Component Units–an amendment of GASB Statement No. 14*, and GASB Statement No. 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61*, the University has included statements for its discretely presented component units, Auburn University Foundation, Auburn Alumni Association, Tigers Unlimited Foundation and Auburn Research and Technology Foundation in these financial statements, as exclusion of such organizations would render the entity's financial statements misleading or incomplete. Auburn University Real Estate Foundation, Inc. has been consolidated into Auburn University Foundation's financial statements, as an affiliated supporting organization. The University's component units' financial statements are presented following the University's statements. The component units are not GASB entities; therefore, their respective financial statements adhere to accounting principles under the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

Auburn University Foundation (AUF) is a qualified charitable organization established in 1960, existing solely for the purpose of receiving and administering funds for the benefit of the University. AUF is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision has been made for income taxes in their respective financial statements. AUF's activities are governed by its own Board of Directors.

Auburn Alumni Association (the Association) is an independent corporation organized on April 14, 1945, which was created to promote mutually beneficial relationships between the University and its alumni, to encourage loyalty among alumni and to undertake various other actions for the benefit of the University, its alumni and the State of Alabama. Membership is comprised of alumni, friends and students of the University. The Association is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision has been made for income taxes in their respective financial statements. The Association's activities are governed by its own Board of Directors.

Tigers Unlimited Foundation (TUF) is an independent corporation that began operations on April 21, 2004. It was formed for the sole purpose of obtaining and disbursing funds for the University's Intercollegiate Athletics Department. TUF is exempt from federal income taxes under Section 501(a) as an organization described in Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision has been made for income taxes in their respective financial statements. TUF's activities are governed by its own Board of Directors with transactions being maintained using a June 30 fiscal year end date.

Auburn Research and Technology Foundation (ARTF) is an independent corporation organized on August 24, 2004, to facilitate the acquisition, construction and equipping of a technology and research park on the University's campus. ARTF was organized under Internal Revenue Code 509(a)(3). ARTF is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. ARTF's activities are governed by its own Board of Directors.

Auburn University Real Estate Foundation, Inc. (AUREFI) is a qualified charitable organization created on July 5, 2005, solely for the purpose of receiving and administering real estate gifts. AUREFI was organized under Internal Revenue Code 170(b)(1)(A)(vi). This real estate holding corporation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. AUREFI is owned and controlled by AUF, and its financial statements are consolidated with AUF's financial statements. AUREFI's activities are governed by its own Board of Directors.

Auburn Research Park I (ARPI) is an entity formed in June 2019 to take advantage of financing opportunities through the New Market Tax Credit program. ARPI is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The financial statements of ARTF include the consolidated financial position and activities of ARTF and ARPI as ARTF is deemed to control ARPI through a majority voting interest and ARTF is deemed to have an economic interest in ARPI.

The financial statements of the component units have been prepared on the accrual basis of accounting. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the component units and changes therein are classified and reported as with or without donor restrictions.

Contributions received, including unconditional promises to give, are recognized as revenues at their fair values in the period received. For financial reporting purposes, the component units distinguish between contributions of assets with donor restrictions and without donor restrictions. Contributions for which donors have imposed restrictions which limit the use of the donated assets, are reported as support with donor restrictions if the restrictions are not met in the same reporting period. When such donor-imposed restrictions are met in subsequent reporting periods, those net assets are reclassified to net assets without donor restrictions and reported as net assets released from restrictions when the purpose or time restrictions are met. Contributions of assets which donors have stipulated must be maintained permanently, with only the income earned thereon available for current use, are classified as assets with donor restrictions - perpetual in nature. Contributions for which donors have not stipulated restrictions are reported as support without donor restrictions.

Financial statements for AUF and the Association may be obtained by writing to the applicable entity at 317 South College Street, Auburn University, Alabama 36849. Financial statements for TUF may be obtained by writing to Athletic Complex, 392 South Donahue Drive, Auburn University, Alabama 36849.

Financial statements for ARTF may be obtained by writing to 570 Devall Drive, Suite 101, Auburn, Alabama 36832.

Financial Statement Presentation

For financial reporting purposes, the University adheres to the provisions of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments*; GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis-for Public Colleges and Universities-an amendment of GASB Statement No. 34*; GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These statements establish standards for external financial reporting for public colleges and universities on an entity-wide perspective which require that resources be classified in three net position categories.

- **Net investment in capital assets:**
  This category is defined as capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred inflows and outflows of resources attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position. Unexpended related debt proceeds and the related debt attributable to the unspent amount as well as deferred inflows of resources, if applicable, are not reported in net investment in capital assets, but in restricted or unrestricted net position.

- **Restricted net position:**
  The restricted component of net position consists of Nonexpendable and Expendable elements.

  Nonexpendable – Nonexpendable restricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources subject to externally imposed stipulations that they be maintained permanently by the University. This element includes the University's permanent endowment funds.

  Expendable – Expendable restricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources whose use by the University are subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations, or that expire by the passage of time.

- **Unrestricted net position:**
  This category is defined as the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not subject to externally imposed stipulations or included in the

determination of net investment in capital assets. Unrestricted net position may be designated for specific purposes by action of management or the Board. Substantially all unrestricted net position is designated for academic and research programs and initiatives, capital projects, and auxiliary units. When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense towards unrestricted resources and then towards restricted resources.

GASB Statements No. 35 and No. 63 also require three statements: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows.

During fiscal year 2021, the University adopted GASB Statements No. 84, 90, and 98. GASB Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments, and requires reporting those activities in a fiduciary fund in the basic financial statements. The adoption of this standard had no material effect on the University's financial statements in the current fiscal year.

GASB Statement No. 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and 61*, addresses how governments should report majority equity interests. The adoption of this standard had no material effect on the University's financial statements in the current fiscal year.

GASB Statement No. 98, *The Annual Comprehensive Financial Report*, establishes the term *annual comprehensive financial report* and its acronym *ACFR*. The adoption of this standard had no material effect on the University's financial statements in the current fiscal year.

Basis of Accounting

The financial statements of the University have been prepared on the accrual basis of accounting and in accordance with accounting standards of the United States of America and all significant, interdivisional transactions between auxiliary units and other funds have been eliminated. The University reports as a Business Type Activity (BTA) as defined by GASB Statement No. 35. BTAs are those institutions that are financed in whole or in part by fees charged to external parties for goods or services. Under BTA reporting, it is required that statements be prepared using the economic resources measurement focus.

The University records depreciation on capital assets (including equipment), accrues or defers revenue associated with certain grants and contracts, accrues interest expense, accounts for certain scholarship allowances as a reduction of revenue, and classifies federal refundable loans as a liability.

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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) SIGNIFICANT ACCOUNTING POLICIES OF AUBURN UNIVERSITY

Cash & Cash Equivalents

Cash and cash equivalents includes highly liquid debt instruments readily convertible into cash and with maturities at date of acquisition of three months or less, whose use is not restricted for long term purposes.

Investments

Operating investments consist of cash and investments designated for current operations, with maturities occurring within the next fiscal year. Accordingly, the University classifies debt service funds held by the Trustee for debt service payments as operating investments. These investments are not considered liquid or accessible, as they will be used within the next fiscal year for the December bond payment.

Long term investments consist of cash and investments with maturities greater than one year or whose use is restricted for long term purposes. Investments associated with unexpended bond proceeds are restricted and are shown as long term investments. Investments recorded as endowment and life income represent funds that are considered by management to be of long duration.

Investments received by gift are recorded at fair value on the date of receipt. Investments in real estate are recorded at fair value. For investments other than non-readily marketable investments, investment income is recorded on the accrual basis of accounting. For non-readily marketable investments, investment income is recorded as received.

GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value and establishes a framework for measuring fair value that includes a three-tiered hierarchy of valuation inputs, placing a priority on those which are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the University's own assumptions about how market participants would value an asset or liability based on the best information available. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. The three levels of inputs, of which the first two are considered observable and the last unobservable, are as follows:

- Level 1 – Quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date
- Level 2 – Other significant observable inputs, either direct or indirect, such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable; or market corroborated inputs

- Level 3 – Unobservable inputs

GASB Statement No. 72 allows for the use of Net Asset Value (NAV) as a practical expedient for valuation purposes. Investments that use NAV in determining fair value are disclosed separately from the valuation hierarchy (see Note 4).

Investments in equity securities, mutual funds, and debt securities are reported at fair value in the Statement of Net Position, with all net realized and unrealized gains and losses reflected in the Statement of Revenues, Expenses and Changes in Net Position. Fair value of these investments is based on quoted market prices or dealer quotes where available. Investments in life insurance contracts are measured at cash surrender value.

The University uses NAV reported by the investment managers as a practical expedient to estimate fair value for certain investments. The NAV is applied to certain investments that do not have readily determinable fair values including business trust, common trust, hedge, private equity and real asset investment funds. As these investments are not readily marketable, the estimated value is subject to uncertainty, and therefore, may differ from the value that would have been used had a ready market for the investments existed. While these investments may contain varying degrees of risk, the University's risk with respect to such transactions is limited to its capital balance in each investment and the amounts of any unfunded commitments.

Under GASB Statement No. 40, *Deposit and Investment Risk Disclosures-an amendment of GASB Statement No. 3*, common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk are addressed. This statement defines custodial risk for deposits as "the risk that, in the event of a failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party." As an element of interest rate risk, this Statement requires certain disclosures of investments that have fair values which are highly sensitive to changes in interest rates. Deposit and investment policies related to the risks identified in this statement are also required to be disclosed (see Note 4).

Inventories
Units currently holding inventories include Facilities, Scientific Supply Store, Chemistry Glass Shop, Animal Clinic Pharmacy, Harrison School of Pharmacy, Alabama Agricultural Experiment Station, Bookstores, Museum Gift Shop, and Ralph Draughon and AUM Libraries. All inventories are valued at the lower of cost or market, on the first-in, first-out basis, and are considered to be current assets.

Capital Assets
Capital expenditures of land, buildings and equipment are carried at cost at date of acquisition. Gifts of capital assets are recorded at acquisition value at the date of donation. Depreciation is computed on a straight line basis over the estimated useful lives of buildings and building improvements (40 years), land improvements and infrastructure (10–40 years), library collection and software costs (10 years) and inventoried equipment (5–18 years). Land and construction in progress are not depreciated. The threshold for capitalizing buildings and infrastructure is $25,000. Expenditures for maintenance, repairs and minor renewals and replacements are expensed as incurred; major renewals and replacements are capitalized if they meet the $25,000 threshold. Construction in progress expenditures are capitalized as incurred. Equipment is capitalized if the cost exceeds $5,000 and has a useful life of more than one year. All buildings are insured through the State of Alabama Property Insurance Fund.

Art collections and historical treasures are capitalized and valued at cost or acquisition value at the date of purchase or gift, respectively, but not depreciated. Collections are preserved and held for public exhibition, education and research.

Livestock is capitalized and valued at cost or acquisition value at the date of purchase or gift, respectively, but not depreciated. Annually, livestock inventories are adjusted to actual livestock counts, valued in various manners depending on the type and purpose of the livestock.

In accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, the University continues to evaluate prominent events or changes in circumstance to determine whether an impairment loss should be recorded and whether any insurance recoveries should be offset against the impairment loss. The University did not record any losses related to asset impairment during fiscal year 2021 or 2020.

Unearned Revenues
Unearned revenues include funds received in advance of an event, such as tuition and fees and advance ticket sales for athletic events. Net student tuition and fee revenues and housing revenues for the fall semester are recognized in the fiscal year in which the related revenues are earned. Ticket sale revenues for athletic events are recognized as the related games are played. Unearned revenues also consist of amounts received from grant and contract sponsors that have not yet been earned under the terms of the agreements. Amounts received from grant sponsors for which the only unmet term of the agreement is timing (i.e. funds may not be spent until a certain date) are classified as deferred inflows of resources in accordance with GASB Statement No. 65. All other unearned revenue is classified as a current liability. In fiscal year 2018, the University signed a long-term multi-year contract for dining services. The associated revenue is being amortized over the ten-year life of the contract on a straight-line basis. Unearned revenue includes the amounts received but not earned from the contract (see Note 13).

Classification of Revenues
The University has classified its revenues as either operating or nonoperating according to the following criteria:

- **Operating Revenues:** Operating revenues include activities that have the characteristics of exchange transactions, such as student tuition and fees, net of scholarship discounts and allowances, sales and services of auxiliary enterprises, net of scholarship discounts and allowances, most federal, state, local, private grants and contracts and federal appropriations, and interest on institutional student loans.

- **Nonoperating Revenues:** Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues. In accordance with GASB Statement No. 35, certain significant revenues on which the University relies to support its operational mission are required to be recorded as nonoperating revenues. These revenues include state appropriations, private gifts, federal Pell grants and investment income, including realized and unrealized gains and losses on investments. In fiscal years 2021 and 2020, these revenues also included federal and state funding in response to the global COVID-19 pandemic.

Student Tuition, Fees and Scholarship Discounts and Allowances

Student tuition and fee revenues and certain other revenues from students are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses and Changes in Net Position. Scholarship discounts and allowances represent the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf. Scholarship allowances to students is calculated using the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). The alternative method is an algorithm that computes scholarship allowances on a university-wide basis rather than on an individual student basis.

Auxiliary Revenues

Sales and services of auxiliary enterprises primarily consist of revenues generated by athletics, bookstore, housing, dining, printing and telecommunications, which are substantially self-supporting activities that primarily provide services to students, faculty, administrative and professional employees and staff.

Grants and Contracts Revenues

The University receives sponsored funding from governmental and private sources. Revenues from these projects are recognized in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, based on the terms of the individual grant or contract. Pell grants are recorded as nonoperating revenues in the accompanying Statements of Revenues, Expenses and Changes in Net Position.

Compensated Absences

The University reports employees' accrued annual leave and sick leave at varying rates depending upon employee classification and length of service, subject to maximum limitations. Upon termination of employment, employees are paid all unused accrued vacation at their regular rates of pay up to a designated maximum number of days. GASB Statement No. 35 requires the amount of compensated absences that are due within one year of the fiscal year end to be classified as a current liability. Annually, University employees utilize vacation and sick leave in an amount greater than the compensated absence liability at September 30; therefore, the entire accrual is considered to be a current liability.

Donor Pledges

The University normally does not receive gift pledges. Pledged revenue representing unconditional promises to give is normally received by AUF or TUF and later disbursed in accordance with the donors' wishes for the benefit of the University. Pledges are recorded net of discounts.

(3) CASH AND CASH EQUIVALENTS

Cash consists of petty cash funds and demand deposits held in the name of the University. GASB Statement No. 40, *Deposit and Investment Risk Disclosures-an amendment of GASB Statement No. 3*, defines custodial risk for deposits as "the risk that, in the event of a failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover securities which are in the possession of an outside party."

Any depository of University funds must provide annual evidence of its continuing designation as a qualified public depository under the Security for Alabama Fund Enhancement Act (SAFE). Under the mandatory SAFE program, each qualified public depository (QPD) is required to hold collateral for all its public deposits on a pooled basis in a custody account established for the State Treasurer as SAFE administrator. In the unlikely event a public entity should suffer a loss due to QPD insolvency or default, a claim would be filed with the State Treasurer who would use the SAFE pool collateral or other means to reimburse the loss. As a result, the University believes its custodial risk related to cash is remote. In addition, the standard Federal Deposit Insurance Corporation (FDIC) is $250,000 per depositor, per insured bank, for each account ownership category.

Cash equivalents may consist of commercial paper, repurchase agreements, banker's acceptances, and money market accounts purchased with maturities at the date of acquisition of three months or less, whose use is not restricted for long-term purposes.

(4) INVESTMENTS

The Board is authorized to invest all available cash and is responsible for the management of the University's investments. The endowment funds and the Cash Pool assets are invested in accordance with policies established by the Board. The Board has engaged a custodian and professional investment managers to manage the investment of the endowment funds while maintaining centralized management of the Cash Pool. The University monitors these investments through an on-going review of investment strategy, performance, valuation, risk management practices and operational activities.

Preservation of capital is regarded as the highest priority in the investing of the Cash Pool. It is assumed that all investments will be suitable to be held to maturity. The University's investment portfolio is structured in such a manner to help ensure sufficient liquidity to pay obligations as they become due. The portfolio strives to provide a stable return consistent with investment policy. The Non-Endowment Cash Pool Investment Policy authorizes investments in the following: money market accounts, repurchase and reverse repurchase agreements, banker's acceptances, commercial paper, certificates of deposit, municipals, U.S. Treasury obligations, U.S. Agency securities and mortgage-backed securities.

Bond proceeds are invested in accordance with the underlying bond agreements. The University's bond agreements generally permit bond proceeds and debt service funds to be invested in obligations in accordance with University policy in terms maturing on or before the date funds are expected to be required for expenditures or withdrawal. Certain bond indentures require the University to invest amounts held in certain construction funds, redemption funds and bond funds in federal securities or state, local and government series (SLGS) securities.

Diversification through asset allocation is utilized as a fundamental risk strategy for endowed funds. These strategic allocations represent a blend of assets best suited, over the long term, to achieve maximum returns without violating the risk parameters established by the Board. The Endowment Fund Investment Policy, approved on April 24, 2021, authorizes investment of the endowment portfolio to include the following: cash and cash equivalents; global fixed income; global equity securities; global private capital; absolute return/hedge funds; and real assets, collectively referred to as the endowment pool.

The Alabama Uniform Prudent Management of Institutional Funds Act (UPMIFA) was enacted by the Legislature of the State of Alabama and signed into law effective January 1, 2009. UPMIFA prescribes guidelines for expenditure of donor-restricted endowment funds (in the absence of overriding, explicit donor stipulations). UPMIFA focuses on the entirety of a donor-restricted endowment fund, that is, both the original gift amount(s) and net appreciation. UPMIFA includes a robust set of guidelines about what constitutes prudent spending, explicitly requiring consideration of the duration and preservation of the fund.

The earnings distributions are appropriated for expenditure by the Board in a manner consistent with the standard of prudence prescribed by UPMIFA. In order to conform to the standards for prudent fiduciary management of investments, the Board has adopted a spending plan whose long term objective is to maintain the purchasing power of each endowment and provide a predictable and sustainable level of income to support current operations. In the policy approved on April 24, 2021, spending for a given year equals 80% of spending in the previous year, adjusted for inflation (Consumer Price Index (CPI) within a range of 0.0% and 6.0%), plus 20% of the long-term spending rate (4.0%) applied to the twelve month rolling average of the market values. The net appreciation on endowments and funds functioning as endowments available for authorization for expenditure by the Board amounted to $136,884,141 and $75,938,798 at September 30, 2021 and 2020, respectively, and are recorded as restricted expendable net position.

Investment Risks

Investments are subject to certain types of risks, including interest rate risk, custodial credit risk, credit quality risk, concentration of credit risk, and foreign currency risk. The following describes those risks:

- **Interest Rate Risk** – Interest rate or market risk is the potential for changes in the value of financial instruments due to interest rate changes in the market. Certain fixed maturity investments contain call provisions that could result in shorter maturity periods. As previously stated, it is the University's intent to hold all investments in the Cash Pool until maturity. The Board understands that in order to achieve its objectives, investments can experience fluctuations in fair value. Both the Endowment Fund Investment Policy and the Non-Endowment Cash Pool Investment Policy set forth allowable investments and allocations.

The following segmented time distribution tables provide information as of September 30, 2021 and 2020, covering the fair value of investments by investment type and related maturity:

Auburn University Investments
Investment Maturities at Fair Value (in Years)
September 30, 2021

Types of Investments	< 1 year	1–5 years	6–10 years	> 10 years	Value
Fixed Maturity					
Certificates of Deposit	$ 500,000	$ 5,453,686	$ —	$ —	$ 5,953,686
U.S. Treasury Obligations	27,276,794	7,118,149	3,267,594	—	37,662,537
U.S. Agency Securities	36,471,541	911,604,185	264,170,150	—	1,212,245,876
Mortgage Backed Securities	—	—	—	14,739,551	14,739,551
Municipals	1,010,620	—	—	—	1,010,620
	$ 65,258,955	$ 924,176,020	$ 267,437,744	$ 14,739,551	$1,271,612,270
Global Equities					4,076,579
Alternative Investments					
Hedge Funds					93,237,307
Private Capital					57,771,932
Real Assets					32,906,467
Real Estate					740,750
Mutual Funds, Common Trust Funds and Business Trust Funds					142,836,250
Funds Held in Trust					4,057,642
Cash Surrender Value-Life Insurance					950,283
Money Market, Cash and Pooled Investments					246,170,810
Total investments					1,854,360,290
Less cash equivalents held in Cash Pool					(173,100,000)
Operating and noncurrent investments					$1,681,260,290

Auburn University Investments
Investment Maturities at Fair Value (in Years)
September 30, 2020

Types of Investments	< 1 year	1–5 years	6–10 years	> 10 years	Value
Fixed Maturity					
Certificates of Deposit	$ —	$ 4,262,591	$ —	$ —	$ 4,262,591
U.S. Treasury Obligations	24,566,421	7,299,607	2,894,955	—	34,760,983
U.S. Agency Securities	100,107,412	668,203,404	264,798,194	—	1,033,109,010
Mortgage Backed Securities	—	899,228	7,054,604	—	7,953,832
Municipals	—	1,022,600	—	—	1,022,600
	$ 124,673,833	$ 681,687,430	$ 274,747,753	$ —	$1,081,109,016
Global Equities					2,556,786
Alternative Investments					
Hedge Funds					81,045,598
Private Capital					33,589,730
Real Assets					27,127,347
Real Estate					740,750
Mutual Funds, Common Trust Funds and Business Trust Funds					122,708,272
Funds Held in Trust					3,433,610
Cash Surrender Value-Life Insurance					855,306
Money Market, Cash and Pooled Investments					362,105,975
Total investments					1,715,272,390
Less cash equivalents held in Cash Pool					(214,000,000)
Operating and noncurrent investments					$1,501,272,390

- **Custodial Credit Risk** – GASB Statement No. 40 defines investment custodial risk as “the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.” Although no formal policy has been adopted, the University requires its safekeeping agents to hold all securities in the University’s name for both the Cash Pool and the Endowment Pool. Certain limited partnership investments in Private Capital and Real Assets represent ownership interests that do not exist in physical or book-entry form. As a result, custodial credit risk is remote.

