

# **Auburn University**

**Report on Federal Awards in Accordance with the  
OMB Uniform Guidance**

**For the Year Ended September 30, 2019**

**EIN: 63-6000724**

**Auburn University**  
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**Year Ended September 30, 2019**

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**Part I**  
**Financial Statements**

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## **Report of Independent Auditors**

To the Board of Trustees of Auburn University:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of Auburn University (the "University"), a component unit of the State of Alabama, which comprise the statements of net position as of September 30, 2019 and 2018, and the related statements of revenues, expenses and changes in net position and of cash flows (where applicable) for the years then ended, and the related notes to the financial statements which collectively comprise the University's basic financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on the financial statements based on our audits. We did not audit the financial statements of Auburn University Foundation (the "Foundation") and Auburn Alumni Association (the "Association"), two of the University's discretely presented component units, as of and for the years ended September 30, 2019 and 2018. We also did not audit the financial statements of Tigers Unlimited Foundation ("TUF"), one of the University's discretely presented component units, as of and for the years ended June 30, 2019 and 2018. Those statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for the above mentioned discretely presented component units of the University, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Association, the Foundation, TUF, and Auburn Research and Technology Foundation ("ARTF") were not audited in accordance with *Governmental Auditing Standards*.



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

### ***Opinions***

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of Auburn University as of September 30, 2019 and 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplemental information on pages 12 through 27 and 97 through 103 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response 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 an assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The University has omitted the management's discussion and analysis for the year ended September 30, 2018 that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.



### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the University's basic financial statements. The supplemental divisional financial statements on pages 83 to 95 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements by us or other auditors, and accordingly, we do not express an opinion or provide any assurance on them.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the financial statements. As described in Note 1 to the schedule of expenditures of federal awards, the accompanying schedule of expenditures of federal awards was prepared on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2020 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

*Atia Waterhouse Coopers LLP*

Birmingham, Alabama  
January 29, 2020

# 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, 2019, with a comparison to the year ended September 30, 2018. 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 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 2019 enrollment totaled 35,648 students at main campus and AUM. The University offers a diverse range of degree programs in 12 colleges and schools and has approximately 5,900 full-time employees, including approximately 1,400 faculty members, who contribute to the University's mission of serving the citizens of the State of Alabama through its instructional, research, and outreach programs.

## 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 "2019," "2018," or another year refer to the fiscal year ended September 30, unless otherwise noted.

The University's financial statements are summarized as follows:

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

**The Statement of Revenues, Expenses and Changes in Net Position** presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. Governmental accounting standards require state appropriations, gifts, and investment earnings to be classified as nonoperating revenues. As a result, the University will typically

realize a significant operating loss. The utilization of capital assets is reflected in the Statement of Revenues, Expenses and Changes in Net Position as depreciation expense, which reflects the amortization of the cost of an asset over its expected useful life.

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

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

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

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

**(3) Tigers Unlimited Foundation (TUF)** - TUF is a legally separate nonprofit organization incorporated in December

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

## Financial Highlights

### Statement of Net Position

A summary of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of September 30, 2019 and 2018, is as follows:

	2019	2018
<b>Assets</b>		
Current assets	\$ 535,403,881	\$ 444,000,975
Investment in plant, net	1,942,052,061	1,809,863,232
Other noncurrent assets	1,076,562,346	1,183,969,389
<b>Total assets</b>	<b>3,554,018,288</b>	<b>3,437,833,596</b>
<b>Deferred Outflows of Resources</b>		
Loss on refunding of bonds	41,950,072	46,219,285
Pension and OPEB	206,358,119	195,093,459
<b>Total deferred outflows of resources</b>	<b>248,308,191</b>	<b>241,312,744</b>
<b>Liabilities</b>		
Current liabilities	479,606,755	441,115,959
Noncurrent liabilities	1,940,020,143	1,944,171,775
<b>Total liabilities</b>	<b>2,419,626,898</b>	<b>2,385,287,734</b>
<b>Deferred Inflows of Resources</b>		
Nonexchange transactions	189,862	170,534
Pension and OPEB	109,235,612	99,377,200
<b>Total deferred inflows of resources</b>	<b>109,425,474</b>	<b>99,547,734</b>
<b>Net Position</b>		
Net investment in capital assets	1,289,198,648	1,131,106,698
Restricted-nonexpendable	29,862,295	29,405,300
Restricted-expendable	241,998,246	235,927,483
Unrestricted	(287,785,082)	(202,128,609)
<b>Total net position</b>	<b>\$ 1,273,274,107</b>	<b>\$ 1,194,310,872</b>

### The University's Assets

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

The University's current assets increased \$91.4 million from 2018 to 2019. Of this increase, cash and cash equivalents and operating investments increased \$87.0 million. The majority of this increase was due to investing an additional \$71.3 million, net, in money market instruments, due to the increased investment returns versus the long-term market. The University received an additional \$18.3 million on September 30, 2019, which was not invested at year-end. These funds are shown in

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

cash and cash equivalents. The University's receivables increased \$5.4 million, primarily due to an increase in student accounts receivable, net, of \$5.7 million. Approximately \$2.3 million of the increase was due to a timing difference in the Southern Regional Contract payment that occurred in October of 2019. In the prior years, the University received payment prior to year-end. The remaining increase was due to Board-approved tuition increases at main campus of 2.0% and at the AUM campus of 3.0%, as well as increases in enrollment at the AUM campus of 1.3%. The University's inventories increased approximately \$0.5 million as a result of increases in new textbooks at the AUM bookstore. The University's prepaid expenses decreased \$1.3 million. This decrease was due to recognizing expenditures during fiscal year 2019 that were prepaid as of September 30, 2018. Similar transactions in fiscal year 2019 did not occur.

The University's capital assets, net of depreciation, shown as "Investment in plant, net," on the Statement of Net Position



increased \$132.2 million from 2018 to 2019. Capital assets generally represent the historical cost of land, land improvements, buildings, construction in progress, infrastructure, equipment, library books, art and collectibles, software implementation, and livestock, less any accumulated depreciation, with buildings comprising approximately 76.2% of

the total net capital asset value. The increase, offset by disposal activity, depreciation, and transfers, was the result of \$214.0 million of new additions to property, plant, and equipment, net of construction in progress transfers. The University expended \$218.9 million for new construction during fiscal year 2019.

The following building construction projects, totaling \$206.7 million, were either completed and placed into service or additional work was performed on a previously completed project during the current fiscal year:

Gogue Performing Arts Center	\$ 65.7 million
Horton-Hardgrave Hall Graduate Business Education Building	41.2 million
Engineering Achievement Center	41.1 million
Leach Science Center Building Expansion & Renovation	22.4 million
AU Regional Airport Aviation Education Facility	8.7 million
Gulf Shores Complex	7.3 million
Equestrian Center New Support Building & Barn	4.7 million
Food Animal Research Facility	3.0 million
Jordan Hare Stadium Gameday Support Building & Press Box	2.3 million
North Auburn New Fisheries Biodiversity Research Lab	1.8 million
Linear Accelerator Lab Renovation	1.6 million
AU Airport South Ramp Hangar	1.6 million
Quad Center Building Envelope Restoration Phase 1	1.1 million
Other Small Projects	4.2 million
	<u>\$206.7 million</u>

#### 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. Deferred outflows of resources increased \$7.0 million. In 2010, 2012, 2014, 2015, and 2016, the University defeased certain outstanding bonds. These refundings resulted in losses (the difference between the acquisition price of the new debt and the net carrying amount of the old debt). In accordance with GASB Statements No. 63 and No. 65, these losses are presented as deferred outflows of resources. The loss on refunding is amortized over the life of the old or new bonds, whichever is shorter. The University amortizes the losses over the life of the defeased bonds (see Note 8). During fiscal year 2019, the amount amortized was \$4.3 million.

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). During fiscal year 2019, the deferred outflows of resources increased \$17.0 million relating to current year pension activity.

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). During fiscal year 2019, the deferred outflows of resources decreased \$5.7 million relating to current year OPEB activity.

#### The University's Liabilities

Current liabilities consist of accounts payable, compensation-related liabilities, accrued interest payable, other accrued liabilities, student and other deposits (including Perkins and Health Professions loan liability), unearned revenues, and the current portion of noncurrent liabilities. Current liabilities increased \$38.5 million from 2018 to 2019.

At year end, the University accrued an additional \$17.5 million in accounts payable, \$2.6 million in compensation-related liabilities, \$1.5 million in other accrued liabilities, and \$0.9 million in interest. The increase in other accrued liabilities is due to an increase in the University's pollution remediation reserve that is expected to be paid in fiscal year 2020. Unearned revenue increased \$17.9 million. Unearned revenue is comprised of tuition, room and board revenue that relates to fiscal year 2020, contracts and grants funding received prior to expenditure as well as athletic revenue related to games played subsequent to September 30. For Fall 2019, the Board of Trustees approved a 2.0% tuition increase for main campus and a 3.0% increase for AUM. Sixty percent of Fall tuition is reported as unearned revenue due to the fiscal year end of September 30. Along with the tuition increase, the AUM campus increased enrollment by approximately 1.3%. There were also increases in unearned revenue for athletic ticket sales relating to football and basketball games played after September 30, 2019. These increases were slightly offset with a reduction in student deposits and deposits held in custody of \$1.8 million.

Noncurrent liabilities include principal amounts due on University bonds payable, capital lease obligations, pension, other post-employment benefit obligations, pollution

remediation, and self-insured liabilities that are payable beyond September 30, 2020. Noncurrent liabilities decreased \$4.2 million from 2018 to 2019. Although the University reduced the bonds and notes payable debt by paying \$29.1 million in fiscal year 2019, the pension and OPEB liabilities increased \$31.8 million. The University entered into new capital equipment leases increasing the lease obligation by \$2.2 million. Other noncurrent liabilities decreased by \$1.8 million, primarily due to the recognition of previously accrued interest on the capital appreciation bond. The remaining decrease of approximately \$1.1 million relates to new premiums and related premium amortization.

