2023 FINANCIAL REPORT

Annual Financial Report for the year ended September 30, 2023

AUBURN UNIVERSITY

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AUBURN UNIVERSITY

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INTRODUCTORY SECTION

AUBURN UNIVERSITY
Office of the President

January 25, 2024

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
Knowing that Auburn provides an exceptional student experience inside and outside of the classroom, the university continues to break records in terms of the number of freshmen applications. By the end of 2023, the university had received 50,000 freshmen applications demonstrating the demand for an Auburn degree has never been greater. Auburn (main campus) welcomed its largest student body ever in the fall of 2023 with an enrollment of 33,015. As the state's land-grant institution, it is important that increasing access to the university for our state's students remains a priority. For the sixth year in a row, more of our state's students graduated from Auburn than any other institution. We are preparing a talented workforce to ensure Alabama's economy continues to grow.

Auburn provides impact through our work
With record levels of external support, our impactful research endeavors deliver Auburn innovations to Alabama communities through extension and outreach. In November, a major research center within the Samuel Ginn College of Engineering was renamed the Auburn University Neuroimaging Center to highlight its renewed focus on solving critical neurological health challenges. The center is focused on advancing the latest in neuroscience research. It will leverage the university's expertise in engineering, sciences and veterinary medicine with the use of advanced magnetic resonance imaging. Our goal is to become the leading center for MRI research with emphasis on brain imaging, cardiovascular imaging, orthopedic imaging and coil design. As a land-grant institution, our mission is to put practical knowledge into the hands of those who can use it, improve the quality of our lives and create economic opportunities.

Our impact makes our state's economy stronger
The Auburn University system and its alumni contributed $6.34 billion to the economy of the State of Alabama in FY2022, an overall 12 percent increase since the previous study. This overall economic contribution is realized through two primary measures – economic impact and contribution to human capital. First, the university produces $2.53 billion in economic impact directly and indirectly attributable to the Auburn system. Additionally, the university's high quality educational programs increase human capital in Alabama representing a value of more than $3.81 billion in earning power of its graduates residing in the state. Auburn's impact is also estimated to be responsible for creating some 30,296 jobs in addition to its own direct employment.

This report summarizes our financial position and activity for the fiscal year ending September 30, 2023. We invite you to learn more at auburn.edu.

Sincerely,

Christopher B. Roberts
President

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

AUBURN UNIVERSITY
Office of the Senior Vice President for
Business and Administration and CFO

January 25, 2024

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 24 through 29, 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, LLP's audit opinion is presented on pages 20 through 22.

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
Senior Vice President for Business and Administration and CFO

Amy K Douglas

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

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2023
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, 2023, with a comparison to the year ended September 30, 2022. 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 2023 enrollment totaled 38,205 students at main campus and AUM. 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 "2023," "2022," or another year refer to the fiscal year ended September 30, unless otherwise noted.

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 for Auburn University Foundation (AUF), Auburn Alumni Association (the Association), Tigers Unlimited Foundation (TUF), and Auburn Research and Technology Foundation (ARTF) in accordance with:

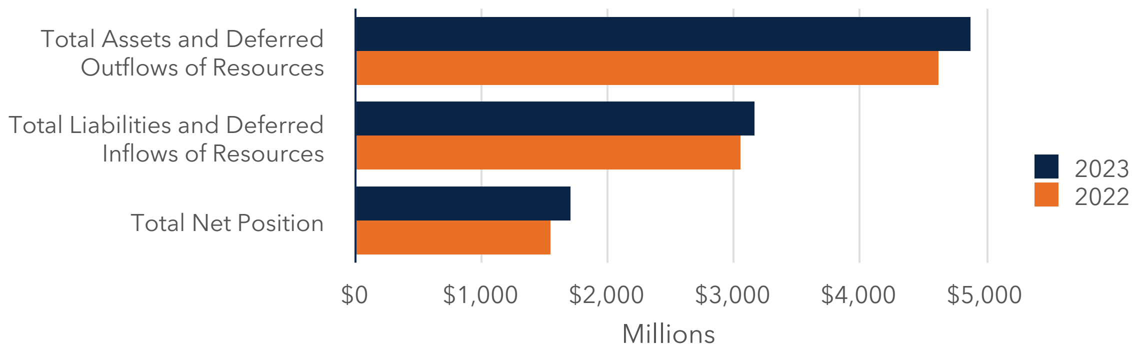
- GASB Statement No. 14, *The Financial Reporting Entity*,
- GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement No. 14*,
- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*,
- GASB Statement No. 80, *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14,*
- GASB Statement No. 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61,* and
- GASB 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*.

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.

During fiscal year 2023, the University adopted GASB Statement No. 96, Subscription-Based Information Technology Arrangements ("GASB 96"), which establishes accounting and financial reporting requirements for subscription-based information technology arrangements ("SBITAs"). The statement requires the University to recognize right-of-use assets and related subscription liabilities for SBITAs that were previously recognized as outflows of resources. The adoption of GASB 96 has been reflected at the beginning of the earliest period presented in the consolidated financial statements, or October 1, 2021.

The Statement of Net Position provides a financial snapshot of the University at the end of the fiscal year. It 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. 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 as well as 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 University's net position is one indicator of the University's financial health.

Financial Highlights
Statement of Net Position



The University showed increases in assets, deferred outflows, liabilities, and net position, while current year pension and OPEB activity led to a decrease in deferred inflows. A summary as of September 30, 2023 and 2022, is as follows:

	2023	2022
Assets		
Current assets	$ 555,320,219	$ 321,426,915
Investment in plant, net	2,346,371,322	2,328,074,854
Other noncurrent assets	1,451,943,403	1,550,896,968
Total assets	4,353,634,944	4,200,398,737
Deferred Outflows of Resources		
Loss on refunding of bonds	27,228,031	30,978,150
Pension and OPEB	503,446,331	398,047,748
Total deferred outflows of resources	530,674,362	429,025,898
Liabilities		
Current liabilities	550,570,734	506,748,228
Noncurrent liabilities	2,230,851,459	2,120,498,307
Total liabilities	2,781,422,193	2,627,246,535
Deferred Inflows of Resources		
Nonexchange transactions	98,345	104,345
Pension and OPEB	387,680,651	435,293,997
Leases	5,009,049	5,802,061
Total deferred inflows of resources	392,788,045	441,200,403
Net Position		
Net investment in capital assets	1,459,145,514	1,415,681,437
Restricted-nonexpendable	30,949,645	30,612,681
Restricted-expendable	284,759,147	251,684,682
Unrestricted	(64,755,238)	(137,001,103)
Total net position	$ 1,710,099,068	$ 1,560,977,697

The University's Assets

The University's current assets increased $233.9 million (72.8%) from 2022 to 2023.

- Of this increase, cash and cash equivalents increased $149.0 million (182.6%) and operating investments increased $56.6 million (169.3%). The University invested in shorter-term maturities and maintained larger liquidity to pay for construction projects. A portion of the increases are attributable to unrealized market gains at September 30, 2023.
- Accounts receivable increased $17.0 million (12.9%). The largest increase (~$7 million) related to increases in Federal, state & local government projects. Student accounts receivable, including auxiliary, increased $6.6 million, mainly due to tuition increases and increases in enrollment. The remaining increase of ~$2.5 million was due to additional accruals for services provided in fiscal year 2023 but payments were not received until fiscal year 2024.

The University's capital assets, net of depreciation and amortization, shown as "Investment in plant, net," on the Statement of Net Position increased $18.3 million (0.8%) from 2022 to 2023.

- During fiscal year 2023, the University adopted GASB 96, resulting in an increase in right-of-use assets of

$20.1 million upon adoption, and an additional $3.1 million during fiscal year 2023.

- Capital assets generally represent the historical cost of land, land improvements, buildings, construction in progress, infrastructure, equipment, library books, art and collectibles, software implementation, right of use assets, and livestock, less any accumulated depreciation and amortization, with buildings comprising approximately 72.0% of the total net capital asset value. The increase, offset by disposal activity, depreciation, and transfers, was the result of $158.6 million of new additions to property, plant, and equipment, net of construction in progress transfers. The University expended $138.6 million for new construction during fiscal year 2023.

The following building purchases or construction projects, totaling $121.9 million, were either completed and placed into service or additional work was performed on a previously completed project during the current fiscal year:

Woltosz Football Performance Center	$ 83.8	million
Quad Residence Halls - Comprehensive Renovations	15.5	million
Rane Culinary Science Center	6.5	million
NCAT Building	4.2	million
Auburn Arena - Women's Locker Room	2.4	million
Comer Hall - Comprehensive Renovations	2.2	million
Academic Classroom & Lab Complex	1.8	million
Goodwin Hall - New Recording Studio	1.1	million
Airport T-Hanger	0.6	million
AL Fish Farming Center - Greensboro	0.6	million
Crop Improvement Building Roof	0.6	million
Lowery Guest House - Pebble Hill	0.5	million
Chilled Water Expansion South Campus	0.5	million
Advanced Structural Testing Laboratory	0.5	million
Central Dining Facility	0.5	million
Other Small Projects	0.6	million
	$121.9	million

In addition to Investment in plant, other noncurrent assets include investments and noncurrent leases and loans receivable. Other noncurrent assets decreased $99.0 million (6.4%).

- Long-term Investments decreased $97.1 million (6.3%). This decrease was the direct result of spending approximately $21.9 million of bond funds, which were invested at September 30, 2022. The remaining decreases were due to investing in short-term maturities.
- Noncurrent leases and loans receivable decreased $1.6 million related to the assignment of Perkins loans to the Department of Education.

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 (see Note 8 for additional details).

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 $101.6 million (23.7%).

- During fiscal year 2022, the University amortized $3.8 million related to the bond refunding losses.
- There was a change in actuarial valuations of pension and OPEB plans, as well as a decrease in the University's proportionate share of Teacher's Retirement System and PEEHIP, causing an increase in deferred outflows of resources of $168.9 million (48.3%), relating to current year pension activity and a decrease of $63.5 million (41.3%), relating to current year OPEB activity, respectively.

The University's Liabilities

Current liabilities increased $43.8 million from 2022 to 2023.

- At fiscal year end, the University accrued $18.7 million (19.6%) more in accounts payable than in 2022. Although payables relating to operations and capital projects decreased $6.1 million, additional accruals for Teacher's Retirement deposits, federal tax deposits, and other payroll related liabilities increased $24.8 million. This was due to payments made in October that related to fiscal year 2023.
- Unearned revenue showed an increase of $21.2 million (7.9%). For Fall 2023, the Board approved approximately 3% tuition increase for main campus and AUM. Tuition and fees had a moderate increase, and there was a 3.9% 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.

- The implementation of GASB 96 impacted the current liabilities by $6.5 million upon adoption and $1.5 million in fiscal year 2023.

Noncurrent liabilities increased $110.4 million (5.2%) from 2022 to 2023.

- The majority of this increase was due to increases in pension and OPEB liabilities of $168.0 million (17.5%), based on actuarial valuations.
- The University's bonds and notes payable decreased $49.8 million (4.8%), which was due to payments made on outstanding bonds in fiscal year 2023.
- Lease obligations decreased $8.7 million (8.3%). Payments made during fiscal year 2023 totaled $23.4 million with the addition of new leases of $16.4 million.

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). GASB 87 also requires lessors to record a deferred inflow representing the present value of future lease payments receivable plus payments received at the beginning of the lease.

The University's deferred inflows of resources decreased $48.4 million (11.0%) from 2022 to 2023.

- This majority of this decrease, $47.6 million (47.6%), 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).
- Deferred inflows relating to lease arrangements decreased $0.8 million in fiscal year 2023.

The University's Net Position

The three major net position categories are discussed below:

Net investment in capital assets increased $43.5 million (3.1%) from 2022 to 2023.

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

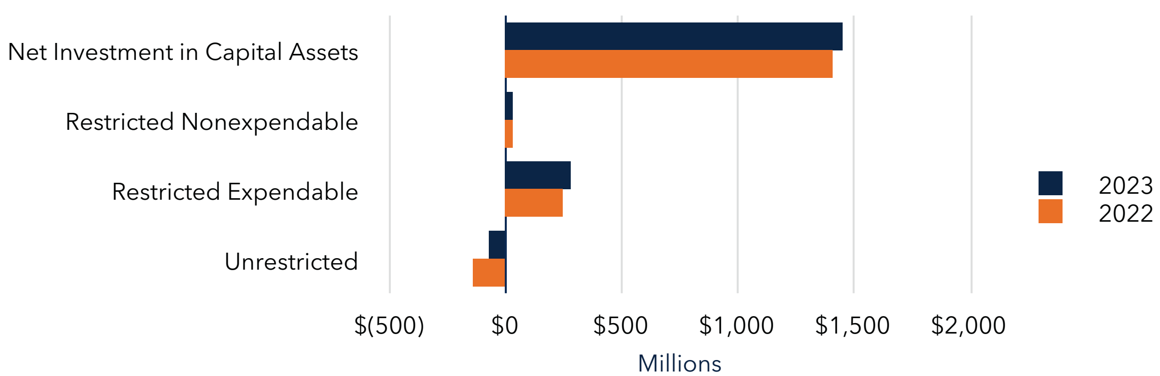
Restricted-nonexpendable net position substantially remained the same. Small increases of $0.3 million (1.1%) from 2022 to 2023 resulted from additional gifts to permanently endowed funds, as well as an increase in the cash value of life insurance.

Restricted-expendable net position increased $33.1 million (13.1%) from 2022 to 2023.

- The majority of the increase was due to increases in scholarship and fellowships as well as funding for capital projects.

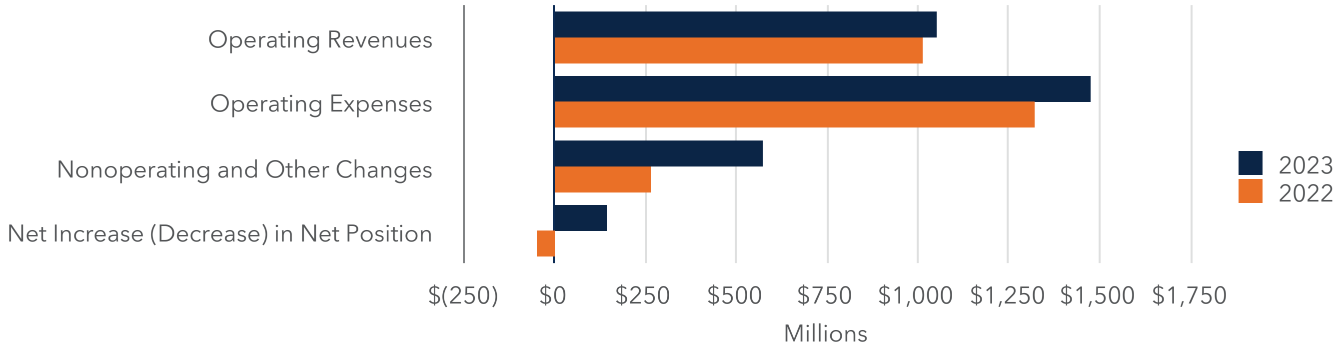
Unrestricted net position is the third major class of net position, and it is not subject to externally imposed stipulations; however, the majority of the University's unrestricted net position has been internally designated for various mission-related purposes. This category includes funds for general operations of the University, auxiliary operations (including athletics, housing, and the bookstores), unrestricted quasi-endowments, and capital projects. Unrestricted net position increased $72.2 million (52.7%) from 2022 to 2023.

- The majority of the increase in unrestricted net position was due to to increasing reserves for renewals and replacement of capital assets as well as increases in unrealized gains in unrestricted quasi endowments. The remaining increase was due to increases in Sales and services revenue.



Statement of Revenues, Expenses and Changes in Net Position

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 and amortization expense, which reflects the amortization of the cost of an asset over its expected useful life.



The 2023 Statement of Revenues, Expenses, and Changes in Net Position reflects a increase in net position at the end of the year of $149.1 million (9.6%).

A condensed statement for the years ended September 30, 2023 and 2022, is provided below:

	2023	2022
Operating revenues	$1,053,456,481	$1,015,333,983
Operating expenses	1,478,513,309	1,327,614,540
Operating loss	(425,056,828)	(312,280,557)
Net nonoperating revenues and other changes in net position	574,178,199	265,562,562
Net increase (decrease) in net position	149,121,371	(46,717,995)
Net position - beginning of year	1,560,977,697	1,607,695,692
Net position - end of year	$1,710,099,068	$1,560,977,697

Operating revenues increased $38.1 million (3.8%) from 2022 to 2023.

Although Tuition and fees, less scholarship allowance showed a small increase of $2.1 million (0.4%) from the prior year, the University saw a net increase in federal appropriations and federal, state, and nongovernmental contract and grant revenues of $33.0 million (18.0%).

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

Sales and services of educational departments increased $12.5 million (20.9%).

- The majority of the increase was due to an increase in student charges for application fees and camp War Eagle. The remainder of the increase was due to increases in clinic sales (Small Animal Clinic, Speech and Hearing Clinic, and Psychological Service Center).

Auxiliary revenues decreased $14.1 million (6.8%).

- During fiscal year 2023, revenues previously reported as auxiliaries for the University Aviation Center were moved to the College of Education. Approximately $8.3 million of flight fee revenue is shown in the current year as Other revenue. The University renegotiated the Aramark contract which brought in ~$1.5 million less in fiscal year 2023. The remaining decrease was attributable to a reduction in athletic ticket sales revenue since fiscal year 2022 included revenue for the Georgia and Alabama football games.

Operating expenses increased $150.9 million (11.4%) from 2022 to 2023.

Compensation and benefits increased $110.3 million (14.1%).

- During fiscal year 2023, there was an increase in compensation expense due to Board-approved merit and market value adjustment increases. Other increases in fringe charges include retirement, medicare, life insurance, and health care costs.

Scholarships and fellowships decreased $2.4 million (7.9%).

- During 2022, the University expended $ 5.8 million under the extension of the HEERF program, which did not occur in fiscal year 2023. Excluding that amount, scholarship and fellowship expense increased $3.3 million (13.1%) due to increase in tuition and fees and enrollment.

Other supplies and services increased $27.2 million (7.4%) from 2022 to 2023.