- **Credit Quality Risk** – GASB Statement No. 40 defines credit quality risk as “the risk that an issuer or other counterparty to an investment will not fulfill its obligations” as they become due. The University’s Non-Endowment Cash Pool Investment Policy stipulates that commercial paper be rated at least P1 by Moody’s or A1 by Standard & Poor’s or a comparable rating by another nationally recognized rating agency. Banker’s acceptance should hold a long term debt rating of at least AA or short term debt rating of AAA (or comparable ratings) as provided by one of the nationally recognized rating agencies.

The following table provides information as of September 30, 2021 and 2020, concerning credit quality risk:

Auburn University Investments
Ratings of Fixed Maturities

Moody’s Rating	Fair Value	Fair Value as a % of Total Fixed Maturity Fair Value	Fair Value	Fair Value as a % of Total Fixed Maturity Fair Value
	2021		2020	
US Treasury	$ 37,662,537	2.96 %	$ 34,760,983	3.22 %
Aaa	1,226,985,427	96.49 %	1,041,062,842	96.30 %
Aa	1,010,620	0.08 %	1,022,600	0.09 %
Not rated*	5,953,686	0.47 %	4,262,591	0.39 %
	$ 1,271,612,270	100.00 %	$ 1,081,109,016	100.00 %

*Certificates of deposit are included in the "Not rated" category.

- **Concentration of Credit Risk** – GASB Statement No. 40 defines concentration of credit risk as “the risk of loss attributed to the magnitude of a government’s investment in a single issuer.” The University Non-Endowment Cash Pool Investment Policy does not limit the aggregate amounts that can be invested in U.S. Treasury securities with the explicit guarantee of the U.S. Government or U.S. Agency securities that carry the implicit guarantee of the U.S. Government. As of September 30, 2021 and 2020, the University Cash Pool and the University Endowment Pool were in compliance with their respective policies.

The University Endowment Investment Policy provides for diversification by identifying asset allocation classes and ranges to provide reasonable assurance that no single security, or class of securities, will have a disproportionate impact on the performance of the total Endowment Pool.

- **Foreign Currency Risk** – GASB Statement No. 40 defines foreign currency risk as “the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.” No formal University policy has been adopted addressing foreign currency risk. As of September 30, 2021 and 2020, the University held no investments in foreign currency.

Securities Lending Program

As of September 30, 2021 and 2020, there was no participation in any securities lending programs.

Interest Sensitive Securities

As of September 30, 2021, the University held investments totaling $14,739,551 in mortgage-backed securities. As of September 30, 2020, the University held investments in mortgage-backed securities totaling $7,953,832. As of September 30, 2021 and 2020, the University held no investments in asset-backed securities. The mortgage-backed investments have embedded prepayment options that are expected to fluctuate with interest rate changes. Generally, this variance presents itself in variable repayment amounts, uncertain early or extended payments.

Certain fixed maturity investments have call provisions that could result in shorter maturity periods. However, it is the intent that the Cash Pool fixed maturity investments be held to maturity; therefore, the fixed maturity investments are classified in the above table as if they were held to maturity. As of September 30, 2021 and 2020, the Cash Pool held $400,691,709 and $377,831,541, representing 21.61% and 22.03%, respectively, of total investments in continuously callable fixed maturity investments. The University investment policies do not restrict the purchase of mortgage-backed securities, asset-backed securities, or bonds with call provisions.

The University owns shares in mutual funds, common trust funds, and business trust funds. These funds are invested in global marketable securities, commodities and global debt securities. The University owns limited partnership interests in several non-registered investment partnerships and interests in a limited liability company. The goal of the limited partnerships and limited liability company is to invest in readily marketable securities, privately held companies and properties within different industry sectors. At investment inception, the University enters into a separate subscription agreement with a capital commitment to each limited partnership.

On September 30, 2021 and 2020, the University was not a party in any swap or other derivative contracts.

The table entitled, "Auburn University Investments, Investment Maturities at Fair Value (in Years)," includes funds held for pending capital expenditures at September 30, 2021, as follows: $247,714,940, 2020C General Fee Bond proceeds and $149,389,663, 2018A General Fee Bond proceeds, and $27,878,175, Deferred Maintenance Building Fund. The General Liability Account holds investments of $5,719,605.

At September 30, 2020, funds held for pending capital expenditures were as follows: $298,523,227 in 2020C General Fee Bond proceeds, $210,406,360 in 2018A General Fee Bond proceeds and $27,383,052 in the Deferred Maintenance Building Fund. The General Liability Account held investments of $5,730,339.

The University carries its limited partnership investments at estimated fair value as determined by the fund manager or general partner. The University records its initial investment and subsequent contributions at cost and adjusts for its share of income/appreciation, losses/depreciation, and distributions received from the investments. The University believes that the carrying amount of these investments using NAV is a reasonable estimate of fair value as of September 30, 2021 and 2020. Because these investments are not readily marketable, the estimated value is subject to uncertainty, and therefore may differ from the value that would have been used had a ready market for the investments existed and such difference could be material. These investments are made in accordance with the University's investment policy that approves the allocation of funds to various asset classes (i.e., global equity, private capital, hedge funds, real assets, global fixed income, and cash) in order to ensure the proper level of diversification within the endowment pool. Investments in limited partnerships (private equity, hedge funds, and real assets) are designed to enhance diversification and provide reductions in overall portfolio volatility. These fair values are estimated by the general partner of each limited partnership using various valuation techniques.

GASB Statement No. 72 establishes a hierarchy that prioritizes inputs to valuation techniques used to measure fair value. At September 30, 2021 and 2020, the fair value of the University's investments based on the inputs used to value them is summarized in the tables below. Note that the Money Market, Cash Surrender Value of Life Insurance, and Investments, measured using the NAV, are presented in these tables to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying Statements of Net Position.

Auburn University Investments
Investments at Fair Value
September 30, 2021

Types of Investments	Total Fair Value	Level 1	Level 2	Level 3
Cash and Pooled Investments	$ 5,646,952	$ 5,646,952	$ —	$ —
Fixed Maturity	1,271,612,270	453,686	1,271,158,584	—
Global Equities	4,076,579	4,076,579	—	—
Real Estate	740,750	—	—	740,750
Mutual Funds	84,461,116	84,461,116	—	—
Total investments in the fair value hierarchy	$ 1,366,537,667	$ 94,638,333	$ 1,271,158,584	$ 740,750
Investments measured at NAV	246,348,482			
Money Market	67,423,858			
Cash Surrender Value-Life Insurance	950,283			
Operating and noncurrent investments	$ 1,681,260,290			

Auburn University Investments
Investments at Fair Value
September 30, 2020

Types of Investments	Total Fair Value	Level 1	Level 2	Level 3
Cash and Pooled Investments	$ 5,133,594	$ 5,133,594	$ —	$ —
Fixed Maturity	1,081,109,016	512,591	1,080,596,425	—
Global Equities	2,556,786	2,556,786	—	—
Real Estate	740,750	—	—	740,750
Mutual Funds	71,579,974	71,579,974	—	—
Total investments in the fair value hierarchy	$ 1,161,120,120	$ 79,782,945	$ 1,080,596,425	$ 740,750
Investments measured at NAV	196,324,583			
Money Market	142,972,381			
Cash Surrender Value-Life Insurance	855,306			
Operating and noncurrent investments	$ 1,501,272,390			

Investments categorized as Level 1 are valued using prices quoted in active markets. Fixed income securities categorized as Level 2 represent investments valued using a matrix pricing technique from a pricing service, which values debt securities based on their relationship to a benchmark and the relative spread to that benchmark. Real estate categorized as Level 3 is valued from periodic valuations prepared by independent appraisers or property tax valuation.

Liquidity Disclosures for Investments Measured Using Net Asset Value as of September 30, 2021

Description	Fair Value	Unfunded Commitments	Remaining Life	Redemption Frequency (If Currently Eligible)	Redemption Notice Period	Remaining Restriction
Investments Measured Using Net Asset Value:						
Funds Held in Trust	$ 4,057,642	$ —	N/A	Daily	3 business days	N/A
Global Bond Fund	12,301,103	—	N/A	Semi-Monthly	5 business days	N/A
Business Trust Funds and Common Trust Funds	35,464,141	—	N/A	Monthly	6 - 10 business days	N/A
Emerging Markets Equity Fund	10,609,890	—	N/A	Monthly	7 calendar days	N/A
Global Equity Hedge Fund	51,198,595	—	N/A	Quarterly	60 days	N/A
Global Long/Short Hedge Funds	18,811,299	—	N/A	Quarterly, Semi-Annually	45 - 60 days	N/A
Absolute Return Hedge Funds	23,227,413	—	N/A	Quarterly, Annually, Biennially	60 - 90 days	9 months
Private Equity Funds	57,771,932	24,476,534	None - 13 yrs	Illiquid	Illiquid	N/A
Real Asset Investment Funds	32,906,467	19,727,311	1 - 10 yrs	Monthly or Illiquid	15 days, Illiquid	N/A
Total	$246,348,482	$ 44,203,845				
Investments Measured Using Level 3 inputs:						
Real Estate	$ 740,750	—	N/A	Illiquid	Illiquid	N/A

Liquidity Disclosures for Investments Measured Using Net Asset Value as of September 30, 2020

Description	Fair Value	Unfunded Commitments	Remaining Life	Redemption Frequency (If Currently Eligible)	Redemption Notice Period	Remaining Restriction
Investments Measured Using Net Asset Value:						
Funds Held in Trust	$ 3,433,610	$ —	N/A	Daily	3 business days	N/A
Global Bond Fund	12,508,674	—	N/A	Semi-Monthly	5 business days	N/A
Business Trust Funds and Common Trust Funds	30,224,084	—	N/A	Monthly	6 - 10 business days	N/A
Emerging Markets Equity Fund	8,395,540	—	N/A	Monthly	7 calendar days	N/A
Global Equity Hedge Fund	38,091,750	—	N/A	Quarterly	60 days	N/A
Global Long/Short Hedge Funds	18,360,436	—	N/A	Quarterly, Semi-Annually	45 - 60 days	N/A
Absolute Return Hedge Funds	24,593,412	—	N/A	Quarterly, Annually, Biennially	60 - 90 days	N/A
Private Equity Funds	33,589,730	31,133,435	None - 14 yrs	Illiquid	Illiquid	N/A
Real Asset Investment Funds	27,127,347	17,396,072	1 - 10 yrs	Monthly or Illiquid	15 days, Illiquid	N/A
Total	$196,324,583	$ 48,529,507				
Investments Measured Using Level 3 inputs:						
Real Estate	$ 740,750	—	N/A	Illiquid	Illiquid	N/A

Funds held in trust represent a foundation with the University as the named beneficiary (see Note 5).

The global bond fund includes investments in a globally diversified portfolio of primarily debt or debt-like securities. The fund invests in government debt securities.

The business trust funds and common trust funds include investments in international and emerging markets equity securities, investment grade credit securities, mortgage-backed securities and government securities. Exposure by market is approximately 1% domestic, 62% developed international and 37% emerging markets.

The emerging markets equity fund includes investments in emerging markets equity securities. The fund invests, directly or indirectly through one or more other pooled investment vehicles, in equities and equity derivatives of issuers operating in emerging markets.

The global equity hedge fund includes investments in long/short equities. Long exposure ranges from 140-170%, while short exposure ranges from 40-70%. Management of the hedge fund's stated process is a risk-controlled, industry-neutral, analyst-driven approach to large cap equity investing.

Global long/short hedge funds include investments primarily in U.S. equities, with some international exposure. These funds are invested in various sectors including consumer, healthcare, technology, media, telecom, financials, industrials, and materials.

Absolute return hedge funds include investments in multiple strategies to diversify risk and reduce volatility, including but not limited to event-driven, arbitrage, distressed debt, and special situations.

Private equity funds predominantly consist of limited partnership funds that invest in private equity, venture capital, distressed opportunities, natural resources and real estate.

Real asset investment funds include limited partnership investments in commercial and residential real estate and land, natural resources, and commodities.

Under the terms of these private equity and real asset investment agreements, the University is obligated to remit additional funding periodically as capital calls are exercised. Depending on market conditions, the ability or inability of a fund to execute its strategy and other factors, the fund may request an extension of terms beyond its originally anticipated existence or may liquidate the fund prematurely. The University cannot anticipate such changes, because they are based on unforeseen events. These investments cannot be redeemed at NAV; however, periodic distributions may be made to the University at the managers' discretion as underlying portfolio assets are liquidated.

Real estate includes land in Birmingham, Alabama and Washington, D.C. The land in Birmingham is an undeveloped lot that is listed for sale. The land in Washington, D.C. is subject to a building lease ending in 2145.

AUF holds endowments and distributes earnings from those endowments to the University. AUF investments at September 30, 2021 and 2020, include the following:

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Cash and pooled investments	$ 16,905,846	$ 16,905,846	$ 17,472,255	$ 17,472,255
Government bonds, notes and other securities	56,136,705	51,611,573	51,090,298	45,162,313
Mutual Funds	240,937,734	174,109,489	186,090,015	146,792,090
Business and Common trust funds and partnerships	97,387,191	66,476,313	78,118,115	64,655,602
Other investments	3,219,248	2,725,075	2,907,323	2,725,075
Hedge funds	190,950,911	77,053,803	167,486,063	88,098,069
Private equity funds	115,671,542	69,817,892	65,752,113	51,812,330
Real asset investment funds	65,155,264	59,699,586	50,630,290	53,844,893
Total investments	$ 786,364,441	$ 518,399,577	$ 619,546,472	$ 470,562,627

Investments are made in accordance with the AUF's investment policy that approves the allocation of funds to various asset classes in order to ensure the proper level of diversification within the endowment pool. Investments in mutual funds are designed to provide long-term growth and liquidity to the portfolio. Mutual funds are primarily invested with underlying holdings in 67% domestic equities, 13% international equities and 20% fixed income as of September 30, 2021. Underlying holdings as of September 30, 2020, were 63% domestic equities, 13% international equities and 24% fixed income. AUF invests in business and common trust funds and partnerships with underlying holdings in international and emerging market equities. These investments are designed to provide long-term growth and liquidity for the portfolio.

Investments in hedge, private equity and real asset investment funds, also reported at NAV, are designed to enhance diversification and provide reductions in overall portfolio volatility. Other investments consist of deeded mineral rights, structured notes, and closely held stock with sale restrictions.

For certain investments at inception, AUF enters into a separate agreement with a capital commitment. As of September 30, 2021, AUF had entered into subscription agreements with seventy-three limited partnership investments. The aggregate amount of capital committed to these investments is $373,527,589 of which capital contributions of $273,998,876 have been invested. A cumulative net unrealized gain of $165,206,436 has been recorded on these investments. Of these seventy-three commitments, twelve subscriptions relate to hedge funds, thirty-seven subscriptions relate to private equity funds, and twenty-four subscriptions relate to real asset funds.

(5) FUNDS HELD IN TRUST

In addition to permanently restricted endowments carried on the University's financial statements, the University is the beneficiary of income earned on a number of endowments held by AUF. The cost of these funds was $456,547,349 and $417,051,312 and the market value was $718,182,256 and $562,662,081 at September 30, 2021 and 2020, respectively. The portion of endowment income received by the University from these funds was $19,155,799 and $18,331,043 for the fiscal years ended September 30, 2021 and 2020, respectively.

Endowment earnings are distributed annually, based on the AUF endowment distribution spending rate. These amounts are reported as investment income on the Statements of Revenues, Expenses and Changes in Net Position.

In addition, the University has been named as a beneficiary of a foundation with investments having a cost of $2,657,637 and $2,522,126 and a market value of $4,057,642 and $3,433,610 at September 30, 2021 and 2020, respectively.

The University is the beneficiary of the income earned on two additional trusts. The cost of investments held by these trusts was $753,000 as of September 30, 2021 and 2020. The income received from the two trusts was $49,083 and $80,763 for the fiscal years ended September 30, 2021 and 2020, respectively.

(6) ACCOUNTS RECEIVABLE

Accounts receivable and the allowances for doubtful accounts at September 30, 2021 and 2020, are summarized as follows:

	2021	2020
NONSTUDENT ACCOUNTS RECEIVABLE		
Federal, state & local government, and other restricted expendable	$ 35,296,767	$ 32,966,434
Less allowance for doubtful accounts	(1,544,242)	(1,928,610)
Pledged receivables	521,251	524,171
General	25,590,561	19,347,006
Less allowance for doubtful accounts	(13,493,391)	(13,084,144)
Auxiliary	20,321,955	10,018,933
Capital gifts and grants	1,637,369	3,095,448
Total nonstudent accounts receivable	$ 68,330,270	$ 50,939,238

	2021	2020
STUDENT ACCOUNTS RECEIVABLE		
Unrestricted general	$ 47,288,191	$ 47,023,159
Less allowance for doubtful accounts	(1,991,006)	(2,006,058)
Unrestricted auxiliary	5,642,937	4,564,766
Less allowance for doubtful accounts	(276,330)	(388,506)
Total student accounts receivable	$ 50,663,792	$ 49,193,361

(7) CAPITAL ASSETS

Capital assets at September 30, 2021 and 2020, are summarized as follows (dollars in thousands):

	September 30, 2020	Additions/Transfers	Deletions/Transfers	September 30, 2021
Capital assets not being depreciated				
Land	$ 40,141	$ 600	$ —	$ 40,741
Art & collectibles	13,599	219	(5)	13,813
Construction in progress	109,082	164,337	(103,600)	169,819
Livestock	2,526	1,334	(1,228)	2,632
Other non-current assets	300	—	(126)	174
Total capital assets not being depreciated	165,648	166,490	(104,959)	227,179
Capital assets being depreciated				
Land improvements	180,802	3,976	(99)	184,679
Buildings	2,153,561	58,554	(1,686)	2,210,429
Equipment	296,777	60,013	(18,697)	338,093
Infrastructure	272,366	12,741	(4,790)	280,317
Library books	197,919	—	(2)	197,917
Software system implementation	16,016	—	—	16,016
Total capital assets being depreciated	3,117,441	135,284	(25,274)	3,227,451
Less accumulated depreciation for				
Land improvements	86,609	9,753	(127)	96,235
Buildings	675,959	56,481	(3,102)	729,338
Equipment	196,093	20,925	(19,626)	197,392
Infrastructure	122,441	10,287	(5,526)	127,202
Library books	179,616	4,105	(2)	183,719
Software system implementation	14,635	250	—	14,885
Total accumulated depreciation	1,275,353	101,801	(28,383)	1,348,771
Total capital assets being depreciated, net	1,842,088	33,483	3,109	1,878,680
Capital assets, net	$ 2,007,736	$ 199,973	$ (101,850)	$ 2,105,859

Capital assets at September 30, 2020 and 2019, are summarized as follows (dollars in thousands):

	September 30, 2019	Additions/Transfers	Deletions/Transfers	September 30, 2020
Capital assets not being depreciated				
Land	$ 39,476	$ 675	$ (10)	$ 40,141
Art & collectibles	13,522	78	(1)	13,599
Construction in progress	68,372	161,421	(120,711)	109,082
Livestock	2,642	3,459	(3,575)	2,526
Other non-current assets	299	1	—	300
Total capital assets not being depreciated	124,311	165,634	(124,297)	165,648
Capital assets being depreciated				
Land improvements	150,400	30,402	—	180,802
Buildings	2,104,694	48,902	(35)	2,153,561
Equipment	271,387	30,105	(4,715)	296,777
Infrastructure	264,820	7,593	(47)	272,366
Library books	197,950	—	(31)	197,919
Software system implementation	15,709	307	—	16,016
Total capital assets being depreciated	3,004,960	117,309	(4,828)	3,117,441
Less accumulated depreciation for				
Land improvements	78,455	8,154	—	86,609
Buildings	625,110	50,884	(35)	675,959
Equipment	182,611	18,051	(4,569)	196,093
Infrastructure	111,909	10,579	(47)	122,441
Library books	174,828	4,819	(31)	179,616
Software system implementation	14,306	329	—	14,635
Total accumulated depreciation	1,187,219	92,816	(4,682)	1,275,353
Total capital assets being depreciated, net	1,817,741	24,493	(146)	1,842,088
Capital assets, net	$ 1,942,052	$ 190,127	$ (124,443)	$ 2,007,736

During the fiscal years ended September 30, 2021 and 2020, the University did not receive any construction funding from the State of Alabama.