#### **The University's Deferred Inflows of Resources**

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

The University's deferred inflows of resources increased \$9.9 million from 2018 to 2019. This increase was primarily 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).

#### **The University's Net Position**

The three major net position categories are discussed below:

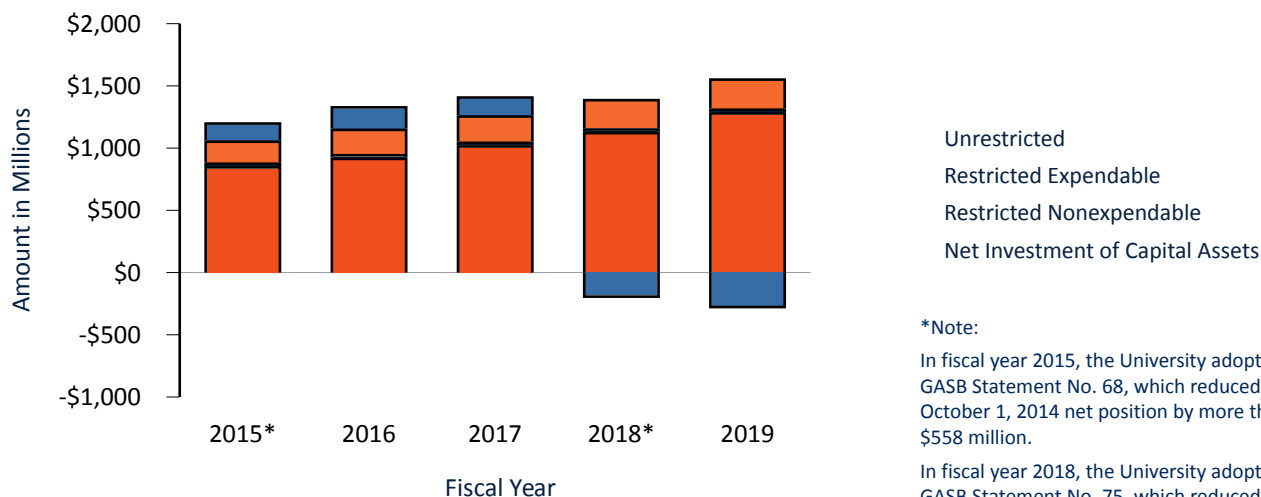
Net investment in capital assets represents the University's capital assets, net of accumulated depreciation and outstanding principal balances of debt as well as any deferred inflows or outflows of resources, attributable to the acquisition, construction, or improvement of those assets. Net investment in capital assets increased 14.0% from 2018 to 2019. This increase was due to capitalization of assets as previously described and payments made on outstanding debt.

Restricted (nonexpendable and expendable) net position:

Restricted-nonexpendable net position is subject to external restrictions governing its use and consists of the University's permanent endowment funds. This net position increased 1.6% from 2018 to 2019. This increase was primarily the result of additional gifts to permanently endowed funds, as well as an increase in the cash value of life insurance.

Restricted-expendable net position is also subject to external restrictions governing its use. Items of this nature include gifts, contracts and grants restricted by federal, state, local governments, or private sources for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. Restricted funds functioning as endowments, restricted funds available for student loans, and funds restricted for construction purposes are also included in this category. Restricted-expendable net position increased 2.6% from 2018 to 2019. The majority of the increase was due to additional gift receipts in fiscal year 2019.

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 decreased 42.4% from 2018 to 2019, or \$85.7 million. Although the University used unrestricted reserves on deferred maintenance and to pre-fund new capital project expenditures, the University expects to receive approximately \$65.5 million as reimbursement from gift pledges or other restricted sources. The deficit in unrestricted net position was primarily due to the net pension and other postemployment benefit obligations, which increased \$31.8 million.

**TOTAL NET POSITION****\*Note:**

In fiscal year 2015, the University adopted GASB Statement No. 68, which reduced the October 1, 2014 net position by more than \$558 million.

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

**Statement of Revenues, Expenses and Changes in Net Position**

Changes in total net position are the result of activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of this statement is to present the operating and nonoperating revenues, operating and nonoperating expenses, other revenues, expenses, gains, losses, and changes in net position. A condensed statement for the years ended September 30, 2019 and 2018, is provided below:

	2019	2018
Operating revenues	\$ 897,535,623	\$ 876,139,045
Operating expenses	1,209,593,678	1,162,524,686
Operating loss	(312,058,055)	(286,385,641)
Net nonoperating revenues and other changes in net position	391,021,290	365,314,331
Net increase in net position	78,963,235	78,928,690
Net position - beginning of year	1,194,310,872	1,416,772,147
Cumulative effect of accounting change		(301,389,965)
Net position - October 1, 2017, as restated		1,115,382,182
Net position - end of year	<u>\$ 1,273,274,107</u>	<u>\$ 1,194,310,872</u>

The 2019 Statement of Revenues, Expenses, and Changes in Net Position reflects an increase in net position at the end of the year of \$79.0 million. Operating revenues increased 2.4% from 2018 to 2019. The majority of this increase is attributable to the increase in student tuition and fee revenue, net of discounts. The \$27.8 million tuition and fee increase over 2018 was the result of the Board-approved increase in tuition for both main campus and AUM. The University saw a net increase in federal

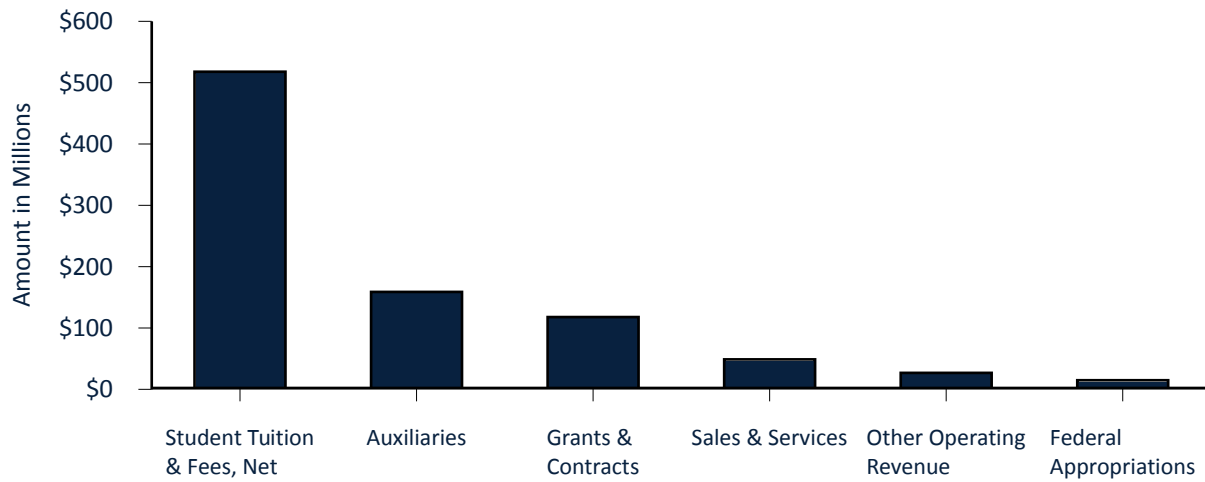
appropriations, federal, state, and nongovernmental contract and grant revenues of \$10.7 million, which was primarily the result of an increase in spending of sponsored funds appropriated and awarded for research. These increases were offset by a decrease in auxiliary revenue of \$22.8 million. During fiscal year 2018, auxiliary revenue included two larger SEC football games, while corresponding revenue for fiscal year 2019 was deferred at year end.

Operating expenses increased 4.0% from 2018 to 2019. Compensation and benefit costs increased 3.4% as a result of Board-approved salary increases and one-time supplement payments. Another major portion of this increase was attributable to the increase in other supplies and services expense of 6.8%. Multiple factors contributed to this increase. As previously discussed, the University had significant new construction and renovation activity in fiscal year 2019. Correspondingly, the University saw increases in repairs and maintenance spending and purchases of non-capital equipment. Other factors included increased computer expenses and temporary employee services.

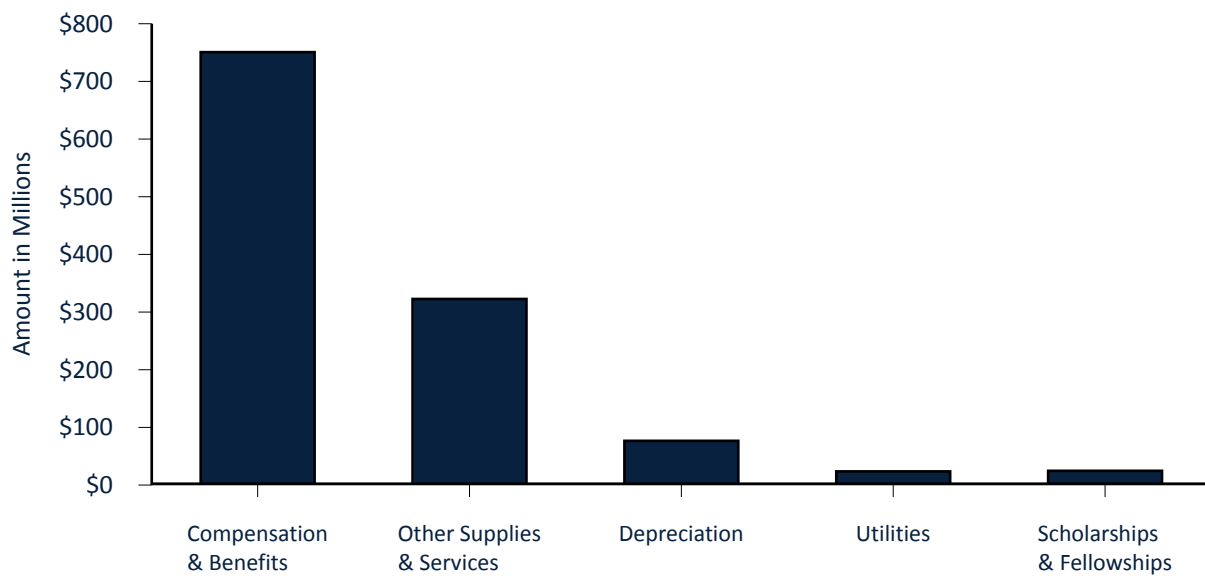
Net nonoperating revenues and other changes in net position increased 7.0% from 2018 to 2019. This increase was the result of increased revenues from state appropriations of \$16.4 million, as well as an increase in net investment income of \$26.0 million. The majority of this increase was from an additional \$21.9 million in realized and unrealized gains on investments, as well as a \$3.3 million increase in interest income, related to increased investments in money market instruments to take advantage of better returns versus the long-term market. These increases were offset by additional interest expense on capital debt of \$6.2 million, as a result of the University recording a full year of interest on the 2018A General Fee Bond issuance in fiscal year 2019 as compared to three months of interest in fiscal year 2018, and a decrease in capital gifts and grants of \$11.0 million as the comprehensive campaign ended in fiscal year 2018.