- This increase was the result of increase in federal and state research expenditures of ~$27.1 million. Some of the specific increases included increases in travel and entertainment of $11.4 million, professional services expense of $5.5 million, additional purchases of computers of $4.6 million and increases to game day expenses of $3.6 million.

Net non-operating revenues and other changes in net position increased $308.6 million (116.2%) from 2022 to 2023.

The greatest increase was the result of market value increases at September 30, 2023.

Net investment income increased $232.7 million (173.9%).

- This increase was due to unrealized gains of $40.3 million compared to unrealized losses of $182.8 million during the year ended September 30, 2022. In fiscal year 2023, the University's investments generated revenue related to dividend, interest, and realized gains of $58.6 million, which was an increase from amounts recognized in fiscal year 2021 of $49.0 million.

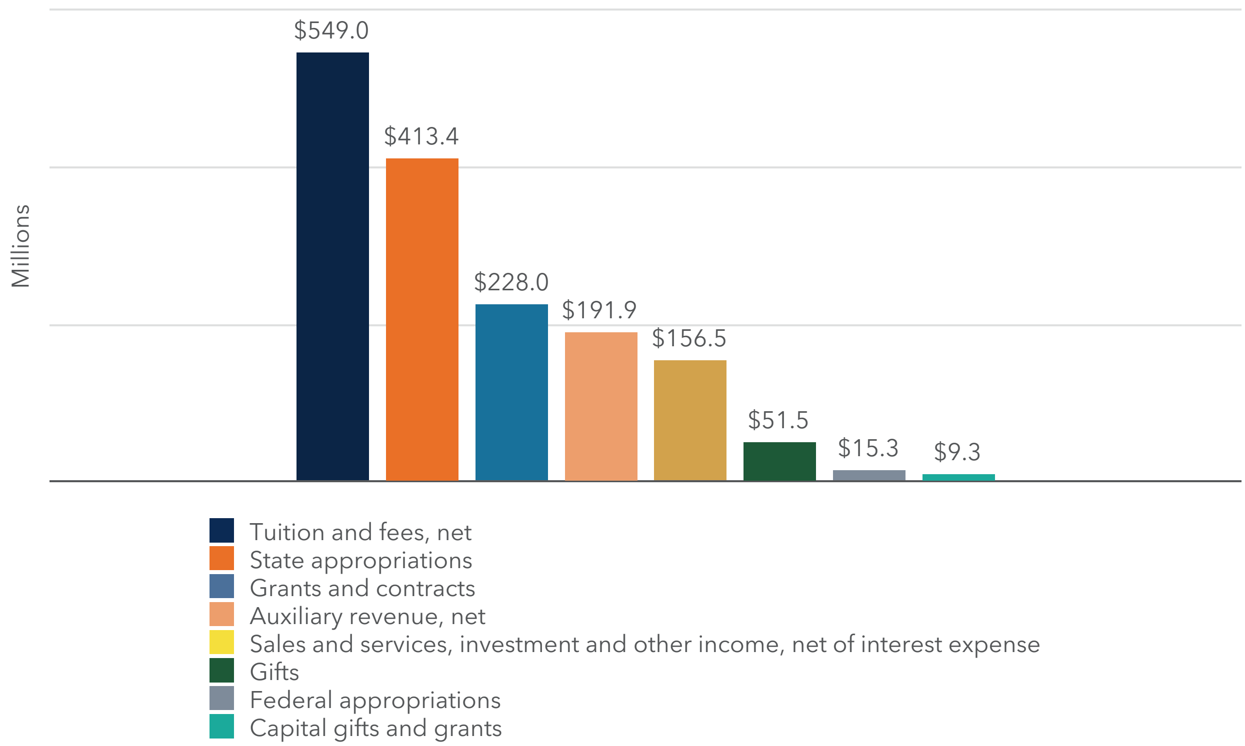
The University received additional State-appropriated funds for educational purposes of $80.0 million (24.0%) and capital appropriations of $12.5 million, which were not received in fiscal year 2022.

These increases were offset by a grant funding decrease of $12.6 million (31.9%).

- The majority of this decrease was due to AUM expending the remaining COVID-19 relief grant funding of $13.8 million in fiscal year 2022. This decrease was offset by additional Pell grant funding in fiscal year 2023.
- The remaining decrease was due to reduction in gifts ($1.6 million) and capital gifts and grants ($2.7 million).

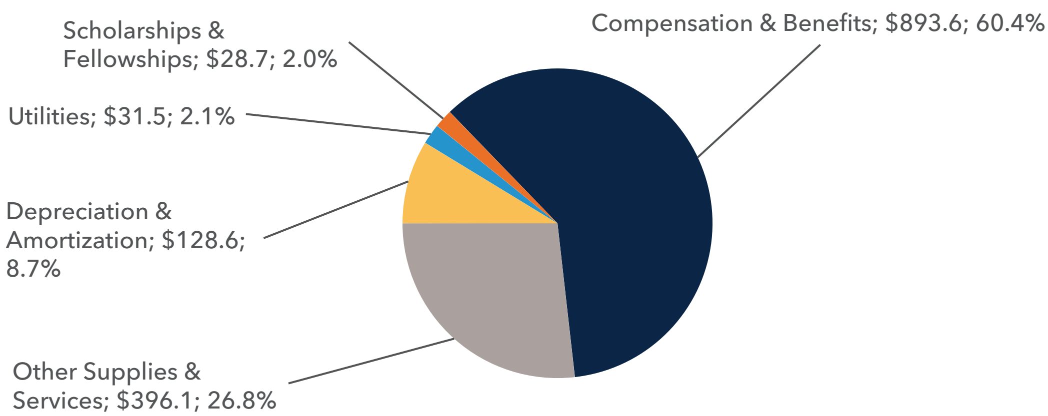
REVENUES BY SOURCE

For the year ended September 30, 2023



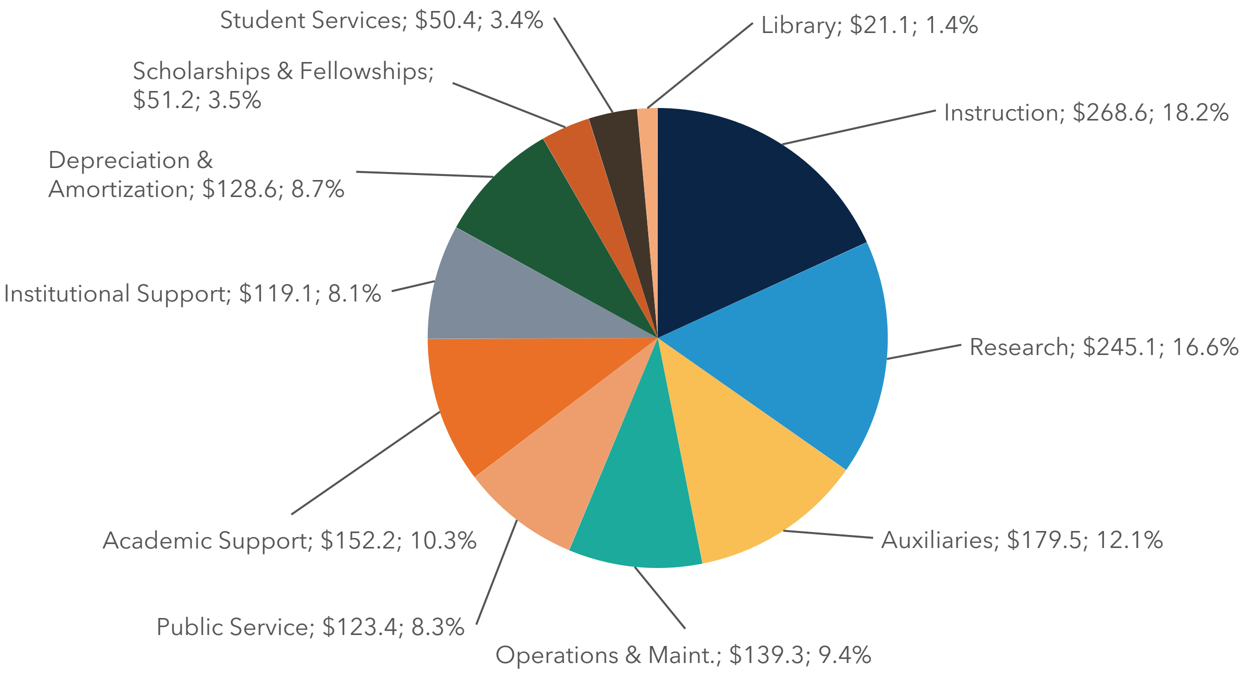
OPERATING EXPENSES BY NATURAL CLASSIFICATION

For the year ended September 30, 2023
(in millions)



OPERATING EXPENSES BY FUNCTION

For the year ended September 30, 2023
(in millions)



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. The University saw a net increase of $149.0 million in cash and cash equivalents in fiscal year 2023.

The University's cash flows for the years ended September 30, 2023 and 2022, are summarized below:

	2023	2022
Net cash provided by (used in):		
Operating activities	$(246,749,237)	$(209,713,308)
Noncapital financing activities	494,374,194	432,737,313
Capital and related financing activities	(234,488,550)	(294,720,460)
Investing activities	135,884,478	(27,994,054)
Net increase (decrease) in cash and cash equivalents	149,020,885	(99,690,509)
Cash and cash equivalents - beginning of year	81,603,709	181,294,218
Cash and cash equivalents - end of year	$ 230,624,594	$ 81,603,709

Net cash used in operating activities increased from 2022 to 2023 by $37.0 million (17.7%). The increase in cash outflows was due to the following:

- Payments for employee compensation and benefits increased $80.3 million (10.1%), primarily due to Board-approved merit increases and market value adjustments.
- There was an increase in cash paid to suppliers and utilities of $14.2 million (3.7%).

These outflows were partially offset by the following:

- The University received additional funding from grants and contracts of $28.6 million (17.1%), as the University received sponsored funds appropriated and awarded for research.
- The University saw increases in cash flows from sales and services and auxiliary revenues of $22.6 million, or 9.3% . A large portion of this increase was due to an increase in student charges for application fees and Camp War Eagle and increases in clinic sales (Small Animal Clinic, Speech and Hearing Clinic, and Psychological Service Center). Auxiliary enterprises received proceeds from ticket sales for the Georgia and Alabama football games, which revenue will be recognized in fiscal year 2024. The remaining increase is due to an increase in normal operations from housing, dining, bookstores sales, and royalties.
- Cash receipts from Tuition and fees increased $6.5 million (1.2%).
- As the HEERF program came to an end in fiscal year 2022, there was a decrease in payments for scholarships and fellowships of $1.7 million (4.6%).

The University saw a increase in net cash provided by noncapital financing activities of $61.6 million (14.2%). This increase was the result of the following:

- The University received additional state appropriations over fiscal year 2022 in the amount of $80.0 million (24.0%).
- There was a decrease in gifts and grants for other than capital purposes of $12.3 million (13.4%). This was the result of HEERF funding ending in fiscal year 2021.
- There was an increase in loan disbursements of $3.5 million (1.6%), and the University saw decreases in direct and other loan receipts of $2.6 million (1.2%).

Net cash used in capital and related financing activities was $234.5 million in fiscal year 2023 compared to $294.7 million in fiscal year 2022, a decrease in net cash used of 20.4%.

- Although there was a reduction of capital gifts and grants received of $5.0 million (60.1%), there was an increase in capital appropriations of $12.5 million , which was not received in fiscal year 2022.
- Although the University continued work on several large capital projects in 2023, the University expended $61.5 million less in fiscal year 2023 than in fiscal year 2022.
- There was an increase in principal payments on debt, capital leases and SBITAs of $8.3 million (14.4%), offset by a decrease in interest paid on debt, leases and SBITAs of $2.8 million (6.3%).
- In addition, the University saw an decrease in proceeds from leases of $1.5 million (50.8%).

The University received $135.9 million in fiscal year 2023 for investing activities compared to the use of $28.0 million in fiscal year 2022, which is a variance of 585.4%.

- During fiscal year 2023, the University purchased $296.2 million of new investments. These expenditures were offset by $384.3 million of proceeds from sales and maturities of investments/reinvestments and investment income of $47.8 million.

Economic factors that will affect the future

While the University is impacted by general economic conditions such as inflation 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.

Report of Independent Auditors

To the Board of Trustees of Auburn University

Opinions

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, as of and for the years ended September 30, 2023 and 2022, including the related notes, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University as of September 30, 2023 and 2022, 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.

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, which statements collectively reflect total assets of $944,336,076 and $841,967,206 as of September 30, 2023 and 2022, respectively, and changes in net assets of $105,518,620 and $(39,889,142) for the years then ended. We also did not audit the financial statements of Tigers Unlimited Foundation ("TUF"), one of the University's discretely presented component units, which statements reflect total assets of $119,250,251 and $119,888,484 as of June 30, 2023 and 2022, respectively, and changes in net assets of $(881,793) and $25,481,006 for the years then ended. The financial statements of the Foundation, the Association and TUF were audited by other auditors whose reports have been furnished to us, and our opinion on the aggregate discretely presented component units, insofar as it relates to the amounts included for the Foundation, the Association and TUF, is based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with US GAAS, we:

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

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

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis for the year ended September 30, 2023 on pages 10 through 19 and required supplemental information on pages 88 through 95 be presented to supplement the basic financial statements. Such information is the responsibility of management, 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis for the year ended September 30, 2022 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 financial reporting for placing the basic financial statements in the appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory information on pages 6 through 7, the supplemental divisional financial statements on pages 98 to 109, and the listing of the University's Board of Trustees on page 110, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

PricewaterhouseCoopers LLP

Birmingham, Alabama
January 25, 2024

AUBURN UNIVERSITY

STATEMENTS OF NET POSITION
SEPTEMBER 30, 2023 AND 2022

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 230,624,594	$ 81,603,709
Operating investments	89,962,639	33,408,369
Accounts receivable, net	92,756,107	82,398,617
Student accounts receivable, net	56,016,463	49,380,595
Leases and loans receivable, net	2,898,827	4,328,535
Accrued interest receivable	6,308,469	2,771,762
Inventories	6,960,931	6,882,385
Prepaid expenses	69,792,189	60,652,943
Total current assets	555,320,219	321,426,915
Noncurrent assets		
Investments	1,444,462,938	1,541,561,410
Leases and loans receivable, net	7,480,465	9,335,558
Investment in plant, net	2,346,371,322	2,328,074,854
Total noncurrent assets	3,798,314,725	3,878,971,822
Total assets	4,353,634,944	4,200,398,737
DEFERRED OUTFLOWS OF RESOURCES		
Loss on refunding of bonds	27,228,031	30,978,150
Pension and OPEB	503,446,331	398,047,748
Total deferred outflows of resources	530,674,362	429,025,898

See accompanying notes to financial statements.

AUBURN UNIVERSITY

STATEMENTS OF NET POSITION
SEPTEMBER 30, 2023 AND 2022

	2023	2022
LIABILITIES		
Current liabilities		
Accounts payable	$ 113,940,696	$ 95,252,310
Accrued salaries and wages	2,730,948	2,134,873
Accrued compensated absences	25,901,882	23,557,518
Accrued interest payable	12,444,113	12,811,598
Other accrued liabilities	11,130,167	10,787,170
Student deposits	6,289,236	5,179,374
Deposits held in custody	16,592,726	19,229,559
Unearned revenues	290,486,167	269,300,061
Lease and SBITA obligations	20,239,024	18,623,963
Lease obligations - component units	996,436	944,905
Noncurrent liabilities-current portion	49,819,339	48,926,897
Total current liabilities	550,570,734	506,748,228
Noncurrent liabilities		
Bonds and notes payable	992,339,957	1,042,159,296
Lease and SBITA obligations	44,442,433	52,660,584
Lease obligations - component units	50,673,260	51,113,930
Pension and OPEB	1,129,544,321	961,587,742
Other noncurrent liabilities	13,851,488	12,976,755
Total noncurrent liabilities	2,230,851,459	2,120,498,307
Total liabilities	2,781,422,193	2,627,246,535
DEFERRED INFLOWS OF RESOURCES		
Nonexchange transactions	98,345	104,345
Pension and OPEB	387,680,651	435,293,997
Leases	5,009,049	5,802,061
Total deferred inflows of resources	392,788,045	441,200,403
NET POSITION		
Net investment in capital assets	1,459,145,514	1,415,681,437
Restricted		
Nonexpendable	30,949,645	30,612,681
Expendable:		
Scholarships, research, instruction, other	244,966,981	235,030,269
Loans	4,601,176	4,309,778
Capital projects	35,190,990	12,344,635
Unrestricted	(64,755,238)	(137,001,103)
Total net position	$ 1,710,099,068	$ 1,560,977,697

See accompanying notes to financial statements.

AUBURN UNIVERSITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
OPERATING REVENUES		
Tuition and fees, net of scholarship allowances of $188,965,817 and $167,115,612, respectively	$ 549,034,805	$ 546,917,216
Federal appropriations	15,345,415	13,956,032
Federal grants and contracts, net	153,706,565	129,483,276
State and local grants and contracts, net	24,272,675	21,406,931
Nongovernmental grants and contracts, net	23,061,522	18,509,228
Sales and services of educational departments	72,405,154	59,912,622
Auxiliary revenue, net of scholarship allowances of $12,508,378 and $11,132,702, respectively	191,895,770	206,002,242
Other operating revenues	23,734,575	19,146,436
Total operating revenues	1,053,456,481	1,015,333,983
OPERATING EXPENSES		
Compensation and benefits	893,591,405	783,257,474
Scholarships and fellowships	28,674,864	31,121,486
Utilities	31,528,896	28,865,071
Other supplies and services	396,125,914	368,944,529
Depreciation and amortization	128,592,230	115,425,980
Total operating expenses	1,478,513,309	1,327,614,540
Operating loss	(425,056,828)	(312,280,557)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	413,374,580	333,409,655
Gifts	51,501,872	53,127,750
Grants	26,934,882	39,536,776
Net investment (loss) income	98,876,983	(133,821,083)
Interest expense on capital debt	(38,682,328)	(39,011,266)
Nonoperating revenues, net	552,005,989	253,241,832
Income (loss) before other changes in net position	126,949,161	(59,038,725)
OTHER CHANGES IN NET POSITION		
Capital appropriations	12,487,653	–
Capital gifts and grants	9,347,593	12,029,012
Additions to permanent endowments	336,964	291,718
Net increase (decrease) in net position	149,121,371	(46,717,995)
Net position - beginning of year	1,560,977,697	1,607,695,692
Net position - end of year	$ 1,710,099,068	$ 1,560,977,697

See accompanying notes to financial statements.