(8) DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources are a consumption of net position that are applicable to a future reporting period. In 2010, 2012, 2014, 2015, 2016, and 2020, the University defeased certain outstanding bonds. These refundings resulted in a loss (the difference between the acquisition price of the new debt and the net carrying amount of the old debt). In accordance with GASB Statements No. 63 and No. 65, this loss is presented as a deferred outflow of resources that is amortized over the life of the old or new bonds, whichever is shorter. The University is amortizing each of the deferred losses presented below over the life of the defeased bonds. Additionally, in accordance with GASB Statement No. 68 and GASB Statement No. 75, changes in assumptions, changes in the proportion of total net liabilities relative to other plan participants, differences between employer contributions and proportionate share of contributions, and employer contributions subsequent to the measurement date of the net pension liability but prior to the end of the fiscal year are presented as a deferred outflow of resources.

The components of deferred outflows of resources are summarized below.

	September 30, 2021	September 30, 2020
Loss on refunding of bonds		
2012A General Fee refunding	$ 36,447	$ 139,752
2012B General Fee refunding	64,997	99,125
2014A General Fee refunding	2,059,240	2,453,364
2015A General Fee refunding	5,748,035	6,368,921
2015B General Fee refunding	2,261,287	2,572,779
2016A General Fee refunding	21,059,377	22,988,339
2020A General Fee refunding	544,477	830,306
2020B General Fee refunding	3,093,874	3,751,681
Total loss on refunding of bonds	34,867,734	39,204,267
Pension and OPEB	484,034,912	198,626,259
Total deferred outflows of resources	$ 518,902,646	$ 237,830,526

(9) LONG-TERM DEBT

Bonds, notes and lease obligations are collateralized by certain real estate, equipment and pledged revenues (See Note 10).

Bonds and notes payable	Balance at September 30, 2020	Principal New Debt	Repayment	Balance at September 30, 2021
2001A Athletic Revenue Bonds, $24,412,607 face value, 2.125% to 5.49%, due annually through 2021.	$ 1,376,475	$ —	$ (1,376,475)	$ —
2011A General Fee Revenue Bonds, $226,035,000 face value, 4.0% to 5.0%, due annually 2025.	5,540,000	—	(5,540,000)	—
2012A General Fee Revenue Bonds, $120,135,000 face value, 2.0% to 5.0%, due annually through 2042.	6,980,000	—	(3,840,000)	3,140,000
2012B General Fee Revenue Bonds, $3,505,000 face value, 2.9%, due annually through 2024.	2,990,000	—	(75,000)	2,915,000
2014A General Fee Revenue Bonds, $66,415,000 face value, 2.0% to 5.0%, due annually through 2035.	60,985,000	—	(1,680,000)	59,305,000
2015A General Fee Revenue Bonds, $116,190,000 face value, 2.0% to 5.0%, due annually through 2038.	105,410,000	—	(4,755,000)	100,655,000
2015B General Fee Revenue Bonds, $38,700,000 face value, 2.0% to 5.0%, due annually through 2035.	37,870,000	—	(190,000)	37,680,000
2016A General Fee Revenue Bonds, $217,930,000 face value, 1.5% to 5.0%, due annually through 2041.	207,495,000	—	(2,830,000)	204,665,000
2018A General Fee Revenue Bonds, $216,865,000 face value, 2.0% to 5.0%, due annually through 2048.	209,040,000	—	(3,605,000)	205,435,000
2020A General Fee Revenue Bonds, $35,560,000 face value, 5.0%, due annually from 2021 through 2026.	35,560,000	—	(5,225,000)	30,335,000
2020B General Fee Revenue Bonds, $104,770,000 face value, 1.491% to 2.763%, due annually from 2021 through 2042.	104,770,000	—	(1,810,000)	102,960,000
2020C General Fee Revenue Bonds, $300,000,000 face value, 0.447% to 2.681%, due annually from 2022 through 2050.	300,000,000	—	—	300,000,000
2021A General Fee Revenue Bonds, $28,177,000 face value, 0.86%, due annually from 2022 through 2026.	—	28,177,000	—	28,177,000
Notes payable	3,125,000	—	—	3,125,000
Total bonds and notes payable	1,081,141,475	28,177,000	(30,926,475)	1,078,392,000
Plus: unamortized bond premium	67,739,619	—	(7,519,765)	60,219,854
	1,148,881,094	$ 28,177,000	$ (38,446,240)	1,138,611,854
Less: current portion				
Bonds payable	(30,926,475)			(41,273,000)
Unamortized bond premium	(7,519,766)			(6,891,745)
Total noncurrent bonds and notes payable	$ 1,110,434,853			$ 1,090,447,109

Bonds and notes payable	Balance at September 30, 2019	Principal New Debt	Repayment	Balance at September 30, 2020
2001A Athletic Revenue Bonds, $24,412,607 face value, 2.125% to 5.49%, due annually through 2021.	2,839,184	—	(1,462,709)	1,376,475
2009 General Fee Revenue Bonds, $79,500,000 face value, 2.0% to 5.0%, due annually through 2026.	46,245,000	—	(46,245,000)	—
2011A General Fee Revenue Bonds, $226,035,000 face value, 4.0% to 5.0%, due annually 2025.	30,895,000	—	(25,355,000)	5,540,000
2012A General Fee Revenue Bonds, $120,135,000 face value, 2.0% to 5.0%, due annually through 2042.	87,690,000	—	(80,710,000)	6,980,000
2012B General Fee Revenue Bonds, $3,505,000 face value, 2.9%, due annually through 2024.	3,060,000	—	(70,000)	2,990,000
2014A General Fee Revenue Bonds, $66,415,000 face value, 2.0% to 5.0%, due annually through 2035.	62,580,000	—	(1,595,000)	60,985,000
2015A General Fee Revenue Bonds, $116,190,000 face value, 2.0% to 5.0%, due annually through 2038.	109,940,000	—	(4,530,000)	105,410,000
2015B General Fee Revenue Bonds, $38,700,000 face value, 2.0% to 5.0%, due annually through 2035.	38,055,000	—	(185,000)	37,870,000
2016A General Fee Revenue Bonds, $217,930,000 face value, 1.5% to 5.0%, due annually through 2041.	210,195,000	—	(2,700,000)	207,495,000
2018A General Fee Revenue Bonds, $216,865,000 face value, 2.0% to 5.0%, due annually from 2019 through 2048.	212,475,000	—	(3,435,000)	209,040,000
2020A General Fee Revenue Bonds, $35,560,000 face value, 5.0%, due annually from 2021 through 2026.	—	35,560,000	—	35,560,000
2020B General Fee Revenue Bonds, $104,770,000 face value, 1.491% to 2.763%, due annually from 2021 through 2042.	—	104,770,000	—	104,770,000
2020C General Fee Revenue Bonds, $300,000,000 face value, 0.447% to 2.681%, due annually from 2022 through 2050.	—	300,000,000	—	300,000,000
Notes payable	3,125,000	—	—	3,125,000
Total bonds and notes payable	807,099,184	440,330,000	(166,287,709)	1,081,141,475
Plus: unamortized bond premium	77,599,350	5,440,553	(15,300,284)	67,739,619
	884,698,534	$ 445,770,553	$ (181,587,993)	1,148,881,094
Less: current portion				
Bonds payable	(28,657,709)			(30,926,475)
Unamortized bond premium	(7,655,417)			(7,519,766)
Total noncurrent bonds and notes payable	$ 848,385,408			$ 1,110,434,853

On July 10, 2018, the University issued the 2018A General Fee Bonds with a par value of $216,865,000 and interest rates ranging from 2.0% to 5.0% to finance certain capital improvements on the University's main campus.

The University has outstanding bonds payable and notes from direct borrowings totaling $1,075,267,000 and $3,125,000 and $1,078,016,475 and $3,125,000 at September 30, 2021 and 2020, respectively. The University's bonds have acceleration provisions in the event of default that the Bond Trustee may, by written notice to the University, declare the principal of and the interest accrued on all the Bonds due and payable immediately or the Trustee has the right of mandamus or other lawful remedy in court. The University's outstanding note from a direct borrowing contains a provision that in the event of default, the outstanding amount will become immediately due, and the interest rate of 0.54% annually will immediately escalate to the federal short-term rate.

On September 13, 2019, the Board authorized the University to issue revenue bonds for the purpose of refunding any or all of its outstanding bonds in an effort to manage the University's refunding opportunities in the most efficient manner possible, and to permit the University to take advantage of changing market conditions.

On March 18, 2020, $35,560,000 in General Fee Bonds (2020A) with an interest rate of 5.0% were issued to refund $40,500,000 of the University's outstanding 2009A General Fee bonds maturing in 2021 and thereafter with interest rates ranging from 3.875% to 5.0%. The portion of the net proceeds of the new bond issue to be used for refunding was deposited in an irrevocable trust with an escrow agent and used to purchase U.S. Government securities, which will provide sufficient funds to pay all future debt service payments on the previously outstanding bonds. As a result, the previously outstanding bonds are considered to be defeased and the liability for those bonds has been removed from the University's financial statements. This refunding resulted in the University recognizing a loss of $1,116,135 for the difference between the acquisition price of the new debt and the carrying amount of the old debt. Although the University recognized an accounting loss, the refunding decreases the University's total debt service payments over the next 6 years by $4,579,554 and resulted in an economic gain (the difference between the present values of the debt service payments on the old and the new bonds) for the University of $4,530,933.

On March 18, 2020, $104,770,000 in General Fee Bonds (2020B) with interest rates ranging from 1.49% to 2.763% were issued to refund $20,080,000 of the University's outstanding 2011A General Fee bonds maturing in 2022 and thereafter with interest rates ranging from 4.0% to 5.0% and $77,050,000 of its outstanding 2012A General Fee bonds maturing in 2023 and thereafter with an interest rate of 5.0%. The portion of the net proceeds of the new bond issue to be used for refunding was deposited in an irrevocable trust with an escrow agent and used to purchase U.S. Government securities which will provide sufficient funds to pay all future debt service payments on the previously outstanding bonds. As a result, the previously outstanding bonds are considered to be defeased and the liability for those bonds has been removed from the University's financial statements. This refunding resulted in the University recognizing a loss of $4,409,489 for the difference between the acquisition price of the new debt and the carrying amount of the old debt. Although the University recognized an accounting loss, the refunding decreases the University's total debt service payments over the next 22 years by $41,593,407 and resulted in an economic gain (the difference between the present values of the debt service payments on the old and the new bonds) for the University of $37,677,059.

On July 29, 2020, the University issued the 2020C General Fee Bonds with a par value of $300,000,000 and interest rates ranging from 0.447% to 2.681% to finance certain capital improvements on the University's main campus.

On May 5, 2021, the University issued the 2021A General Fee Bonds with a par value of $28,177,000 and an interest rate of 0.860% to finance the purchase of new transit buses for use on main campus. The entire amount of the bonds was purchased by BBVA Mortgage Corporation to evidence a loan to the University. The bonds are payable annually from 2022 through 2026 with a balloon payment of $19,118,000 due in 2026.

Future Debt Service

Future debt service payments for each of the five fiscal years subsequent to September 30, 2021 and thereafter, are as follows:

Year Ending September 30	Bonds Payable	
	Principal	Interest
2022	$ 41,273,000	$ 38,299,581
2023	42,604,000	37,009,636
2024	43,989,000	35,784,854
2025	45,008,000	34,428,145
2026	63,488,000	32,858,133
2027-2031	208,900,000	140,809,544
2032-2036	235,505,000	100,289,071
2037-2041	197,320,000	57,037,465
2042-2046	116,605,000	27,337,876
2047-2051	80,575,000	5,672,433
Total future debt service	$ 1,075,267,000	$ 509,526,738

This table excludes the note payable of $3,125,000, as it becomes due upon an event trigger, and not a time certain.

Capital Lease Obligations

During August 2017, the University entered into a lease agreement for the Auburn University Educational Complex with the Public Educational Building Authority of the City of Gulf Shores, Alabama (PEBA), in which the University's annual payments are equal to the PEBA's annual bond payments. According to the terms of the agreement, the University will lease the property, currently owned by PEBA, until July 1, 2047, or such time as all of the Bonds and the fees and expenses of PEBA and the Trustee have been fully paid or provision made for such payments. The University will have the right to purchase the property from PEBA at any time during the term of the agreement after or simultaneously with payment or provision for payment in full of the principal of and the interest on the Bonds and all fees, charges and disbursements of the Trustee. The lease payments are paid from the General Fee Revenues of the University. The leased properties are recorded as capital assets and are being depreciated on a straight-line basis over a 40 year life. In addition, the University leases certain equipment under arrangements classified as capital leases.

Lease Obligations	Balance at September 30, 2020	New Lease Obligations	Principal Repayment	Balance at September 30, 2021
Equipment	$ 2,035,346	$ 17,210	$ (539,982)	$ 1,512,574
Auburn University Educational Complex	9,460,000	—	(190,000)	9,270,000
Total lease obligations	$ 11,495,346	$ 17,210	$ (729,982)	$ 10,782,574
Plus: Unamortized premium	653,917	—	(51,691)	602,226
	12,149,263	17,210	(781,673)	11,384,800
Less: Current portion				
Lease payable	(721,935)			(965,559)
Unamortized premium	(51,690)			(48,233)
Total noncurrent lease obligation	$ 11,375,638			$ 10,371,008

Lease Obligations	Balance at September 30, 2019	New Lease Obligations	Principal Repayment	Balance at September 30, 2020
Equipment	$ 3,215,881	$ 44,621	$ (1,225,156)	$ 2,035,346
Auburn University Educational Complex	9,650,000	—	(190,000)	9,460,000
Total lease obligations	$ 12,865,881	$ 44,621	$ (1,415,156)	$ 11,495,346
Plus: Unamortized premium	709,929	—	(56,012)	653,917
	13,575,810	44,621	(1,471,168)	12,149,263
Less: Current portion				
Lease payable	(1,088,456)			(721,935)
Unamortized premium	(56,012)			(51,690)
Total noncurrent lease obligation	$ 12,431,342			$ 11,375,638

Minimum lease payments under capital leases are shown in the table below:

Year Ending September 30	Principal	Interest	Total
2022	$ 965,559	$ 438,153	$ 1,403,712
2023	950,447	418,149	1,368,596
2024	211,568	398,717	610,285
2025	220,000	390,300	610,300
2026	225,000	381,500	606,500
2027-2031	1,305,000	1,738,250	3,043,250
2032-2036	1,660,000	1,382,000	3,042,000
2037-2041	2,060,000	976,000	3,036,000
2042-2046	2,600,000	442,550	3,042,550
2047	585,000	23,400	608,400
Total future minimum lease payments	$ 10,782,574	$ 6,589,019	$ 17,371,593

The University has entered into various operating leases for equipment. It is expected that, in the normal course of business, such leases will continue to be required. Net expenditures for rentals under operating leases for the years ended September 30, 2021 and 2020, amounted to approximately $7.9 million and $6.1 million, respectively.

(10) PLEDGED REVENUES

Pledged revenue for fiscal years 2021 and 2020 as defined by the Series 2009, 2011A, 2012A, 2012B, 2014A, 2015A, 2015B, 2016A, 2018A, 2020A, 2020B, 2020C and 2021A General Fee Revenue Trust Indentures is as follows:

	2021	2020
Student fees collected	$ 630,806,642	$ 610,275,591
Less fees pledged for specific purposes:		
Athletic fees ($101 per student per semester)	(5,417,034)	(6,274,415)
Transit fees ($176/$166 per semester)	(10,443,238)	(8,613,737)
Student center operations ($9 per student per semester)	(560,182)	(517,912)
Total general fees pledged	$ 614,386,188	$ 594,869,527

The Series 2011A Bonds expanded the definition of pledged revenues. "General Fees" pledged to secure the Series 2011A Bonds and all other Parity Bonds now or hereafter outstanding under the General Fee Revenue Indenture will include the general fees levied against the University's students at both the main campus and AUM.

"Housing Revenues" pledged to secure the Series 2011A Bonds and all other Parity Bonds now or hereafter outstanding under the General Fee Revenue Indenture will include the University's housing and dining revenues from the operation of housing and dining facilities on both the main campus and AUM.

AUM housing and dining revenue pledged for fiscal years 2021 and 2020 subordinate to prior pledges of such revenues as defined by the **Series 2011A General Fee Revenue Trust Indenture** is as follows:

	2021	2020
AUM housing revenues		
Room rental	$ 6,029,347	$ 5,886,966
Other income	160,565	148,366
Total housing	6,189,912	6,035,332
AUM dining revenue	846,589	1,074,163
Total AUM housing and dining revenues pledged	$ 7,036,501	$ 7,109,495

The pledge of athletic program revenues was added to the General Fee Trust Indenture contemporaneously with the issuance of the Series 2008 Bonds and collateralizes, on a parity basis, all bonds now or hereafter issued under the General Fee Revenue Indenture.

Athletic program revenues pledged to the 2008 General Fee Revenue Bonds are subordinate to the athletic program revenues previously pledged to the Athletic Bonds as described in the following chart.

Pledged revenue for fiscal years 2021 and 2020 as defined by the **Series 2001A Athletic Revenue Trust Indenture** is as follows:

	2021	2020
Jordan-Hare and other revenues:		
Television and broadcast revenues	$ 70,921,804	$ 36,960,000
Conference and NCAA distributions	16,299,282	5,810,674
Sales and services revenues	11,766,924	30,852,035
Student fees	5,417,034	6,274,415
Royalties, advertisements and sponsorships	4,666,566	9,658,649
Other income	13,556,954	13,848,793
Total athletic revenues pledged	$ 122,628,564	$ 103,404,566

The Series 2001A Athletic Revenue Bonds are collateralized by a first priority pledge of the athletic program revenues that is senior to, and has priority in all respects over, the subordinate pledge of the athletic program revenues that was added to the General Fee Trust Indenture concurrently with the issuance of the Series 2008 Bonds.

The pledge of housing and dining revenues was added to the General Fee Trust Indenture, contemporaneously with the issuance of the University's General Fee Revenue Bonds, Series 2007A and collateralizes, on a parity basis, all bonds now or hereafter issued under the General Fee Revenue Indenture.

(11) RETIREMENT PROGRAMS

The employees of the University are participants in three types of benefit plans; a 401(a) defined benefit plan, a 403(b) defined contribution plan, and a 457(b) deferred compensation plan as follows:

A. Teachers' Retirement System of Alabama

The University contributes to the Teachers' Retirement System of Alabama (TRS), a cost sharing, multiple-employer, public employee retirement system for the various state-supported educational agencies and institutions. This plan is administered by the Retirement Systems of Alabama.

Substantially all non-student employees are members of TRS. Membership is mandatory for eligible employees. During the 2012 regular session of the Alabama Legislature, Act 2012-377 created a new defined benefit plan tier for employees hired on or after January 1, 2013, with no previous creditable service referred to as "Tier 2".

Employees hired or with creditable service prior to that date are "Tier 1" participants.

Benefits vest after ten years of creditable service. Vested Tier 1 employees may retire with full benefits at age 60 with ten years of service or at any age with 25 years of service. Retirement benefits for Tier 1 employees are calculated by the formula method by which retirees are allowed 2.0125% of their final salary (average of the highest three of the last ten years) for each year of service. Vested Tier 2 employees may retire with full benefits at age 62 with 10 years of service. For Tier 2 employees, the percentage is 1.65% of their final salary (average of the highest five of the last ten years) for each year of service. Disability retirement benefits are calculated in the same manner for both Tier 1 and Tier 2 employees. Pre-retirement death benefits are provided to plan members.

TRS was established September 15, 1939, under the provisions of Act Number 419, of the Acts of Alabama 1939, for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by state-supported educational institutions. The responsibility for general administration and operation of TRS is vested in the Board of Control (currently 15 trustees). Benefit provisions are established by the Code of Alabama 1975, Sections 16-25-1 through 16-25-113, as amended, and Sections 36-27B-1 through 36-27B-6, as amended.