**OPERATING REVENUES SUPPORTING CORE ACTIVITIES**

For the year ended September 30, 2019

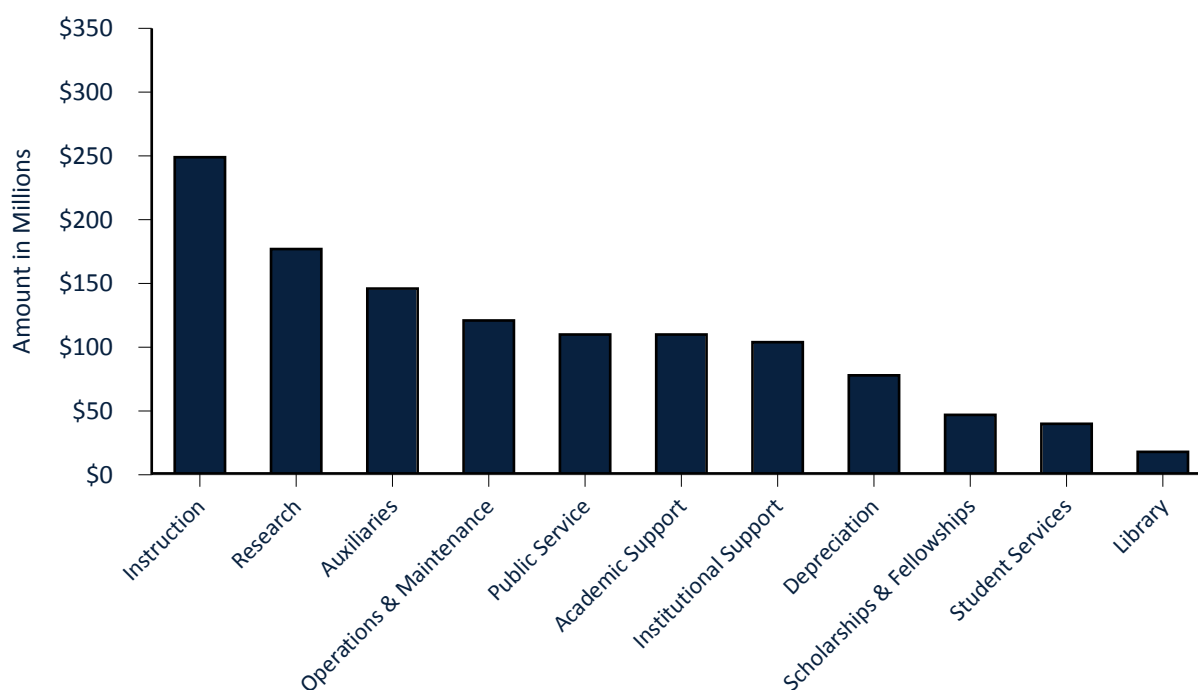
**OPERATING EXPENSES BY NATURAL CLASSIFICATION**

For the year ended September 30, 2019



**OPERATING EXPENSES BY FUNCTION**

For the year ended September 30, 2019

**Statement of Cash Flows**

The Statement of Cash Flows presents information about changes in the University's cash position using the direct method of reporting sources and uses of cash. The direct method reports all major gross cash inflows and outflows, differentiating these activities into operating activities; noncapital financing, such as nonexchange

grants and contributions; capital and related financing, including bond proceeds from debt issued to purchase or construct buildings; and investing activities. Operating activity uses of cash significantly exceed operating activity sources of cash due to classification of state appropriations and gifts as noncapital financing activities.

The University's cash flows for the years ended September 30, 2019 and 2018, are summarized below:

	2019	2018
Net cash provided by (used in):		
Operating activities	\$ (159,821,235)	\$ (129,445,578)
Noncapital financing activities	348,742,128	324,181,480
Capital and related financing activities	(268,465,034)	29,644,535
Investing activities	178,157,229	(224,974,900)
Net increase (decrease) in cash and cash equivalents	98,613,088	(594,463)
Cash and cash equivalents - beginning of year	147,729,234	148,323,697
Cash and cash equivalents - end of year	<u>\$ 246,342,322</u>	<u>\$ 147,729,234</u>

Net cash used in operating activities increased from 2018 to 2019 by 23.5%. The increase was due to additional cash paid to suppliers and utilities of \$25.7 million and additional payments for employee compensation and benefits of \$19.5 million as a result of the Board-approved salary increases and one-time supplement payments. Additionally, the University saw a reduction in cash inflows from auxiliary enterprises of \$8.3 million and sales and services of educational departments of \$0.7 million. These outflows were offset by additional cash provided from tuition and fees of \$12.7 million, federal appropriations/grants and contracts of \$7.5 million, other operating revenues of

\$0.3 million, and the net of student loans issued and collected of \$1.7 million. A reduction in payments for scholarships and fellowships of \$1.6 million further offset the increase in outflows related to operating activities.

The University saw an increase in net cash provided by noncapital financing activities of \$24.6 million. This increase was primarily the result of an increase in state appropriations over fiscal year 2018 in the amount of \$16.4 million. The remaining difference related to an increase in direct and other loan receipts of \$12.5 million and an increase in gifts and grants for other than

capital purposes of \$0.6 million, offset by an increase in disbursements of \$4.9 million.

Net cash used in capital and related financing activities was \$268.5 million in 2019 compared to net cash provided by those activities in 2018 of \$29.6 million. This was predominantly the result of the University issuing the 2018A General Fee Bonds in fiscal year 2018, which resulted in the receipt of \$251.1 million in bond proceeds, net of issuance costs. The remaining difference includes increased expenditures for capital assets in 2019 of \$23.4 million, a reduction in capital gifts and grants funding of \$10.0 million as a result of the end of the comprehensive campaign, an increase in principal and interest paid on capital leases of \$13.7 million, and an increase in proceeds from the sale of capital assets of \$0.1 million.

Net cash provided by investing activities was \$178.2 million in fiscal year 2019 compared to \$225.0 million used in fiscal year 2018. During fiscal year 2019, the University received \$644.3 million of proceeds from sales and maturities of investments/reinvestments and purchased \$505.6 million of new investments. The remaining cash provided by investing activities came from investment income in the amount of \$39.5 million.

#### **Economic factors that will affect the future**

While the University is impacted by general economic conditions, 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 decrease 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 gifts, federal and state funds, and deferred maintenance budget allocations continues, the costs of operating the new and renovated facilities will continue to place additional resource demands on the operating budget of the institution.

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 cash pool. Diversification through asset allocation is utilized as a fundamental risk strategy for endowed funds.

In January 2020, the World Health Organization declared the novel coronavirus (COVID-19) a Public Health Emergency of International Concern. Please see Note 23 for further information related to COVID-19 impact.

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

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

**UNDERGRADUATE TUITION FOR THE ACADEMIC YEAR**

	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
Auburn Main Campus/ Auburn University at Montgomery					
Full Time Students:	\$10,424/	\$10,696/	\$10,968/	\$11,276/	\$11,492/
In-State	\$9,350	\$9,640	\$9,910	\$8,404*	\$8,620
Out-of-State	\$28,040/ \$20,210	\$28,840/ \$20,710	\$29,640/ \$21,310	\$30,524/ \$17,812*	\$31,124/ \$18,292