AUBURN UNIVERSITY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 560,304,527	$ 553,771,119
Federal appropriations	13,935,185	14,784,822
Grants and contracts	196,445,912	167,826,080
Sales and services of educational departments	68,175,348	59,020,796
Auxiliary enterprises	197,905,520	184,423,007
Other operating revenues	21,850,440	22,592,654
Payments to suppliers	(363,902,811)	(352,334,827)
Payments for utilities	(31,528,896)	(28,865,071)
Payments for employee compensation and benefits	(875,550,570)	(795,283,607)
Payments for scholarships and fellowships	(35,651,597)	(37,383,859)
Student loans issued	(673,522)	(510,062)
Student loans collected	1,941,227	2,245,640
Net cash used in operating activities	(246,749,237)	(209,713,308)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	413,374,580	333,409,655
Gifts and grants for other than capital purposes	79,399,692	91,658,317
Direct and other loan receipts	217,162,360	219,773,647
Direct and other loan disbursements	(215,562,438)	(212,104,306)
Net cash provided by noncapital financing activities	494,374,194	432,737,313
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from issuance of debt, net of issuance costs and payments to escrow	–	1,810,000
Capital appropriations	12,487,653	–
Capital gifts and grants received	3,309,617	8,295,631
Purchases of capital assets	(144,525,941)	(206,026,638)
Proceeds received from sale of capital assets	387,376	261,784
Principal paid on debt, leases, and SBITAs	(66,243,407)	(57,900,807)
Interest paid on debt, leases, and SBITAs	(41,377,590)	(44,153,272)
Proceeds from leases	1,473,742	2,992,842
Net cash used in capital and related financing activities	(234,488,550)	(294,720,460)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments and reinvestments	384,258,639	539,294,937
Investment income	47,835,234	44,050,117
Purchases of investments	(296,209,395)	(611,339,108)
Net cash used in investing activities	135,884,478	(27,994,054)
Net increase (decrease) in cash and cash equivalents	149,020,885	(99,690,509)
Cash and cash equivalents - beginning of year	81,603,709	181,294,218
Cash and cash equivalents - end of year	$ 230,624,594	$ 81,603,709

See accompanying notes to financial statements.

AUBURN UNIVERSITY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	$ (425,056,828)	$ (312,280,557)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	128,592,230	115,425,980
Write-off of loans receivable	1,087,396	(902,815)
Loss on sale of capital assets	10,148,345	3,359,186
Changes in assets and liabilities:		
Accounts receivable	(10,700,902)	(19,032,546)
Student accounts receivable	(6,635,868)	1,283,197
Inventories	(78,546)	(568,756)
Unearned revenue	21,186,106	4,578,945
Accounts payable	25,779,115	13,838,318
Prepaid expenses	(9,134,823)	(7,765,319)
Accrued salaries, wages and compensated absences	2,940,439	(3,842,848)
Student deposits and deposits held in custody	(2,299,986)	(2,072,005)
Loans receivable	1,267,705	1,735,578
Other accrued liabilities	342,997	2,888,345
Nonexchange transactions	(6,000)	(668,082)
Pension and OPEB obligation	14,944,650	(7,656,564)
Other noncurrent liabilities	874,733	1,966,635
Net cash used in operating activities	$ (246,749,237)	$ (209,713,308)
SUPPLEMENTAL NONCASH ACTIVITIES INFORMATION		
Capital assets acquired with a liability at year-end	$ 7,559,602	$ 14,650,331
Gifts of capital assets	$ 4,380,041	$ 5,640,058
Escrow on advanced refunding of debt deducted from proceeds	$ –	$ 30,976,082
Capital assets acquired with lease and SBITA obligations	$ 16,447,379	$ 51,733,518

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS

STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2023 AND 2022

	Auburn University Foundation		Auburn Alumni Association	
	2023	2022	2023	2022
ASSETS				
Cash and cash equivalents	$ 14,135,518	$ 1,472,741	$ 111,908	$ 46,792
Investments	806,758,487	732,382,049	14,118,633	13,959,037
Accrued interest receivable	–	–	–	8,811
Contributions receivable, net	75,608,395	63,634,503	210,534	233,315
Other assets	967,873	616,204	66,536	36,446
Investment in real estate	18,740,246	17,034,741	–	674,799
Cash surrender value of life insurance	8,658,872	8,591,238	–	–
Beneficial interest in outside trusts	1,826,957	1,737,225	–	–
Property and equipment, net	1,143,025	87,559	1,976,747	1,446,282
Prepaid expenses	–	–	–	45
Due from Auburn University	–	–	–	4,800
Due from Auburn University Foundation	–	–	10,605	619
Due from Tigers Unlimited Foundation	–	–	1,740	–
Total assets	$ 927,839,373	$ 825,556,260	$ 16,496,703	$ 16,410,946
LIABILITIES				
Accounts payable and accrued liabilities	$ 538,499	$ 1,167,919	$ 265,569	$ 318,250
Annuities payable	12,061,920	11,959,886	–	–
Due to Auburn University	–	–	2,041	5,680
Due to Auburn University Foundation	–	–	–	85,104
Due to Auburn Alumni Association	9,995,741	9,421,813	–	–
Due to Tigers Unlimited Foundation	11,023,558	10,290,147	–	–
Other liabilities	2,985,630	2,983,551	–	–
Retained life commitment	1,507,898	1,623,323	–	–
Deferred revenue	–	–	4,788,104	8,463,037
Total liabilities	38,113,246	37,446,639	5,055,714	8,872,071
NET ASSETS				
Without donor restrictions				
Undesignated	21,430,104	16,721,574	2,470,518	2,032,091
Designated by board, uncommitted	10,617,356	10,016,189	2,730,827	3,337,615
Designated by board, committed for programs	17,931,720	16,647,815	6,239,644	2,169,169
Total net assets without donor restrictions	49,979,180	43,385,578	11,440,989	7,538,875
With donor restrictions				
Perpetual in nature	578,543,230	539,391,534	–	–
Purpose and time restricted	261,848,473	208,389,925	–	–
Underwater endowments	(644,756)	(3,057,416)	–	–
Total net assets with donor restrictions	839,746,947	744,724,043	–	–
Total net assets	889,726,127	788,109,621	11,440,989	7,538,875
Total liabilities and net assets	$ 927,839,373	$ 825,556,260	$ 16,496,703	$ 16,410,946

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	Auburn University Foundation		Auburn Alumni Association	
	2023	2022	2023	2022
REVENUES AND OTHER SUPPORT				
Public support - contributions	$ 82,352,933	$ 106,842,815	$ 5,159,909	$ 1,897,652
Investment income	6,447,026	5,733,955	465,297	425,246
Other revenues	3,546,092	3,387,974	1,202,775	1,154,143
Total revenues	92,346,051	115,964,744	6,827,981	3,477,041
EXPENSES AND LOSSES				
Program services				
Grants to Auburn University	50,761,718	60,033,796	–	–
Other program services	6,303,445	4,265,929	2,091,886	1,532,790
Total program services	57,065,163	64,299,725	2,091,886	1,532,790
Support services				
General and administrative	3,045,189	2,851,921	1,287,727	1,520,535
Fund raising	2,961,100	2,688,524	162,001	193,707
Total support services	6,006,289	5,540,445	1,449,728	1,714,242
Total expenses	63,071,452	69,840,170	3,541,614	3,247,032
Unrealized (gains) losses on investments	(52,252,633)	104,562,947	(659,597)	1,989,812
Realized (gains) losses on investments	(18,332,572)	(23,550,802)	43,850	–
Change in valuation of split-interest agreements	(1,756,702)	3,241,768	–	–
Total expenses, (gains) and losses	(9,270,455)	154,094,083	2,925,867	5,236,844
*Change in net assets	101,616,506	(38,129,339)	3,902,114	(1,759,803)
Net assets - beginning of the year	788,109,621	826,238,960	7,538,875	9,298,678
Net assets - end of the year	$ 889,726,127	$ 788,109,621	$ 11,440,989	$ 7,538,875
*Change in net assets				
Without donor restrictions	$ 6,593,602	$ (42,371)	$ 3,902,114	$ (1,759,803)
With donor restrictions	95,022,904	(38,086,968)	–	–
Total change in net assets	$ 101,616,506	$ (38,129,339)	$ 3,902,114	$ (1,759,803)

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	Tigers Unlimited Foundation	
	2023	**2022**
ASSETS		
Cash and cash equivalents	$ 2,661,770	$ 1,473,286
Investments	83,186,231	73,819,318
Investment in Auburn University Foundation Securities Pool	1,278,604	10,721,056
Due from Auburn University	56,660	79,167
Due from Auburn University Foundation	–	5,200
Accrued interest receivable	590,163	241,630
Contributions receivable, net	31,007,298	33,442,474
Accounts receivable	(28,309)	3,143
Other assets	107,644	4,473
Property and equipment, net	390,190	98,737
Total assets	$ 119,250,251	$ 119,888,484
LIABILITIES		
Accounts payable and accrued liabilities	$ 287,939	$ 142,072
Leases payable	11,502	–
Deferred revenue	2,741,220	2,540,426
Due to Auburn University	20,031,861	20,139,994
Due to Auburn University Foundation	–	6,470
Total liabilities	23,072,522	22,828,962
NET ASSETS		
Without donor restrictions		
Undesignated	27,161,127	23,981,051
Designated by board, uncommitted	–	–
Designated by board, committed for programs	–	–
Investment in property and equipment, net	378,910	98,737
Total net assets without donor restrictions	27,540,037	24,079,788
With donor restrictions		
Perpetual in nature	8,293,157	8,255,507
Purpose and time restricted	60,342,745	64,711,349
Underwater endowments	1,790	12,878
Total net assets with donor restrictions	68,637,692	72,979,734
Total net assets	96,177,729	97,059,522
Total liabilities and net assets	$ 119,250,251	$ 119,888,484

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	Tigers Unlimited Foundation	
	2023	2022
REVENUES AND OTHER SUPPORT		
Public support - contributions	$ 55,278,010	$ 61,787,349
Investment income	481,712	639,540
Amenities and other revenues	25,391,011	21,983,841
Total revenues	81,150,733	84,410,730
EXPENSES AND LOSSES		
Program services		
Contributions to and support for Auburn University	20,908,735	5,496,830
Other program services	45,116,029	37,413,143
Total program services	66,024,764	42,909,973
Support services		
General and administrative	2,422,606	2,202,776
Fund raising	10,013,540	8,667,815
Total support services	12,436,146	10,870,591
Total expenses	78,460,910	53,780,564
Unrealized losses (gains) on investments	460,432	3,099,198
Realized losses (gains) on investments	36,248	163,691
Loss on write-off of contribution receivable	3,074,936	1,886,271
Total expenses, (gains) and losses	82,032,526	58,929,724
*Change in net assets	(881,793)	25,481,006
Net assets - beginning of the year	97,059,522	71,578,516
Net assets - end of the year	$ 96,177,729	$ 97,059,522
*Change in net assets		
Without donor restrictions	$ 3,460,249	$ 7,257,887
With donor restrictions	(4,342,042)	18,223,119
Total change in net assets	$ (881,793)	$ 25,481,006

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS

STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2023 AND 2022

	Auburn Research and Technology Foundation	
	2023	**2022**
ASSETS		
Cash and cash equivalents	$ 2,886,903	$ 2,653,740
Restricted cash	113,237	125,000
Deposits	40,080	37,073
Prepaid expenses and other assets	16,269	11,480
Accounts receivable	4,207,926	3,313,129
Interest receivable	44,263	44,263
Contributions receivable, net	1,479,534	1,560,870
Property, plant and equipment, net	42,655,152	43,918,229
Total assets	$ 51,443,364	$ 51,663,784
LIABILITIES		
Accounts payable	$ 68,520	$ 61,382
Deferred revenue	281,482	210,789
Deposits held in custody	39,900	40,750
Interest payable	259,258	218,058
Capital lease payable	60,220	105,332
Other payable to Auburn University	54,326	26,155
Note payable to Auburn University	490,046	540,609
Notes payable to River Bank and Trust	29,386,787	29,859,113
Notes payable - New Market Tax Credit	9,486,728	9,504,828
Total liabilities	40,127,267	40,567,016
NET ASSETS		
Without donor restrictions	9,836,522	9,535,857
With donor restrictions	1,479,575	1,560,911
Total net assets	11,316,097	11,096,768
Total liabilities and net assets	$ 51,443,364	$ 51,663,784

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	Auburn Research and Technology Foundation	
	2023	**2022**
REVENUES AND OTHER SUPPORT		
Rental income	$ 5,176,905	$ 4,641,295
Other income	42,745	24,780
Other contracts	120	279,977
Contributions	1,397,922	1,640,606
Total revenues	6,617,692	6,586,658
EXPENSES AND LOSSES		
Support services		
General and administrative	2,610,975	2,360,506
Amortization on ground leases	122,651	122,649
Amortization on capital lease	44,028	44,028
Amortization on loan fee	96,270	96,270
Depreciation	1,546,600	1,543,150
Interest	1,977,839	1,929,818
Total support services	6,398,363	6,096,421
Total expenses	6,398,363	6,096,421
*Change in net assets	219,329	490,237
Net assets - beginning of the year	11,096,768	10,606,531
Net assets - end of the year	$ 11,316,097	$ 11,096,768
*Change in net assets		
Without donor restrictions	$ 300,665	$ 575,639
With donor restrictions	(81,336)	(85,402)
Total change in net assets	$ 219,329	$ 490,237

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 38,205 students for Fall semester 2023. 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 the following GASB Statements, which provide criteria for determining whether such organizations for which a government is financially accountable should be reported as component units:

- GASB Statement No. 14, *The Financial Reporting Entity*,
- GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement No. 14*,
- 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*,
- GASB Statement No. 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61*, and
- GASB 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*.

In accordance with these standards, 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 and amortization, 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 2023, the University adopted GASB Statements No. 91, 94, 96 and the parts of 99 effective for periods beginning after June 15, 2022.

GASB Statement No. 91, *Conduit Debt Obligations*, provides guidance to issuers of conduit debt obligations on reporting the obligations. The adoption of this standard had no material effect on the University's financial statements in the current fiscal year.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, addresses issues related to accounting for public-private and public-public partnership arrangements (PPPs). The adoption of this standard had no material affect on the University's financial statements in the current fiscal year.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs), requires recognition of certain subscription assets and liabilities for arrangements that previously were recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The adoption of GASB 96 has been reflected at the beginning of the earliest period presented in the financial statements, or October 1, 2021. For fiscal year 2022, this resulted in an addition to Prepaid assets of $0.4 million, an increase in Investment in plant, net, of $20.1 million, an increase in Total liabilities of $17.8 million, and a reduction in operating expenses of $2.3 million (with a corresponding increase in net position of $2.3 million). The University did not restate net position as of September 30, 2021; all activity related to the adoption of GASB 96 is reported in Notes 7 and 9 as additions in fiscal year 2022.

GASB Statement No. 99, *Omnibus 2022*, addresses practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. 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 and amortization 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.

Right-of-use assets arising from leases are recorded at the present value of the future lease payments, and amortized over the shorter of the lease term or the remaining useful life of the leased asset in accordance with GASB Statement No. 87, *Leases*. Right-of-use assets arising from subscription-based IT arrangements (SBITAs) are recorded at the present value of the sum of (1) the expected subscription payments during the term, (2) payments made to the SBITA vendor before the commencement of the subscription term, and (3) capitalizable implementation costs, net of any incentives received from the vendor. Subscription assets are amortized over the subscription term, in accordance with GASB Statement No. 96, *Subscription-based Information Technology Arrangements*.

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 material losses related to asset impairment during fiscal year 2023 or 2022.

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 2022, 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, 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 21, 2023, 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 21, 2023, 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 $118,277,065 and $97,246,816 at September 30, 2023 and 2022, 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, 2023 and 2022, covering the fair value of investments by investment type and related maturity:

Auburn University Investments
Investment Maturities at Fair Value (in Years)
September 30, 2023

Types of Investments	< 1 year	1-5 years	6-10 years	> 10 years	Total Fair Value
Fixed Maturity					
Certificates of Deposit	$ 975,421	$ 4,483,012	$ –	$ –	$ 5,458,433
U.S. Treasury Obligations	27,380,431	21,556,421	–	–	48,936,852
U.S. Agency Securities	86,436,776	1,037,653,281	7,663,818	–	1,131,753,875
Mortgage Backed Securities	–	–	–	12,104,622	12,104,622
Municipals	–	–	–	–	–
	$ 114,792,628	$1,063,692,714	$ 7,663,818	$ 12,104,622	$1,198,253,782
Global Equities					2,698,221
Alternative Investments					
Hedge Funds					94,253,877
Private Capital					64,291,610
Real Assets					39,697,995
Real Estate					740,750
Mutual Funds, Common Trust Funds and Business Trust Funds					115,943,644
Funds Held in Trust					3,389,858
Cash Surrender Value-Life Insurance					551,810
Money Market, Cash and Pooled Investments					213,669,085
Total investments					1,733,490,632
Less cash equivalents held in Cash Pool					(199,065,055)
Operating and noncurrent investments					$1,534,425,577

Auburn University Investments
Investment Maturities at Fair Value (in Years)
September 30, 2022

Types of Investments	< 1 year	1-5 years	6-10 years	> 10 years	Total Fair Value
Fixed Maturity					
Certificates of Deposit	$ 2,500,000	$ 4,182,640	$ –	$ –	$ 6,682,640
U.S. Treasury Obligations	27,669,290	6,639,085	–	–	34,308,375
U.S. Agency Securities	3,750,270	1,103,742,703	101,209,416	–	1,208,702,389
Mortgage Backed Securities	–	–	–	13,864,536	13,864,536
Municipals	–	–	–	–	–
	$ 33,919,560	$1,114,564,428	$ 101,209,416	$ 13,864,536	$1,263,557,940
Global Equities					2,319,360
Alternative Investments					
Hedge Funds					83,680,353
Private Capital					67,009,212
Real Assets					37,648,077
Real Estate					740,750
Mutual Funds, Common Trust Funds and Business Trust Funds					106,404,321
Funds Held in Trust					3,117,926
Cash Surrender Value-Life Insurance					955,706
Money Market, Cash and Pooled Investments					49,536,134
Total investments					1,614,969,779
Less cash equivalents held in Cash Pool					(40,000,000)
Operating and noncurrent investments					$1,574,969,779

- **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, 2023 and 2022, concerning credit quality risk:

Auburn University Investments
Ratings of Fixed Maturities

Moody's Rating	2023 Fair Value	2023 Fair Value as a % of Total Fixed Maturity Fair Value	2022 Fair Value	2022 Fair Value as a % of Total Fixed Maturity Fair Value
US Treasury	$ 48,936,852	4.08 %	$ 34,308,375	2.72 %
Aaa	1,143,858,497	95.46 %	1,208,790,936	95.66 %
Aa	–	0.00 %	7,937,810	0.63 %
Not rated*	5,458,433	0.46 %	12,520,819	0.99 %
	$ 1,198,253,782	100.00 %	$ 1,263,557,940	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, 2023 and 2022, 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, 2023 and 2022, the University held no investments in foreign currency.