The Retirement Systems of Alabama issues a publicly available financial report that includes financial statements and required supplementary information for TRS. The TRS financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenue when earned, pursuant to plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the GASB. Under these requirements, the TRS plan is considered a component unit of the State of Alabama and is included in the State's Annual Comprehensive Financial Report. That report may be obtained by writing to the Retirement Systems of Alabama, 135 South Union Street, Montgomery, Alabama 36130-2150 or at www.rsa-al.gov.

Funding Policy

Tier 1 employees are required by statute to contribute 7.5% of their salary to TRS. Tier 2 employees contribute 6.0% of their salary. The University is required to contribute the remaining amounts necessary to fund the actuarially determined contributions to ensure sufficient assets will be available to pay benefits when due. Each year TRS recommends to the Alabama State Legislature the contribution rate for the following fiscal year, with the Alabama State Legislature setting this rate in the annual appropriations bill.

The percentages of the contributions and the amount of contributions made by the University and the University's employees, for both Tier 1 and Tier 2 employees, respectively, equal the required contributions for each year as follows:

Fiscal year ended September 30	2021 Tier 1 / Tier 2	2020 Tier 1 / Tier 2	2019 Tier 1 / Tier 2
Total percentage of covered payroll contributions:	19.86% / 17.22%	19.93% / 17.34%	19.91% / 17.35%
Percentage contributed by the employer	12.36% / 11.22%	12.43% / 11.34%	12.41% / 11.35%
Percentage contributed by the employees	7.50% / 6.00%	7.50% / 6.00%	7.50% / 6.00%
Contributed by the employer	$ 57,486,747	$ 57,443,019	$ 55,172,904
Contributed by the employees	33,171,022	33,049,587	$ 31,950,378
Total contributions	$ 90,657,769	$ 90,492,606	$ 87,123,282

The University reported a liability of $825,992,000 and $707,297,000 as of September 30, 2021 and 2020, respectively, for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2019 and 2018, respectively. The University's proportion of the collective net pension liability was based on employers' shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers.

At September 30, 2020 and 2019, the University's proportion was 6.677570% and 6.396880%, respectively, which was an increase of 0.280690% and a decrease of 0.078382% from its proportion measured as of September 30, 2019 and 2018, respectively.

For the years ended September 30, 2021 and 2020, the University recognized pension expense of $98,434,000 and $88,905,000, respectively.

At September 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 40,880,000	$ 14,325,000
Changes of assumptions	8,591,000	—
Net difference between projected and actual earnings on pension plan investments	61,344,000	—
Changes in proportion and differences between Employer contributions and proportionate share of contributions	35,746,000	4,884,000
Employer contributions subsequent to the measurement date	57,487,000	—
	$ 204,048,000	$ 19,209,000

$57,487,000 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in compensation and benefits expense as follows:

Year Ending September 30:		
2022	$	30,258,000
2023	$	38,895,000
2024	$	36,945,000
2025	$	21,254,000
2026	$	—

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of September 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions	
Inflation	2.75%
Investment rate of return*	7.70%
Projected salary increases	3.25-5.00%

*Net of pension plan investment expense

Post-Retirement mortality rates for service retirements and dependent beneficiaries were based on the RP-2000 White Collar Mortality Table projected to 2020 using scale BB and adjusted 115% for all ages for males and 112% for ages 78 and over for females.

The actuarial assumptions used in the September 30, 2019 valuation were based on the results of an actuarial investigation of the economic and demographic experience for the TRS based upon participant data as of September 30, 2015. The Board of Control accepted and approved these changes in September 2016 which became effective at the beginning of fiscal year 2016.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimate of geometric real rates of return for each major asset class are as follows:

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	17.0 %	4.4%
U.S. Large Stocks	32.0 %	8.0%
U.S. Mid Stocks	9.0 %	10.0%
U.S. Small Stocks	4.0 %	11.0%
International Developed Market Stocks	12.0 %	9.5%
International Emerging Market Stocks	3.0 %	11.0%
Alternatives	10.0 %	10.1%
Real Estate	10.0 %	7.5%
Cash	3.0 %	1.5%
	100.0 %	

*Includes assumed rate of inflation of 2.75%

Discount Rate

The discount rate used to measure the total pension liability was 7.70%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the System's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the University's proportionate share of the net pension liability calculated using the discount rate of 7.70% as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.70%) or one percentage point higher (8.70%) than the current rate:

	1.00% Decrease (6.70%)	Current Discount Rate (7.70%)	1.00% Increase (8.70%)
Employers' proportionate share of the collective net pension liability	$ 1,102,047,000	$ 825,992,000	$ 592,418,000

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Report for the fiscal year ended September 30, 2020. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2020. The auditor's report on the Schedule of Employer Allocations and Pension Amounts by Employer and accompanying notes detail by employer and in the aggregate information needed to comply with GASB Statement No. 68. The additional financial and actuarial information is available at http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/.

B. Employees' Retirement System of Alabama

Federally appointed employees of the Alabama Cooperative Extension System are covered by the Employees' Retirement System of Alabama (ERS). This program is a multi-employer defined benefit plan. Vesting and benefits of the ERS plan are similar to those of the TRS plan with the exception that they are based on half of the employee's average final salary. Upon retirement, these employees will also receive pension benefits under the Federal Civil Service Retirement System. ERS is part of the Retirement Systems of Alabama.

ERS was established October 1, 1945, under the provisions of Act 515 of the Legislature of 1945 for the purpose of providing retirement allowances and other specified benefits for state employees. The responsibility for the general administration and operation of ERS is vested in its Board of Control (currently 13 trustees).

The ERS financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenue when earned, pursuant to plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the GASB. Under these requirements, the ERS plan is considered a component unit of the State of Alabama and is included in the State's Annual Comprehensive Financial Report. The Plan issues a publicly available report that can be obtained at www.rsa-al.gov.

Membership

As of the measurement date of September 30, 2020, the University had 256 retired members or their beneficiaries currently receiving benefits, no inactive members, one active member, and four post-Deferred Retirement Option Plan (DROP) retired members still in active service participating in the ERS.

Funding Policy

Tier 1 employees are required by statute to contribute 3.75% of their salary to the ERS. Tier 2 employees contribute 3.00% of their salary. The University is required to contribute the remaining amounts necessary to fund the actuarially determined contributions to ensure sufficient assets will be available to pay benefits when due. Each year the ERS recommends to the Legislature the contribution rate for the following fiscal year, with the Legislature setting this rate in the annual appropriations bill.

The percentages of the contributions and the amount of contributions made by the University and the University's employees, for Tier 1 and Tier 2 employees, respectively, equal the required contributions for each year as follows:

Fiscal year ended September 30	2021 Tier 1 / Tier 2	2020 Tier 1 / Tier 2	2019 Tier 1 / Tier 2
Total percentage of covered payroll contributions:	2,747.75% / 2,746.75%	929.44% / 928.69%	392.75% / 392.00%
Percentage contributed by the employer	2,744.00% / 2,743.75%	925.69% / 925.69%	389.00% / 389.00%
Percentage contributed by the employees	3.75% / 3.00%	3.75% / 3.00%	3.75% / 3.00%
Contributed by the employer	$ 5,531,554	$ 6,129,799	$ 4,617,318
Contributed by the employees	10,045	18,830	35,480
Total contributions	$ 5,541,599	$ 6,148,629	$ 4,652,798

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2021, the University's active employee contribution rate was 2,744.00% of covered payroll.

The University's contractually required contribution rate for the year ended September 30, 2021, was 2,744.00% of pensionable pay. These required contribution rates are based upon the actuarial valuation dated September 30, 2017, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the University were $5,531,554 for the year ended September 30, 2021.

Net Pension Liability

The University's net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2019 and rolled forward to September 30, 2020, using standard roll-forward techniques as shown in the following table:

Total Pension Liability	Expected	Actual Before Act 2019-132	Actual After Act 2019-132
(a) Total Pension Liability as of September 30, 2019	$ 41,929,543	$ 40,881,306	$ 40,881,306
(b) Discount rate	7.7 %	7.7 %	7.7 %
(c) Entry Age Normal Cost for the period October 1, 2019 - September 30, 2020	$ —	$ —	$ —
(d) Transfers Among Employers	$ —	$ —	$ —
(e) Actual Benefit Payments and Refunds for the period October 1, 2019 - September 30, 2020	$ (5,245,780)	$ (5,245,780)	$ (5,245,780)
(f) Total Pension Liability as of September 30, 2020 [(a)x(1+(b))]+(c)+(d)+[(e)x(1+.05*(b))]	$ 39,710,375	$ 38,581,424	$ 38,581,424
(g) Difference between Expected and Actual		$ (1,128,951)	
(h) Less Liability Transferred for Immediate Recognition		$ —	
(i) Experience (Gain)/Loss = (g)-(h)		$ (1,128,951)	

Actuarial Assumptions

The total pension liability in the actuarial valuation prepared as of September 30, 2019 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions	
Inflation	2.75%
Salary increases	3.25%-5.00%
Investment rate of return*	7.70%

*Net of pension plan investment expense

Mortality rates were based on the sex distinct RP-2000 Blue Collar Mortality Table Projected with Scale BB to 2020 with an adjustment of 125% for all ages for males and 120% for females at ages on and after age 78. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disabled Retiree Mortality Table Projected with Scale BB to 2020 with an adjustment of 130% at all ages for females.

The actuarial assumptions used in the September 30, 2018 valuation were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2015. The Board of Control accepted and approved these changes in September 2016, which became effective at the beginning of fiscal year 2016.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimate of geometric real rates of return for each major asset class are as follows:

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	17.0%	4.4%
U.S. Large Stocks	32.0%	8.0%
U.S. Mid Stocks	9.0%	10.0%
U.S. Small Stocks	4.0%	11.0%
International Developed Market Stocks	12.0%	9.5%
International Emerging Market Stocks	3.0%	11.0%
Alternatives	10.0%	10.1%
Real Estate	10.0%	7.5%
Cash	3.0%	1.5%
	100.0%	

*Includes assumed rate of inflation of 2.75%

Discount Rate

The discount rate used to measure the total pension liability was the long term rate of return, 7.70%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a)–(b)
Balance at September 30, 2019	$ 41,929,543	$ (728,603)	$ 42,658,146
Changes for the year:			
Service cost	—	—	—
Interest	3,026,612	—	3,026,612
Changes of assumptions	—	—	—
Differences between expected and actual experience	(1,128,951)	—	(1,128,951)
Contributions - employer	—	6,828,787	(6,828,787)
Contributions - employees	—	18,830	(18,830)
Net Investment Income	—	—	—
Benefit payments, including refunds of employee contributions	(5,245,780)	(5,245,780)	—
Administrative expense	—	—	—
Transfers among employers	—	—	—
Net changes	(3,348,119)	1,601,837	(4,949,956)
Balance at September 30, 2020	$ 38,581,424	$ 873,234	$ 37,708,190

Sensitivity of the System's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the University's proportionate share of the net pension liability calculated using the discount rate of 7.70%, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.70%) or one percentage point higher (8.70%) than the current rate:

	1.00% Decrease (6.70%)	Current Discount Rate (7.70%)	1.00% Increase (8.70%)
Employers' proportionate share of the collective net pension liability	$ 40,160,648	$ 37,708,190	$ 35,537,297

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Report for the fiscal years ended September 30, 2020 and 2019. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2020 and 2019. The auditor's report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes detail by employer and in aggregate additional information needed to comply with GASB Statement No. 68. The additional financial and actuarial information is available at www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/.

For the year ended September 30, 2021 and 2020, the University recognized pension expense of $1,877,959 and $3,433,276, respectively. At September 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ —	$ —
Changes of assumptions	—	—
Net difference between projected and actual earnings on pension plan investments	—	1,411
Employer contributions subsequent to the measurement date	5,531,554	—
	$ 5,531,554	$ 1,411

$5,531,554 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in compensation and benefits expense as follows:

Year Ending September 30:		
2022	$	(706)
2023	$	(705)
2024	$	—
2025	$	—
2026	$	—

	Pension Expense
Service Cost	$ —
Interest on the total pension liability	3,026,612
Current-period benefit changes	—
Expensed portion of current-period difference between expected and actual experience in total pension liability	(1,128,951)
Expense portion of current-period changes of assumptions	—
Member contributions	(18,830)
Projected earnings on plan investments	—
Expensed portion of current-period differences between actual and projected earnings on plan investments	—
Transfers among employers	—
Recognition of beginning deferred outflows of resources as pension expense	—
Recognition of beginning deferred inflows of resources as pension expense	(872)
Pension Expense (Income)	$ 1,877,959

C. Tax Deferred Annuity Plans

This plan is a defined contribution plan under Section 403(b) of the Internal Revenue Code. Accordingly, benefits depend solely on amounts contributed to the plan plus investment earnings. This is provided as a supplement to the aforementioned programs. All full-time regular or probationary employees are eligible to participate. Full-time temporary employees are also eligible if their employment period is for a minimum of one year. The University will match 100.0% of elective deferral contributions up to 5.0% of the employee's plan compensation. The matching contributions cannot exceed $1,650 for any plan year (calendar year). An employee enrolling in one of the University's tax deferred annuity plans will not vest in the University's matching portion until he/she has completed five years of full-time continuous service. Upon the employee's completion of the five year requirement, the University's matching contribution and interest earned will be vested to the participant. Nonparticipating employees with continuous service will be given credit toward the five year requirement upon joining the tax deferred annuity program. The total investment in the annuities is determined by Section 403(b). There are several investment options including fixed and variable annuities and mutual funds. The University-approved investment firms employees may select are Valic, TIAA-CREF, Fidelity Investments and Lincoln Financial. At September 30, 2021 and 2020, 3,802 and 3,814 employees, respectively, participated in the tax deferred annuity program. Contributions for 2021 were $25,248,879, which includes $5,665,764 from the University and $19,583,115 from its employees. Contributions for 2020 were $24,893,724, which includes $5,730,492 from the University and $19,163,232 from its employees.

Total salaries and wages during the fiscal year for covered employees participating in the plan were $314,357,034 and $317,364,101 for the fiscal years ended September 30, 2021 and 2020, respectively.

D. Deferred Compensation Plans

The University follows the provisions of GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-a rescission of GASB Statement No. 2 and an amendment of GASB Statement No. 31*. As of September 30, 2021 and 2020, 312 and 287 employees, respectively, participated in the plans. Contributions of $3,816,058 and $3,601,324 for fiscal years 2021 and 2020, respectively, were funded by employees and no employer contributions were funded. The University approved investment firms for 457(b) include Valic, TIAA-CREF and Fidelity Investments.

(12) OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The University offers postemployment health care benefits to all employees who officially retire from the University. Health care benefits are offered through the State of Alabama Public Education Employees Health Insurance Plan (PEEHIP) with TRS or the University's self-insured Retiree Medical Plan (the Plan), which is available for select employees who are not eligible for PEEHIP or those who were grandfathered in as Civil Service employees. Eligibility for benefits for Tier 1 employees begins at age 60 with at least ten years of service or at any age with 25 years of service. For Tier 2 employees, eligibility begins at age 62 with at least ten years of service. Retirees must have been enrolled in the active employees' health care plan for the last six of those years in order to be eligible for coverage under the plan.

A. State of Alabama Public Education Employees Health Insurance Plan (PEEHIP)

Plan Description

The Alabama Retired Education Employees' Health Care Trust (Trust) is a cost-sharing multiple-employer, defined benefit postemployment healthcare plan that administers healthcare benefits to the retirees of participating state and local educational institutions. The Trust was established under the Alabama Retiree Health Care Funding Act of 2007, which authorized and directed the Public Education Employees' Health Insurance Board (PEEHIB) to create an irrevocable trust to fund postemployment healthcare benefits to retirees participating in PEEHIP. Active and retiree health insurance benefits are paid through PEEHIP. In accordance with GASB Statement No. 75, the Trust is considered a component unit of the State of Alabama

(State) and is included in the State's Annual Comprehensive Financial Report.

PEEHIP was established in 1983 pursuant to the provisions of the *Code of Alabama 1975, Title 16, Chapter 25A* (Act 83-455) to provide a uniform plan of health insurance for active and retired employees of state and local educational institutions which provide instruction at any combination of grades K-14 (collectively, eligible employees), and to provide a method for funding the benefits related to the plan. The four-year universities participate in the plan with respect to their retired employees, and are eligible and may elect to participate in the plan with respect to their active employees. Responsibility for the establishment of the health insurance plan and its general administration and operations is vested in the PEEHIB. PEEHIB is a corporate body for purposes of management of the health insurance plan. *The Code of Alabama 1975, Section 16-25A-4* provides PEEHIB with the authority to amend the benefit provisions in order to provide reasonable assurance of stability in future years for the plan. All assets of PEEHIP are held in trust for the payment of health insurance benefits. TRS has been appointed as the administrator of PEEHIP and, consequently, serves as the administrator of the Trust.

Benefits Provided

PEEHIP offers a basic hospital medical plan to active members and non-Medicare eligible retirees. Benefits include inpatient hospitalization for a maximum of 365 days without a dollar limit, inpatient rehabilitation, outpatient care, physician services, and prescription drugs.

Active employees and non-Medicare eligible retirees who do not have Medicare eligible dependents can enroll in a health maintenance organization (HMO) in lieu of the basic hospital medical plan. The HMO includes hospital medical benefits, dental benefits, vision benefits, and an extensive formulary. However, participants in the HMO are required to receive care from a participating physician in the HMO plan.

PEEHIP offers four optional plans (Hospital Indemnity, Cancer, Dental, and Vision) that may be selected in addition to or in lieu of the basic hospital medical plan or HMO. The Hospital Indemnity Plan provides a per-day benefit for hospital confinement, maternity, intensive care, cancer, and convalescent care. The Cancer Plan covers cancer disease only and benefits are provided regardless of other insurance. Coverage includes a per-day benefit for each hospital confinement related to cancer. The Dental Plan covers diagnostic and preventative services, as well as basic and major dental services. Diagnostic and preventative services include oral examinations, teeth cleaning, x-rays, and emergency office visits. Basic and major services include fillings, general aesthetics, oral surgery not covered under a Group Medical Program, periodontics, endodontics, dentures, bridgework, and crowns. Dental services are subject to a maximum of $1,250 per year for individual coverage and $1,000 per person per year for family coverage. The Vision Plan covers annual eye examinations, eye glasses, and contact lens prescriptions.

PEEHIP members may opt to elect the PEEHIP Supplemental Plan as their hospital medical coverage in lieu of the PEEHIP Hospital Medical Plan. The PEEHIP Supplemental Plan provides secondary benefits to the member's primary plan provided by another employer. Only active and non-Medicare retiree members and dependents are eligible for the PEEHIP Supplemental Plan. There is no premium required for this plan, and the plan covers most out-of-pocket expenses not covered by the primary plan. The plan cannot be used as a supplement to Medicare, the PEEHIP Hospital Medical Plan, or the State or Local Governmental Plans administered by the State Employees' Insurance Board (SEIB).

Effective January 1, 2020, Medicare eligible members and Medicare eligible dependents were enrolled in the Humana Group Medicare Advantage plan for PEEEHIP. The plan is fully insured, and members are able to have all of their Medicare Part A (hospital insurance), Part B (medical insurance), and Part D (prescription drug coverage) in one convenient plan. Retirees can continue to see their same providers with no interruption and see any doctor who accepts Medicare on a national basis. Members have the same benefits in and out-of-network and there is no additional retiree cost share if a retiree uses an out-of-network provider and no balance billing from the provider.

Contributions

The *Code of Alabama 1975, Section 16-25A-8* and the *Code of Alabama 1975, Section, 16-25A-8.1* provide PEEHIB with the authority to set the contribution requirements for plan members and the authority to set the employer contribution requirements for each required class, respectively. Additionally, PEEHIB is required to certify to the Governor and the Legislature, the amount, as a monthly premium per active employee, necessary to fund the coverage of active and retired member benefits for the following fiscal year. The Legislature then sets the premium rate in the annual appropriation bill.

For employees who retired after September 30, 2005, but before January 1, 2012, the employer contribution of the health insurance premium set forth by PEEHIB for each retiree class is reduced by 2% for each year of service less than 25 and increased by 2% percent for each year of service over 25 subject to adjustment by PEEHIB for changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree.

For employees who retired after December 31, 2011, the employer contribution to the health insurance premium set forth by PEEHIB for each retiree class is reduced by 4% for each year of service less than 25 and increased by 2% for each year over 25, subject to adjustment by PEEHIB for changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree. For employees who retired after December 31, 2011, who are not covered by Medicare, regardless of years of service, the employer contribution to the health insurance premium set forth by PEEHIB for each retiree class is reduced by a percentage equal to 1% multiplied by the difference between the Medicare entitlement age and the age of the employee at the time of retirement as determined by PEEHIB. This reduction in the employer contribution ceases upon notification to PEEHIB of the attainment of Medicare coverage.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The University reported a liability of $341,390,949 and $134,293,596 as of September 30, 2021 and September 30, 2020, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2019. The University's proportion of the net OPEB liability was based on a projection of the University's share of contributions to the OPEB plan relative to the total employer contributions of all participating employers. At September 30, 2020, the University's proportion was 5.260374%, which was a increase of 1.700823% from its proportion measured as of September 30, 2019.