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

**FALL STUDENT ENROLLMENT**

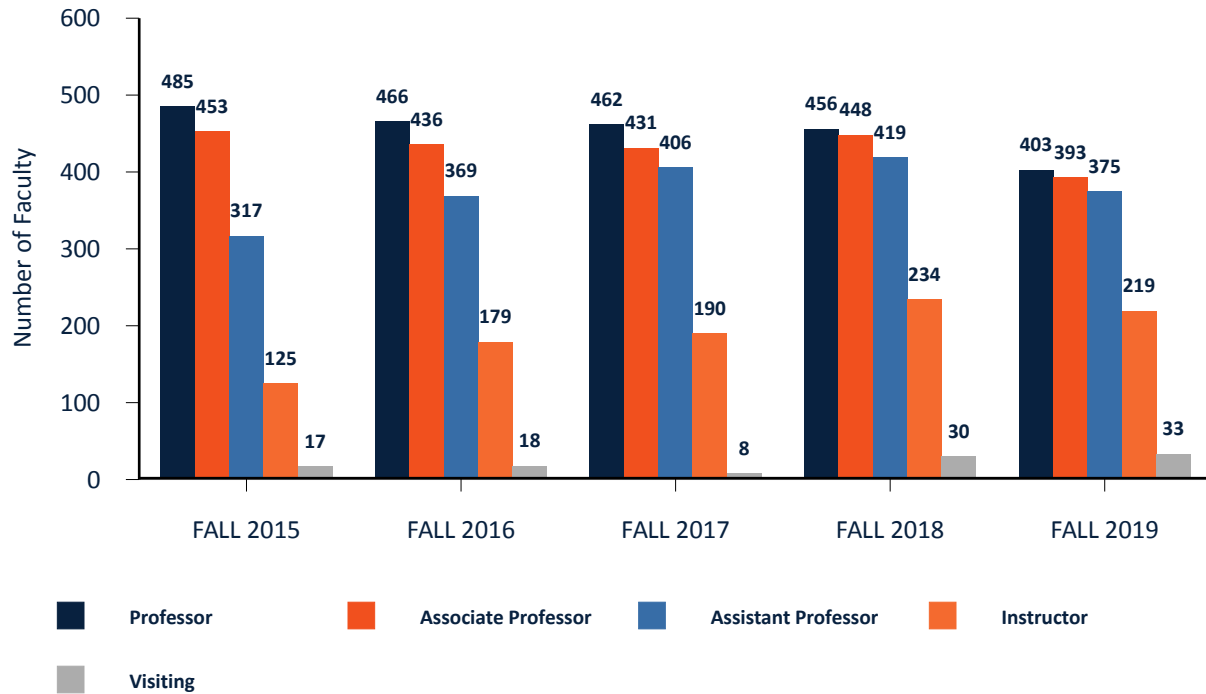
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Auburn Main Campus and Auburn University at Montgomery					
Undergraduate	26,043	26,931	28,277	29,260	29,117
Graduate and Professional	6,163	6,237	6,393	6,391	6,531

**DEGREES AWARDED FOR THE ACADEMIC YEAR**

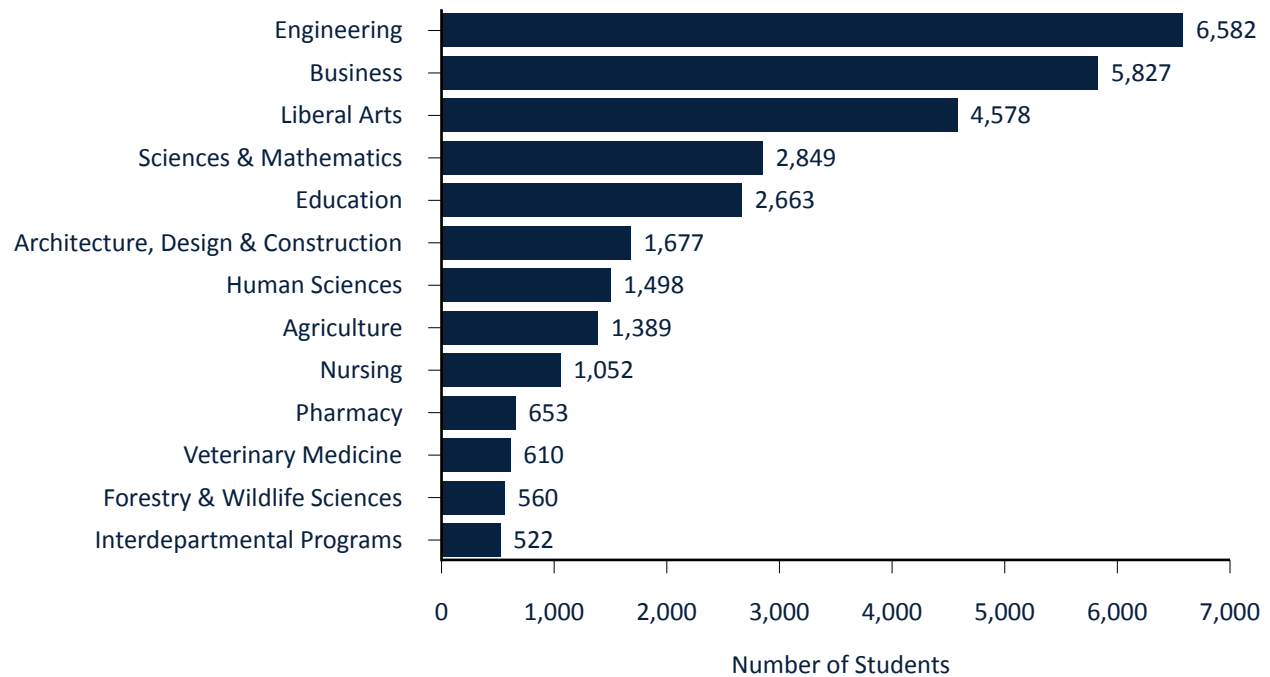
	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
Auburn Main Campus and Auburn University at Montgomery					
Bachelor	5,115	5,019	5,049	5,539	5,928
Advanced	1,905	2,007	2,061	2,134	2,121



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

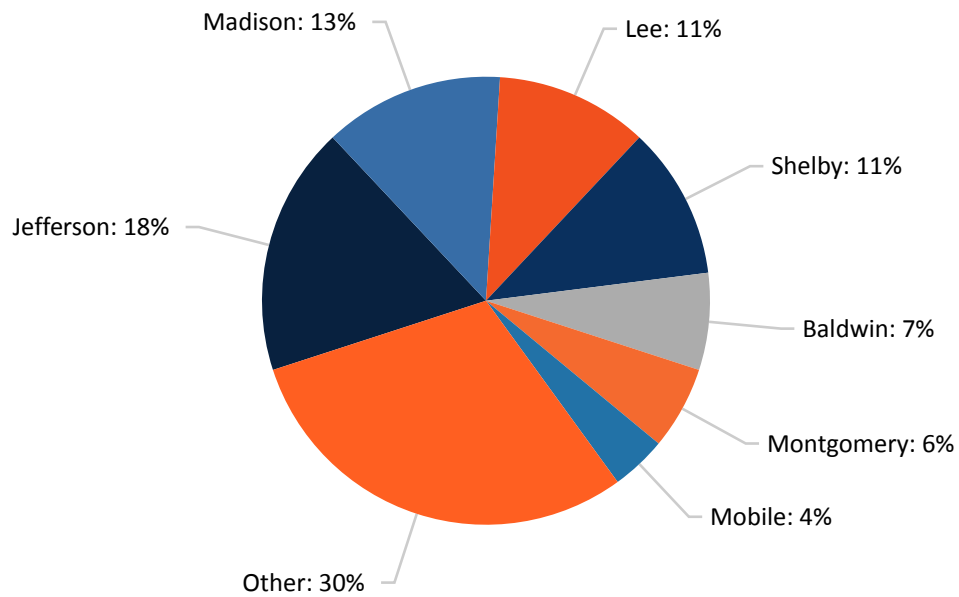


### AUBURN UNIVERSITY MAIN CAMPUS ENROLLMENT BY COLLEGE/SCHOOL FALL 2019

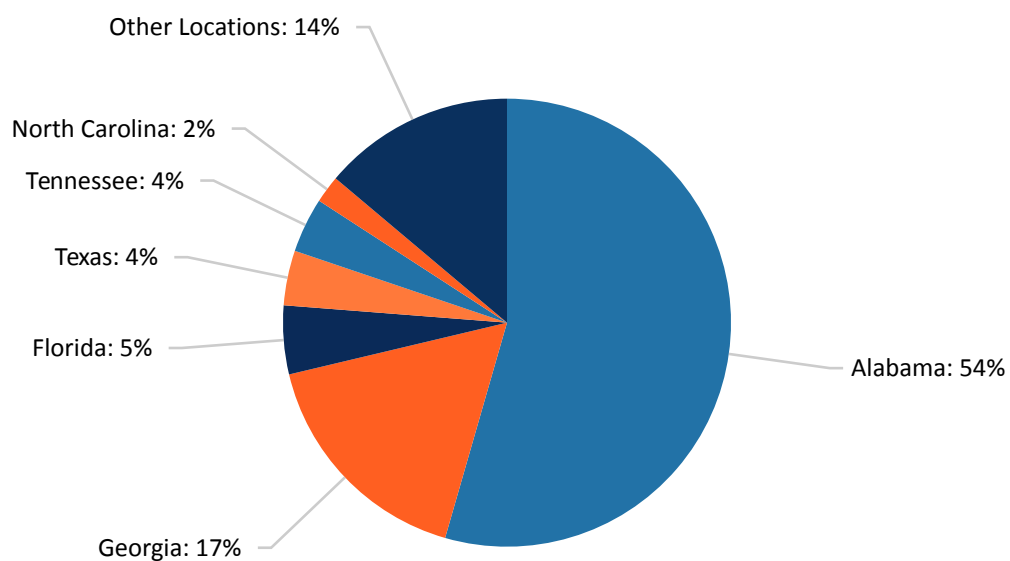




**AUBURN UNIVERSITY MAIN CAMPUS FRESHMEN  
ENROLLMENT BY ALABAMA COUNTIES  
SUMMER/FALL TERMS 2019**



**AUBURN UNIVERSITY MAIN CAMPUS FRESHMEN  
ENROLLMENT BY STATE  
SUMMER/FALL TERMS 2019**





## AUBURN UNIVERSITY

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

	2010	2011	2012
<b>Revenues by Source</b>			
Tuition and fees, net	\$ 276.2	\$ 294.7	\$ 323.1
Federal appropriations	30.3 *	38.8 *	11.8
State appropriations	236.2	235.7	247.8
Grants and contracts	132.3	136.6	134.5
Gifts	31.5	32.3	36.6
Capital gifts and grants	47.6	48.2	17.2
Sales and services, investments and other income, net of interest expense	59.8	58.8	72.8
Auxiliary revenue, net	87.5	106.2	101.5
Total Revenues by Source	<u>\$ 901.4</u>	<u>\$ 951.3</u>	<u>\$ 945.3</u>
<b>Expenditures by Function</b>			
Instruction	\$ 220.6	\$ 230.4	\$ 239.5
Research	97.5	102.8	102.6
Public service	99.2	106.0	107.4
Academic support	37.5	38.8	38.8
Library	10.2	8.3	10.1
Student services	21.9	23.6	24.9
Institutional support	58.8	74.1	73.3
Operation and maintenance	70.1	77.8	66.3
Scholarships and fellowships	31.8	33.7	35.0
Auxiliaries	89.3	102.5	99.1
Depreciation	49.3	53.8	61.1
Total Expenditures by Function	<u>\$ 786.2</u>	<u>\$ 851.8</u>	<u>\$ 858.1</u>
<b>Expenditures by Natural Classification</b>			
Compensation	\$ 510.9	\$ 536.6	\$ 539.2
Scholarships and fellowships	17.8	17.3	18.4
Utilities	22.9	23.3	23.2
Other supplies and services	185.3	220.8	216.2
Depreciation	49.3	53.8	61.1
Total Expenditures by Natural Classification	<u>\$ 786.2</u>	<u>\$ 851.8</u>	<u>\$ 858.1</u>