Securities Lending Program
As of September 30, 2023 and 2022, there was no participation in any securities lending programs.

Interest Sensitive Securities
As of September 30, 2023, the University held investments totaling $12,104,622 in mortgage-backed securities. As of September 30, 2022, the University held investments in mortgage-backed securities totaling $13,864,536. As of September 30, 2023 and 2022, 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, 2023 and 2022, the Cash Pool held $323,653,634 and $351,778,140, representing 18.67% and 21.78%, 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, 2023 and 2022, 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, 2023, as follows: $194,334,311, 2020C General Fee Bond proceeds and $61,139,297, 2018A General Fee Bond proceeds, and $20,477,636, Deferred Maintenance Building Fund. The General Liability Account holds investments of $5,674,084.

At September 30, 2022, funds held for pending capital expenditures were as follows: $192,039,450 in 2020C General Fee Bond proceeds, $74,748,370 in 2018A General Fee Bond proceeds and $17,373,994 in the Deferred Maintenance Building Fund. The General Liability Account held investments of $5,618,429.

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, 2023 and 2022. 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, 2023 and 2022, 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, 2023

Types of Investments	Total Fair Value	Level 1	Level 2	Level 3
Cash and Pooled Investments	$ 9,249,343	$ 9,249,343	$ –	$ –
Fixed Maturity	1,198,253,782	5,032	1,198,248,750	–
Global Equities	2,698,221	2,698,221	–	–
Real Estate	740,750	–	–	740,750
Mutual Funds	73,652,653	73,652,653	–	–
Total investments in the fair value hierarchy	$ 1,284,594,749	$ 85,605,249	$ 1,198,248,750	$ 740,750
Investments measured at NAV	243,924,331			
Money Market	5,354,687			
Cash Surrender Value-Life Insurance	551,810			
Operating and noncurrent investments	$ 1,534,425,577			

Auburn University Investments
Investments at Fair Value
September 30, 2022

Types of Investments	Total Fair Value	Level 1	Level 2	Level 3
Cash and Pooled Investments	$ 3,305,681	$ 3,305,681	$ –	$ –
Fixed Maturity	1,263,557,940	432,640	1,263,125,300	–
Global Equities	2,319,360	2,319,360	–	–
Real Estate	740,750	–	–	740,750
Mutual Funds	70,312,526	70,312,526	–	–
Total investments in the fair value hierarchy	$ 1,340,236,257	$ 76,370,207	$ 1,263,125,300	$ 740,750
Investments measured at NAV	227,547,363			
Money Market	6,230,453			
Cash Surrender Value-Life Insurance	955,706			
Operating and noncurrent investments	$ 1,574,969,779			

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, 2023

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	$ 3,389,858	$ –	N/A	Daily	3 business days	N/A
Global Bond Fund	9,835,693	–	N/A	Semi-Monthly	5 business days	N/A
Business Trust Funds and Common Trust Funds	23,683,565	–	N/A	Monthly	6 - 10 business days	N/A
Emerging Markets Equity Fund	8,771,733	–	N/A	Monthly	7 calendar days	N/A
Global Equity Hedge Fund	54,254,033	–	N/A	Quarterly	60 days	N/A
International Equity Hedge Fund	1,127,363			Monthly	30 days	N/A
Global Long/Short Hedge Funds	15,265,737	–	N/A	Quarterly, Semi-Annually	45 - 60 days	N/A
Absolute Return Hedge Funds	23,606,744	–	N/A	Quarterly, Annually	60 - 90 days	N/A
Private Equity Funds	64,291,610	30,159,021	None - 14 yrs	Illiquid	Illiquid	N/A
Real Asset Investment Funds	39,697,995	28,051,700	None - 12 yrs	Monthly or Illiquid	15 days, Illiquid	N/A
Total	$243,924,331	$ 58,210,721				
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, 2022

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	$ 3,117,926	$ –	N/A	Daily	3 business days	N/A
Global Bond Fund	9,519,292	–	N/A	Semi-Monthly	5 business days	N/A
Business Trust Funds and Common Trust Funds	19,284,270	–	N/A	Monthly	6 - 10 business days	N/A
Emerging Markets Equity Fund	7,288,233	–	N/A	Monthly	7 calendar days	N/A
Global Equity Hedge Fund	43,233,648	–	N/A	Quarterly	60 days	N/A
International Equity Hedge Fund	1,000,000	–		Monthly	30 days	N/A
Global Long/Short Hedge Funds	16,740,287	–	N/A	Quarterly, Semi-Annually	45 - 60 days	N/A
Absolute Return Hedge Funds	22,706,418	–	N/A	Quarterly, Annually, Biennially	60 - 90 days	9 months
Private Equity Funds	67,009,212	27,526,520	None - 12 yrs	Illiquid	Illiquid	N/A
Real Asset Investment Funds	37,648,077	26,769,476	None - 11 yrs	Monthly or Illiquid	15 days, Illiquid	N/A
Total	$227,547,363	$ 54,295,996				
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, 64% developed international and 35% 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.

The international equity hedge fund includes investments in non US equity developed core equity securities. Management of the hedge fund's stated process is a research-intensive, fundamentally driven, flexible approach to investing. The fund's portfolio holds between 30-60 stocks that represent the fund's quality threshold and assessment of intrinsic value.

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, 2023 and 2022, include the following:

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
Cash and pooled investments	$ 7,286,769	$ 7,286,769	$ 14,789,238	$ 14,789,238
Government bonds, notes and other securities	61,600,307	61,377,318	56,516,947	59,690,283
Mutual Funds	255,749,810	210,773,656	217,557,835	201,338,720
Business and Common trust funds and partnerships	63,278,104	49,920,314	54,576,273	51,671,135
Other investments	3,379,696	2,607,245	3,369,350	2,630,809
Hedge funds	198,081,442	78,241,834	173,785,704	81,503,277
Private equity funds	132,264,581	98,893,117	133,362,662	87,055,813
Real asset investment funds	85,117,778	84,755,757	78,424,040	75,818,662
Total investments	$ 806,758,487	$ 593,856,010	$ 732,382,049	$ 574,497,937

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 58% domestic equities, 23% international equities and 19% fixed income as of September 30, 2023. Underlying holdings as of September 30, 2022, were 57% domestic equities, 22% international equities and 21% fixed income. AUF invests in business and common trust funds and partnerships with underlying holdings in international and emerging market equities. These investments, reported at NAV in the AUF Statement of Financial Position, 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, 2023, AUF had entered into subscription agreements with 88 limited partnership investments. The aggregate amount of capital committed to these investments is $488,927,494 of which capital contributions of $343,315,681 have been invested. A cumulative net unrealized gain of $153,573,093 has been recorded on these investments. Of these 88 commitments, nine subscriptions relate to hedge funds, 46 subscriptions relate to private equity funds, and 33 subscriptions relate to real asset investment 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 $526,925,034 and $503,127,927 and the fair value was $739,494,974 and $662,251,885 at September 30, 2023 and 2022, respectively. The portion of endowment income received by the University from these funds was $24,646,892 and $21,916,617 for the fiscal years ended September 30, 2023 and 2022, 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 $2,583,927 and $2,844,209 and a market value of $3,389,858 and $3,117,926 at September 30, 2023 and 2022, 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, 2023 and 2022. The income received from the two trusts was $56,339 and $91,595 for the fiscal years ended September 30, 2023 and 2022, respectively.

(6) ACCOUNTS RECEIVABLE

Accounts receivable and the allowances for doubtful accounts at September 30, 2023 and 2022, are summarized as follows:

	2023	2022
NONSTUDENT ACCOUNTS RECEIVABLE		
Federal, state & local government, and other restricted expendable	$ 47,536,942	$ 40,526,941
Less allowance for doubtful accounts	(2,204,648)	(1,425,683)
Pledged receivables	689,209	518,346
General	23,063,572	20,004,675
Less allowance for doubtful accounts	(13,276,146)	(13,533,076)
Auxiliary	35,558,552	36,163,205
Capital gifts and grants	1,388,626	144,209
Total nonstudent accounts receivable	$ 92,756,107	$ 82,398,617

	2023	2022
STUDENT ACCOUNTS RECEIVABLE		
Unrestricted general	$ 50,480,491	$ 44,926,767
Less allowance for doubtful accounts	(2,739,472)	(2,248,300)
Unrestricted auxiliary	8,497,859	6,858,782
Less allowance for doubtful accounts	(222,415)	(156,654)
Total student accounts receivable	$ 56,016,463	$ 49,380,595

(7) CAPITAL ASSETS

Capital assets at September 30, 2023 and 2022, are summarized as follows (dollars in thousands):

	September 30, 2022	Additions/Transfers	Deletions/Transfers	September 30, 2023
Capital assets not being depreciated or amortized				
Land	$ 42,231	$ 803	$ –	$ 43,034
Art & collectibles	14,539	279	(10)	14,808
Construction in progress	148,681	138,623	(191,089)	96,215
Livestock	3,293	2,901	(2,422)	3,772
Other non-current assets	174	–	–	174
Total capital assets not being depreciated or amortized	208,918	142,606	(193,521)	158,003
Capital assets being depreciated or amortized				
Land improvements	185,292	1,434	(73)	186,653
Buildings	2,392,911	121,967	(13,969)	2,500,909
Equipment	348,481	44,620	(20,032)	373,069
Infrastructure	284,583	22,309	(10,789)	296,103
Library books	197,268	–	(6)	197,262
Software system implementation	16,016	–	–	16,016
Right of use assets	59,348	4,373	(48)	63,673
Right of use assets-Component Units	53,791	1,384	(1,120)	54,055
Right of use assets-Subscriptions	24,505	10,989	–	35,494
Total capital assets being depreciated or amortized	3,562,195	207,076	(46,037)	3,723,234
Less accumulated depreciation and amortization for				
Land improvements	104,395	9,355	(39)	113,711
Buildings	764,547	55,928	(9,947)	810,528
Equipment	216,598	28,176	(17,683)	227,091
Infrastructure	133,365	10,260	(9,052)	134,573
Library books	185,726	2,656	(6)	188,376
Software system implementation	15,042	519	–	15,561
Right of use assets	15,230	12,001	(37)	27,194
Right of use assets-Component Units	3,752	1,800		5,552
Right of use assets-Subscriptions	4,383	7,897	–	12,280
Total accumulated depreciation and amortization	1,443,038	128,592	(36,764)	1,534,866
Total capital assets being depreciated or amortized, net	2,119,157	78,484	(9,273)	2,188,368
Capital assets, net	$ 2,328,075	$ 221,090	$ (202,794)	$ 2,346,371

Capital assets at September 30, 2022 and 2021, are summarized as follows (dollars in thousands):

	September 30, 2021	Additions/Transfers	Deletions/Transfers	September 30, 2022
Capital assets not being depreciated or amortized				
Land	$ 40,741	$ 1,490	$ –	$ 42,231
Art & collectibles	13,813	735	(9)	14,539
Construction in progress	169,819	222,043	(243,181)	148,681
Livestock	2,632	3,512	(2,851)	3,293
Other non-current assets	174	–	–	174
Total capital assets not being depreciated or amortized	227,179	227,780	(246,041)	208,918
Capital assets being depreciated or amortized				
Land improvements	184,679	1,917	(1,304)	185,292
Buildings	2,210,429	198,354	(15,872)	2,392,911
Equipment	334,174	24,394	(10,087)	348,481
Infrastructure	280,317	8,732	(4,466)	284,583
Library books	197,917	–	(649)	197,268
Software system implementation	16,016	–	–	16,016
Right of use assets	34,588	24,760	–	59,348
Right of use assets-Component Units	51,456	2,335	–	53,791
Right of use assets-Subscriptions	–	24,505	–	24,505
Total capital assets being depreciated or amortized	3,309,576	284,997	(32,378)	3,562,195
Less accumulated depreciation and amortization for				
Land improvements	96,235	9,464	(1,304)	104,395
Buildings	729,338	51,041	(15,832)	764,547
Equipment	196,585	27,187	(7,174)	216,598
Infrastructure	127,202	10,713	(4,550)	133,365
Library books	183,719	2,656	(649)	185,726
Software system implementation	14,885	157	–	15,042
Right of use assets	7,356	7,874	–	15,230
Right of use assets-Component Units	1,801	1,951	–	3,752
Right of use assets-Subscriptions	–	4,383	–	4,383
Total accumulated depreciation and amortization	1,357,121	115,426	(29,509)	1,443,038
Total capital assets being depreciated or amortized, net	1,952,455	169,571	(2,869)	2,119,157
Capital assets, net	$ 2,179,634	$ 397,351	$ (248,910)	$ 2,328,075

During the fiscal years ended September 30, 2023 and 2022, approximately $12.5 million and $0, respectively, was received from the State of Alabama to fund construction. These revenues are classified as Capital appropriations on the Statement of Revenues, Expenses and Changes in Net Position.

The University's net right-of-use assets, categorized by classification of the underlying leased asset, are as follows:

	September 30, 2023	September 30, 2022
Buildings	$ 76,321,701	$ 86,876,959
Equipment	7,203,290	5,319,357
Land	751,954	1,154,399
SBITAs	23,213,551	20,121,501
Other	705,100	806,432
Right of use assets, net	$ 108,195,596	$ 114,278,648

(8) DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources are a consumption of net position that are applicable to a future reporting period. In 2012, 2014, 2015, 2016, 2020 and 2022, 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, 2023	September 30, 2022
Loss on refunding of bonds		
2012B General Fee refunding	$ 10,452	$ 31,888
2014A General Fee refunding	358,919	663,062
2015A General Fee refunding	4,696,151	5,192,197
2015B General Fee refunding	1,656,180	1,952,979
2016A General Fee refunding	17,404,073	19,204,595
2020A General Fee refunding	194,258	340,648
2020B General Fee refunding	1,961,829	2,474,155
2022A General Fee refunding	946,169	1,118,626
Total loss on refunding of bonds	27,228,031	30,978,150
Pension and OPEB	503,446,331	398,047,748
Total deferred outflows of resources	$ 530,674,362	$ 429,025,898

(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, 2022	Principal New Debt	Repayment	Balance at September 30, 2023
2012B General Fee Revenue Bonds, $3,505,000 face value, 2.9%, due annually through 2024.	$ 1,970,000	$ –	$ (970,000)	$ 1,000,000
2014A General Fee Revenue Bonds, $66,415,000 face value, 2.0% to 5.0%, due annually through 2035.	27,855,000	–	(6,860,000)	20,995,000
2015A General Fee Revenue Bonds, $116,190,000 face value, 2.0% to 5.0%, due annually through 2038.	95,660,000	–	(320,000)	95,340,000
2015B General Fee Revenue Bonds, $38,700,000 face value, 2.0% to 5.0%, due annually through 2035.	36,895,000	–	(190,000)	36,705,000
2016A General Fee Revenue Bonds, $217,930,000 face value, 1.5% to 5.0%, due annually through 2041.	202,250,000	–	(3,120,000)	199,130,000
2018A General Fee Revenue Bonds, $216,865,000 face value, 2.0% to 5.0%, due annually through 2048.	201,675,000	–	(3,945,000)	197,730,000
2020A General Fee Revenue Bonds, $35,560,000 face value, 5.0%, due annually from 2021 through 2026.	24,845,000	–	(5,765,000)	19,080,000
2020B General Fee Revenue Bonds, $104,770,000 face value, 1.491% to 2.763%, due annually from 2021 through 2042.	95,305,000	–	(11,040,000)	84,265,000
2020C General Fee Revenue Bonds, $300,000,000 face value, 0.447% to 2.681%, due annually from 2022 through 2050.	291,900,000	–	(8,135,000)	283,765,000
2021A General Fee Revenue Bonds, $28,177,000 face value, 0.86%, due annually from 2022 through 2026.	25,954,000	–	(2,259,000)	23,695,000
2022A General Fee Revenue Bonds, $31,495,000 face value, 2.80%, due annually from 2023 through 2035.	31,495,000	–	(245,000)	31,250,000
Notes payable	3,125,000	–	–	3,125,000
Total bonds and notes payable	1,038,929,000	–	(42,849,000)	996,080,000
Plus: unamortized bond premium	52,157,193	–	(6,077,897)	46,079,296
	$ 1,091,086,193	$ –	$ (48,926,897)	$ 1,042,159,296
Less: current portion				
Bonds payable	(42,849,000)			(44,239,000)
Unamortized bond premium	(6,077,897)			(5,580,339)
Total noncurrent bonds and notes payable	$ 1,042,159,296			$ 992,339,957

Bonds and notes payable	Balance at September 30, 2021	Principal New Debt	Repayment	Balance at September 30, 2022
2012A General Fee Revenue Bonds, $120,135,000 face value, 2.0% to 5.0%, due annually through 2042.	$ 3,140,000	$ –	$ (3,140,000)	$ –
2012B General Fee Revenue Bonds, $3,505,000 face value, 2.9%, due annually through 2024.	2,915,000	–	(945,000)	1,970,000
2014A General Fee Revenue Bonds, $66,415,000 face value, 2.0% to 5.0%, due annually through 2035.	59,305,000	–	(31,450,000)	27,855,000
2015A General Fee Revenue Bonds, $116,190,000 face value, 2.0% to 5.0%, due annually through 2038.	100,655,000	–	(4,995,000)	95,660,000
2015B General Fee Revenue Bonds, $38,700,000 face value, 2.0% to 5.0%, due annually through 2035.	37,680,000	–	(785,000)	36,895,000
2016A General Fee Revenue Bonds, $217,930,000 face value, 1.5% to 5.0%, due annually through 2041.	204,665,000	–	(2,415,000)	202,250,000
2018A General Fee Revenue Bonds, $216,865,000 face value, 2.0% to 5.0%, due annually from 2019 through 2048.	205,435,000	–	(3,760,000)	201,675,000
2020A General Fee Revenue Bonds, $35,560,000 face value, 5.0%, due annually from 2021 through 2026.	30,335,000	–	(5,490,000)	24,845,000
2020B General Fee Revenue Bonds, $104,770,000 face value, 1.491% to 2.763%, due annually from 2021 through 2042.	102,960,000	–	(7,655,000)	95,305,000
2020C General Fee Revenue Bonds, $300,000,000 face value, 0.447% to 2.681%, due annually from 2022 through 2050.	300,000,000	–	(8,100,000)	291,900,000
2021A General Fee Revenue Bonds, $28,177,000 face value, 0.86%, due annually from 2022 through 2026.	28,177,000	–	(2,223,000)	25,954,000
2022A General Fee Revenue Bonds, $31,495,000 face value, 2.80%, due annually from 2023 through 2035.	–	31,495,000	–	31,495,000
Notes payable	3,125,000	–	–	3,125,000
Total bonds and notes payable	1,078,392,000	31,495,000	(70,958,000)	1,038,929,000
Plus: unamortized bond premium	60,219,854	–	(8,062,661)	52,157,193
	$ 1,138,611,854	$ 31,495,000	$ (79,020,661)	$ 1,091,086,193
Less: current portion				
Bonds payable	(41,273,000)			(42,849,000)
Unamortized bond premium	(6,891,745)			(6,077,897)
Total noncurrent bonds and notes payable	$ 1,090,447,109			$ 1,042,159,296

The University has outstanding bonds payable and notes from direct borrowings totaling $992,955,000 and $3,125,000 and $1,035,804,000 and $3,125,000 at September 30, 2023 and 2022, 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 April 29 2022, the University issued the 2022A General Fee Bonds with a par value of $31,495,000 and an interest rate of 2.8% to refund $29,685,000 of outstanding bonds with interest rates ranging from 3.375% to 5.0%. The portion of the net proceeds of the new bond issue to be used for refunding were deposited in an irrevocable trust with an escrow agent and were 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 $1,291,082 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 13 years by $22,471,730 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 $19,267,534.