The University recognized OPEB expense of $13,243,021 and ($11,932,625) for the years ended September 30, 2021 and September 30, 2020, respectively, with no special funding situations. At September 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,657,432	$ 122,738,224
Changes of assumptions	119,245,187	63,393,178
Net difference between projected and actual earnings on OPEB plan investments	—	14,395
Changes in proportion and differences between Employer contributions and proportionate share of contributions	137,492,631	43,601,362
Employer contributions subsequent to the measurement date	9,060,108	—
	$ 274,455,358	$ 229,747,159

$9,060,108 reported as deferred outflows of resources related to OPEB resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending September 30:		
2022	$	(4,369,453)
2023	$	(3,849,409)
2024	$	(5,774,883)
2025	$	(6,435,929)
2026	$	33,310,065
Thereafter	$	22,767,700

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 %
Projected Salary Increases[1]	3.25% - 5.00%
Long-Term Investment Rate of Return[2]	7.25 %
Municipal Bond Index Rate at the Measurement Date	2.25 %
Municipal Bond Index Rate at the Prior Measurement Date	3.00 %
Projected Year for Fiduciary Net Position (FNP) to be Depleted	2040
Single Equivalent Interest Rate at the Measurement Date	3.05 %
Single Equivalent Interest Rate at the Prior Measurement Date	5.50 %
Healthcare Cost Trend Rate	
Pre-Medicare Eligible	6.75 %
Medicare Eligible	**
Ultimate Trend Rate	
Pre-Medicare Eligible	4.75% in 2027
Medicare Eligible	4.75% in 2024

[1]Includes 3.00% wage inflation.
[2]Compounded annually, net of investment expense, and includes inflation.
**Initial Medicare claims are set based on scheduled increases through plan year 2022.

Mortality rates for the period after service retirement are according to the RP-2000 White Collar Mortality Table projected to 2020 using scale BB and adjusted 115% for all ages for males and 112% for ages 78 and over for females. The rates of disabled mortality were based on the RP-2000 Disabled Mortality Table projected to 2020 using scale BB and adjusted 105% for males and 120% for females.

The decremental assumptions used in the valuation were selected based on the actuarial experience study prepared as of September 30, 2015, submitted to and adopted by the TRS Board on September 13, 2016.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) were based on the September 30, 2019 valuation.

The long-term expected return on plan assets is to be reviewed as part of regular experience studies prepared every five years, in conjunction with similar analysis for TRS. Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation), as developed for each major asset class. These ranges should be combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The long-term expected rate of return on the OPEB plan investments is determined based on the allocation of assets by asset class and by the mean and variance of real returns.

The target asset allocation and best estimates of expected geometric real rates of return for each major asset class is summarized below:

Asset Class	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	30.0%	4.4%
U.S. Large Stocks	38.0%	8.0%
U.S. Mid Stocks	8.0%	10.0%
U.S. Small Stocks	4.0%	11.0%
International Developed Market Stocks	15.0%	9.5%
Cash	5.0%	1.5%
	100.0%	

*Geometric mean, includes 2.75% inflation

Discount Rate

The discount rate (also known as the Single Equivalent Interest Rate (SEIR), as described by GASB Statement No. 74) used to measure the total OPEB liability at September 30, 2020, was 3.05%. The discount rate used to measure the total OPEB liability at the prior measurement date was 5.50%. Premiums paid to PEEHIB for active employees shall include an amount to partially fund the cost of coverage for retired employees. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made at the current contribution rates. Each year, the State specifies the monthly employer rate that participating school systems must contribute for each active employee. Approximately 14.802% of the employer contributions were used to assist in funding retiree benefit payments in 2020. It is assumed that the 14.802% will increase at the same rate as the expected benefit payments for the closed group until reaching an employer rate of 20.000%, at which point this amount will increase by 1.00% in subsequent years. The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. Therefore, the projected future benefit payments for all current plan members were projected through 2118. The long term rate of return is used until the assets are expected to be depleted in 2040, after which the municipal bond rate is used.

Sensitivity of the University's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table presents the University's proportionate share of the net OPEB liability of the Trust calculated using the current healthcare trend rate, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.75% decreasing to 3.75% for pre-Medicare, decreasing to 3.75% for Medicare Eligible)	Current Healthcare Trend Rate (6.75% decreasing to 4.75% for pre-Medicare, decreasing to 4.75% for Medicare Eligible)	1% Increase (7.75% decreasing to 5.75% for pre-Medicare, decreasing to 5.75% for Medicare Eligible)
Net OPEB Liability	$ 269,870,653	$ 341,390,949	$ 434,486,068

The following table presents the University's proportionate share of the net OPEB liability of the Trust calculated using the discount rate of 3.05%, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (2.05%)	Current Discount Rate (3.05%)	1% Increase (4.05%)
Net OPEB Liability	$ 418,733,713	$ 341,390,949	$ 279,964,043

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is located in the Trust's financial statements for the fiscal year ended September 30, 2020. The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 2020. Additional financial and actuarial information is available at www.rsa-al.gov.

The Trust financial statements are prepared by using the economic resources measurement focus and accrual basis of accounting. This includes, for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Trust and additions to/deductions from the Trust's fiduciary net position. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due pursuant to plan requirements. Benefits are recognized when due and payable in accordance with the terms of the plan. Subsequent events were evaluated by management through the date the financial statements were issued.

B. Retiree Medical Plan (the Plan)

The Plan is considered a single-employer plan and consists of hospital benefits, major medical benefits, a prescription drug program and a preferred care program. The health care benefits cover medical and hospitalization costs for retirees and their dependents. If the retiree is eligible for Medicare, University coverage is secondary. The authority under which the Plan's benefit provisions are established or amended is the University President. Recommendations for modifications are brought to the President by the Insurance and Benefits Committee. Any amendments to the obligations of the plan members or employer(s) to contribute to the plan are brought forth by the Insurance and Benefits Committee and approved by the President.

Employees included in the actuarial valuation include retirees and survivors, active eligible Civil Service employees and those retirees who elected the PEEHIP plan on or prior to October 1, 1997, for whom the University pays a subsidy. There were 424 and 463 total participants as September 30, 2021 and 2020, respectively.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision. Expenditures for postretirement health care benefits are recognized monthly and financed on a pay-as-you-go basis.

The University funds approximately 60% of the postretirement healthcare premiums, which totaled $774,130 and $649,002 for fiscal years ended September 30, 2021 and 2020, respectively. The retirees are responsible for funding approximately 40% of the healthcare premiums.

The University reported the Plan liability of $36,476,760 and $43,153,837 as of September 30, 2021 and 2020, respectively. The Plan liability was measured as of September 30, 2021, and the total Plan liability was determined by an actuarial valuation as of September 30, 2021.

The University recognized expense of ($4,550,079) and $259,941 for fiscal years ended September 30, 2021 and 2020, respectively. At September 30, 2021, the University did not report deferred outflows of resources or deferred inflows of resources related to pensions.

The total Plan liability was determined by an actuarial valuation as of September 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement.

Summary of Key Actuarial Methods and Assumptions

Actuarial Cost Method	The actuarial cost method used to determine the actuarial accrued liability and the normal cost for financial reporting purposes is the Entry Age Actuarial Cost Method. The accrued liability and the normal cost are used to determine the University's financial disclosure requirement. Under this method, the cost of each individual's benefit is allocated on a level percent of payroll basis between the time employment starts (entry age) and the assumed retirement date. The normal cost is the amount allocated for a given year and actuarial liability is the accumulation of prior normal costs as of the determination date. The total actuarial liability for retirement benefits is the sum of the actuarial liability for all members.	
Amortization Method	Level dollar amortization for differences between expected and actual experience with regard to economic or demographic factors and for changes in assumptions, the amounts will be amortized over a closed period equal to the average of the expected remaining service lives of all participants (including inactives) determined at the beginning of the measurement period. The differences between projected and actual earnings on OPEB plan investments will be recognized over a closed five-year period.	
Valuation date	October 1, 2021	
Measurement date	September 30, 2021	
Measurement period	October 1, 2020 to September 30, 2021	
Reporting date	September 30, 2021	
	Fiscal 2021 Valuation	Fiscal 2020 Valuation
Interest rate		
Discount rate	2.26%	2.25%
Expected long term rate of return	NA	NA
Municipal bond rate	2.26%	2.25%
Inflation	2.50% per year	
Salary increase	NA	
Medicare Eligibility	All participants are assumed to be eligible for Medicare upon attainment of age 65.	
Full Attribution Age	Age at which retirement is 100%.	
Rates of disability	None. The disability rate was set to 0% due to a very small number of actives.	
Rate of withdrawal	None	
Collection date of census data	October 1, 2021	

Summary of Key Actuarial Methods and Assumptions		
Rates of retirement	Age	Rate
	60	20.00%
	61	15.00%
	62	25.00%
	63-64	20.00%
	65	40.00%
	66-69	30.00%
	70-74	75.00%
	75+	100.00%
Mortality table	Pub-2010 Public Retirement Plans General mortality table projected generationally with Scale MP-2021.	
Participation	100.00%	
Lapse rate	0.00%	
Health Care and Contribution Trend Rate	Fiscal Year End	Medical Rate
	2021	7.50%
	2022	7.35%
	2023	7.20%
	2024	7.05%
	2025	6.90%
	2026	6.75%
	2027	6.60%
	2028	6.45%
	2029	6.30%
	2030	6.15%
	2031	6.00%
	2032	5.85%
	2033	5.70%
	2034	5.55%
	2035	5.40%
	2036	5.25%
	2037	5.10%
	2038	4.95%
	2039	4.80%
	2040	4.65%
	2041+	4.50%

Summary of Key Actuarial Methods and Assumptions

Annual Medical Per Capita Costs	Age		Cost
	55	$	9,760
	60	$	11,959
	64	$	14,309
	65	$	4,118
	70	$	4,720
	75	$	5,082
	80	$	5,426
	85	$	5,789

Spousal coverage	0% of future retirees are assumed to be married and elect spousal coverage upon retirement.

Changes in Key Actuarial Assumptions and Methods from Prior Valuation

Interest rate	The discount rate was updated from 2.25% as of September 30, 2020 to 2.26% as of September 30, 2021.
Mortality table	The mortality table was updated from Pub-2010 Public Retirement Plans General mortality table projected generationally with Scale MP-2020 to Pub-2010 Public Retirement Plans General mortality table projected generationally with Scale MP-2021.
Trend rates	The medical trend rate table was reset in fiscal year 2021.

Changes in the Net Plan Liability

	Total Plan Liability (a)	Plan Fiduciary Position (b)	Net Plan Liability (a)-(b)
Balances at September 30, 2020	$ 43,153,837	$ —	$ 43,153,837
Changes for the Year			
Service Cost	7,842	—	7,842
Interest on the total Plan Liability	947,208	—	947,208
Differences between expected and actual experience	(6,207,711)	—	(6,207,711)
Changes in plan provisions	—	—	—
Employer contributions	—	2,126,998	(2,126,998)
Changes in assumptions	702,582	—	702,582
Net investment income	—	—	—
Benefits payments	(2,126,998)	(2,126,998)	—
Administrative expense	—	—	—
Other changes	—	—	—
Net Changes	(6,677,077)	—	(6,677,077)
Balances at September 30, 2021	$ 36,476,760	$ —	$ 36,476,760

The discount rate used to measure the Plan liability at September 30, 2021 was 2.26%.

The following table presents the Plan liability calculated using the current healthcare trend rate, as well as what the Plan liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

Sensitivity of the Net Plan Liability

Healthcare Trend Rate Sensitivity	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Net OPEB Liability	$32,672,064	$36,476,760	$40,957,642

The following table presents the net Plan liability using the discount rate of 2.26%, as well as what the Plan liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

Sensitivity of the Net Plan Liability

Discount Rate Sensitivity	1% Decrease (1.26%)	Discount Rate (2.26%)	1% Increase (3.26%)
Net OPEB Liability	$41,411,818	$36,476,760	$32,400,743

The Plan does not issue a stand-alone financial report. For inquiries relating to the Plan, please contact Auburn University Payroll and Employee Benefits, 1550 East Glenn Avenue, Auburn University, Alabama 36849.

(13) SELF INSURANCE PROGRAMS AND OTHER LIABILITIES

Self Insurance

An actuarially determined rate is used to provide funding for retained risk in the University's self-insurance program. The self-insurance reserves, liabilities and related assets are included in the accompanying financial statements. The estimated liability for general liability and on-the-job injury self-insurance is actuarially determined. These self-insured programs are supplemented with commercial excess insurance.

The Comprehensive General Liability Trust Fund is a self-insured retention program that protects the University, its faculty, staff and volunteers against claims brought by third parties arising from bodily injury, property damage and personal liability (libel, slander, etc.). Funds are held in a separate account with a financial institution to be used to pay claims for which the University may become legally liable. The liability at September 30, 2021 and 2020, was $2,563,105 and $2,486,628, respectively. These amounts are included in other noncurrent liabilities on the Statements of Net Position.

The On-The-Job-Injury program provides benefits for job-related injuries or death resulting from work at the University. This program is designed to cover out-of-pocket expenses of any employee who is not covered by insurance. The program will also pay for medically evidenced disability claims and provide death benefits arising from a job-related death of an employee. This self-funded program is provided to employees since the University is not subject to the workers' compensation laws of the State of Alabama. The liability at September 30, 2021 and 2020, was $5,062,165 and $3,932,759, respectively. These amounts are included in other noncurrent liabilities on the Statements of Net Position.

The University self-insures its health insurance program for all eligible employees. Assets have been set aside to fund the related claims of this program. Should the assets be insufficient to pay the insurance claims, the University would be liable for such claims. The accompanying Statements of Net Position include a self-insurance liability for health insurance as of September 30, 2021 and 2020, of $17,117,397 and $14,897,642, respectively. These amounts are included in accounts payable and other accrued liabilities on the Statements of Net Position.

Other Liabilities

Other liabilities include compensated absences, deposits held in custody and unearned revenues. The University allows employees to accrue and carryover annual and sick leave up to certain maximum amounts depending on years of service. Employees will be compensated for accrued annual leave at time of separation from University employment (termination or retirement) up to a maximum of one month's additional compensation. All eligible employees hired before October 1, 1990, may be compensated for unused sick leave at the rate of 25% of their respective balances, subject to a maximum of one month's additional compensation. The liability for compensated absences was $23,435,089 and $23,478,844 at September 30, 2021 and 2020, respectively.

Deposits held in custody include the portion of the Federal Perkins Student Loan funds and Health Professions Student Loans which would be refunded in the event the University ceased operations. The refundable amounts were $13,256,814 and $14,911,473 at September 30, 2021 and 2020, respectively. Also included in deposits held in custody of others are the agency funds. These amounts totaled $7,206,676 and $6,359,731 at September 30, 2021 and 2020, respectively. The remaining difference relates to immaterial rental deposits.

Unearned revenue includes tuition revenue related to the portion of Fall semester subsequent to September 30, funding received for contracts and grants which has not been expended as of September 30, dining and housing revenues unearned as of September 30, and funds received from the new dining services contract initiated in fiscal year 2018 and amended in 2020. These amounts are in auxiliaries and plant funds.

Unearned revenues at September 30, 2021 and 2020, are as follows:

	2021	2020
Tuition and fees, net	$ 200,391,981	$ 196,279,347
Federal, state and local government grants and contracts, net	16,858,911	15,426,860
Auxiliary, net	44,147,169	45,061,253
Plant	3,797,123	4,329,617
Total unearned revenue	$ 265,195,184	$ 261,097,077

Pollution Remediation Obligations

The University follows GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which requires recognition of liabilities, recoveries, and related disclosures, as appropriate.

The University conducts groundwater monitoring, monitored natural attenuation and clean-up in accordance with the Resource Conservation and Recovery Act (RCRA) and the Toxic Substances and Control Act.

Additionally, asbestos abatement is necessary as older buildings on campus are demolished or renovated. During fiscal year 2011, the University, with the assistance of an outside consultant, prepared a 30-year Post Closure Cost Estimate related to all active and inactive solid waste management units managed through the University RCRA Facility permit.

As of September 30, 2021 and 2020, the total estimated pollution remediation liability (estimated using the expected cash-flow technique) is $3,532,401 and $3,743,922, respectively. The current portion of this amount ($457,799 and $673,720, respectively) is included in other accrued liabilities and the long-term portion ($3,074,602 and $3,070,202, respectively) is included in other noncurrent liabilities in the accompanying Statements of Net Position. This estimate may change in future periods as additional information is obtained. The University does not expect to recover any funds from insurance or other third parties related to these obligations.

Long-Term Obligations

Changes in long-term obligations for the year ended September 30, 2021, are as follows:

Description	September 30, 2020	Additions	Reductions	September 30, 2021	Due Within One Year
Notes Payable, Bonds Payable and Capital Lease Obligations					
General Revenue Bonds	$ 1,076,640,000	$ 28,177,000	$ 29,550,000	$ 1,075,267,000	$ 41,273,000
Athletic Revenue Bonds	1,376,475	—	1,376,475	—	—
Subtotal Bonds Payable	1,078,016,475	28,177,000	30,926,475	1,075,267,000	41,273,000
Unamortized Bond Premium	67,739,619	—	7,519,765	60,219,854	6,891,745
Total Bonds Payable	1,145,756,094	28,177,000	38,446,240	1,135,486,854	48,164,745
Capital Leases Payable	11,495,346	17,210	729,982	10,782,574	965,559
Unamortized Lease Premium	653,917	—	51,691	602,226	48,233
Total Leases Payable	12,149,263	17,210	781,673	11,384,800	1,013,792
Notes Payable	3,125,000	—	—	3,125,000	—
Total Notes, Bonds, and Capital Leases Payable	$ 1,161,030,357	$ 28,194,210	$ 39,227,913	$ 1,149,996,654	$ 49,178,537
Other Liabilities					
Net Pension Liability	$ 749,955,146	$ 118,695,000	$ 4,949,956	$ 863,700,190	$ —
Leischuck Annuity Payable	174,586	18,062	—	192,648	—
Pollution Remediation Liability	3,070,202	4,400	—	3,074,602	—
Athletics Capital Bond Interest Payable	1,218,747	—	1,218,747	—	—
Self Insurance Liability	6,613,796	1,129,074	—	7,742,870	—
Net Postemployment Benefit Liability	177,447,433	200,420,276	—	377,867,709	—
Total Other Liabilities	938,479,910	320,266,812	6,168,703	1,252,578,019	—
Total Long-Term Liabilities	$ 2,099,510,267	$ 348,461,022	$ 45,396,616	$ 2,402,574,673	$ 49,178,537

Changes in long-term obligations for the year ended September 30, 2020, are as follows:

Description	September 30, 2019	Additions	Reductions	September 30, 2020	Due Within One Year
Notes Payable, Bonds Payable and Capital Lease Obligations					
General Revenue Bonds	801,135,000	440,330,000	164,825,000	1,076,640,000	29,550,000
Athletic Revenue Bonds	2,839,184	—	1,462,709	1,376,475	1,376,475
Subtotal Bonds Payable	803,974,184	440,330,000	166,287,709	1,078,016,475	30,926,475
Unamortized Bond Premium	77,599,350	5,440,553	15,300,284	67,739,619	7,519,766
Total Bonds Payable	881,573,534	445,770,553	181,587,993	1,145,756,094	38,446,241
Capital Leases Payable	12,865,881	44,621	1,415,156	11,495,346	721,935
Unamortized Lease Premium	709,929	—	56,012	653,917	51,690
Total Leases Payable	13,575,810	44,621	1,471,168	12,149,263	773,625
Notes Payable	3,125,000	—	—	3,125,000	—
Total Notes, Bonds, and Capital Leases Payable	$ 898,274,344	$ 445,815,174	$ 183,059,161	$ 1,161,030,357	$ 39,219,866
Other Liabilities					
Net Pension Liability	$ 687,664,319	$ 63,489,000	$ 1,198,173	$ 749,955,146	$ —
Leischuck Annuity Payable	181,315	—	6,729	174,586	—
Pollution Remediation Liability	3,020,202	50,000	—	3,070,202	—
Athletics Capital Bond Interest Payable	3,557,809	—	2,339,062	1,218,747	—
Self Insurance Liability	4,787,616	1,826,180	—	6,613,796	—
Net Postemployment Benefit Liability	379,992,132	—	202,544,699	177,447,433	—
Total Other Liabilities	1,079,203,393	65,365,180	206,088,663	938,479,910	—
Total Long-Term Liabilities	$ 1,977,477,737	$ 511,180,354	$ 389,147,824	$ 2,099,510,267	$ 39,219,866

(14) DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources are an acquisition of net position that are applicable to a future reporting period. The University engages in certain voluntary nonexchange transactions (grants). Grant funds received for which all eligibility requirements have been met, other than time requirements, are presented as deferred inflows of resources in accordance with GASB Statements No. 63 and No. 65. In accordance with GASB Statement No. 68, which the University adopted in fiscal year 2015, the University's proportionate share of the net difference between projected and actual earnings on pension plan investments is presented as a deferred inflow of resources. Additionally, in accordance with GASB Statement No. 68 and GASB Statement No. 75, the differences between the expected and actual experience and the net difference between projected and actual earnings on investments are presented as a deferred inflow of resources. Deferred inflows of resources are summarized as follows:

	September 30, 2021	September 30, 2020
Nonexchange transactions	$ 772,425	$ 386,666
Pension and OPEB	248,957,570	243,611,982
Total deferred inflows	$ 249,729,995	$ 243,998,648

(15) CONTRACTS AND GRANTS

The University has been awarded approximately $185.2 million in contracts and grants that have not been received or expended as of September 30, 2021. These awards, which represent commitments of sponsors to provide funds for research and training projects, have not been reflected in the financial statements.