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

## AUBURN UNIVERSITY

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

2013	2014	2015	2016	2017	2018	2019
\$ 349.2	\$ 365.9	\$ 395.6	\$ 414.8	\$ 451.7	\$ 492.2	\$ 520.0
13.0	12.9	14.3	13.2	15.3	13.8	16.9
238.6	243.0	245.5	248.1	254.7	256.6	272.9
121.1	118.4	120.5	126.8	130.2	139.7	147.3
35.4	36.6	43.9	50.6	46.0	48.3	48.9
28.2	3.8	4.8	22.8	21.5	26.1	15.1
60.7	89.2	79.6	88.4	95.6	80.7	106.1
104.8	123.4	136.3	174.3	157.5	184.0	161.2
<u>\$ 951.0</u>	<u>\$ 993.2</u>	<u>\$ 1,040.5</u>	<u>\$ 1,139.0</u>	<u>\$ 1,172.5</u>	<u>\$ 1,241.4</u>	<u>\$ 1,288.4</u>
\$ 242.6	\$ 249.0	\$ 254.6	\$ 270.1	\$ 295.0	\$ 286.9	\$ 249.9
97.4	99.2	97.3	110.1	122.1	146.1	177.9
104.7	102.5	106.7	107.6	112.9	111.0	111.1
43.7	53.3	55.4	56.2	61.5	72.8	110.7
8.3	9.7	9.0	7.9	9.6	18.9	18.7
27.6	30.2	33.0	35.0	38.0	39.7	40.7
70.0	70.5	78.5	87.3	88.9	100.6	105.4
84.5	78.8	78.8	85.4	102.2	105.5	121.8
39.5	40.2	39.3	42.0	42.4	47.8	47.8
106.9	123.1	122.6	131.8	143.2	153.7	146.6
66.1	71.8	74.3	75.7	77.4	79.5	79.0
<u>\$ 891.3</u>	<u>\$ 928.3</u>	<u>\$ 949.5</u>	<u>\$ 1,009.1</u>	<u>\$ 1,093.2</u>	<u>\$ 1,162.5</u>	<u>\$ 1,209.6</u>
\$ 558.0	\$ 578.2	\$ 598.4	\$ 627.2	\$ 688.8	\$ 727.7	\$ 752.6
21.6	22.7	20.7	22.4	22.7	26.5	27.0
22.8	26.0	24.5	24.1	24.9	24.5	26.3
222.8	229.6	231.6	259.6	279.4	304.2	324.7
66.1	71.8	74.3	75.8	77.4	79.6	79.0
<u>\$ 891.3</u>	<u>\$ 928.3</u>	<u>\$ 949.5</u>	<u>\$ 1,009.1</u>	<u>\$ 1,093.2</u>	<u>\$ 1,162.5</u>	<u>\$ 1,209.6</u>

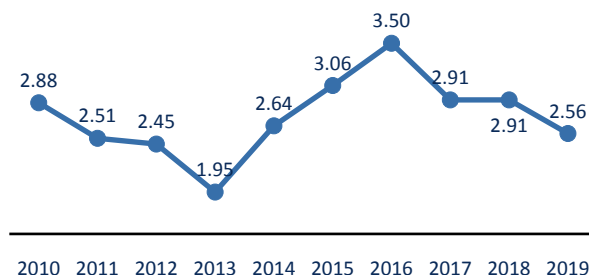
## AUBURN UNIVERSITY

### FINANCIAL RATIOS\*\* FOR THE FISCAL YEARS ENDED SEPTEMBER 30

#### Debt Service Coverage Ratio

The debt service coverage ratio measures the ability to cover annual debt service obligations from continuing operations. This ratio is calculated by dividing net operating income plus net nonoperating revenues, adjusted for interest and depreciation, by annual debt service. A ratio of at least 1.0 is desirable.

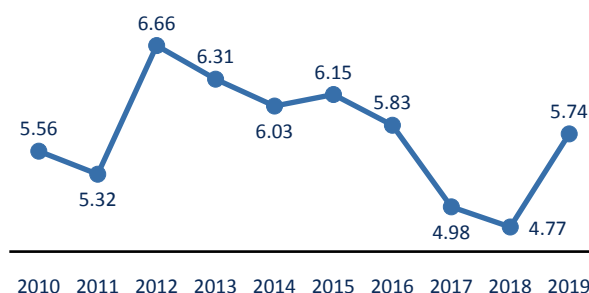
From 2011 through 2013, the University's debt service coverage ratio decreased due to new debt issuances. The ratio began rebounding as the University paid down portions of the outstanding amounts. The ratio remains sufficiently above the desired 1.0 in all years presented and was not affected by the implementation of GASB Statement No. 68 or Statement No. 75.



#### Debt Service Burden

This ratio measures the percentage of annual operating expenses devoted to debt service. It is calculated by dividing annual debt service by total operating expenses. A ratio below 7% is desirable.

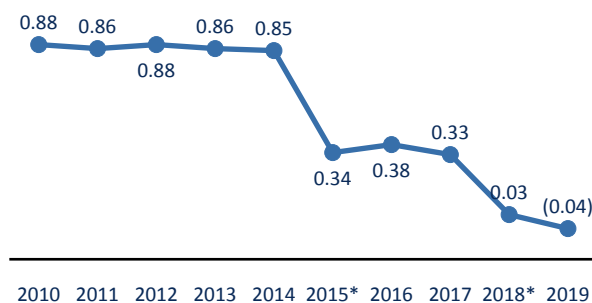
The University's debt service burden increased in fiscal year 2012 due to new debt issuances in 2011 and 2012. In 2013 and 2014, debt service remained relatively consistent, while operating expenses increased. The ratio increased slightly in fiscal year 2015, as debt service increased. Management strategically planned for debt service to increase as certain projects funded by the debt became revenue-generating. The ratio was not affected by the implementation of GASB Statement No. 68 or Statement No. 75, but increased in fiscal year 2019 as the University began paying debt service on a new issuance in 2018.



#### Primary Reserve Ratio

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

Although the primary reserve ratio was significantly impacted by the implementation of GASB Statement No. 68 in 2015 and by the implementation of GASB Statement No. 75 in 2018, management believes the University has sufficient expendable net position to continue to operate.



\*In fiscal year 2015, the University adopted GASB Statement No. 68, which reduced the October 1, 2014 net position by more than \$558 million. In fiscal year 2018, the University adopted GASB Statement No. 75, which reduced the October 1, 2017 net position by more than \$301 million.

\*\*These financial ratios are presented for purposes of additional analysis and are not a required part of the basic financial statements. These ratios include only the University's financial statements and may not be comparable to other institutions.



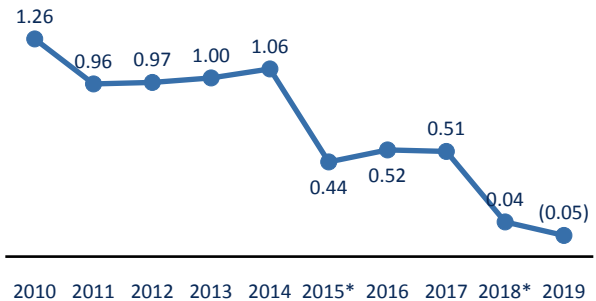
## AUBURN UNIVERSITY

### FINANCIAL RATIOS\*\* FOR THE FISCAL YEARS ENDED SEPTEMBER 30

#### Viability Ratio

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

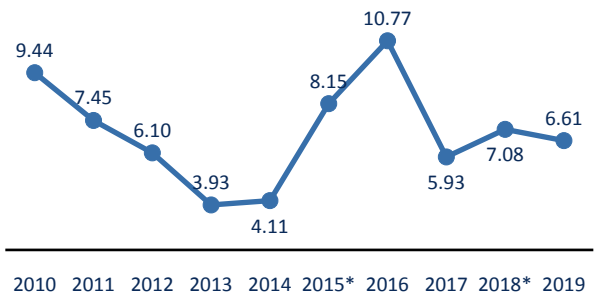
New debt issuances in 2011 dropped the ratio below 1.0%. The ratio rebounded in 2012 through 2014, and then was significantly impacted by the implementation of GASB Statement No. 68 in 2015 and by the implementation of GASB Statement No. 75 in 2018. Management believes the University has sufficient expendable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



#### Return on Net Position Ratio

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

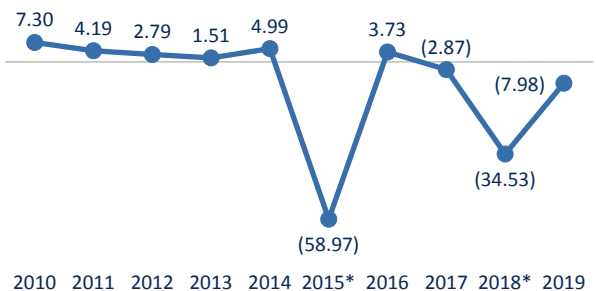
The University's return on net position ratio remains strong. The implementation of GASB Statement No. 68 lowered the beginning net position, which resulted in a higher ratio for 2015. In 2017, an increase in net pension obligations and the use of unrestricted net position for capital projects, such as the Mell Classroom Building and deferred maintenance needs, led to a 15.4% decrease in Unrestricted Net Position, which impacted this ratio. The implementation of GASB Statement No. 75 again lowered the beginning net position, which resulted in a higher ratio for 2018, well above the recommended level.