Future Debt Service
Future debt service payments for each of the five fiscal years subsequent to September 30, 2023 and thereafter, are as follows:

Year Ending September 30	Bonds Payable	
	Principal	Interest
2024	$ 44,239,000	$ 35,315,385
2025	45,448,000	33,951,676
2026	63,938,000	32,369,345
2027	39,195,000	30,740,615
2028	40,415,000	29,414,808
2029-2033	224,110,000	124,368,405
2034-2038	236,100,000	82,590,091
2039-2043	147,025,000	42,863,267
2044-2048	124,525,000	18,375,384
2049-2053	27,960,000	1,129,372
Total future debt service	$ 992,955,000	$ 431,118,348

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

Lease and SBITA 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.

During fiscal year 2022, the University adopted Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases* ("GASB 87"), which establishes a single model for lease accounting based on the principle that leases serve to finance the right to use an underlying asset. In accordance with GASB 87, the University records right-of-use assets and lease liabilities based on the present value of expected payments over the lease term of the respective leases. The expected payments are discounted using the interest rate stated in the lease, if available or are otherwise discounted using an estimated incremental borrowing rate. The University does not have any leases with payments tied to an index or market rate nor does it have any leases subject to a residual value guarantee. See Note 7 for information on leased assets and associated accumulated amortization.

During fiscal year 2023, the University adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* ("GASB 96"), which establishes that a subscription-based IT arrangement results in a right-to-use subscription asset and a corresponding subscription liability. In accordance with GASB 96, the University records right-of-use subscription liabilities at the present value of the subscription payments expected to be made over the subscription term. Subscription assets are recorded as the sum of the subscription liability, payments made to the SBITA vendor before the commencement of the subscription term, and capitalizable implementation costs, net of any incentives received from the vendor. The asset and liability are discounted using the interest rate stated in the subscription agreement, if available, or are otherwise discounted using an estimated incremental borrowing rate. Payments made to the subscription vendor prior to the commencement of the subscription term are reported as a prepaid asset until the subscription term begins. At September 30, 2023 and September 30, 2022, the University reported $1.9 million and $0.4 million in prepaid SBITA assets, respectively.

See Note 7 for information on subscription assets and associated accumulated amortization.

The following table shows future commitments for leases and SBITAs having remaining terms in excess of one year as of September 30, 2023:

Lease and SBITA Obligations	Balance at September 30, 2022	New Lease and SBITA Obligations	Principal Repayment	Balance at September 30, 2023
Lease obligations	$ 44,110,129	$ 4,194,528	$ (12,402,787)	$ 35,901,870
Lease obligations - component units	52,058,835	1,383,992	(1,773,131)	51,669,696
Auburn University Educational Complex lease	9,070,000	–	(205,000)	8,865,000
Subscription-based IT arrangements	17,550,426	10,868,859	(9,013,489)	19,405,796
Total lease and SBITA obligations	$ 122,789,390	$ 16,447,379	$ (23,394,407)	$ 115,842,362
Plus: Unamortized premium	553,992	–	(45,201)	508,791
	123,343,382	16,447,379	(23,439,608)	116,351,153
Less: Current portion				
Lease payable	(12,974,042)			(13,147,814)
Unamortized premium	(45,201)			(42,536)
Subscription-based IT arrangements	(6,549,625)			(8,045,110)
Total noncurrent lease and SBITA obligations	$ 103,774,514			$ 95,115,693

Lease and SBITA Obligations	Balance at September 30, 2021	New Lease and SBITA Obligations	Principal Repayment	Balance at September 30, 2022
Lease obligations	$ 27,867,330	$ 24,893,412	$ (8,650,613)	$ 44,110,129
Lease obligations - component units	50,546,350	2,335,250	(822,765)	$ 52,058,835
Auburn University Educational Complex lease	9,270,000	–	(200,000)	9,070,000
Subscription-Based IT Arrangements	–	24,504,856	(6,954,430)	17,550,426
Total lease and SBITA obligations	$ 87,683,680	$ 51,733,518	$ (16,627,808)	$ 122,789,390
Plus: Unamortized premium	602,226	–	(48,234)	553,992
	88,285,906	51,733,518	(16,676,042)	123,343,382
Less: Current portion				
Lease payable	(8,248,560)			(12,974,042)
Unamortized premium	(48,233)			(45,201)
Subscription-Based IT Arrangements	–			(6,549,625)
Total noncurrent lease and SBITA obligations	$ 79,989,113			$ 103,774,514

Minimum lease and SBITA payments are shown in the table below:

Year Ending September 30	Principal	Interest	Total
2024	$ 21,192,924	$ 3,059,227	$ 24,252,151
2025	16,477,497	2,560,978	19,038,475
2026	11,068,301	2,218,470	13,286,771
2027	8,406,038	1,957,994	10,364,032
2028	2,341,470	1,832,754	4,174,224
2029-2033	4,457,500	8,642,383	13,099,883
2034-2038	5,417,606	7,819,286	13,236,892
2039-2043	7,585,665	6,690,829	14,276,494
2044-2048	9,628,091	5,197,305	14,825,396
2049-2053	9,996,142	3,665,422	13,661,564
2054-2058	13,130,809	1,933,981	15,064,790
2059-2063	6,140,319	176,118	6,316,437
Total future minimum lease and SBITA payments	$ 115,842,362	$ 45,754,747	$ 161,597,109

(10) PLEDGED REVENUES

Pledged revenues for the years ended September 30, 2023 and 2022 as defined by the University's original and supplemental bond indentures are as follows:

	2023	2022
General Fees, net of fees pledged for specific purposes	$ 640,170,812	$ 623,911,862
Housing and Dining Revenues	59,840,937	60,028,863
Athletic Program Revenues	173,321,239	126,374,551
Total Pledged Revenues	$ 873,332,988	$ 810,315,276

The "Pledged Revenues" consist of (1) the general tuition fees (the "General Fees") levied by the University, except for any such fees designated for another specific purpose by a resolution of the Board of Trustees. General Fees also includes special student fees (the "Pledged Student Fees") levied for a specific purpose and specifically pledged as security for bonds issued under the Indenture, (2) the gross revenues derived by the University from the operation of the housing and dining facilities owned by the University (the "Housing and Dining Revenues") and (3) the gross revenues (including, without limitation, a portion of certain student fees) derived by the University from its intercollegiate athletic programs (the "Athletic Program Revenues"). The University has reserved the right to issue bonds secured by a pledge of the General Fees levied against student on the AUM campus, the Housing and Dining Revenues and/or the Athletic Program Revenues that is prior to the lien securing bonds issued under the Indenture, subject to satisfaction of a debt service coverage test set forth in the 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 6.2% 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	2023 Tier 1 / Tier 2	2022 Tier 1 / Tier 2	2021 Tier 1 / Tier 2
Total percentage of covered payroll contributions:	20.09% / 17.64%	19.93% / 17.52%	19.86% / 17.22%
Percentage contributed by the employer	12.59% / 11.44%	12.43% / 11.32%	12.36% / 11.22%
Percentage contributed by the employees	7.50% / 6.20%	7.50% / 6.20%	7.50% / 6.00%
Contributed by the employer	$ 65,601,006	$ 59,826,466	$ 57,486,747
Contributed by the employees	37,312,368	34,579,013	$ 33,171,022
Total contributions	$ 102,913,374	$ 94,405,479	$ 90,657,769

The University reported a liability of $993,697,000 and $619,533,000 as of September 30, 2023 and 2022, respectively, for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2022 and 2021, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2021 and 2020, 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, 2022 and 2021, the University's proportion was 6.394119% and 6.576565%, respectively, which was a decrease of 0.182466% and an decrease of 0.101005% from its proportion measured as of September 30, 2021 and 2020, respectively.

For the years ended September 30, 2023 and 2022, the University recognized pension expense of $128,715,999 and $69,297,000, respectively.

At September 30, 2023, 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	$ 21,844,000	$ 24,114,000
Changes of assumptions	45,091,000	–
Net difference between projected and actual earnings on pension plan investments	199,403,000	–
Changes in proportion and differences between Employer contributions and proportionate share of contributions	12,493,000	23,733,000
Employer contributions subsequent to the measurement date	65,601,006	–
	$ 344,432,006	$ 47,847,000

$65,601,006 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, 2024. 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:	
2024	$ 69,006,000
2025	$ 54,012,000
2026	$ 32,187,000
2027	$ 75,779,000
2028	$ –

Actuarial Assumptions

The total pension 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:

Actuarial Assumptions	
Inflation	2.50%
Investment rate of return*	7.45%
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 Pub-2010 Teacher tables with the following adjustments, projected generationally using scale MP-2020 adjusted by 66-2/3% beginning with year 2019.

Group	Membership Table	Set Forward (+)/ Setback (-)	Adjustment to Rates
Service Retirees	Teacher Retiree - Below Median	Male: +2 Female: +2	Male: 108% ages < 63, 96% ages > 67 Phasing down 63-67 Female: 112% ages < 69, 98% > 74 Phasing down 69-74
Beneficiaries	Contingent Survivor Below Median	Male: +2 Female: None	None
Disabled Retirees	Teacher Disability	Male: +8 Female: +3	None

The actuarial assumptions used in the September 30, 2021 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, 2020. The Board of Control accepted and approved these changes in September 2021 which became effective at the beginning of fiscal year 2021.

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	15.0 %	2.8%
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 %	9.0%
Real Estate	10.0 %	6.5%
Cash	5.0 %	2.5%
	100.0 %	

*Includes assumed rate of inflation of 2.50%

Discount Rate

The discount rate used to measure the total pension liability was 7.45%. 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 7.45% 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 (6.45%) or one percentage point higher (8.45%) than the current rate:

	1.00% Decrease (6.45%)	Current Discount Rate (7.45%)	1.00% Increase (8.45%)
Employers' proportionate share of the collective net pension liability	$ 1,285,801,000	$ 993,697,000	$ 747,653,000

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, 2022. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2022. 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 15 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, 2022, the University had 243 retired members or their beneficiaries currently receiving benefits, no inactive members, no active members, and one post-Deferred Retirement Option Plan (DROP) retired member 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 3.10% 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	2023	2022	2021
	Tier 1 / Tier 2	Tier 1 / Tier 2	Tier 1 / Tier 2
Total percentage of covered payroll contributions:	5,077.75% / 5,077.00%	5,164.25% / 5,163.50%	2,747.75% / 2,746.75%
Percentage contributed by the employer	5,074.00% / 5,074.00%	5,160.50% / 5,160.50%	2,744.00% / 2,743.75%
Percentage contributed by the employees	3.75% / 3.00%	3.75% / 3.00%	3.75% / 3.00%
Contributed by the employer	$ 5,112,053	$ 4,946,674	$ 5,531,554
Contributed by the employees	3,778	4,750	10,045
Total contributions	$ 5,115,831	$ 4,951,424	$ 5,541,599

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, 2023, the University's active employee contribution rate was 5,074.00% of covered payroll.

The University's contractually required contribution rate for the year ended September 30, 2023, was 5,074.00% of pensionable pay. These required contribution rates are based upon the actuarial valuation dated September 30, 2020, 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 $5,112,053 for the year ended September 30, 2023.

Net Pension Liability

The University's net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2021 and rolled forward to September 30, 2022, using standard roll-forward techniques as shown in the following table:

Total Pension Liability	Expected	Actual Before Plan Changes	Actual After Plan Changes
(a) Total Pension Liability as of September 30, 2021	$ 36,926,014	$ 36,210,328	$ 36,210,328
(b) Discount rate	7.45 %	7.45 %	7.45 %
(c) Entry Age Normal Cost for the period October 1, 2021 - September 30, 2022	$ –	$ –	$ –
(d) Transfers Among Employers	$ –	$ –	$ –
(e) Actual Benefit Payments and Refunds for the period October 1, 2021 - September 30, 2022	$ (4,590,778)	$ (4,590,778)	$ (4,590,778)
(f) Total Pension Liability as of September 30, 2022 [(a)x(1+(b))]+(c)+(d)+[(e)x(1+.05*(b))]	$ 34,915,218	$ 34,146,213	$ 34,146,213
(g) Difference between Expected and Actual		$ (769,005)	
(h) Less Liability Transferred for Immediate Recognition		$ –	
(i) Experience (Gain)/Loss = (g)-(h)		$ (769,005)	
(j) Difference between Actual TPL Before and After Plan Changes - Benefit Change (Gain)/Loss			$ –

Actuarial Assumptions

The total pension liability in the actuarial valuation prepared as of September 30, 2022 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions	
Inflation	2.50%
Salary increases	3.25%-6.00%
Investment rate of return*	7.45%

*Net of pension plan investment expense

Mortality rates were based on the Pub-2010 Below-Median Tables, projected generationally using the MP-2020 scale, which is adjusted by 66-2/3% beginning with year 2019:

Group	Member-ship Table	Set Forward (+)/ Setback (-)	Adjustment to Rates
Non-FLC Service Retirees	General Healthy Below Median	Male: +2 Female: +2	Male: 90% ages < 65, 96 % ages >= 65 Female: 96% all ages
Beneficiaries	Contingent Survivor Below Median	Male: +2 Female: +2	None
Non-FLC Disabled Retirees	General Disability	Male: +7 Female: +3	None

The actuarial assumptions used in the September 30, 2021 valuation were based on the results of an actuarial experience study for the period October 1, 2015 - September 30, 2020.

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	15.0%	2.8%
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%	9.0%
Real Estate	10.0%	6.5%
Cash	5.0%	1.5%
	100.0%	

*Includes assumed rate of inflation of 2.50%

Discount Rate

The discount rate used to measure the total pension liability was the long term rate of return, 7.45%. 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, 2021	$ 36,926,014	$ 1,434,484	$ 35,491,530
Changes for the year:			
Service cost	–	–	–
Interest	2,579,982	–	2,579,982
Changes of assumptions	–	–	–
Differences between expected and actual experience	(769,005)	–	(769,005)
Contributions - employer	–	4,946,145	(4,946,145)
Contributions - employees	–	4,750	(4,750)
Net Investment Income	–	(206,482)	206,482
Benefit payments, including refunds of employee contributions	(4,590,778)	(4,590,778)	–
Administrative expense	–	–	–
Transfers among employers	–	–	–
Net changes	(2,779,801)	153,635	(2,933,436)
Balance at September 30, 2022	$ 34,146,213	$ 1,588,119	$ 32,558,094

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 7.45%, 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 (6.45%) or one percentage point higher (8.45%) than the current rate:

	1.00% Decrease (6.45%)	Current Discount Rate (7.45%)	1.00% Increase (8.45%)
Employers' proportionate share of the collective net pension liability	$ 34,758,860	$ 32,558,094	$ 30,608,192

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, 2022 and 2021. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2022 and 2021. 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, 2023 and 2022, the University recognized pension expense of $1,720,460 and $3,433,999, respectively. At September 30, 2023, 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	171,018	–
Employer contributions subsequent to the measurement date	5,112,053	–
	$ 5,283,071	$ –

$5,112,053 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, 2024. 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:	
2024	$ 35,221
2025	$ 35,221
2026	$ 35,223
2027	$ 65,353
2028	$ –

	Pension Expense
Service Cost	$ –
Interest on the total pension liability	2,579,982
Current-period benefit changes	–
Expensed portion of current-period difference between expected and actual experience in total pension liability	(769,005)
Expense portion of current-period changes of assumptions	–
Member contributions	(4,750)
Projected earnings on plan investments	(120,283)
Expensed portion of current-period differences between actual and projected earnings on plan investments	65,353
Transfers among employers	–
Recognition of beginning deferred outflows of resources as pension expense	–
Recognition of beginning deferred inflows of resources as pension expense	(30,837)
Pension Expense (Income)	$ 1,720,460

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, 2023 and 2022, 3,405 and 3,584 employees, respectively, participated in the tax deferred annuity program. Contributions for 2023 were $25,406,817, which includes $5,164,442 from the University and $20,242,375 from its employees. Contributions for 2022 were $25,108,323, which includes $5,367,341 from the University and $19,740,982 from its employees.