(16) RECOVERY OF FACILITIES AND ADMINISTRATIVE COST FOR SPONSORED PROGRAMS

The portion of revenue recognized for all grants and contracts that represent facilities and administrative cost recovery is recognized on the Statements of Revenues, Expenses and Changes in Net Position within contract and grant operating revenues. The University recognized $24,751,266 and $22,329,905 in facilities and administrative cost recovery for the years ended September 30, 2021 and 2020, respectively.

(17) CONSTRUCTION COMMITMENTS AND FINANCING

The University has entered into projects for the construction and renovation of various facilities that are estimated to cost approximately $676.1 million. At September 30, 2021, the estimated remaining cost to complete the projects is approximately $262.5 million which will be funded from University funds and bond proceeds.

(18) OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the years ended September 30, 2021 and 2020, are listed below. In preparing the financial statements, all significant transactions and balances between auxiliary units and other funds have been eliminated. Some scholarships and fellowships are provided by the instruction or research function and are broken out in the charts below. In addition, the graduate waivers are shown as compensation; however, they are shown functionally as scholarship and fellowship expense. The University is able to capture auxiliary utility expenditures; therefore, those expenditures are shown separately by function.

September 30, 2021

	Compensation and Benefits	Scholarships and Fellowships	Utilities	Other Supplies and Services	Depreciation	Total
Instruction	$ 207,818,595	$ 570,679	$ —	$ 38,271,867	$ —	$ 246,661,141
Research	151,355,934	2,953,882	257	51,122,663	—	205,432,736
Public Service	64,692,183	290,905	26,564	39,858,104	—	104,867,756
Academic Support	107,980,320	7,213	—	15,790,397	—	123,777,930
Library	7,948,868	—	—	10,825,618	—	18,774,486
Student Services	30,813,399	—	—	9,355,379	—	40,168,778
Institutional Support	100,337,227	231,687	—	29,789,671	—	130,358,585
Operation and Maintenance	39,836,542	—	20,132,179	26,329,692	—	86,298,413
Scholarships and Fellowships	25,532,350	54,658,134	—	98,611	—	80,289,095
Auxiliaries	75,943,866	1,917	6,036,843	81,663,503	—	163,646,129
Depreciation	—	—	—	—	101,763,250	101,763,250
	$ 812,259,284	$ 58,714,417	$ 26,195,843	$ 303,105,505	$ 101,763,250	$1,302,038,299

September 30, 2020

	Compensation and Benefits	Scholarships and Fellowships	Utilities	Other Supplies and Services	Depreciation	Total
Instruction	$ 198,669,993	$ 606,024	$ —	$ 36,843,761	$ —	$ 236,119,778
Research	139,804,769	2,348,530	1,810	39,997,904	—	182,153,013
Public Service	71,289,426	234,248	26,529	37,454,788	—	109,004,991
Academic Support	100,482,196	—	—	14,796,520	—	115,278,716
Library	7,704,253	—	—	11,505,858	—	19,210,111
Student Services	29,865,518	—	—	8,385,000	—	38,250,518
Institutional Support	89,662,302	—	—	12,250,014	—	101,912,316
Operation and Maintenance	37,464,868	—	19,971,490	62,383,497	—	119,819,855
Scholarships and Fellowships	23,976,655	30,436,262	—	80,306	—	54,493,223
Auxiliaries	58,963,578	10,745	5,850,092	61,968,993	—	126,793,408
Depreciation	—	—	—	—	92,816,189	92,816,189
	$ 757,883,558	$ 33,635,809	$ 25,849,921	$ 285,666,641	$ 92,816,189	$1,195,852,118

(19) CONTINGENCIES

The University is a party in various legal actions and administrative proceedings arising in the normal course of its operations. Management does not believe that the outcome of these actions will have a material adverse effect on the University's financial position.

In January 2020, the World Health Organization declared the novel coronavirus (COVID-19) a Public Health Emergency of International Concern. The ongoing outbreak of COVID-19 has caused domestic and global disruption in operations for institutions of higher education. The outbreak has also negatively impacted both the global financial markets and the University's investments, and may continue to do so. Other adverse consequences of COVID-19 or any other similar outbreaks in the future may include, but are not limited to, decline in enrollment, decline in demand for University housing, decline in demand for University programs that involve travel, and additional volatility with the University's investments. The University believes it has sufficient liquidity to meet its operating and financing needs; however, given the difficulty in predicting the ultimate duration and severity of the impact of the novel coronavirus on the University, the economy and the financial markets, the ultimate impact may be material and cannot be quantified with certainty at this time.

(20) RELATED PARTY TRANSACTIONS

Auburn University Foundation

AUF exists to raise and administer private gifts for the benefit of the University. The majority of funds, which AUF raises, are restricted by the donor for specific schools, colleges, or programs of the University. These may be immediately transferred to the University or one of its institutionally-related foundations for its use; held within AUF's funds with donor restrictions to be either transferred to the University or expended by AUF for the benefit of University schools, colleges, or programs; or in the case of endowments, invested with only the earnings transferred to or expended for the University's benefit. Amounts transferred to the University or expended on behalf of its programs are reported as total program services in the Consolidated Statement of Activities and Changes in Net Assets.

AUF and the University jointly conduct development and related operations through the Office of the University's Senior Vice President for Advancement pursuant to a Services and Facilities Agreement (the Agreement), which states that the University will provide to AUF services, which primarily consist of all personnel and certain other administrative support, and facilities. During the year, actual costs may be paid by either AUF or the University.

AUF periodically compares actual costs to allocable costs pursuant to the Agreement and settles any differences by a transfer between the organizations. AUF and the University review the agreement at least annually and an estimate of the consideration to be paid for the upcoming year is approved annually by the AUF Board. These costs are reported as general and administrative and fund raising expenses on the Consolidated Statements of Activities and Changes in Net Assets.

The University has entered into an agreement whereby the AUF Investment Committee manages the University's endowment and AUF is compensated by a management fee, which is reported as other revenues on the Consolidated Statements of Activities and Changes in Net Assets.

Constituency development operations, which raise funds directly on behalf of a school, college, or program of the University, are funded by the University unit involved and may use AUF gifts restricted to that unit. These costs are the responsibility of the respective constituency unit and are reported as fundraising expenses on the Consolidated Statements of Activities and Changes in Net Assets to the extent restricted gifts are utilized.

AUF payments to or receipts from the University pursuant to these agreements for the years ended September 30, 2021 and 2020, are as follows:

	2021	2020
AUF's allocable costs pursuant to the Agreement	$ 2,321,247	$ 2,524,814
Services and facilities costs paid by AUF	(2,198,133)	(2,345,959)
Net settlement due to the University	$ 123,114	$ 178,855

Other transactions between AUF and the University for the years ended September 30, 2021 and 2020, are as follows:

	2021	2020
Amounts due from the University reported in other assets	$ 231,788	$ 360,579
Endowment management fee received from the University	$ 2,465,969	$ 2,401,287
Payments to the University Athletic Ticket Office for ticket purchases	$ 119,995	$ 114,407

AUREFI has an agreement with the University to provide certain services and facilities, which are reported as general and administrative expense on AUF's Consolidated Statements of Activities and Changes in Net Assets. Related payments to the University for the years ended September 30, 2021 and 2020, are as follows:

	2021	2020
AUREFI costs pursuant to the Agreement	$ 78,614	$ 94,530

The Association does not maintain endowments, but instead establishes endowments in AUF, which are administered in the investment pool. AUF holds and invests funds from the Association's Life Membership program and annually makes distributions from these investments directly to the Association, which are reported as other program services expense on AUF's Consolidated Statements of Activities and Changes in Net Assets.

In addition, the Association has a commitment to match funds for scholarship endowments previously established with certain specific guidelines. The Association makes grants quarterly to match payments received by AUF for these endowments.

Information relating to the Association as of and for the years ended September 30, 2021 and 2020, is as follows:

	2021		2020	
Pooled investments held by AUF	$	10,943,199	$	9,002,226
Amounts due from the Association reported in other assets	$	234,985	$	130,672
Amounts distributed from investments, net of administrative fee	$	360,125	$	357,120
Grants from the Association for scholarship matching and other endowments	$	304,004	$	318,911

AUF holds TUF endowment funds and invests these funds in AUF's pooled investments. AUF annually distributes TUF endowment earnings either to TUF or directly to the University on behalf of TUF based on the spending policy. These annual distributions are reported as other program services on AUF's Consolidated Statements of Activities and Changes in Net Assets. In addition, AUF participates in the TUF athletic priority system each year in order to obtain tickets and suites for the cultivation, solicitation, and stewardship of donors.

Information relating to TUF as of and for the years ended September 30, 2021 and 2020, is as follows:

	2021		2020	
Pooled investments held by AUF	$	11,723,012	$	9,320,175
Amounts distributed from investments, net of administrative fee	$	362,320	$	357,376
Ticket priority payments	$	382,399	$	375,860

Auburn Alumni Association

The Association, AUF, Auburn University Offices of Alumni and Development and their related support units jointly utilize operational facilities, personnel and other assets in order to effectively and efficiently carry out their required activities. All personnel are employed by the University and their services are provided to the other organizations under contractual agreements.

Expenditures are analyzed periodically and, based on each entity's utilization of the facilities, supplies and services, any necessary reimbursements are made among the organizations. In the Statements of Activities, amounts received by the Operating fund from other organizations are used to offset the related expenses. The Executive Director of the Association is an employee of the University, providing services to the Association under a services and facilities contract. The Executive Director also serves as the Vice President for Alumni Affairs for the University.

A portion of the Association's investments have been pooled with AUF investments and are invested and managed by AUF. Cash receipts and disbursements records of the Association are maintained within the University's accounting system.

During the years ended September 30, 2021 and 2020, the Association had a salary reimbursement expense of $1,465,100 and $1,429,138, respectively, to the University under the services and facilities agreement. These amounts were fully paid at September 30, 2021 and September 30, 2020, respectively.

Rental income recorded by the Association from the University totaled $363,830 and $370,205, respectively, for the years ended September 30, 2021 and 2020. Rental income recorded by the Association from AUF totaled $0 and $0 for the years ended September 30, 2021 and 2020, respectively. The University and AUF also paid the Association $74,298 and $3,122, respectively for shared alumni center building expenses for the fiscal year ended September 30, 2021. For the fiscal year ended September 30, 2020, these amounts were $74,298 and $2,496, respectively.

During the years ended September 30, 2021 and 2020, the University provided for its share of alumni affairs activities costs by establishing a budget within the University's budgetary system. The alumni affairs activities costs were $956,911 and $956,911 for the years ended September 30, 2021 and 2020, respectively.

During the years ended September 30, 2021 and 2020, the Association contributed $23,500 and $0, respectively, to the Auburn Alumni Association Endowment for Scholarships held with AUF. The Association also contributed $295,057 and $215,482 to various AUF scholarship funds and $46,310 and $69,681 to various University scholarship funds during fiscal years 2021 and 2020, respectively.

During the year ended September 30, 2015, the Alumni Association Board approved a fundraising program called the Million Dollar Match program in an effort to increase new alumni donor scholarship endowments. In the year ended September 30, 2021, the Association paid $3,485 toward qualifying endowments; leaving $10,660 as a payable to AUF. In fiscal year 2020, the Association paid $37,553 toward qualifying endowments; leaving $14,145 as a payable to AUF.

Tigers Unlimited Foundation

The funds that TUF raises are restricted for athletic-related programs of the University. These may be transferred to the University for its use, expended for the benefit of athletic programs or, in the case of endowments, invested according to donor restriction with the earnings thereon transferred to or expended for the University's benefit. Amounts transferred to the University or expended on behalf of its programs totaled $34,865,741 and $34,234,240 during the years ended June 30, 2021 and 2020, respectively. Included in these amounts are current year accruals of severance payments due to terminated employees totaling $354,525 in the year ended June 30, 2020.

TUF and the University operate pursuant to an operating agreement (the TUF Agreement), which addresses the financial relationships between these two entities. In summary, the TUF Agreement states that the University will provide certain services and facilities to TUF, which primarily consist of personnel and other administrative support. TUF shall pay to the University an amount equal to the compensation of University employees for services performed and reimbursement of space and property utilized by such employees, in an amount to be specifically approved by TUF's Board of Directors each year. The TUF Agreement commenced on July 1, 2007, and expired on July 1, 2008, but remains in force in subsequent years unless canceled in writing by one of the parties.

During the years ended June 30, 2021 and 2020, AUF incurred obligations of $27,886 and $150,867, respectively, to TUF for amenities related to the use of the executive suites at University athletic events. This amount is recorded as other revenue on the Statements of Activities and Changes in Net Assets during those years.

During the years ended June 30, 2021 and 2020, TUF paid the University for normal, recurring expense transactions including, but not limited to, purchasing athletic event tickets, reimbursing athletic staff salaries, sponsoring student scholarships, and funding the debt, repair, maintenance and operations of athletic facilities. At June 30, 2021 and 2020, obligations of $4,299,340 and $2,880,035 related to these transactions, respectively, were outstanding. TUF paid the 2020 obligation during fiscal year 2021, and it intends to pay the 2021 obligation during fiscal year 2022.

As indicated, the above TUF balances are as of June 30, 2021 and 2020; however, the University believes these figures are not materially different than September 30, 2021 and 2020, respectively.

Auburn Research and Technology Foundation

Although ARTF is separate and independent from the University, its mission is to facilitate the acquisition, construction and equipping of a technology and research park on the University's campus in order to create new academic and entrepreneurial opportunities for the University's faculty and students. Consideration received by the University from ARTF includes the traditional benefits enjoyed by a University from an affiliated research park, including but not limited to, increased exposure for development and commercialization of the University's intellectual property and technologies, increased research opportunities for the University's students and professors, and heightened exposure within the commercial world of the technological campus offerings. In August 2018, the University Provost & Senior Vice President of Academic Affairs agreed to serve as President of ARTF until July 2020. In July 2020, the Vice President for Research and Economic Development (VPRED) agreed to serve as President of ARTF. The President is a member of the ARTF Board of Directors with full voting powers. Contributed services in the amount of approximately $74,868 and $50,489 were recognized by ARTF during each fiscal year 2021 and 2020, respectively, related to services provided by the individual serving as the President of ARTF.

ARTF's Board of Directors includes members who are also members of the Edward Via College of Osteopathic Medicine (VCOM) Board of Directors, AUF Board of Directors, University Board of Trustees as well as other University employees. A banking relationship exists between ARTF and a financial institution whose President/CEO is a member of ARTF's Board of Directors and the University's Board of Trustees. Additionally, the spouse of one Board member is also on the board of River Bank & Trust where the loan for Building 5 and furniture loan were obtained.

On March 1, 2007, ARTF entered into an agreement with the Industrial Development Board (IDB) to obtain financing necessary for ARTF to construct a research facility. IDB provided funds to ARTF in anticipation of reimbursement by the State to ARTF of costs incurred during construction of Building 570. Under the terms of the loan agreement, IDB agreed to loan ARTF up to $10,000,000 for construction and operational expenses.

On October 8, 2010, the balance due on that loan was $1,148,963. As agreed upon by ARTF and the University, the University paid directly to IDB total obligations owed by ARTF. During fiscal year 2010, $171,313 in legal costs originally funded by ARTF were deemed to be for the primary benefit of the University. Therefore, the note payable to the University, executed by ARTF, was reduced by this amount, resulting in a net payable of $977,650. The total unpaid balance of this note payable at September 30, 2021 and 2020 was $589,110 and $635,634, respectively.

The note accrues interest at a rate of 4.25% from the date of note disbursement until the unpaid principal balance is paid in full and will be amortized over a 20 year period using the straight-line method. Annual installment payments of principal and interest to the University began on October 8, 2011, and will continue through October 8, 2025. Annual installment payments scheduled will not fully amortize the note, and a balloon payment will be due on October 8, 2025. ARTF is in compliance with all debt covenants as enumerated in the promissory note document.

On March 1, 2007, for the purpose of making loans and advances, IDB entered into an agreement to lease the site for Building 570 from the University. IDB paid annual rent of $10 to the University under the terms of the lease. The ground lease agreement had an expiration date of January 1, 2025; however, the agreement was terminated on October 8, 2010, the time all obligations due to IDB by ARTF were paid in full. At that time, the University entered into an agreement with ARTF where ARTF leases the site for Building 570 from the University. ARTF pays annual rental of $1 to the University under the terms of this ground lease. The ground lease agreement expires on March 15, 2057, unless terminated prior to that date. These transactions represent an unconditional promise of the use of a long-lived asset, the leased land. Since the rental payments are below the fair market value of the property, ARTF recorded a contribution receivable for the difference between the fair rental values of the property, initially calculated using a 7% discount rate, and the stated amount of the lease payments. At the formation of the original lease, the contribution receivable booked was $302,878, net of a discount of $251,740. During fiscal year 2011, the interest rate was reevaluated and changed to 5%, and the lease period was extended. An additional contribution receivable of $589,790 and discount of $401,121 were booked in fiscal year 2011. An adjustment to the contribution receivable was made in fiscal year 2016 to increase total acreage from the original 156 acres to 170.43 acres to include the VCOM acreage (discussed below) in the calculation. As of September 30, 2021, ARTF has active ground leases comprising approximately 41.34 acres. The offsetting contribution receivable is amortized using the straight-line method over the life of the lease. Amortization related to the lease was $21,243 during fiscal year 2021 and 2020. The discount is amortized using the effective interest method. Amortization of the discount was $8,823 and $8,202 during fiscal year 2021 and 2020, respectively.

On August 30, 2012, ARTF signed an agreement with VCOM in Blacksburg, VA, to establish a branch campus to be located within the research park. ARTF entered into an agreement to lease the site for VCOM from the University on August 9, 2013. ARTF pays annual rent of $1 to the University under the terms of the lease. The ground lease agreement expires on June 30, 2085, unless terminated prior to that date. This transaction represents an unconditional promise of the use of a long-lived asset, the leased land. Since the rental payments are below the fair market value of the property, ARTF recorded a contribution receivable in fiscal year 2013 for the difference between the fair rental values of the property, calculated using a 5% discount rate, and the stated amount of the lease payments. At the formation of the lease, the contribution receivable booked was $3,035,051, net of a discount of $2,239,619. The offsetting contribution receivable is amortized using the straight-line method over the life of the lease. Amortization related to the lease was $42,812 during fiscal year 2021 and 2020. The discount is amortized using the effective interest method. Amortization of the discount was $15,215 and $13,835 during fiscal year 2021 and 2020, respectively.

On June 12, 2018, for the purpose of constructing Building 7, ARTF entered into an agreement to lease the site from the University. ARTF paid annual rent of $1 to the University under the terms of the lease. The ground lease agreement expires on June 12, 2068, unless terminated prior to that date. This transaction represents an unconditional promise of the use of a long-lived asset, the leased land. Since the rental payments are below the fair market value of the property, ARTF recorded a contribution receivable in fiscal year 2019 for the difference between the fair rental values of the property, calculated using a 5% discount rate, and the stated amount of the lease payments. At the formation of the lease, the contribution receivable booked was $1,168,950, net of a discount of $756,344. The offsetting contribution receivable is amortized using the straight-line method over the life of the lease. Amortization related to the lease was $23,379 during fiscal year 2021 and 2020. The discount is amortized using the effective interest method. Amortization of the discount was $4,145 and $3,183 during fiscal year 2021 and 2020, respectively.