#### Net Income Ratio

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

The University's net income ratio was significantly impacted by the implementation of GASB Statement No. 68 in fiscal year 2015. It rebounded to the recommended levels in 2016. Like the Return on Net Position ratio, this ratio was impacted by the decrease in Unrestricted Net Position in 2017. The implementation of GASB Statement No. 75 in fiscal year 2018 significantly impacted this ratio. Management believes the University will continue to operate successfully within available resources.



\*In fiscal year 2015, the University adopted GASB Statement No. 68, which reduced the October 1, 2014 net position by more than \$558 million. In fiscal year 2018, the University adopted GASB Statement No. 75, which reduced the October 1, 2017 net position by more than \$301 million.

\*\*These financial ratios are presented for purposes of additional analysis and are not a required part of the basic financial statements. These ratios include only the University's financial statements and may not be comparable to other institutions.

# AUBURN UNIVERSITY

## STATEMENTS OF NET POSITION SEPTEMBER 30, 2019 AND 2018

	2019	2018
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 246,342,322	\$ 147,729,234
Operating investments	117,467,546	129,112,112
Accounts receivable, net	64,047,965	64,290,291
Student accounts receivable, net	48,739,917	43,084,125
Loans receivable, net	3,059,064	3,026,036
Accrued interest receivable	3,826,416	4,018,921
Inventories	6,532,014	6,071,097
Prepaid expenses	45,388,637	46,669,159
Total current assets	<u>535,403,881</u>	<u>444,000,975</u>
Noncurrent assets		
Investments	1,062,267,000	1,167,411,609
Loans receivable, net	14,295,346	16,557,780
Investment in plant, net	1,942,052,061	1,809,863,232
Total noncurrent assets	<u>3,018,614,407</u>	<u>2,993,832,621</u>
<b>Total assets</b>	<u><b>3,554,018,288</b></u>	<u><b>3,437,833,596</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Loss on refunding of bonds	41,950,072	46,219,285
Pension and OPEB	206,358,119	195,093,459
<b>Total deferred outflows of resources</b>	<u><b>248,308,191</b></u>	<u><b>241,312,744</b></u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	103,313,744	85,816,831
Accrued salaries and wages	5,101,947	3,252,148
Accrued compensated absences	20,836,407	20,102,007
Accrued interest payable	14,101,944	13,189,035
Other accrued liabilities	13,815,288	12,329,100
Student deposits	3,952,819	4,146,966
Deposits held in custody	23,508,988	25,159,346
Unearned revenues	257,518,024	239,583,756
Noncurrent liabilities-current portion	37,457,594	37,536,770
Total current liabilities	<u>479,606,755</u>	<u>441,115,959</u>
Noncurrent liabilities		
Bonds and notes payable	848,385,408	884,698,533
Lease obligation	12,431,342	10,248,946
Pension and OPEB	1,067,656,451	1,035,886,516
Other noncurrent liabilities	11,546,942	13,337,780
Total noncurrent liabilities	<u>1,940,020,143</u>	<u>1,944,171,775</u>
<b>Total liabilities</b>	<u><b>2,419,626,898</b></u>	<u><b>2,385,287,734</b></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Nonexchange transactions	189,862	170,534
Pension and OPEB	109,235,612	99,377,200
<b>Total deferred inflows of resources</b>	<u><b>109,425,474</b></u>	<u><b>99,547,734</b></u>
<b>NET POSITION</b>		
Net investment in capital assets	1,289,198,648	1,131,106,698
Restricted		
Nonexpendable	29,862,295	29,405,300
Expendable:		
Scholarships, research, instruction, other	195,294,682	186,758,005
Loans	5,475,851	5,296,937
Capital projects	41,227,713	43,872,541
Unrestricted	(287,785,082)	(202,128,609)
<b>Total net position</b>	<u><b>\$ 1,273,274,107</b></u>	<u><b>\$ 1,194,310,872</b></u>

See accompanying notes to financial statements.

# AUBURN UNIVERSITY

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
<b>OPERATING REVENUES</b>		
Tuition and fees, net of scholarship allowances of \$136,806,904 and \$129,455,514, respectively	\$ 520,045,194	\$ 492,207,970
Federal appropriations	16,853,970	13,845,715
Federal grants and contracts, net	82,718,181	76,848,678
State and local grants and contracts, net	19,480,365	19,149,702
Nongovernmental grants and contracts, net	17,547,732	16,013,849
Sales and services of educational departments	50,923,638	48,440,845
Auxiliary revenue, net of scholarship allowances of \$9,403,338 and \$9,124,570, respectively	161,189,992	184,004,826
Other operating revenues	28,776,551	25,627,460
Total operating revenues	<u>\$ 897,535,623</u>	<u>876,139,045</u>
<b>OPERATING EXPENSES</b>		
Compensation and benefits	752,596,464	727,733,183
Scholarships and fellowships	26,983,778	26,492,608
Utilities	26,310,840	24,543,059
Other supplies and services	324,727,182	304,162,935
Depreciation	78,975,414	79,592,901
Total operating expenses	<u>1,209,593,678</u>	<u>1,162,524,686</u>
Operating loss	<u>(312,058,055)</u>	<u>(286,385,641)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	272,928,855	256,570,746
Gifts	48,949,125	48,307,506
Grants	27,587,740	27,677,243
Net investment income	61,175,549	35,175,949
Interest expense on capital debt	(35,209,347)	(29,008,545)
Nonoperating revenues, net	<u>375,431,922</u>	<u>338,722,899</u>
Income before other changes in net position	63,373,867	52,337,258
<b>OTHER CHANGES IN NET POSITION</b>		
Capital gifts and grants	15,132,371	26,104,586
Additions to permanent endowments	456,997	486,846
Net increase in net position	<u>78,963,235</u>	<u>78,928,690</u>
<b>Net position - beginning of year</b>	1,194,310,872	1,416,772,147
Cumulative effect of accounting change		(301,389,965)
<b>Net position October 1, 2017, as restated</b>		<u>1,115,382,182</u>
<b>Net position - end of year</b>	<u>\$ 1,273,274,107</u>	<u>\$ 1,194,310,872</u>

See accompanying notes to financial statements.



# AUBURN UNIVERSITY

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 520,531,270	\$ 507,821,174
Federal appropriations	16,664,314	13,666,879
Grants and contracts	118,800,805	114,295,116
Sales and services of educational departments	53,697,376	54,410,140
Auxiliary enterprises	171,153,640	179,502,340
Other operating revenues	27,910,465	27,579,329
Payments to suppliers	(298,167,239)	(274,272,753)
Payments for utilities	(26,310,839)	(24,543,059)
Payments for employee compensation and benefits	(718,996,886)	(699,539,194)
Payments for scholarships and fellowships	(27,148,601)	(28,723,184)
Student loans issued	(1,038,658)	(2,528,799)
Student loans collected	3,083,118	2,886,433
Net cash used in operating activities	<u>(159,821,235)</u>	<u>(129,445,578)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	272,928,855	256,570,746
Gifts and grants for other than capital purposes	77,422,854	76,802,880
Direct and other loan receipts	209,346,732	196,835,824
Direct and other loan disbursements	(210,956,313)	(206,027,970)
Net cash provided by noncapital financing activities	<u>348,742,128</u>	<u>324,181,480</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from issuance of debt, net of issuance costs	—	251,087,061
Capital gifts and grants received	12,783,768	22,808,239
Purchases of capital assets	(211,260,157)	(187,821,441)
Proceeds received from sale of capital assets	395,125	210,402
Principal paid on debt and capital leases	(30,162,818)	(24,527,084)
Interest paid on debt and capital leases	(40,220,952)	(32,112,642)
Net cash (used in) provided by capital and related financing activities	<u>(268,465,034)</u>	<u>29,644,535</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments and reinvestments	644,318,093	427,595,002
Investment income	39,480,781	29,753,271
Purchases of investments	(505,641,645)	(682,323,173)
Net cash provided by (used in) investing activities	<u>178,157,229</u>	<u>(224,974,900)</u>
Net increase (decrease) in cash and cash equivalents	98,613,088	(594,463)
<b>Cash and cash equivalents - beginning of year</b>	<u>147,729,234</u>	<u>148,323,697</u>
<b>Cash and cash equivalents - end of year</b>	<u><u>\$ 246,342,322</u></u>	<u><u>\$ 147,729,234</u></u>

See accompanying notes to financial statements.