Total salaries and wages during the fiscal year for covered employees participating in the plan were $317,804,962 and $309,998,121 for the fiscal years ended September 30, 2023 and 2022, respectively.

D. Deferred Compensation Plans

The University follows the provisions of GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. As of September 30, 2023 and 2022, 296 and 300 employees, respectively, participated in the plans. Contributions of $3,916,377 and $3,929,792 for fiscal years 2023 and 2022, 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 , 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 Medical Plan. There is no premium required for this plan, and the plan covers most out-of-pocket expenses not covered by the primary plan. Members who are enrolled in the PEEHIP Hospital Medical Plan (Group 14000), VIVA Health Plan (offered through PEEHIP), Marketplace (Exchange) Plans, State Employees Insurance Board (SEIB), Local Government Board (LGB), Medicare, Medicaid, ALL Kids, Tricare, or Champus as their primary coverage, or are enrolled in a Health Savings

Account (HSA) or Health Reimbursement Arrangement (HRA), are not eligible to enroll in the PEEHIP Supplemental Plan. The plan cannot be used as a supplement to Medicare. Retired members who become eligible for Medicare are eligible to enroll in the PEEHIP Group Medicare Advantage (PPO) Plan or the Optional Coverage Plans.

Effective January 1, 2020, Medicare eligible members and Medicare eligible dependents covered on a retiree contract were enrolled in the Humana Group Medicare Advantage plan for PEEHIP retirees. Effective January 1, 2023, United Health Care (UHC) Group replaced the Humana contract. The MAPDP plan is fully insured by UHC and members are able to have all of their Medicare Part A, Part B, and Part D (prescription drug coverage) in one convenient plan. With the UHC plan for PEEHIP, retirees can continue to see their same providers with no interruption and see any doctor who accepts Medicare on a national basis. Retirees 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 $71,030,699 and $271,122,023 as of September 30, 2023 and September 30, 2022, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2021. 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, 2022, the University's proportion was 4.076488%, which was a decrease of 1.170887% from its proportion measured as of September 30, 2021.

The University recognized a reduction of OPEB expense of $29,057,317 and expense of $5,844,524 for the years ended September 30, 2023 and September 30, 2022, respectively, with no special funding situations. At September 30, 2023, 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	$ 3,257,751	$ 143,618,243
Changes of assumptions	57,615,601	103,389,460
Net difference between projected and actual earnings on OPEB plan investments	8,932,786	–
Changes in proportion and differences between Employer contributions and proportionate share of contributions	75,379,679	92,825,949
Employer contributions subsequent to the measurement date	8,545,444	–
	$ 153,731,261	$ 339,833,652

$8,545,444 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, 2024.

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:		
2024	$	(44,884,014)
2025	$	(45,134,418)
2026	$	(12,822,933)
2027	$	(21,093,601)
2028	$	(42,456,140)
Thereafter	$	(28,256,729)

Actuarial Assumptions

The total OPEB 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:

Inflation	2.50 %
Projected Salary Increases[1]	3.25% - 5.00%
Long-Term Investment Rate of Return[2]	7.00 %
Municipal Bond Index Rate at the Measurement Date	4.40 %
Municipal Bond Index Rate at the Prior Measurement Date	2.29 %
Projected Year for Fiduciary Net Position (FNP) to be Depleted	N/A
Single Equivalent Interest Rate at the Measurement Date	7.00 %
Single Equivalent Interest Rate at the Prior Measurement Date	3.97 %
Healthcare Cost Trend Rate	
Pre-Medicare Eligible	6.50 %
Medicare Eligible	**
Ultimate Trend Rate	
Pre-Medicare Eligible	4.50% in 2031
Medicare Eligible	4.50% in 2027

[1]Includes 2.75% wage inflation.
[2]Compounded annually, net of investment expense, and including inflation
**Initial Medicare claims are set based on scheduled increases through plan year 2022.

The rates of mortality are based on the Pub-2010 Public Mortality Plans Mortality Tables, adjusted generationally based on scale MP-2020, with an adjustment of 66-2/3% to the table beginning in year 2019. The mortality rates are adjusted forward and/or back depending on the plan and group covered, as shown in the table below.

Group	Member-ship Table	Set Forward (+)/Set Back (-)	Adjustment to Rates
Active Members	Teacher Employee Below Median	None	65%
Service Retirees	Teacher Below Median	Male: +2 Female: +2	Male: 108% ages <63, 96% ages >67; Phasing down 63-67 Female: 112% ages <69, 98% ages >74; Phasing down 69-74
Disabled Retirees	Teacher Disability	Male: +8 Female: +3	None
Beneficiaries	Teacher Contingent Survivor Below Median	Male: +2 Female: None	None

The decremental assumptions used in the valuation were selected based on the actuarial experience study prepared as of September 30, 2020, submitted to and adopted by the TRS Board on September 13, 2021.

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, 2021 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 2.5% 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 was 7.00%. 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. Currently, the monthly employer rate is $800 per active member for participating employers. Approximately 15.257% of the employer contributions were used to assist in funding retiree benefit payments in 2022 and it is assumed that the 15.257% will increase or decrease at the same rate as the expected benefit payments for the closed group with a cap of reaching 20.00%. It is assumed the $800 rate will increase with inflation at 2.50% starting in 2027. Retiree benefit payments for University members are paid by the Universities and are not included in the cash flow projection. 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. Projected future benefit payments for all current plan members are projected through 2120.

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 (5.50% decreasing to 3.50% for pre-Medicare, Known decreasing to 3.50% for Medicare Eligible)	Current Healthcare Trend Rate (6.50% decreasing to 4.50% for pre-Medicare, Known decreasing to 4.50% for Medicare Eligible)	1% Increase (7.50% decreasing to 5.50% for pre-Medicare, Known decreasing to 5.50% for Medicare Eligible)
Net OPEB Liability	$ 53,862,724	$ 71,030,699	$ 92,085,605

The following table presents the University's proportionate share of the net OPEB liability of the Trust calculated using the discount rate of 7.00%, 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 (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB Liability	$ 87,818,970	$ 71,030,699	$ 56,937,447

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, 2023. The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 2023. Additional financial and actuarial information is available at www.rsa-al.gov.

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 357 and 391 total participants as September 30, 2023 and 2022, 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 $574,345 and $674,961 for fiscal years ended September 30, 2023 and 2022, respectively. The retirees are responsible for funding approximately 40% of the healthcare premiums.

The University reported the Plan liability of $32,258,528 and $35,441,188 as of September 30, 2023 and 2022, respectively. The Plan liability was measured as of September 30, 2023, and the total Plan liability was determined by an actuarial valuation as of September 30, 2023.

The University recognized a reduction of expense of $973,301 and expense of $718,748 for fiscal years ended September 30, 2023 and 2022, respectively. At September 30, 2023, the University did not report deferred outflows of resources or deferred inflows of resources related to the Plan.

The total Plan liability was determined by an actuarial valuation as of September 30, 2023, 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, 2023	
Measurement date	September 30, 2023	
Measurement period	October 1, 2022 to September 30, 2023	
Reporting date	September 30, 2023	
Collection date of census data	October 1, 2023	

	Fiscal 2023 Valuation	Fiscal 2022 Valuation
Interest rate		
Discount rate	4.63%	4.40%
Expected long term rate of return	NA	NA
Municipal bond rate	4.63%	4.40%

Inflation	2.50% per year
Salary increase rate	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%.
Mortality table	Pub-2010 Public Retirement Plans General mortality table projected generationally with Scale MP-2021. Rationale: Most current mortality table and projection scale as issued by the Society of Actuaries.

Summary of Key Actuarial Methods and Assumptions

Health Care and Contribution Trend Rate

Fiscal Year End	Medical Rate
2023	7.50%
2024	7.35%
2025	7.20%
2026	7.05%
2027	6.90%
2028	6.75%
2029	6.60%
2030	6.45%
2031	6.30%
2032	6.15%
2033	6.00%
2034	5.85%
2035	5.70%
2036	5.55%
2037	5.40%
2038	5.25%
2039	5.10%
2040	4.95%
2041	4.80%
2042	4.65%
2043+	4.50%

Ultimate medical trend rate is based on 2.50% long-term inflation, 1.00% real GDP growth and 1.00% medical technology.

Participation

100%. Rationale: Based upon actual and future anticipated experience.

Lapse rate

0% of current and future retirees are assumed to lapse coverage per year. Rationale: Based upon actual and future anticipated experience.

Spousal coverage

0% of future retirees are assumed to be married and elect spousal coverage upon retirement. Rationale: Based upon actual and future anticipated experience.

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%

Rationale: Based upon actual and future anticipated experience.

Summary of Key Actuarial Methods and Assumptions

Rates of withdrawal	None. Rationale: Based upon a very small number of active participants.
Rates of disability	None. Rationale: Based upon a very small number of active participants.
October 1, 2023 Annual Medical Per Capita Costs	

Age	Cost
55	$11,688
60	$14,321
64	$17,135
65	$5,953
70	$7,269
75	$7,915
80	$8,221
85	$8,057

Changes in Key Actuarial Assumptions and Methods from Prior Valuation

Interest rate	The discount rate was updated from 4.40% as of September 30, 2022 to 4.63% as of September 30, 2023.
Trend rates	The medical trend rate table was reset in fiscal year 2023.

Changes in the Net Plan Liability

	Total Plan Liability (a)	Plan Fiduciary Position (b)	Net Plan Liability (a)-(b)
Balances at September 30, 2022	$ 35,441,188	$ –	$ 35,441,188
Changes for the Year			
Service Cost	1,557	–	1,557
Interest on the total Plan Liability	1,510,875	–	1,510,875
Differences between expected and actual experience	(2,183,739)	–	(2,183,739)
Changes in plan provisions	–	–	–
Employer contributions	–	2,209,360	(2,209,360)
Changes in assumptions	(301,993)	–	(301,993)
Net investment income	–	–	–
Benefits payments	(2,209,360)	(2,209,360)	–
Administrative expense	–	–	–
Other changes	–	–	–
Net Changes	(3,182,660)	–	(3,182,660)
Balances at September 30, 2023	$ 32,258,528	$ –	$ 32,258,528

The discount rate used to measure the Plan liability at September 30, 2023 was 4.63%.

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	$29,580,773	$32,258,528	$35,323,676

The following table presents the net Plan liability using the discount rate of 4.63%, 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 (3.63%)	Discount Rate (4.63%)	1% Increase (5.63%)
Net OPEB Liability (Asset)	$35,587,151	$32,258,528	$29,415,972

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, 2023 and 2022, was $814,685 and $1,992,836, 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, 2023 and 2022, was $4,104,442 and $3,650,970, 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, 2023 and 2022, of $18,617,289 and $16,641,697, 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 $25,901,882 and $23,557,518 at September 30, 2023 and 2022, 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 $9,464,048 and $12,510,200 at September 30, 2023 and 2022, respectively. Also included in deposits held in custody of others are the agency funds. These amounts totaled $16,513,768 and $6,694,285 at September 30, 2023 and 2022, 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 dining services contract initiated in fiscal year 2018. These amounts are in auxiliaries and plant funds.

Unearned revenues at September 30, 2023 and 2022, are as follows:

	2023	2022
Tuition and fees, net	$ 219,307,310	$ 205,469,495
Federal, state and local government grants and contracts, net	20,960,173	21,239,657
Auxiliary, net	47,205,444	39,782,756
Plant	3,013,240	2,808,153
Total unearned revenue	$ 290,486,167	$ 269,300,061

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, 2023 and 2022, the total estimated pollution remediation liability (estimated using the expected cash-flow technique) is $10,022,396 and $8,966,048, respectively. The current portion of this amount ($1,344,156 and $1,885,004, respectively) is included in other accrued liabilities and the long-term portion ($8,678,240 and $7,081,044, 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, 2023, are as follows:

Description	September 30, 2022	Additions	Reductions	September 30, 2023	Due Within One Year
Notes Payable, Bonds Payable and Lease Obligations					
General Revenue Bonds	$1,035,804,000	$ –	$ 42,849,000	$ 992,955,000	$ 44,239,000
Unamortized Bond Premium	52,157,193	–	6,077,897	46,079,296	5,580,339
Total Bonds Payable	1,087,961,193	–	48,926,897	1,039,034,296	49,819,339
Lease and SBITA Obligations	70,730,555	15,063,386	21,621,275	64,172,666	20,196,488
Lease Obligations - component units	52,058,835	1,383,992	1,773,131	51,669,696	996,436
Unamortized Lease Premium	553,992	–	45,201	508,791	42,536
Total Leases and SBITA Payable	123,343,382	16,447,378	23,439,607	116,351,153	21,235,460
Notes Payable	3,125,000	–	–	3,125,000	–
Total Notes, Bonds, and Leases Payable	$1,214,429,575	$ 16,447,378	$ 72,366,504	$1,158,510,449	$ 71,054,799
Other Liabilities					
Net Pension Liability	$ 655,024,529	$ 371,230,566	$ –	$1,026,255,095	$ –
Leischuck Annuity Payable	140,004	2,215	–	142,219	–
Pollution Remediation Liability	7,081,044	1,597,197	–	8,678,241	–
Self Insurance Liability	5,755,707	–	724,679	5,031,028	–
Net Postemployment Benefit Liability	306,563,213	–	203,273,987	103,289,226	–
Total Other Liabilities	974,564,497	372,829,978	203,998,666	1,143,395,809	–
Total Long-Term Liabilities	$2,188,994,072	$ 389,277,356	$ 276,365,170	$2,301,906,258	$ 71,054,799

Changes in long-term obligations for the year ended September 30, 2022, are as follows:

Description	September 30, 2021	Additions	Reductions	September 30, 2022	Due Within One Year
Notes Payable, Bonds Payable and Lease Obligations					
General Revenue Bonds	$1,075,267,000	$ 31,495,000	$ 70,958,000	$1,035,804,000	$ 42,849,000
Subtotal Bonds Payable	1,075,267,000	31,495,000	70,958,000	1,035,804,000	42,849,000
Unamortized Bond Premium	60,219,854	–	8,062,661	52,157,193	6,077,897
Total Bonds Payable	1,135,486,854	31,495,000	79,020,661	1,087,961,193	48,926,897
Lease and SBITA Obligations	37,137,330	49,398,268	15,805,043	70,730,555	18,578,762
Lease Obligations - component units	50,546,350	2,335,250	822,765	52,058,835	944,905
Unamortized Lease Premium	602,226	–	48,234	553,992	45,201
Total Leases and SBITA Payable	88,285,906	51,733,518	16,676,042	123,343,382	19,568,868
Notes Payable	3,125,000	–	–	3,125,000	–
Total Notes, Bonds, and Leases Payable	$1,226,897,760	$ 83,228,518	$ 95,696,703	$1,214,429,575	$ 68,495,765
Other Liabilities					
Net Pension Liability	$ 863,700,190	$ –	$ 208,675,661	$ 655,024,529	$ –
Leischuck Annuity Payable	192,648	–	52,644	140,004	–
Pollution Remediation Liability	3,074,602	4,006,442	–	7,081,044	–
Self Insurance Liability	7,742,870	–	1,987,163	5,755,707	–
Net Postemployment Benefit Liability	377,867,709	–	71,304,496	306,563,213	–
Total Other Liabilities	1,252,578,019	4,006,442	282,019,964	974,564,497	–
Total Long-Term Liabilities	$2,479,475,779	$ 87,234,960	$ 377,716,667	$2,188,994,072	$ 68,495,765

(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 includes certain pension and OPEB differences as deferred inflows of resources.

During fiscal year 2022, the University adopted GASB Statement No. 87, Leases, which establishes a single model for lease accounting based on the principle that leases serve to finance the right to use an underlying asset. The statement requires lessees to recognize right-to-use assets and related liabilities, and lessors to recognize receivables and corresponding deferred inflows of resources, for leases that were previously classified as operating and recognized as inflows or outflows of resources. Deferred inflows of resources are summarized as follows:

	September 30, 2023	September 30, 2022
Nonexchange transactions	$ 98,345	$ 104,345
Pension and OPEB	387,680,651	435,293,997
Leases	5,009,049	5,802,061
Total deferred inflows	$ 392,788,045	$ 441,200,403

(15) CONTRACTS AND GRANTS

The University has been awarded approximately $267.2 million in contracts and grants that have not been received or expended as of September 30, 2023. 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 $32.8 million and $28.5 million in facilities and administrative cost recovery for the years ended September 30, 2023 and 2022, 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 $1,137.6 million. At September 30, 2023, the estimated remaining cost to complete the projects is approximately $543.8 million which will be funded from University funds, bond proceeds, and capital appropriations.

(18) OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the years ended September 30, 2023 and 2022, 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, 2023

	Compensation and Benefits	Scholarships and Fellowships	Utilities	Other Supplies and Services	Depreciation and Amortization	Total
Instruction	$ 218,881,278	$ 783,881	$ 15,558	$ 48,900,735	$ –	$ 268,581,452
Research	169,998,156	4,387,965	27,511	70,679,987	–	245,093,619
Public Service	75,263,762	367,097	31,277	47,732,851	–	123,394,987
Academic Support	121,788,863	34,316	–	30,386,863	–	152,210,042
Library	8,871,431	–	–	12,276,730	–	21,148,161
Student Services	34,280,414	4,500	–	16,165,823	–	50,450,737
Institutional Support	102,275,553	25	1,951	16,791,611	–	119,069,140
Operation and Maintenance	44,320,356	–	24,127,463	70,891,795	–	139,339,614
Scholarships and Fellowships	27,881,060	23,092,493	–	179,584	–	51,153,137
Auxiliaries	90,030,532	4,587	7,325,136	82,119,935	–	179,480,190
Depreciation and Amortization	–	–	–	–	128,592,230	128,592,230
	$ 893,591,405	$ 28,674,864	$ 31,528,896	$ 396,125,914	$ 128,592,230	$1,478,513,309

September 30, 2022

	Compensation and Benefits	Scholarships and Fellowships	Utilities	Other Supplies and Services	Depreciation and Amortization	Total
Instruction	$ 197,367,558	$ 653,901	$ 1,491	$ 41,612,787	$ –	$ 239,635,737
Research	149,727,609	3,566,640	20,358	60,579,184	–	213,893,791
Public Service	69,036,059	356,719	27,854	42,025,413	–	111,446,045
Academic Support	106,284,266	18,832	2,580	19,541,553	–	125,847,231
Library	8,033,919	–	–	11,666,518	–	19,700,437
Student Services	29,896,569	5,071	–	14,226,588	–	44,128,228
Institutional Support	89,173,199	–	2,955	23,362,110	–	112,538,264
Operation and Maintenance	38,731,854	–	22,542,423	76,849,786	–	138,124,063
Scholarships and Fellowships	27,678,638	26,505,405	–	134,591	–	54,318,634
Auxiliaries	67,327,803	14,918	6,267,410	78,945,999	–	152,556,130
Depreciation and Amortization	–	–	–	–	115,425,980	115,425,980
	$ 783,257,474	$ 31,121,486	$ 28,865,071	$ 368,944,529	$ 115,425,980	$1,327,614,540

(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.