On January 31, 2019, for the purpose of constructing Building 6, ARTF entered into an agreement to lease the site from the University. Also on January 31, 2019, ARTF signed an agreement with the East Alabama Health Care Authority in Opelika, AL to establish a medical building to be located on this land. ARTF paid annual rent of $1 to the University under the terms of the lease. The ground lease agreement expires on December 31, 2117, unless terminated prior to that date. This transaction represents an unconditional promise of the use of a long-lived asset, the leased land. Since the rental payments are below the fair market value of the property, ARTF recorded a contribution receivable in fiscal year 2019 for the difference between the fair rental values of the property, calculated using a 5% discount rate, and the stated amount of the lease payments. At the formation of the lease, the contribution receivable booked was $1,801,214, net of a discount of $1,437,797. The offsetting contribution receivable is amortized using the straight-line method over the life of the lease. Amortization related to the lease was $18,395 during fiscal year 2021 and 2020. The discount is amortized using the effective interest method. Amortization of the discount was $2,505 and $1,710 during fiscal year 2021 and 2020, respectively.

On March 15, 2019, for the purpose of constructing Building 5, ARTF entered into an agreement to lease the site from the University. ARTF paid annual rent of $1 to the University under the terms of the lease. The ground lease agreement expires on March 15, 2068, unless terminated prior to that date. This transaction represents an unconditional promise of the use of a long-lived asset, the leased land. Since the rental payments are below the fair market value of the property, ARTF recorded a contribution receivable in fiscal year 2019 for the difference between the fair rental values of the property, calculated using a 5% discount rate, and the stated amount of the lease payments. At the formation of the lease, the contribution receivable booked was $760,513, net of a discount of $468,846. The offsetting contribution receivable is amortized using the straight-line method over the life of the lease. Amortization related to the lease was $16,822 during fiscal year 2021 and 2020. The discount is amortized using the effective interest method. Amortization of the discount was $2,290 and $1,564 during fiscal year 2021 and 2020, respectively.

ARTF and the University entered into an Operating Agreement (the Agreement), which governs the general and administrative and development financial relationships between these two entities. In summary, the Agreement states that in return for certain services and facilities that are within the capability and control of the University, ARTF will reimburse the University for the cost of such services and facilities. ARTF makes an annual determination of its allocable share of these costs and records the transaction. As discussed below, unpaid amounts at September 30 are included in “Other payable to Auburn University” on the ARTF Statements of Financial Position. ARTF and the University review the Agreement annually and provide an estimate of the maximum consideration to be paid for the upcoming year for approval by the respective boards. The University did not charge ARTF for any personnel costs in fiscal years 2021 and 2020. Personnel costs incurred by the University and not charged to ARTF were $1,156,986 and $649,514 in fiscal year 2021 and 2020, respectively. These costs are reflected in ARTF's financial statements as general and administrative expense and as corresponding contribution revenue without donor restrictions.

ARTF entered into subcontracts with the University to provide services to fulfill ARTF’s sponsored project agreements. The University provides certain operating services to ARTF. As of September 30, 2021 and 2020, ARTF owed the University

$50,143 and $10,140, respectively, related to these services. Additionally, ARTF shares miscellaneous costs related to office expenses and equipment leases with a University department. Payables to the University for these expenses were $0 and $322 as of September 30, 2021 and 2020, respectively. All amounts owed to the University are shown in “Other payables to Auburn University” on the Statements of Financial Position.

The amounts due from the University to ARTF of $588,549 and $33,444 at September 30, 2021 and 2020, respectively, related to operating transactions between the University and ARTF. This amount is included in “Accounts receivable” on the ARTF Statements of Financial Position.

ARTF held lease agreements with nineteen University departments in fiscal year 2021, whereby the departments leased office space from ARTF. As leasing tenants, the University departments remit a monthly rental fee to ARTF in accordance with their lease agreements. The University paid approximately $3,545,567 and $358,148 in lease costs during fiscal years ended September 30, 2021 and 2020, respectively.

During fiscal year 2018, the University entered into an agreement to lease space in Building 5 and made a prepayment of $245,000. Upon commencement of the lease and occupancy of the facility by the University, for a period of ten years, $24,500 shall be credited and deducted annually from all rent otherwise payable by the University to ARTF for the lease of space (the “Rent Credit”). This Rent Credit shall serve as a declining credit account in favor of the University against the Prepayment Funds. The University began their lease with ARTF for Building 5 on September 16, 2020. During fiscal year 2021 and 2020, $24,500 and $1,021 of the prepaid rent was recognized as revenue, respectively.

ARTF entered into a contract with the University during fiscal year 2011 to develop and manage a full service business incubator. During fiscal year 2020, ARTF evaluated the deferred revenue balance relating to the contract payments and determined that the incubator's scope, function, impact, and operations had evolved such that the contract with the University was to be deemed a fee for service agreement as opposed to a contracted payment with specific purpose restrictions. Therefore, in fiscal year 2020, the deferred balance of $371,666 was recognized into other contracts revenue with donor restrictions. Revenues of $37,500 and $509,166 related to this contract were recognized during fiscal year 2021 and 2020, respectively. As of September 30, 2020, the remaining amount of the contribution of $37,500 is shown in “Deferred revenue” on the ARTF Statements of Financial Position. As of September 30, 2021, all portions of this contract have been recognized, therefore there is not any deferred revenue related to this contract.

On September 16, 2020, ARTF entered into a thirty-year lease agreement to lease space inside Building 5, owned by ARPI. ARTF plans to operate an event center and sublease cafe space inside the new building. Intercompany rental revenue and rental expenses totaled $478,945 and $19,956 in fiscal year 2021 and 2020, respectively. Intercompany rental revenue and rental expenses were eliminated during consolidation.

(21) DIRECT LOAN PROGRAM

The Federal Direct Loan Program (DL) enables an eligible student or parent to obtain a loan directly through the Department of Education. Under DL, files are transmitted via the Federal Common Originator and Disbursement System (COD). Funds are received via G5, a federal website. The Department of Education is responsible for the collection of these loans.

The University’s Main Campus disbursed approximately $149.4 million and $148.2 million under these programs during the fiscal years ended September 30, 2021 and 2020, respectively. AUM disbursed approximately $24.8 million and $33.8 million under these programs during the fiscal years ended September 30, 2021 and 2020, respectively.

(22) IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

Statement No. 87, *Leases*, was issued in June 2017. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. This Statement is effective for fiscal years beginning after June 15, 2021, and all reporting periods thereafter. Earlier application is encouraged. The University is currently evaluating the financial statement impact of this Statement.

Statement No. 91, *Conduit Debt Obligations*, was issued in May 2019. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement is effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged. The University is currently evaluating the financial statement impact of this Statement.

Statement No. 92, *Omnibus 2020*, was issued in January 2020. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. It addresses a variety of topics, including leases, pensions and other post-employment benefits, fiduciary activities, asset retirement obligations, reinsurance recoveries, nonrecurring fair value measurements of assets and liabilities, and derivative instruments. Various provisions of this Statement are effective immediately, and have been adopted by the University, while others are effective for fiscal periods beginning after June 15, 2021. Earlier application is encouraged and permitted by topic. The University adopted the portions of this statement that were effective immediately, and is currently evaluating the financial statement impact of the remainder of this Statement.

Statement No. 93, *Replacement of Interbank Offered Rates*, was issued in March 2020. This Statement addresses accounting and financial reporting implications related to the replacement of the London Interbank Offered Rate (LIBOR) as a result of global reference rate reform, which is expected to cease to exist in its current form at the end of 2021. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged. The University is currently evaluating the financial statement impact of this Statement.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, was issued in March 2020. This Statement provides accounting and financial reporting requirements for all public-private and public-public partnerships (PPPs) that either meet the definition of a service concession arrangement (SCA) or are not within the scope of Statement No. 87, *Leases*. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The University is currently evaluating the financial statement impact of this Statement.

Statement No. 96, *Subscription-Based Information Technology Arrangements*, was issued in May 2020. This Statement provides accounting and financial reporting guidance for subscription-based information technology arrangements (SBITAs). It defines SBITAs, requires the recording of a right-to-use asset and a corresponding subscription liability, establishes capitalization criteria for other payments such as implementation costs, and requires note disclosures. These requirements are consistent with those of Statement No. 87, *Leases*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The University is currently evaluating the financial statement impact of this Statement.

Statement No. 97*, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, was issued in June 2020. This Statement (1) provides clarity on the absence of a governing board in determining whether a primary government is financially accountable for a potential component unit, (2) limits the applicability of the financial burden criterion in paragraph 7 of Statement No. 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet certain criteria, and (3) provides guidance on accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans.

The requirements of this statement related to items 1) and 2) are effective immediately and have been adopted by the University. The requirements related to Section 457 plans are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The University is currently evaluating the financial statement impact of the remainder of this Statement.

2021

FINANCIAL REPORT

UNAUDITED REQUIRED SUPPLEMENTAL INFORMATION

REQUIRED SUPPLEMENTAL INFORMATION (UNAUDITED)

Teachers’ Retirement System Schedule of Proportionate Share of Collective Net Pension Liability

	2015	2016	2017	2018
University’s proportion of the collective net pension liability	5.757899 %	5.965792 %	6.146014 %	6.306790 %
University’s proportionate share of the collective net pension liability	$523,080,000	$624,361,000	$665,367,000	$619,862,000
University’s covered payroll during the measurement period*	$368,745,049	$380,477,086	$395,094,076	$422,375,257
University’s proportionate share of the collective net pension liability as a percentage of its covered payroll	141.85 %	164.10 %	168.41 %	146.76 %
Plan fiduciary net position as a percentage of the total collective pension liability	71.01 %	67.51 %	67.93 %	71.50 %

*University’s covered payroll during the measurement period is the total payroll on which contributions to a pension plan are based. For fiscal year 2021, the measurement period is October 1, 2019–September 30, 2020.

Teachers’ Retirement System Schedule of System Contributions

	2015	2016	2017	2018
Contractually Required Contribution	$ 42,534,706	$ 46,139,070	$ 49,273,810	$ 51,809,686
Contributions in relation to the contractually required contribution	42,534,706	46,139,070	49,273,810	51,809,686
Contribution deficiency (excess)	$ —	$ —	$ —	$ —
System covered payroll	$ 380,477,086	$ 395,094,076	$ 422,375,257	$ 440,124,441
Contributions as a percentage of covered payroll	11.18%	11.68%	11.67%	11.77%

REQUIRED SUPPLEMENTAL INFORMATION (UNAUDITED)

Teachers' Retirement System Schedule of Proportionate Share of Collective Net Pension Liability

2019	2020	2021
6.475262 %	6.396880 %	6.677570 %
$643,808,000	$707,297,000	$825,992,000
$440,124,441	$463,535,019	$482,882,303
146.28 %	152.59 %	171.05 %
72.29 %	69.85 %	67.72 %

*University's covered payroll during the measurement period is the total payroll on which contributions to a pension plan are based. For fiscal year 2021, the measurement period is October 1, 2019–September 30, 2020.

Teachers' Retirement System Schedule of System Contributions

2019	2020	2021
$ 55,172,904	$ 57,443,019	$ 57,486,747
55,172,904	57,443,019	57,486,747
$ —	$ —	$ —
$ 463,535,019	$ 482,882,303	$ 488,775,252
11.90%	11.90%	11.76%

Employees' Retirement System Schedule of Changes in the Net Pension Liability

	2014	2015	2016	2017
Service cost	$ 104,069	$ 46,380	$ 21,595	$ —
Interest	3,800,103	3,678,959	3,539,730	3,490,964
Changes of benefit terms	—	—	—	—
Differences between expected and actual experience	—	264,685	590,134	(238,683)
Changes of assumptions	—	—	2,271,808.00	—
Benefit payments, including refunds of employee contributions	(5,334,993)	(5,501,945)	(5,958,850)	(5,291,519)
Net change in total pension liability	$ (1,430,821)	$ (1,511,921)	$ 464,417	$ (2,039,238)
Total pension liability - beginning	50,168,786	48,737,965	47,226,044	47,690,461
Total pension liability - ending (a)	$ 48,737,965	$ 47,226,044	$ 47,690,461	$ 45,651,223

Employee's Retirement System Plan Fiduciary Net Position

	2014	2015	2016	2017
Contributions-employer	$ 1,790,336	$ 4,159,117	$ 5,645,920	$ 5,336,057
Contributions-member	125,268	104,131	80,506	66,106
Net investment income	331,362	9,066	3,837	—
Benefits payments,including refunds of employee contributions	(5,334,993)	(5,501,945)	(5,958,850)	(5,291,519)
Transfers among employers	—	—	—	—
Net change in total pension liability	$ (3,088,027)	$ (1,229,631)	$ (228,587)	$ 110,644
Plan net position - beginning	4,471,552	1,383,525	153,894	(74,693)
Plan net position - ending (b)	$ 1,383,525	$ 153,894	$ (74,693)	$ 35,951
Net pension liability - ending (a)-(b)	$ 47,354,440	$ 47,072,150	$ 47,765,154	$ 45,615,272
Plan fiduciary net position as a percentage of total pension liability	2.84 %	0.33 %	(0.16%)	0.08 %
Covered payroll*	$ 3,341,010	$ 2,775,630	$ 2,138,954	$ 1,755,903
Net pension liability as a percentage of covered payroll	1,417.37 %	1,695.91 %	2,233.11 %	2,597.82 %

*Employer's covered payroll during the measurement period is the total covered payroll. For fiscal year 2021, the measurement period is October 1, 2019-September 30, 2020.

Employees' Retirement System Schedule of Employer Contributions

	2015	2016	2017	2018
Actuarially determined contribution*	$ 4,151,926	$ 5,629,191	$ 5,321,011	$ 5,680,659
Contributions in relation to the actuarially determined contribution	4,151,926	5,629,191	5,321,011	5,680,659
Contribution deficiency (excess)	$ —	$ —	$ —	$ —
Covered payroll**	$ 2,775,630	$ 2,138,954	$ 1,755,903	$ 1,373,434
Contributions as a percentage of covered payroll	149.58 %	263.17 %	303.04 %	413.61 %

*The amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments. The Schedule of Employer Contributions is based on the twelve month period of the underlying financial statement.
**Employer's covered payroll for fiscal year 2021 is the total covered payroll for the 12 month period of the underlying financial statements.

Employees’ Retirement System Schedule of Changes in the Net Pension Liability

2018	2019	2020
$ —	$ —	$ —
3,329,186	3,187,077	3,026,612
—	—	—
587,695	272,197	(1,128,951)
130,809	—	—
(5,387,960)	(5,840,684)	(5,245,780)
$ (1,340,270)	$ (2,381,410)	$ (3,348,119)
45,651,223	44,310,953	41,929,543
$ 44,310,953	$ 41,929,543	$ 38,581,424

Employee's Retirement System Plan Fiduciary Net Position

2018	2019	2020
$ 5,721,023	$ 4,621,907	$ 6,828,787
63,922	35,540	18,830
21,698	—	—
(5,387,960)	(5,840,684)	(5,245,780)
—	—	—
$ 418,683	$ (1,183,237)	$ 1,601,837
35,951	454,634	(728,603)
$ 454,634	$ (728,603)	$ 873,234
$ 43,856,319	$ 42,658,146	$ 37,708,190
1.03 %	(1.74%)	2.26 %
$ 1,373,434	$ 1,186,971	$ 1,575,784
3,193.19 %	3,593.87 %	2,392.98 %

*Employer’s covered payroll during the measurement period is the total covered payroll. For fiscal year 2021, the measurement period is October 1, 2019-September 30, 2020.

Employees’ Retirement System Schedule of Employer Contributions

2019	2020	2021
$ 4,617,318	$ 6,129,799	$ 5,531,554
4,617,318	6,129,799	5,531,554
$ —	$ —	$ —
$ 1,186,971	$ 1,575,784	$ 1,421,993
389.00 %	389.00 %	389.00 %

*The amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments. The Schedule of Employer Contributions is based on the twelve month period of the underlying financial statement.

**Employer’s covered payroll for fiscal year 2021 is the total covered payroll for the 12 month period of the underlying financial statements.

Employee's Retirement System Notes to Schedule

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2021 were based on the September 30, 2018 actuarial valuation.

Methods and assumptions used to determine contribution rates			
Actuarial cost method:	Entry Age	**Inflation:**	2.750%
Amortization method:	Level percent closed	**Salary increases:**	3.25-5.00%, including inflation
Remaining amortization period:	3.8 years	**Investment rate of return:**	7.70%, net of pension plan investment expense, including inflation
Asset valuation method:	Five year smoothed market		

Alabama Public Education Employees Health Insurance Plan (PEEHIP)
Schedule of Proportionate Share of the Net OPEB Liability
for the Fiscal Year Ended September 30

	2018	2019	2020	2021
The University's proportion of the net OPEB liability	4.404229%	4.072098%	3.559551%	5.260374%
The University's proportionate share of the net OPEB liability	$327,120,973	$334,674,593	$134,293,596	$341,390,949
The University's covered payroll during the measurement period*	$422,375,257	$440,124,441	$463,535,019	$482,882,303
The University's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	77.45%	76.04%	28.97%	70.70%
Plan fiduciary net position as a percentage of the total OPEB liability	15.37%	14.81%	28.14%	19.80%
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.				

*The University's covered payroll during the measurement period is the total covered payroll. For fiscal year 2021, the measurement period is October 1, 2019–September 30, 2020.

PEEHIP Schedule of Contributions
for the Fiscal Year Ended September 30

	2018	2019	2020	2021
Contractually required contribution	$ 10,838,760	$ 9,283,861	$ 10,418,286	$ 9,060,108
Contributions in relation to the contractually required contribution	$ 10,838,760	$ 9,283,861	$ 10,418,286	$ 9,060,108
Contribution deficiency (excess)	—	—	—	—
The University's covered payroll	$ 440,124,441	$ 463,535,019	$ 482,882,303	$ 488,775,252
Contributions as a percentage of covered payroll	2.46%	2.00%	2.16%	1.85%

PEEHIP Notes to Required Supplementary Information for the Year Ended September 30, 2021

Changes in actuarial assumptions
In 2019, the anticipated rates of participation, spouse coverage, and tobacco use were adjusted to more closely reflect actual experience.

In 2016, rates of withdrawal, retirement, disability, mortality, spouse coverage, and tobacco usage were adjusted to more closely reflect actual experience. In 2016, economic assumptions and the assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. In 2016 and later, the expectation of retired life mortality was changed to the RP-2000 White Collar Mortality Table projected to 2020 using scale BB and adjusted 115% for all ages for males and 112% for ages 78 and over for females.

Recent Plan Changes
Beginning in plan year 2021, the Medicare Advantage Plan with Prescription Drug Coverage (MAPD) plan premium rates exclude the ACA Health Insurer Fee which was repealed on December 20, 2019.

Effective January 1, 2017, Medicare eligible medical and prescription drug benefits are provided through the MAPD plan.

The Plan is changed each year to reflect the Affordable Care Act (ACA) maximum annual out-of-pocket amounts.

Method and assumptions used in calculations of actuarially determined contributions

The actuarially determined contribution rates in the Schedule of Employer Contributions are calculated as of September 30, 2017, which is three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	25 years, closed
Asset Valuation Method	Market Value of Assets
Inflation	2.75 %
Healthcare Cost Trend Rate:	
Pre-Medicare Eligible	7.00 %
Medicare Eligible	5.00 %
Ultimate Trend Rate:	
Pre-Medicare Eligible	4.75 %
Medicare Eligible	4.75 %
Year of Ultimate Trend Rate	2026 for Pre-Medicare Eligible 2024 for Medicare Eligible
Investment Rate of Return	5.00%, including inflation

AU Medical Plan

Historical Changes in the Net Plan Liability

Year Ending September 30	2018	2019	2020	2021
Total Plan Liability				
Service Cost	$ 85,534	$ 90,744	$ 15,698	$ 7,842
Interest	1,293,714	1,265,684	1,173,631	947,208
Changes to benefit terms	—	—	—	—
Differences between expected and actual experience	(32,891)	1,020,854	(5,783,481)	(6,207,711)
Changes of assumptions or other inputs	—	2,031,106	4,854,093	702,582
Benefit payments	(2,192,737)	(2,379,120)	(2,423,643)	(2,126,998)
Net Change in total Plan liability	(846,380)	2,029,268	(2,163,702)	(6,677,077)
Total Plan liability-beginning	44,134,651	43,288,271	45,317,539	43,153,837
Total Plan liability-ending (a)	$ 43,288,271	$ 45,317,539	$ 43,153,837	$ 36,476,760
Plan fiduciary net position				
Contributions-employer	2,192,737	2,379,120	2,423,643	2,126,998
Net investment income	—	—	—	
Benefit payments	(2,192,737)	(2,379,120)	(2,423,643)	(2,126,998)
Administrative expense	—	—	—	—
Net Change in plan fiduciary net position	—	—	—	—
Plan fiduciary net position-beginning	—	—	—	—
Plan fiduciary net position-ending (b)	—	—	—	—
Net Plan liability-ending (a)-(b)	$ 43,288,271	$ 45,317,539	$ 43,153,837	$ 36,476,760
Plan fiduciary net position as a percentage of the total Plan liability	—	—	—	—
Covered payroll	NA	$ 563,810	$ 314,460	$ 188,330
Net Plan liability as a percentage of covered payroll	NA	8,037.73 %	13,723.16 %	19,368.53 %

AU Medical Plan

Notes to the Required Supplemental Schedules

Changes in Key Actuarial Assumptions and Methods from Prior Valuation	
Interest rate	The discount rate was updated from 2.25% as of September 30, 2020 to 2.26% as of September 30, 2021.
Mortality table	The mortality table was updated from Pub-2010 Public Retirement Plans General mortality table projected generationally with Scale MP-2020 to Pub-2010 Public Retirement Plans General mortality table projected generationally with Scale MP-2021.
Trend rates	The medical trend rate table was reset in fiscal year 2021.