# AUBURN UNIVERSITY

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</b>		
Operating loss	\$ (312,058,055)	\$ (286,385,641)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	78,975,414	79,592,901
Write-off of loans receivable	184,945	423,197
Loss on sale of capital assets	2,410,659	2,435,851
Changes in assets and liabilities:		
Accounts receivable	(579,904)	(2,418,657)
Student accounts receivable	(5,655,792)	5,082,431
Inventories	(460,917)	(123,397)
Unearned revenue	17,934,268	18,716,980
Accounts payable	21,629,546	16,825,590
Prepaid expenses	1,282,044	(3,269,003)
Accrued salaries, wages and compensated absences	2,584,199	(1,989,149)
Student deposits and deposits held in custody	(329,533)	10,714,272
Loans receivable	2,044,461	357,634
Other accrued liabilities	1,486,188	4,771,497
Nonexchange transactions	19,328	(212,810)
Pension and OPEB obligation	30,363,688	29,692,861
Other noncurrent liabilities	348,226	(3,660,135)
Net cash used in operating activities	<u>\$ (159,821,235)</u>	<u>\$ (129,445,578)</u>

### SUPPLEMENTAL NONCASH ACTIVITIES INFORMATION

Capital assets acquired with a liability at year-end	\$ 13,144,268	\$ 17,276,901
Gifts of capital assets	2,833,310	3,178,718

*See accompanying notes to financial statements.*

# AUBURN UNIVERSITY COMPONENT UNITS

## STATEMENTS OF FINANCIAL POSITION SEPTEMBER 30, 2019 AND 2018

	Auburn University Foundation		Auburn Alumni Association	
	2019	2018	2019	2018
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,522,693	\$ 2,905,386	\$ 112,151	\$ 108,528
Investments	577,482,004	569,606,442	4,151,942	3,851,907
Investment in Auburn University Foundation Securities Pool	—	—	8,983,857	9,283,340
Accrued interest receivable	420,548	206,916	19,743	12,994
Contributions receivable, net	85,014,804	82,824,718	190,000	169,424
Other assets	9,212	1,009	31,747	11,278
Investment in real estate	6,918,921	7,471,404	674,799	674,799
Cash surrender value of life insurance	7,500,445	7,027,384	—	—
Beneficial interest in outside trusts	4,620,839	4,652,052	—	—
Property and equipment, net	214,538	269,896	1,774,801	1,783,556
Prepaid	—	—	48	9,294
Due from Auburn University	90,315	406,221	—	9,007
Due from Auburn University Foundation	—	—	636	—
Due from Auburn Alumni Association	51,698	142,953	—	—
<b>Total assets</b>	<b>\$ 687,846,017</b>	<b>\$ 675,514,381</b>	<b>\$ 15,939,724</b>	<b>\$ 15,914,127</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 517,347	\$ 1,181,169	\$ 145,938	\$ 135,463
Annuities payable	11,183,870	10,764,111	—	—
Due to Auburn University	—	—	25,067	16,502
Due to Auburn University Foundation	—	—	230,030	152,377
Due to Auburn Alumni Association	8,983,857	9,283,340	—	—
Due to Tigers Unlimited Foundation	9,296,567	9,480,410	—	—
Due to outside beneficiaries	2,187,245	—	—	—
Retained life commitment	1,806,313	1,925,315	—	—
Deferred revenue	39,671	—	8,434,744	8,384,545
<b>Total liabilities</b>	<b>34,014,870</b>	<b>32,634,345</b>	<b>8,835,779</b>	<b>8,688,887</b>
<b>NET ASSETS</b>				
Without donor restrictions				
Undesignated	11,499,080	8,793,370	6,603,945	6,725,240
Designated by board, uncommitted	9,582,360	9,918,473	500,000	500,000
Designated by board, committed for programs	10,714,635	11,086,993	—	—
<b>Total net assets without donor restrictions</b>	<b>31,796,075</b>	<b>29,798,836</b>	<b>7,103,945</b>	<b>7,225,240</b>
With donor restrictions				
Perpetual in nature	440,761,774	416,382,577	—	—
Purpose and time restricted	181,303,654	196,733,435	—	—
Underwater endowments	(30,356)	(34,812)	—	—
<b>Total net assets with donor restrictions</b>	<b>622,035,072</b>	<b>613,081,200</b>	<b>—</b>	<b>—</b>
<b>Total net assets</b>	<b>653,831,147</b>	<b>642,880,036</b>	<b>7,103,945</b>	<b>7,225,240</b>
<b>Total liabilities and net assets</b>	<b>\$ 687,846,017</b>	<b>\$ 675,514,381</b>	<b>\$ 15,939,724</b>	<b>\$ 15,914,127</b>

See accompanying notes to financial statements.

# AUBURN UNIVERSITY COMPONENT UNITS

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	Auburn University Foundation		Auburn Alumni Association	
	2019	2018	2019	2018
<b>REVENUES AND OTHER SUPPORT</b>				
Public support - contributions	\$ 54,118,776	\$ 43,749,205	\$ 1,840,454	\$ 1,779,296
Investment income	3,467,427	3,687,254	435,776	402,231
Other revenues	2,930,500	3,996,096	1,231,302	963,926
Total revenues	<u>60,516,703</u>	<u>51,432,555</u>	<u>3,507,532</u>	<u>3,145,453</u>
<b>EXPENSES AND LOSSES</b>				
Program services				
Grants to Auburn University	46,591,702	61,227,088	—	—
Other program services	3,830,642	3,823,399	1,529,722	1,373,591
Total program services	<u>50,422,344</u>	<u>65,050,487</u>	<u>1,529,722</u>	<u>1,373,591</u>
Support services				
General and administrative	2,537,000	2,114,675	1,631,183	1,543,588
Fund raising	3,359,339	3,660,023	238,427	257,256
Total support services	<u>5,896,339</u>	<u>5,774,698</u>	<u>1,869,610</u>	<u>1,800,844</u>
Total expenses	<u>56,318,683</u>	<u>70,825,185</u>	<u>3,399,332</u>	<u>3,174,435</u>
Unrealized losses (gains) on investments	2,065,287	(16,837,235)	229,495	(135,795)
Realized gains on investments	(8,826,536)	(12,671,139)	—	—
Change in valuation of split-interest agreements	8,158	(1,082,739)	—	—
Total expenses, (gains) and losses	<u>49,565,592</u>	<u>40,234,072</u>	<u>3,628,827</u>	<u>3,038,640</u>
*Change in net assets	10,951,111	11,198,483	(121,295)	106,813
Net assets - beginning of the year	<u>642,880,036</u>	<u>631,681,553</u>	<u>7,225,240</u>	<u>7,118,427</u>
Net assets - end of the year	<u>\$ 653,831,147</u>	<u>\$ 642,880,036</u>	<u>\$ 7,103,945</u>	<u>\$ 7,225,240</u>
*Change in net assets				
Without donor restrictions	\$ 1,997,239	\$ 3,311,467	\$ (121,295 )	\$ 106,813
With donor restrictions	8,953,872	7,887,016	—	—
Total change in net assets	<u>\$ 10,951,111</u>	<u>\$ 11,198,483</u>	<u>\$ (121,295)</u>	<u>\$ 106,813</u>

See accompanying notes to financial statements.

# AUBURN UNIVERSITY COMPONENT UNITS

## STATEMENTS OF FINANCIAL POSITION JUNE 30, 2019 AND 2018

	Tigers Unlimited Foundation	
	2019	2018
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,235,512	\$ 1,228,712
Investments	41,670,903	45,416,888
Investment in Auburn University Foundation Securities Pool	9,254,067	9,202,477
Due from Auburn University	41,878	—
Due from Auburn University Foundation	58,150	—
Accrued interest receivable	200,299	246,591
Contributions receivable, net	28,870,615	19,973,335
Other receivables	—	156,150
Other assets	153,322	63,526
Property and equipment, net	38,445	210,386
<b>Total assets</b>	<b>\$ 83,523,191</b>	<b>\$ 76,498,065</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 582,388	\$ 550,492
Deferred revenue	1,094,397	2,399,148
Due to Auburn University	2,339,647	3,950,954
Due to Auburn University Foundation	4,227,188	100,000
<b>Total liabilities</b>	<b>8,243,620</b>	<b>7,000,594</b>
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	22,838,878	22,780,885
Designated by board, uncommitted	—	—
Designated by board, committed for programs	—	—
Investment in property and equipment, net	38,775	210,386
<b>Total net assets without donor restrictions</b>	<b>22,877,653</b>	<b>22,991,271</b>
With donor restrictions		
Perpetual in nature	7,555,847	7,475,638
Purpose and time restricted	44,847,883	39,031,986
Underwater endowments	(1,812)	(1,424)
<b>Total net assets with donor restrictions</b>	<b>52,401,918</b>	<b>46,506,200</b>
<b>Total net assets</b>	<b>75,279,571</b>	<b>69,497,471</b>
<b>Total liabilities and net assets</b>	<b>\$ 83,523,191</b>	<b>\$ 76,498,065</b>

See accompanying notes to financial statements.

# AUBURN UNIVERSITY COMPONENT UNITS

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	Tigers Unlimited Foundation	
	2019	2018
<b>REVENUES AND OTHER SUPPORT</b>		
Public support - contributions	\$ 53,585,282	\$ 49,125,489
Investment income	1,021,083	920,435
Other revenues	6,703,768	6,667,559
Total revenues	<u>61,310,133</u>	<u>56,713,483</u>
<b>EXPENSES AND LOSSES</b>		
Program services		
Contribution to and support for Auburn University	21,836,394	19,622,635
Other program services	21,778,290	19,389,899
Total program services	<u>43,614,684</u>	<u>39,012,534</u>
Support services		
General and administrative	2,017,030	1,899,909
Fundraising	8,896,417	8,614,088
Total support services	<u>10,913,447</u>	<u>10,513,997</u>
Total expenses	<u>54,528,131</u>	<u>49,526,531</u>
Unrealized (gains) losses on investments, net	(511,647)	201,735
Realized gains on investments, net	(42,163)	(169)
Loss on write-off of contribution receivable	1,553,712	578,823
Total expenses, (gains) and losses	<u>55,528,033</u>	<u>50,306,920</u>
*Change in net assets	5,782,100	6,406,563
<b>Net assets - beginning of the year</b>	<u>69,497,471</u>	<u>63,090,908</u>
<b>Net assets - end of the year</b>	<u>\$ 75,279,571</u>	<u>\$ 69,497,471</u>
*Change in Net Assets		
Without donor restrictions	\$ (113,618)	\$ (2,538,488)
With donor restrictions	5,895,718	8,945,051
Total change in net assets	<u>\$ 5,782,100</u>	<u>\$ 6,406,563</u>

See accompanying notes to financial statements.