(20) RELATED PARTY TRANSACTIONS

During fiscal year 2022, the University entered into leasing arrangements with two of its Trustees and the chair of the AUF Board to lease living units in the Rane Culinary Science Center. These leasing arrangements are included in the Leases and loans receivable and Deferred inflows – leases financial statement line items. These leases are still in effect in fiscal year 2023.

Auburn University Foundation

AUF and the University

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 University's Office 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 of Directors. 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, 2023 and 2022, are as follows:

	2023	2022
AUF's allocable costs pursuant to the Agreement	$ 2,882,935	$ 2,792,585
Services and facilities costs paid by the AU Foundation	(2,773,947)	(3,232,482)
Net settlements	$ 108,988	$ (439,897)

Other transactions between AUF and the University for the years ended September 30, 2023 and 2022, are as follows:

	2023	2022
Amounts due from the University reported in other assets	$ 298,936	$ 339,175
Endowment management fee received from the University	$ 2,967,592	$ 2,734,909
Payments to the University for event ticket purchases	$ 166,251	$ 147,168

AUF and AUREFI

AUREFI has an agreement with the University, by which the University provides certain services and facilities. These costs are reported as general and administrative expense on the Consolidated Statements of Activities and Changes in Net Assets. AUREFI's costs pursuant to the agreement are as follows:

	2023	2022
AUREFI costs pursuant to the Agreement	$ 197,196	$ 173,376

AUF and the Association

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, 2023 and 2022, is as follows:

	2023	2022
Pooled investments held by AUF	$ 9,995,741	$ 9,421,813
Amounts due from the Association reported in other assets	$ –	$ 84,125
Amounts due to the Association reported in other liabilities	$ 10,605	$ –
Amounts distributed from investments, net of administrative fee	$ 412,150	$ 390,335
Grants from the Association for scholarship matching and other endowments	$ 54,273	$ 85,734
Payments to the Association for event ticket purchases	$ 116,480	$ 80,537

AUF and TUF
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, 2023 and 2022, is as follows:

	2023	2022
Pooled investments held by AUF	$ 11,023,558	$ 10,290,147
Amounts due from TUF reported in other liabiities	$ –	$ 25,000
Amounts due to TUF reported in other assets	$ 29,681	$ –
Amounts distributed from investments, net of administrative fee	$ 432,151	$ 399,479
Ticket priority payments	$ 413,655	$ 423,826

Auburn Alumni Association
The Association and the University jointly conduct engagement and related operations through the University's Office for Advancement pursuant to a Service and Facilities Agreement (the Association Agreement), which states that the University will provide to the Association services, which primarily consist of all personnel, certain other administrative support, and facilities. During the year, actual costs may be paid by either the Association or the University. The University's operating support for engagement activities established within the Association Agreement totaled $899,496 for the years ended September 30, 2023 and 2022.

Under the terms of the services and facilities agreement, the Association reimbursed the University for shared personnel expenses of $1,348,219 and $1,481,969 for the years ended September 30, 2023 and 2022, respectively.

The Association has entered into a memorandum of lease agreement with the University for the land occupied by the Alumni Center for $1 per year. The University, on behalf of Auburn Advancement leases space in the Alumni Center. In exchange for reduced rent on the land, the University agrees to pay the utilities and leases office space at 75% of the estimated market rate, which is reported as rental income in the Statements of Activities and Changes in Net Assets.

Rental income for the years ended September 30, 2023 and 2022, from the University totaled $439,021 and $436,533, respectively, of which $69,320 and $66,831, respectively, was in-kind for utilities. In addition to rents received in accordance with the building lease agreement, the Association also received $36,534 and $22,039 for event space rentals for the years ended September 30, 2023 and 2022, respectively.

The Association contributed $43,219 and $50,622 to the University for scholarships and grants for the years ended September 30, 2023 and 2022, respectively.

The Association and AUF
The Association does not maintain endowments, but instead establishes endowments in AUF, which are administered in the endowment pool. AUF holds and invests funds from the Association's life membership program and annually makes distributions from these investments directly to the Association for operating purposes. The amount of the distribution was $412,150 and $390,335 for the years ended September 30, 2023 and 2022, respectively.

The Association contributed $58,696 and $90,008 to the AU Foundation for scholarships and grants for the years ended September 30, 2023 and 2022, respectively.

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 $66,024,764 and $42,909,973 during the years ended June 30, 2023 and 2022, respectively.

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, 2023 and 2022, AUF incurred obligations of $206,415 and $158,209, 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, 2023 and 2022, 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, 2023 and 2022, obligations of $20,031,861 and $20,139,994 related to these transactions, respectively, were outstanding. TUF paid the 2022 obligation during fiscal year 2023, and it intends to pay the 2023 obligation during fiscal year 2024.

As indicated, the above TUF balances are as of June 30, 2023 and 2022; however, the University believes these figures are not materially different than September 30, 2023 and 2022, 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. The University's Senior Vice President for Research and Economic Development (SVPRED) serves as the 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 $105,631 and $77,166 were recognized by ARTF during each fiscal year 2023 and 2022, 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, University Board of Trustees as well as other University employees. A banking relationship exists between ARTF and a financial institution whose chairman 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 7, Building 5 and the 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, 2023 and 2022 was $490,046 and $540,609, 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, 2023, 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 2023 and 2022. The discount is amortized using the effective interest method. Amortization of the discount was $9,977 and $9,414 during fiscal year 2023 and 2022, 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 $2,281,201. 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 2023 and 2022. The discount is amortized using the effective interest method. Amortization of the discount was $17,781 and $16,529 during fiscal year 2023 and 2022, 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 2023 and 2022. The discount is amortized using the effective interest method. Amortization of the discount was $5,933 and $5,061 during fiscal year 2023 and 2022, 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 2023 and $18,394 during fiscal year 2022. The discount is amortized using the effective interest method. Amortization of the discount was $3,982 and $3,261 during fiscal year 2023 and 2022, 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 2023 and $16,821 in fiscal year 2022. The discount is amortized using the effective interest method. Amortization of the discount was $3,642 and $2,983 during fiscal year 2023 and 2022, 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 2023 and 2022. Personnel costs incurred by the University and not charged to ARTF were $1,236,659 and $1,069,727 in fiscal year 2023 and 2022, 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, 2023 and 2022, ARTF owed the University $54,326 and $26,155, respectively, related to these services. 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 $1,853,911 and $1,125,947 at September 30, 2023 and 2022, 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 nine University departments in fiscal year 2023, 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 incurred approximately $3,395,162 and $3,129,739 in lease costs during fiscal years ended September 30, 2023 and 2022, respectively.

In fiscal 2021 ARTF estimated its common area maintenance (CAM) reimbursement based on $10 per square foot. In fiscal 2022, it was determined that the actual fiscal 2021 CAM reimbursement was $7 per square foot, thereby requiring a tenant refund, recognized as a reduction in rental income in fiscal 2022, of approximately $585,000. Of this total amount, $128,000 was refunded to third-party tenants and $457,000, which related to Auburn University occupied space, was recognized as contribution revenue. In fiscal 2023, for calendar year 2022 CAM, additional charges of $44,434 were billed to tenants of Building 7. In fiscal 2023, for calendar year 2022 CAM, refunds totaling $324,686, recognized as a reduction in rental income, were issued to tenants of Building 5. Of this total amount $81,375 was refunded to third-party tenants and $243,311, which was related to Auburn University occupied space, was issued as a credit against future rent and recognized as deferred revenue as of September 30, 2023.

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 2023 and 2022, $24,500 of the prepaid rent was recognized as revenue.

On September 16, 2020, ARTF entered into a thirty-year lease agreement to lease space inside Building 5, owned by ARPI. ARTF operates an event center and is the sublessor of cafe space inside the new building. Intercompany rental revenue and rental expenses totaled $359,109 and $413,954 in fiscal year 2023 and 2022, 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 $151.9 million and $150.0 million under these programs during the fiscal years ended September 30, 2023 and 2022, respectively. AUM disbursed approximately $20.5 million and $21.4 million under these programs during the fiscal years ended September 30, 2023 and 2022, respectively.

(22) IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

Statement No. 99, *Omnibus 2022*, was issued in April 2022. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements, as well as accounting and financial reporting for financial guarantees. It addresses a variety of topics, including derivative instruments, leases, public-private and public-public partnerships, SBITAs, nonmonetary transaction disclosures, pledges of future revenues, and some terminology updates, among others. Various requirements of this Statement are effective on issuance and have been adopted by the University, while others are effective for fiscal periods beginning after June 15, 2022 or June 15, 2023. The University adopted the portions of this Statement that were effective immediately and for periods beginning after June 15, 2022, and is currently evaluating the financial statement impact of the remainder of this Statement.

Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*, was issued in June 2022. This Statement defines accounting changes, requires that new principles or methodology for estimates be justified on the basis that it is preferable to the old principle or methodology, based on qualitative characteristics of financial reporting, and addresses corrections of errors in previously issued financial statements. It also prescribes accounting and financial reporting for accounting changes and error corrections, including note disclosures and required supplementary information (RSI). This Statement is effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023. Earlier application is encouraged. The University is currently evaluating the financial statement impact of this Statement.

Statement No. 101, *Compensated Absences*, was issued in June 2022. This Statement updates the recognition and measurement guidance for compensated absences, and amends certain disclosure requirements. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. Earlier application is encouraged. The University is currently evaluating the financial statement impact of this Statement.

Statement No. 102, *Certain Risk Disclosures,* was issued in December 2023. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged. The University is currently evaluating the impact of this Statement.

(23) SUBSEQUENT EVENTS

Subsequent to year end, the University entered into an agreement to lease The Union, a 501-bedroom apartment complex, as student housing beginning August 1, 2024, for 5 years with 3 one-year renewal options. The Board of Trustees approved housing rates for The Union at its November 2023 meeting. The lease liability at the commencement of the lease term will be $45.6 million, offset by a right-of-use asset of $45.6 million.


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2023

FINANCIAL REPORT

UNAUDITED REQUIRED SUPPLEMENTAL INFORMATION


QUAD CENTER

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 2023, the measurement period is October 1, 2021 – September 30, 2022.

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	2022	2023
6.475262 %	6.396880 %	6.677570 %	6.576565 %	6.394119 %
$643,808,000	$707,297,000	$825,992,000	$619,533,000	$993,697,000
$440,124,441	$463,535,019	$482,882,303	$488,775,252	$507,402,494
146.28 %	152.59 %	171.05 %	126.75 %	195.84 %
72.29 %	69.85 %	67.72 %	76.44 %	62.21 %

*University's covered payroll during the measurement period is the total payroll on which contributions to a pension plan are based. For fiscal year 2023, the measurement period is October 1, 2021 – September 30, 2022.

Teachers' Retirement System Schedule of System Contributions

2019	2020	2021	2022	2023
$55,172,904	$57,443,019	$57,486,747	$59,826,466	$65,601,006
55,172,904	57,443,019	57,486,747	59,826,466	65,601,006
$ –	$ –	$ –	$ –	$ –
$463,535,019	$482,882,303	$488,775,252	$507,402,494	$549,343,520
11.90%	11.90%	11.76%	11.79%	11.94%

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

Employees' 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 2023, the measurement period is October 1, 2021-September 30, 2022.

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 2023 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	2021	2022
$ –	$ –	$ –	$ –	$ –
3,329,186	3,187,077	3,026,612	2,770,175	2,579,982
–	–	–	–	–
587,695	272,197	(1,128,951)	(151,147)	(769,005)
130,809	–	–	935,822	–
(5,387,960)	(5,840,684)	(5,245,780)	(5,210,260)	(4,590,778)
$ (1,340,270)	$ (2,381,410)	$ (3,348,119)	$ (1,655,410)	$ (2,779,801)
45,651,223	44,310,953	41,929,543	38,581,424	36,926,014
$ 44,310,953	$ 41,929,543	$ 38,581,424	$ 36,926,014	$ 34,146,213

Employees' Retirement System Plan Fiduciary Net Position

2018	2019	2020	2021	2022
$ 5,721,023	$ 4,621,907	$ 6,828,787	$ 5,530,839	$ 4,946,145
63,922	35,540	18,830	10,045	4,750
21,698	–	–	230,626	(206,482)
(5,387,960)	(5,840,684)	(5,245,780)	(5,210,260)	(4,590,778)
–	–	–	–	–
$ 418,683	$(1,183,237)	$ 1,601,837	$ 561,250	$ 153,635
35,951	454,634	(728,603)	873,234	1,434,484
$ 454,634	$ (728,603)	$ 873,234	$ 1,434,484	$ 1,588,119
$43,856,319	$42,658,146	$37,708,190	$ 35,491,530	$ 32,558,094
1.03 %	(1.74%)	2.26 %	3.88 %	4.65 %
$ 1,373,434	$ 1,186,971	$ 1,575,784	$ 1,421,993	$ 1,271,638
3,193.19 %	3,593.87 %	2,392.98 %	2,495.90 %	2,560.33 %

*Employer’s covered payroll during the measurement period is the total covered payroll. For fiscal year 2023, the measurement period is October 1, 2021-September 30, 2022.

Employees’ Retirement System Schedule of Employer Contributions

2019	2020	2021	2022	2023
$ 4,617,318	$ 6,129,799	$ 5,531,554	$ 4,946,674	$ 5,112,053
4,617,318	6,129,799	5,531,554	4,946,674	5,112,053
$ –	$ –	$ –	$ –	$ –
$ 1,186,971	$ 1,575,784	$ 1,421,993	$ 1,271,638	$ 1,314,152
389.00 %	389.00 %	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 2023 is the total covered payroll for the 12 month period of the underlying financial statements.

Employees' 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 2023 were based on the September 30, 2020 actuarial valuation.

Methods and assumptions used to determine contribution rates			
Actuarial cost method:	Entry Age	**Inflation:**	2.75%
Amortization method:	Level percent closed	**Salary increases:**	3.25 - 5.00%, including inflation
Remaining amortization period:	2.1 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	2022	2023
The University's proportion of the net OPEB liability	4.404229%	4.072098%	3.559551%	5.260374%	5.247374%	4.076488%
The University's proportionate share of the net OPEB liability	$327,120,973	$334,674,593	$134,293,596	$341,390,949	$271,122,023	$71,030,699
The University's covered payroll during the measurement period*	$422,375,257	$440,124,441	$463,535,019	$482,882,303	$488,775,252	$507,402,494
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%	55.47%	14.00%
Plan fiduciary net position as a percentage of the total OPEB liability	15.37%	14.81%	28.14%	19.80%	27.11%	48.39%
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 2023, the measurement period is October 1, 2021–September 30, 2022.

PEEHIP Schedule of Contributions
for the Fiscal Year Ended September 30

	2018	2019	2020	2021	2022	2023
Contractually required contribution	$ 10,838,760	$ 9,283,861	$ 10,418,286	$ 9,060,108	$ 7,791,674	$ 8,545,444
Contributions in relation to the contractually required contribution	$ 10,838,760	$ 9,283,861	$ 10,418,286	$ 9,060,108	$ 7,791,674	$ 8,545,444
Contribution deficiency (excess)	–	–	–	–	–	–
The University's covered payroll	$440,124,441	$463,535,019	$482,882,303	$488,775,252	$507,402,494	$549,343,520
Contributions as a percentage of covered payroll	2.46%	2.00%	2.16%	1.85%	1.54%	1.56%

PEEHIP Notes to Required Supplementary Information for the Year Ended September 30, 2023

Changes in actuarial assumptions
In 2021, rates of withdrawal, retirement, disability, and mortality were adjusted to reflect actual experience more closely. In 2021, economic assumptions and the assumed rates of salary increases were adjusted to reflect actual and anticipated experience more closely.

In 2019, the anticipated rates or participation, spouse coverage, and tobacco use were adjusted to reflect actual experience more closely.

Recent Plan Changes
Beginning in plan year 2021, the 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 Health Plan is changed each year to reflect the Affordable Care Act 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 OBEB Contributions are calculated as of September 30, 2019, 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	23 years, closed
Asset Valuation Method	Market Value of Assets
Inflation	2.75 %
Healthcare Cost Trend Rate:	
Pre-Medicare Eligible	6.75 %
Medicare Eligible	*
Ultimate Trend Rate:	
Pre-Medicare Eligible	4.75 %
Medicare Eligible	4.75 %
Year of Ultimate Trend Rate	2027 for Pre-Medicare Eligible
	2024 for Medicare Eligible
Optional Plans Trend Rate	2.00 %
Investment Rate of Return	5.00%, including inflation

*Initial Medicare claims are set based on scheduled increases through plan year 2022.