AUBURN
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2021

FINANCIAL REPORT

UNAUDITED DIVISIONAL FINANCIAL STATEMENTS

The 2020 Divisional Statements of Net Position and Statements of Revenues, Expenses and Changes in Net Position, as previously presented, were revised to correct certain errors relating to the allocation of fixed assets between Auburn University Main Campus, Alabama Agricultural Experiment Station, and Alabama Cooperative Extension System. The original allocation overstated fixed assets for Main Campus, while understating fixed assets for AAES and ACES. Although the transactions were eliminated for the consolidated statements, management elected to correct the errors by revising its previously issued 2020 divisional financial statements. The impact on the previously reported 2020 financial statement amounts for the correction of the error are presented below and on the following pages:

AUBURN UNIVERSITY MAIN CAMPUS

	As Previously Presented	Asset Reclass	As Revised
STATEMENT OF NET POSITION			
Investment in plant, net	$ 1,906,553,329	$ (13,371,463)	$ 1,893,181,866
Total noncurrent assets	$ 3,300,200,574	$ (13,371,463)	$ 3,286,829,111
Total assets	$ 3,753,302,595	$ (13,371,463)	$ 3,739,931,132
Net investment in capital assets	$ 1,357,834,476	$ (13,371,463)	$ 1,344,463,013
Total net position	$ 1,480,422,786	$ (13,371,463)	$ 1,467,051,323
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION			
Depreciation expense	$ 87,839,118	$ (1,874,251)	$ 85,964,867
Total operating expenses	$ 991,258,620	$ (1,874,251)	$ 989,384,369
Operating loss	$ (199,685,332)	$ 1,874,251	$ (197,811,081)
Income before other changes in net position	$ 79,070,629	$ 1,874,251	$ 80,944,880
Net increase (decrease) in net position	$ 93,804,928	$ 1,874,251	$ 95,679,179
Net position - beginning of year	$ 1,386,617,858	$ (15,245,714)	$ 1,371,372,144
Net position - end of year	$ 1,480,422,786	$ (13,371,463)	$ 1,467,051,323

ALABAMA AGRICULTURAL EXPERIMENT STATION

	As Previously Presented	Asset Reclass	As Revised
STATEMENT OF NET POSITION			
Investment in plant, net	$ —	$ 12,893,544	$ 12,893,544
Total noncurrent assets	$ 37,846,494	$ 12,893,544	$ 50,740,038
Total assets	$ 50,865,969	$ 12,893,544	$ 63,759,513
Net investment in capital assets	$ —	$ 12,893,544	$ 12,893,544
Total net position	$ (5,340,237)	$ 12,893,544	$ 7,553,307
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION			
Depreciation expense	$ —	$ 1,750,201	$ 1,750,201
Total operating expenses	$ 60,074,427	$ 1,750,201	$ 61,824,628
Operating loss	$ (37,015,984)	$ (1,750,201)	$ (38,766,185)
Income before other changes in net position	$ 1,056,887	$ (1,750,201)	$ (693,314)
Net increase (decrease) in net position	$ 1,056,887	$ (1,750,201)	$ (693,314)
Net position - beginning of year	$ (6,397,124)	$ 14,643,745	$ 8,246,621
Net position - end of year	$ (5,340,237)	$ 12,893,544	$ 7,553,307

ALABAMA COOPERATIVE EXTENSION SYSTEM

	As Previously Presented	Asset Reclass	As Revised
STATEMENT OF NET POSITION			
Investment in plant, net	$ —	$ 477,919	$ 477,919
Total noncurrent assets	$ 31,581,965	$ 477,919	$ 32,059,884
Total assets	$ 41,000,034	$ 477,919	$ 41,477,953
Net investment in capital assets	$ —	$ 477,919	$ 477,919
Total net position	$ (91,558,965)	$ 477,919	$ (91,081,046)
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION			
Depreciation expense	$ —	$ 124,050	$ 124,050
Total operating expenses	$ 57,630,529	$ 124,050	$ 57,754,579
Operating loss	$ (35,681,921)	$ (124,050)	$ (35,805,971)
Income before other changes in net position	$ 7,592,843	$ (124,050)	$ 7,468,793
Net increase (decrease) in net position	$ 7,592,843	$ (124,050)	$ 7,468,793
Net position - beginning of year	$ (99,151,808)	$ 601,969	$ (98,549,839)
Net position - end of year	$ (91,558,965)	$ 477,919	$ (91,081,046)

AUBURN UNIVERSITY MAIN CAMPUS

STATEMENTS OF NET POSITION
SEPTEMBER 30, 2021 AND 2020
(UNAUDITED)

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 167,311,261	$ 202,593,747
Operating investments	58,295,865	108,398,424
Accounts receivable, net	59,233,932	40,935,869
Student accounts receivable, net	40,594,426	39,012,975
Loans receivable, net	2,613,589	2,682,360
Accrued interest receivable	1,966,767	2,830,017
Inventories	5,291,501	5,016,675
Prepaid expenses	49,680,729	48,114,124
Due from other funds	5,031,373	3,517,830
Total current assets	390,019,443	453,102,021
Noncurrent assets		
Investments	1,517,893,972	1,305,000,736
Loans receivable, net	8,156,330	9,757,482
Investment in plant, net	1,975,958,907	1,893,181,866
Due from other funds	90,988,916	78,889,027
Total noncurrent assets	3,592,998,125	3,286,829,111
Total assets	3,983,017,568	3,739,931,132
DEFERRED OUTFLOWS OF RESOURCES		
Loss on refunding of bonds	34,867,734	39,204,267
Pension and OPEB	391,984,263	153,924,137
Total deferred outflows of resources	426,851,997	193,128,404
LIABILITIES		
Current liabilities		
Accounts payable	73,124,514	69,047,315
Accrued salaries and wages	5,014,489	4,575,067
Accrued compensated absences	18,945,264	18,806,294
Accrued interest payable	13,561,896	14,831,656
Other accrued liabilities	10,271,886	7,672,805
Student deposits	3,752,662	4,111,584
Deposits held in custody	17,491,742	18,522,242
Unearned revenues	245,101,061	240,168,300
Noncurrent liabilities-current portion	49,130,963	39,104,039
Total current liabilities	436,394,477	416,839,302
Noncurrent liabilities		
Bonds and notes payable	1,090,447,109	1,110,434,853
Lease obligation	10,354,446	11,320,664
Pension and OPEB	938,778,573	669,275,315
Other noncurrent liabilities	11,010,120	11,077,331
Due to other funds	59,879,363	48,194,194
Total noncurrent liabilities	2,110,469,611	1,850,302,357
Total liabilities	2,546,864,088	2,267,141,659
DEFERRED INFLOWS OF RESOURCES		
Nonexchange transactions	772,425	359,798
Pension and OPEB	202,932,495	198,506,756
Total deferred inflows of resources	203,704,920	198,866,554
NET POSITION		
Net investment in capital assets	1,345,680,073	1,344,463,013
Restricted		
Nonexpendable	25,028,204	24,794,892
Expendable:		
Scholarships, research, instruction, other	184,739,584	172,631,610
Loans	4,484,498	4,671,171
Capital projects	26,383,575	41,950,923
Unrestricted	72,984,623	(121,460,286)
Total net position	$ 1,659,300,557	$ 1,467,051,323

AUBURN UNIVERSITY MAIN CAMPUS

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020
(UNAUDITED)

	2021	2020
OPERATING REVENUES		
Tuition and fees, net of scholarship allowances of $131,753,054 and $122,754,700, respectively	$ 509,998,572	$ 497,796,203
Federal appropriations	6,013	12,486
Federal grants and contracts, net	92,726,324	72,632,552
State and local grants and contracts, net	13,661,848	12,591,194
Nongovernmental grants and contracts, net	13,360,957	14,779,890
Sales and services of educational departments	44,437,248	37,071,328
Auxiliary revenue, net of scholarship allowances of $7,990,161 and $5,954,127, respectively	182,015,228	136,763,235
Other operating revenues	24,145,845	19,926,400
Total operating revenues	880,352,035	791,573,288
OPERATING EXPENSES		
Compensation and benefits	689,092,956	628,580,673
Scholarships and fellowships	48,643,574	28,677,960
Utilities	21,321,483	21,159,678
Other supplies and services	244,225,945	225,001,191
Depreciation	93,938,447	85,964,867
Total operating expenses	1,097,222,405	989,384,369
Operating loss	(216,870,370)	(197,811,081)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	194,175,429	186,054,126
Gifts	40,635,664	38,925,254
Grants	87,803,563	32,956,059
Net investment income	76,700,711	51,857,926
Interest expense on capital debt	(32,601,578)	(31,037,404)
Nonoperating revenues, net	366,713,789	278,755,961
Income before other changes in net position	149,843,419	80,944,880
OTHER CHANGES IN NET POSITION		
Capital gifts and grants	42,172,503	14,533,281
Additions to permanent endowments	233,312	201,018
Net increase in net position	192,249,234	95,679,179
Net position - beginning of year	1,467,051,323	1,371,372,144
Net position - end of year	$ 1,659,300,557	$ 1,467,051,323

AUBURN UNIVERSITY AT MONTGOMERY

STATEMENTS OF NET POSITION
SEPTEMBER 30, 2021 AND 2020
(UNAUDITED)

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 3,724,841	$ 2,912,527
Operating investments	932,858	1,558,357
Accounts receivable, net	3,325,942	2,429,809
Student accounts receivable, net	10,069,366	10,180,386
Loans receivable, net	290,495	288,299
Accrued interest receivable	332,894	319,529
Inventories	1,022,128	1,211,305
Prepaid expenses	3,388,624	2,994,504
Total current assets	23,087,148	21,894,716
Noncurrent assets		
Investments	24,289,528	18,760,945
Loans receivable, net	1,384,653	1,739,270
Investment in plant, net	97,794,326	101,182,660
Due from other funds	50,688,122	41,138,722
Total noncurrent assets	174,156,629	162,821,597
Total assets	197,243,777	184,716,313
DEFERRED OUTFLOWS OF RESOURCES		
Pension and OPEB	38,854,639	16,384,977
Total deferred outflows of resources	38,854,639	16,384,977
LIABILITIES		
Current liabilities		
Accounts payable	2,778,197	2,453,125
Accrued salaries and wages	453,772	420,320
Accrued compensated absences	1,605,997	1,597,755
Student deposits	113,868	84,755
Deposits held in custody	2,569,175	2,754,905
Unearned revenues	17,198,044	18,063,094
Noncurrent liabilities-current portion	47,574	115,827
Due to other funds	4,613,304	3,517,830
Total current liabilities	29,379,931	29,007,611
Noncurrent liabilities		
Lease obligation	16,562	54,974
Pension and OPEB	100,007,102	74,667,731
Due to other funds	73,345,750	78,889,028
Total noncurrent liabilities	173,369,414	153,611,733
Total liabilities	202,749,345	182,619,344
DEFERRED INFLOWS OF RESOURCES		
Nonexchange transactions	—	26,868
Pension and OPEB	20,098,870	19,615,827
Total deferred inflows of resources	20,098,870	19,642,695
NET POSITION		
Net investment in capital assets	19,533,060	17,925,645
Restricted		
Nonexpendable	5,268,271	5,255,679
Expendable:		
Scholarships, research, instruction, other	29,816,182	29,340,001
Loans	280,970	308,148
Capital projects	9,802	9,802
Unrestricted	(41,658,084)	(54,000,024)
Total net position	$ 13,250,201	$ (1,160,749)

AUBURN UNIVERSITY AT MONTGOMERY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020
(UNAUDITED)

	2021	2020
OPERATING REVENUES		
Tuition and fees, net of scholarship allowances of $15,824,173 and $15,969,905, respectively	$ 37,370,041	$ 38,344,523
Federal grants and contracts, net	1,423,196	1,036,522
State and local grants and contracts, net	2,905,728	3,103,835
Nongovernmental grants and contracts, net	24,723	24,536
Sales and services of educational departments	1,330,204	1,652,963
Auxiliary revenue, net of scholarship allowances of $1,840,882 and $1,814,247, respectively	6,930,205	6,865,851
Other operating revenues	1,113,004	459,338
Total operating revenues	51,097,101	51,487,568
OPERATING EXPENSES		
Compensation and benefits	58,237,491	54,580,822
Scholarships and fellowships	9,847,938	4,681,300
Utilities	3,914,244	3,713,571
Other supplies and services	21,959,231	18,935,778
Depreciation	4,906,481	4,977,071
Total operating expenses	98,865,385	86,888,542
Operating loss	(47,768,284)	(35,400,974)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	27,703,179	27,002,506
Gifts	930,230	917,571
Grants	25,445,071	14,614,962
Net investment income	11,165,983	2,386,485
Interest expense on capital debt	(3,077,821)	(2,898,225)
Nonoperating revenues, net	62,166,642	42,023,299
Income before other changes in net position	14,398,358	6,622,325
OTHER CHANGES IN NET POSITION		
Capital gifts and grants	—	—
Additions to permanent endowments	12,592	11,745
Net increase in net position	14,410,950	6,634,070
Net position - beginning of year	(1,160,749)	(7,794,819)
Net position - end of year	$ 13,250,201	$ (1,160,749)

ALABAMA AGRICULTURAL EXPERIMENT STATION

STATEMENTS OF NET POSITION
SEPTEMBER 30, 2021 AND 2020
(UNAUDITED)

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 5,362,722	$ 5,668,309
Operating investments	1,592,338	3,032,847
Accounts receivable, net	2,728,697	4,318,319
Total current assets	9,683,757	13,019,475
Noncurrent assets		
Investments	41,460,924	36,512,222
Investment in plant, net	31,741,492	12,893,544
Due from other funds	1,682,432	1,334,272
Total noncurrent assets	74,884,848	50,740,038
Total assets	84,568,605	63,759,513
DEFERRED OUTFLOWS OF RESOURCES		
Pension and OPEB	21,624,044	10,394,683
Total deferred outflows of resources	21,624,044	10,394,683
LIABILITIES		
Current liabilities		
Accounts payable	858,793	720,680
Accrued salaries and wages	243,757	245,358
Accrued compensated absences	1,124,557	1,216,593
Deposits held in custody	6,400	6,400
Unearned revenues	2,368,501	2,610,491
Due to other funds	418,069	—
Total current liabilities	5,020,077	4,799,522
Noncurrent liabilities		
Pension and OPEB	64,209,366	51,043,691
Due to other funds	17,643,166	—
Total noncurrent liabilities	81,852,532	51,043,691
Total liabilities	86,872,609	55,843,213
DEFERRED INFLOWS OF RESOURCES		
Pension and OPEB	10,956,834	10,757,676
Total deferred inflows of resources	10,956,834	10,757,676
NET POSITION		
Net Invested in capital assets	13,680,257	12,893,544
Restricted		
Expendable:		
Scholarships, research, instruction, other	2,513,444	2,377,860
Unrestricted	(7,830,495)	(7,718,097)
Total net position	$ 8,363,206	$ 7,553,307

ALABAMA AGRICULTURAL EXPERIMENT STATION

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020
(UNAUDITED)

	2021	2020
OPERATING REVENUES		
Federal appropriations	$ 5,949,472	$ 5,528,729
Federal grants and contracts	7,798,790	7,622,122
State and local grants and contracts	803,266	917,029
Nongovernmental grants and contracts	4,172,365	5,029,323
Sales and services of educational departments	3,053,414	3,403,991
Other operating revenues	767,928	557,249
Total operating revenues	22,545,235	23,058,443
OPERATING EXPENSES		
Compensation and benefits	33,396,092	33,804,954
Scholarships and fellowships	219,241	273,052
Utilities	897,473	919,073
Other supplies and services	21,445,220	25,077,348
Depreciation	2,804,466	1,750,201
Total operating expenses	58,762,492	61,824,628
Operating loss	(36,217,257)	(38,766,185)
NONOPERATING REVENUES		
State appropriations	34,716,841	34,201,428
Gifts	1,552,489	3,498,366
Grants	254,227	2,803
Net investment income	672,291	598,607
Interest expense on capital debt	(168,692)	(228,333)
Nonoperating revenues, net	37,027,156	38,072,871
Net increase (decrease) in net position	809,899	(693,314)
Net position - beginning of year	7,553,307	8,246,621
Net position - end of year	$ 8,363,206	$ 7,553,307

ALABAMA COOPERATIVE EXTENSION SYSTEM

STATEMENTS OF NET POSITION
SEPTEMBER 30, 2021 AND 2020
(UNAUDITED)

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 4,895,394	$ 4,014,733
Operating investments	1,360,867	2,148,095
Accounts receivable, net	3,041,699	3,255,241
Total current assets	9,297,960	9,418,069
Noncurrent assets		
Investments	35,433,938	25,860,764
Investment in plant, net	364,063	477,919
Due from other funds	7,508,809	5,721,201
Total noncurrent assets	43,306,810	32,059,884
Total assets	52,604,770	41,477,953
DEFERRED OUTFLOWS OF RESOURCES		
Pension and OPEB	31,571,966	17,922,462
Total deferred outflows of resources	31,571,966	17,922,462
LIABILITIES		
Current liabilities		
Accounts payable	516,497	851,303
Accrued salaries and wages	388,132	369,199
Accrued compensated absences	1,759,271	1,858,202
Unearned revenues	527,578	255,192
Total current liabilities	3,191,478	3,333,896
Noncurrent liabilities		
Pension and OPEB	138,572,858	132,415,842
Total noncurrent liabilities	138,572,858	132,415,842
Total liabilities	141,764,336	135,749,738
DEFERRED INFLOWS OF RESOURCES		
Pension and OPEB	14,969,371	14,731,723
Total deferred inflows of resources	14,969,371	14,731,723
NET POSITION		
Net investment in capital assets	364,063	477,919
Restricted		
Nonexpendable:	24,487	24,487
Expendable:		
Scholarships, research, instruction, other	6,855,824	6,300,945
Capital projects	158	146
Unrestricted	(79,801,503)	(97,884,543)
Total net position	$ (72,556,971)	$ (91,081,046)

ALABAMA COOPERATIVE EXTENSION SYSTEM

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020
(UNAUDITED)

	2021	2020
OPERATING REVENUES		
Federal appropriations	$ 8,323,222	$ 8,062,126
Federal grants and contracts, net	8,744,046	9,383,675
State and local grants and contracts, net	2,610,520	2,739,111
Nongovernmental grants and contracts, net	444,904	311,045
Sales and services of educational departments	408,921	547,436
Other operating revenues	697,184	905,215
Total operating revenues	21,228,797	21,948,608
OPERATING EXPENSES		
Compensation and benefits	31,532,745	40,917,109
Scholarships and fellowships	3,664	3,497
Utilities	62,643	57,599
Other supplies and services	15,475,109	16,652,324
Depreciation	113,856	124,050
Total operating expenses	47,188,017	57,754,579
Operating loss	(25,959,220)	(35,805,971)
NONOPERATING REVENUES		
State appropriations	42,073,497	42,580,388
Gifts	43,800	72,351
Grants	639,831	65,175
Net investment income	1,726,167	556,850
Nonoperating revenues, net	44,483,295	43,274,764
Net increase in net position	18,524,075	7,468,793
Net position - beginning of year	(91,081,046)	(98,549,839)
Net position - end of year	$ (72,556,971)	$ (91,081,046)

AUBURN UNIVERSITY BOARD OF TRUSTEES

Auburn University is governed by a Board of Trustees consisting of one member from each congressional district, as these districts were constituted on January 1, 1961, one member from Lee County, five at-large members, all of whom shall be residents of the continental United States, and the Governor, who is ex-officio. The Governor is the President of the Board of Trustees. Prior to 2003, trustees were appointed by the Governor, by and with the consent of the State Senate, for a term of 12 years. Any new trustees will be appointed by a committee, by and with the consent of the State Senate, for a term of seven years, and may serve no more than two full seven-year terms. A member may continue to serve until a successor is confirmed, but in no case for more than one year after the completion of a term. Members of the board receive no compensation. By executive order of the Governor in 1971, two non-voting student representatives selected by the student body serve as members ex-officio, one from the Auburn campus and one from the Montgomery campus.

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