AU Retiree Medical Plan

Historical Changes in the Net Plan Liability

Year Ending September 30	2018	2019	2020	2021	2022	2023
Total Plan Liability						
Service Cost	$ 85,534	$ 90,744	$ 15,698	$ 7,842	$ 6,946	$ 1,557
Interest	1,293,714	1,265,684	1,173,631	947,208	804,708	1,510,875
Changes to benefit terms	–	–	–	–	–	–
Differences between expected and actual experience	(32,891)	1,020,854	(5,783,481)	(6,207,711)	8,432,714	(2,183,739)
Changes of assumptions or other inputs	–	2,031,106	4,854,093	702,582	(8,525,622)	(301,993)
Benefit payments	(2,192,737)	(2,379,120)	(2,423,643)	(2,126,998)	(1,754,318)	(2,209,360)
Net Change in total Plan liability	(846,380)	2,029,268	(2,163,702)	(6,677,077)	(1,035,572)	(3,182,660)
Total Plan liability-beginning	44,134,651	43,288,271	45,317,539	43,153,837	36,476,760	35,441,188
Total Plan liability-ending (a)	$ 43,288,271	$45,317,539	$43,153,837	$36,476,760	$35,441,188	$32,258,528
Plan fiduciary net position						
Contributions-employer	2,192,737	2,379,120	2,423,643	2,126,998	1,754,318	2,209,360
Net investment income	–	–	–	–	–	–
Benefit payments	(2,192,737)	(2,379,120)	(2,423,643)	(2,126,998)	(1,754,318)	(2,209,360)
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	$35,441,188	$32,258,528
Plan fiduciary net position as a percentage of the total Plan liability	–	–	–	–	–	–
Covered payroll	NA	$ 563,810	$ 314,460	$ 188,330	$ 95,840	$ 100,750
Net Plan liability as a percentage of covered payroll	NA	8,037.73 %	13,723.16 %	19,368.53 %	36,979.54 %	32,018.39 %

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 4.40% as of September 30, 2022 to 4.63% as of September 30, 2023.
Trend rates	The medical trend rate table was reset in fiscal year 2023.

2023

FINANCIAL REPORT

UNAUDITED DIVISIONAL FINANCIAL STATEMENTS

AUBURN UNIVERSITY MAIN CAMPUS

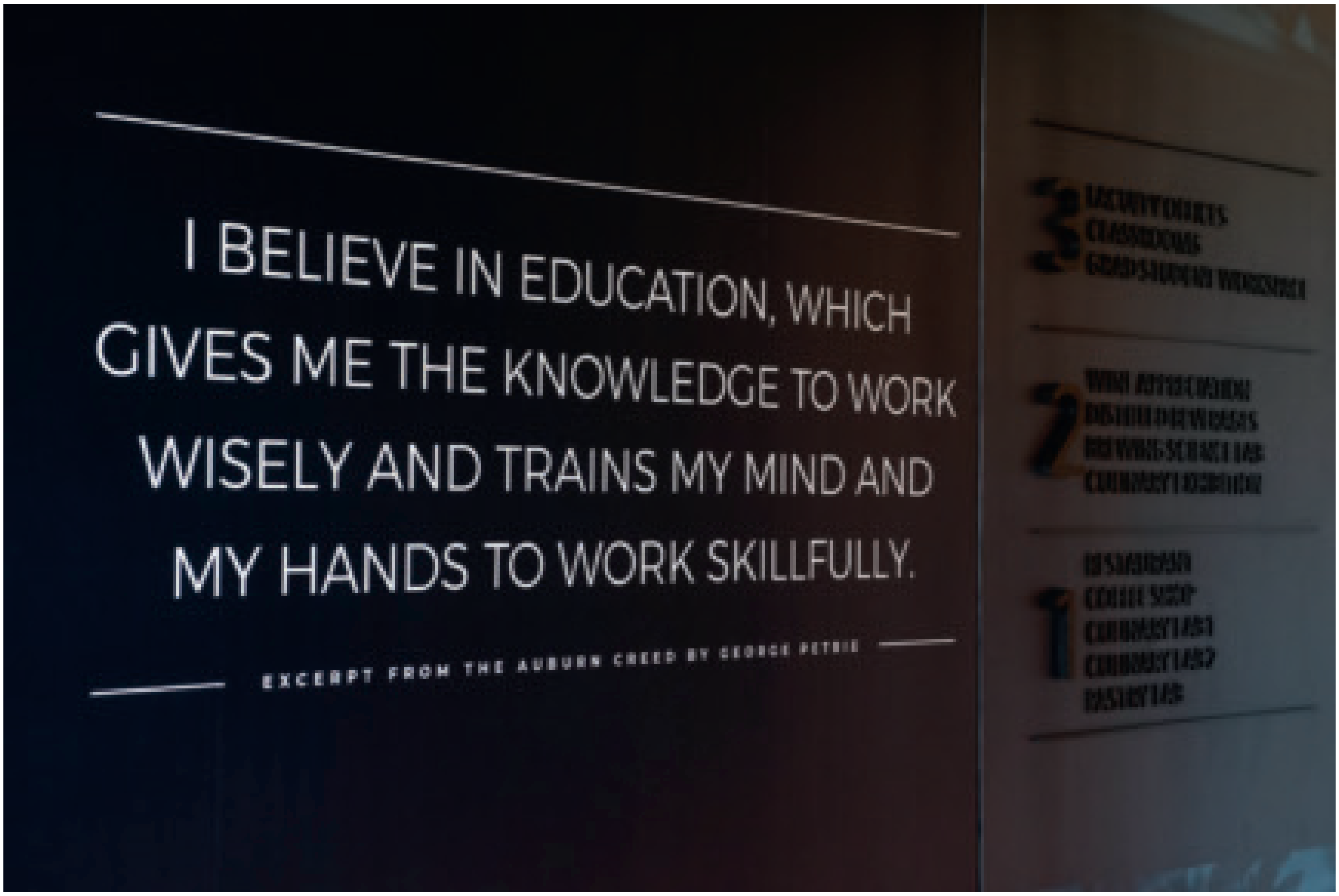
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023
(UNAUDITED)

	2023
ASSETS	
Current assets	
Cash and cash equivalents	$ 210,993,093
Operating investments	82,304,732
Accounts receivable, net	85,489,544
Student accounts receivable, net	44,194,999
Leases and loans receivable, net	2,696,493
Accrued interest receivable	6,108,652
Inventories	5,920,865
Prepaid expenses	65,446,101
Due from other funds	5,725,949
Total current assets	508,880,428
Noncurrent assets	
Investments	1,321,505,649
Leases and loans receivable, net	6,731,339
Investment in plant, net	2,218,692,022
Due from other funds	77,776,810
Total noncurrent assets	3,624,705,820
Total assets	4,133,586,248
DEFERRED OUTFLOWS OF RESOURCES	
Loss on refunding of bonds	27,228,031
Pension and OPEB	411,499,150
Total deferred outflows of resources	438,727,181

AUBURN UNIVERSITY MAIN CAMPUS

STATEMENT OF NET POSITION
SEPTEMBER 30, 2023
(UNAUDITED)

	2023
LIABILITIES	
Current liabilities	
Accounts payable	$ 108,086,821
Accrued salaries and wages	2,296,417
Accrued compensated absences	21,274,392
Accrued interest payable	12,435,888
Other accrued liabilities	11,130,167
Student deposits	6,171,320
Deposits held in custody	15,025,795
Unearned revenues	269,143,761
Lease and SBITA obligation	19,445,796
Lease obligation - Component Units	996,436
Noncurrent liabilities-current portion	49,819,339
Total current liabilities	515,826,132
Noncurrent liabilities	
Bonds and notes payable	992,339,957
Lease and SBITA obligation	43,625,325
Lease obligation - Component Units	50,673,260
Pension and OPEB	855,927,020
Other noncurrent liabilities	13,851,488
Due to other funds	57,036,678
Total noncurrent liabilities	2,013,453,728
Total liabilities	2,529,279,860
DEFERRED INFLOWS OF RESOURCES	
Nonexchange transactions	98,345
Pension and OPEB	316,437,827
Leases	5,009,049
Total deferred inflows of resources	321,545,221
NET POSITION	
Net investment in capital assets	1,419,406,942
Restricted	
Nonexpendable	25,536,981
Expendable:	
Scholarships, research, instruction, other	204,751,300
Loans	4,426,810
Capital projects	35,190,810
Unrestricted	32,175,505
Total net position	$ 1,721,488,348


I BELIEVE IN EDUCATION, WHICH GIVES ME THE KNOWLEDGE TO WORK WISELY AND TRAINS MY MIND AND MY HANDS TO WORK SKILLFULLY.
EXCERPT FROM THE AUBURN CREED BY GEORGE PETRIE

AUBURN UNIVERSITY MAIN CAMPUS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023
(UNAUDITED)

	2023
OPERATING REVENUES	
Tuition and fees, net of scholarship allowances of $170,427,967	$ 508,389,990
Federal appropriations	10,182
Federal grants and contracts, net	132,440,182
State and local grants and contracts, net	17,593,012
Nongovernmental grants and contracts, net	21,969,609
Sales and services of educational departments	65,915,529
Auxiliary revenue, net of scholarship allowances of $10,651,652	184,574,375
Other operating revenues	21,094,833
Total operating revenues	951,987,712
OPERATING EXPENSES	
Compensation and benefits	760,730,150
Scholarships and fellowships	25,073,567
Utilities	26,156,790
Other supplies and services	308,966,569
Depreciation and amortization	119,537,357
Total operating expenses	1,240,464,433
Operating loss	(288,476,721)
NONOPERATING REVENUES (EXPENSES)	
State appropriations	286,809,795
Gifts	47,456,431
Grants	18,401,153
Net investment income	91,764,655
Interest expense on capital debt	(36,802,936)
Nonoperating revenues, net	407,629,098
Income before other changes in net position	119,152,377
OTHER CHANGES IN NET POSITION	
Capital appropriations	11,196,347
Capital gifts and grants	9,347,593
Additions to permanent endowments	326,851
Net increase in net position	140,023,168
Net position - beginning of year	1,581,465,180
Net position - end of year	$ 1,721,488,348

AUBURN UNIVERSITY AT MONTGOMERY

STATEMENT OF NET POSITION
SEPTEMBER 30, 2023
(UNAUDITED)

	2023
ASSETS	
Current assets	
Cash and cash equivalents	$ 7,711,049
Operating investments	3,007,946
Accounts receivable, net	2,047,210
Student accounts receivable, net	11,821,464
Leases and loans receivable, net	202,334
Accrued interest receivable	199,817
Inventories	1,040,066
Prepaid expenses	4,346,088
Total current assets	30,375,974
Noncurrent assets	
Investments	48,296,345
Leases and loans receivable, net	749,126
Investment in plant, net	96,189,647
Due from other funds	48,051,371
Total noncurrent assets	193,286,489
Total assets	223,662,463
DEFERRED OUTFLOWS OF RESOURCES	
Pension and OPEB	39,072,452
Total deferred outflows of resources	39,072,452

AUBURN UNIVERSITY AT MONTGOMERY

STATEMENT OF NET POSITION
SEPTEMBER 30, 2023
(UNAUDITED)

	2023
LIABILITIES	
Current liabilities	
Accounts payable	$ 3,754,901
Accrued salaries and wages	168,450
Accrued compensated absences	1,671,915
Accrued interest payable	6,972
Student deposits	117,916
Deposits held in custody	1,560,531
Unearned revenues	19,390,535
Lease and SBITA obligations	629,539
Due to other funds	5,160,282
Total current liabilities	32,461,041
Noncurrent liabilities	
Lease and SBITA obligations	329,974
Pension and OPEB	90,136,423
Due to other funds	63,736,738
Total noncurrent liabilities	154,203,135
Total liabilities	186,664,176
DEFERRED INFLOWS OF RESOURCES	
Pension and OPEB	31,492,540
Total deferred inflows of resources	31,492,540
NET POSITION	
Net investment in capital assets	26,195,037
Restricted	
Nonexpendable	5,388,177
Expendable:	
Scholarships, research, instruction, other	31,741,461
Loans	174,366
Unrestricted	(18,920,842)
Total net position	$ 44,578,199


AUBURN UNIVERSITY
INSTRUCTION
FOR THE ADVANCEMENT OF SCIENCE AND ARTS
ESTABLISHED 1856
RESEARCH
EXTENSION


QUAD CENTER

AUBURN UNIVERSITY AT MONTGOMERY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023
(UNAUDITED)

	2023
OPERATING REVENUES	
Tuition and fees, net of scholarship allowances of $18,537,850	$ 40,644,815
Federal grants and contracts, net	1,928,420
State and local grants and contracts, net	3,124,683
Nongovernmental grants and contracts, net	169,982
Sales and services of educational departments	1,669,525
Auxiliary revenue, net of scholarship allowances of $1,856,726	7,321,395
Other operating revenues	996,098
Total operating revenues	55,854,918
OPERATING EXPENSES	
Compensation and benefits	61,913,859
Scholarships and fellowships	3,384,152
Utilities	4,240,693
Other supplies and services	20,560,569
Depreciation and amortization	6,053,037
Total operating expenses	96,152,310
Operating loss	(40,297,392)
NONOPERATING REVENUES (EXPENSES)	
State appropriations	40,747,913
Gifts	973,892
Grants	8,533,729
Net investment (loss) income	5,305,335
Interest expense on capital debt	(1,228,070)
Nonoperating revenues, net	54,332,799
Income before other changes in net position	14,035,407
OTHER CHANGES IN NET POSITION	
Capital appropriations	1,291,306
Additions to permanent endowments	10,113
Net increase in net position	15,336,826
Net position - beginning of year	29,241,373
Net position - end of year	$ 44,578,199

ALABAMA AGRICULTURAL EXPERIMENT STATION

STATEMENT OF NET POSITION
SEPTEMBER 30, 2023
(UNAUDITED)

	2023
ASSETS	
Current assets	
Cash and cash equivalents	$ 3,707,121
Operating investments	1,446,084
Accounts receivable, net	1,773,092
Total current assets	6,926,297
Noncurrent assets	
Investments	23,218,678
Investment in plant, net	30,853,305
Due from other funds	1,683,443
Total noncurrent assets	55,755,426
Total assets	62,681,723
DEFERRED OUTFLOWS OF RESOURCES	
Pension and OPEB	20,975,419
Total deferred outflows of resources	20,975,419
LIABILITIES	
Current liabilities	
Accounts payable	1,223,748
Accrued salaries and wages	101,288
Accrued compensated absences	1,123,729
Accrued interest payable	1,036
Lease obligations	67,925
Deposits held in custody	6,400
Unearned revenues	1,124,286
Due to other funds	565,667
Total current liabilities	4,214,079
Noncurrent liabilities	
Lease obligations	279,913
Pension and OPEB	58,617,507
Due to other funds	14,040,072
Total noncurrent liabilities	72,937,492
Total liabilities	77,151,571
DEFERRED INFLOWS OF RESOURCES	
Pension and OPEB	16,979,281
Total deferred inflows of resources	16,979,281
NET POSITION	
Net Invested in capital assets	13,215,294
Restricted	
Expendable:	
Scholarships, research, instruction, other	2,657,077
Unrestricted	(26,346,081)
Total net position	$ (10,473,710)

ALABAMA AGRICULTURAL EXPERIMENT STATION

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023
(UNAUDITED)

		2023
OPERATING REVENUES		
Federal appropriations	$	5,647,910
Federal grants and contracts		9,326,263
State and local grants and contracts		493,210
Nongovernmental grants and contracts		460,974
Sales and services of educational departments		4,270,393
Other operating revenues		853,381
Total operating revenues		21,052,131
OPERATING EXPENSES		
Compensation and benefits		32,236,534
Scholarships and fellowships		210,499
Utilities		1,060,183
Other supplies and services		47,582,373
Depreciation and amortization		2,775,170
Total operating expenses		83,864,759
Operating loss		(62,812,628)
NONOPERATING REVENUES		
State appropriations		39,178,206
Gifts		3,038,697
Net investment income		601,346
Interest expense on capital debt		(642,015)
Nonoperating revenues, net		42,176,234
Net decrease in net position		(20,636,394)
Net position - beginning of year		10,162,684
Net position - end of year	$	(10,473,710)

ALABAMA COOPERATIVE EXTENSION SYSTEM

STATEMENT OF NET POSITION
SEPTEMBER 30, 2023
(UNAUDITED)

	2023
ASSETS	
Current assets	
Cash and cash equivalents	$ 8,213,331
Operating investments	3,203,877
Accounts receivable, net	3,446,261
Total current assets	14,863,469
Noncurrent assets	
Investments	51,442,266
Investment in plant, net	636,348
Due from other funds	7,301,864
Total noncurrent assets	59,380,478
Total assets	74,243,947
DEFERRED OUTFLOWS OF RESOURCES	
Pension and OPEB	31,899,310
Total deferred outflows of resources	31,899,310
LIABILITIES	
Current liabilities	
Accounts payable	875,226
Accrued salaries and wages	164,793
Accrued compensated absences	1,831,846
Accrued interest payable	217
Lease obligations	95,764
Unearned revenues	827,585
Total current liabilities	3,795,431
Noncurrent liabilities	
Lease obligations	207,221
Pension and OPEB	124,863,371
Total noncurrent liabilities	125,070,592
Total liabilities	128,866,023
DEFERRED INFLOWS OF RESOURCES	
Pension and OPEB	22,771,003
Total deferred inflows of resources	22,771,003
NET POSITION	
Net investment in capital assets	328,241
Restricted	
Nonexpendable:	24,487
Expendable:	
Scholarships, research, instruction, other	5,817,143
Capital projects	180
Unrestricted	(51,663,820)
Total net position	$ (45,493,769)

ALABAMA COOPERATIVE EXTENSION SYSTEM

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2023
(UNAUDITED)

	2023
OPERATING REVENUES	
Federal appropriations	$ 9,687,323
Federal grants and contracts, net	10,011,700
State and local grants and contracts, net	3,061,770
Nongovernmental grants and contracts, net	460,957
Sales and services of educational departments	549,707
Other operating revenues	790,263
Total operating revenues	24,561,720
OPERATING EXPENSES	
Compensation and benefits	38,710,862
Scholarships and fellowships	6,646
Utilities	71,230
Other supplies and services	19,016,403
Depreciation and amortization	226,666
Total operating expenses	58,031,807
Operating loss	(33,470,087)
NONOPERATING REVENUES	
State appropriations	46,638,666
Gifts	32,852
Net investment (loss) income	1,205,647
Interest expense on capital debt	(9,307)
Nonoperating revenues, net	47,867,858
Net increase in net position	14,397,771
Net position - beginning of year	(59,891,540)
Net position - end of year	$ (45,493,769)

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.

AUBURN
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January 2024