# AUBURN UNIVERSITY COMPONENT UNITS

## STATEMENTS OF FINANCIAL POSITION SEPTEMBER 30, 2019 AND 2018

	Auburn Research and Technology Foundation	
	2019	2018
<b>ASSETS</b>		
Cash and cash equivalents	\$ 474,289	\$ 454,142
Restricted cash	5,603,327	288,021
Deposits	27,939	28,739
Prepaid expenses and other assets	54,722	28,945
Accounts receivable	1,415,580	1,328,496
Interest receivable	44,263	—
Contributions receivable, net	1,830,101	1,263,821
Property, plant and equipment, net	17,820,761	8,565,490
<b>Total assets</b>	<b>\$ 27,270,982</b>	<b>\$ 11,957,654</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 2,031,751	\$ 295,371
Deferred revenue	648,290	577,195
Deposits held in custody	27,439	28,739
Interest payable	82,045	30,057
Capital lease obligation	26,025	47,605
Other payable to Auburn University	56,124	148,363
Note payable to Auburn University	680,262	723,070
Notes payable to River Bank and Trust	4,345,461	639,601
Notes payable - New Market Tax Credit	9,359,465	—
<b>Total liabilities</b>	<b>17,256,862</b>	<b>2,490,001</b>
<b>NET ASSETS</b>		
Without donor restrictions	8,183,978	8,203,790
With donor restrictions	1,830,142	1,263,863
<b>Total net assets</b>	<b>10,014,120</b>	<b>9,467,653</b>
<b>Total liabilities and net assets</b>	<b>\$ 27,270,982</b>	<b>\$ 11,957,654</b>

See accompanying notes to financial statements

## AUBURN UNIVERSITY COMPONENT UNITS

### STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	Auburn Research and Technology Foundation	
	2019	2018
<b>REVENUES AND OTHER SUPPORT</b>		
Rental income	\$ 1,252,127	\$ 1,092,218
Royalty income	—	20,000
Other income	116	—
Other contracts	250,914	139,296
Contributions	1,107,170	449,611
Total revenues	<u>2,610,327</u>	<u>1,701,125</u>
<b>EXPENSES AND LOSSES</b>		
Support services		
General and administrative	1,461,295	891,245
Amortization on ground leases	112,087	71,101
Amortization on capital lease	23,210	23,210
Amortization on loan fee	31,705	—
Depreciation	288,762	289,458
Interest	146,801	40,257
Total support services	<u>2,063,860</u>	<u>1,315,271</u>
Total expenses	<u>2,063,860</u>	<u>1,315,271</u>
 *Change in net assets	 546,467	 385,854
 <b>Net assets - beginning of the year</b>	 <u>9,467,653</u>	 <u>9,081,799</u>
<b>Net assets - end of the year</b>	<u><u>\$ 10,014,120</u></u>	<u><u>\$ 9,467,653</u></u>
 *Change in Net Assets		
Without donor restrictions	\$ (19,812)	\$ 26,282
With donor restrictions	566,279	359,572
Total change in net assets	<u><u>\$ 546,467</u></u>	<u><u>\$ 385,854</u></u>

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 35,648 students for Fall semester 2019. 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 Comprehensive Annual Financial Report of the State; however, the University is considered a separate reporting entity for financial statement purposes.

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

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

### Component Units

The University adheres to GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units—an amendment of GASB Statement No. 14*. This statement clarifies GASB Statement No. 14, *The Financial Reporting Entity*, which provides criteria for determining whether such organizations for which a government is not financially accountable should be

reported as component units. In accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, the University has included statements for its discretely presented component units, Auburn University Foundation, Auburn Alumni Association, Tigers Unlimited Foundation and Auburn Research and Technology Foundation in these financial statements, as exclusion of such organizations would render the entity's financial statements misleading or incomplete. Auburn University Real Estate Foundation, Inc. has been consolidated into Auburn University Foundation's financial statements, as an affiliated supporting organization. The University's component units' financial statements are presented following the University's statements. The component units are not GASB entities; therefore, their respective financial statements adhere to accounting principles under the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

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

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

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

Auburn Research and Technology Foundation (ARTF) is an independent corporation organized on August 24, 2004, to facilitate the acquisition, construction and equipping of a technology and research park on the University's campus. ARTF was organized under Internal Revenue Code 509(a)(3). ARTF is

exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. ARTF's activities are governed by its own Board of Directors.

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

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

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

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

Financial statements for AUF and the Association may be obtained by writing to the applicable entity at 317 South College Street, Auburn University, Alabama 36849. Financial statements for TUF may be obtained by writing to Athletic Complex, 392 South Donahue Drive, Auburn University, Alabama 36849. Financial statements for ARTF may be obtained by writing to 570 Devall Drive, Suite 101, Auburn, Alabama 36832.

## Financial Statement Presentation

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

- **Net investment in capital assets:**

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

- **Restricted net position:**

The restricted component of net position consists of Nonexpendable and Expendable elements.

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

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

- **Unrestricted net position:**

This category is defined as the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not subject to externally imposed stipulations or included in the determination of net investment in capital assets. Unrestricted net position may be designated for specific purposes by action of management or the Board.

Substantially all unrestricted net position is designated for academic and research programs and initiatives, capital projects, and auxiliary units. When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense towards unrestricted resources and then towards restricted resources.

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

During fiscal year 2019, the University adopted the following Governmental Accounting Standards Board Pronouncements:

GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs), which are legally enforceable liabilities associated with the retirement of a tangible capital asset. The adoption of this standard had no material effect on the University's financial statements in the current fiscal year.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement requires additional footnote disclosures related to debt, including unused lines of credit, assets pledged as collateral, and terms specified in debt agreements related to certain significant events and acceleration clauses. These disclosures have been included (see Note 9).

### **Basis of Accounting**

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

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

### **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. Pursuant to this policy, the University reclassified \$149,000,000 of bond proceeds from cash and cash equivalents to long term investments within the 2018 accompanying Statement of Net Position. This change is reflected as a purchase of investments in the investing activities section of the 2018 accompanying Statement of Cash Flows.

### **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, but 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. Consistent with the reclassification noted above, investment of 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 Draughton 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 expense is capitalized as incurred. Equipment is capitalized if the cost exceeds \$5,000 and has a useful life of more than one year. All buildings are insured through the State of Alabama Property Insurance Fund.

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

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

In accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, the University continues to evaluate prominent events or changes in circumstance to determine whether an impairment loss should be recorded and whether any insurance recoveries should be offset against the impairment loss. The University did not record any losses related to asset impairment during fiscal year 2019 or 2018.

### **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.

#### **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 allowance 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 allowance on a university-wide basis rather than on an individual student basis.

#### **Auxiliary Revenues**

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

#### **Grants and Contracts Revenues**

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

#### **Compensated Absences**

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

September 30; therefore, the entire accrual is considered to be a current liability.

#### **Donor Pledges**

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

#### **(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."

Effective January 1, 2001, 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). The enactment of the SAFE program changed the way all Alabama public deposits are collateralized. In the past, the bank pledged collateral directly to each individual public entity. 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 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 April 12, 2019, 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 12, 2019, 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 \$72,318,643 and \$78,831,184 at September 30, 2019 and 2018, 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, 2019 and 2018, covering the fair value of investments by investment type and related maturity:

**Auburn University Investments**  
**Investment Maturities at Fair Value (in Years)**  
**September 30, 2019**

<b>Types of Investments</b>	<b>&lt; 1 year</b>	<b>1–5 years</b>	<b>6–10 years</b>	<b>&gt; 10 years</b>	<b>Total Fair Value</b>
Fixed Maturity					
Certificates of Deposit	\$ —	\$ 514,841	\$ —	\$ —	\$ 514,841
U.S. Treasury Obligations	25,239,345	7,117,186	—	—	32,356,531
U.S. Agency Securities	92,571,990	519,944,977	108,436,460	—	720,953,427
Mortgage Backed Securities	—	1,539,211	8,805,586	—	10,344,797
Municipals	—	1,010,730	—	—	1,010,730
	<u>\$ 117,811,335</u>	<u>\$ 530,126,945</u>	<u>\$ 117,242,046</u>	<u>\$ —</u>	<u>\$ 765,180,326</u>
Global Equities					2,744,504
Alternative Investments					
Hedge Funds					82,303,404
Private Capital					26,058,457
Real Assets					27,933,906
Real Estate					740,750
Mutual Funds, Common Trust Funds and Business Trust Funds					123,522,726
Funds Held in Trust					3,578,142
Cash Surrender Value-Life Insurance					875,275
Money Market, Cash and Pooled Investments					372,197,056
Total investments					<u>1,405,134,546</u>
Less cash equivalents held in cash pool					<u>(225,400,000)</u>
Operating and noncurrent investments					<u><u>\$1,179,734,546</u></u>

**Auburn University Investments**  
**Investment Maturities at Fair Value (in Years)**  
**September 30, 2018**

<b>Types of Investments</b>	<b>&lt; 1 year</b>	<b>1–5 years</b>	<b>6–10 years</b>	<b>&gt; 10 years</b>	<b>Total Fair Value</b>
Fixed Maturity					
Certificates of Deposit	\$ —	\$ 513,165	\$ —	\$ —	\$ 513,165
U.S. Treasury Obligations	29,456,967	10,164,419	—	—	39,621,386
U.S. Agency Securities	99,924,954	692,739,813	34,316,959	—	826,981,726
Mortgage Backed Securities	—	2,313,707	7,425,347	—	9,739,054
Municipals	—	968,740	—	—	968,740
	<u>\$ 129,381,921</u>	<u>\$ 706,699,844</u>	<u>\$ 41,742,306</u>	<u>\$ —</u>	<u>\$ 877,824,071</u>
Global Equities					2,463,907
Alternative Investments					
Hedge Funds					92,128,914
Private Capital					20,207,621
Real Assets					25,123,903
Real Estate					740,750
Mutual Funds, Common Trust Funds and Business Trust Funds					128,575,916
Funds Held in Trust					3,678,153
Cash Surrender Value-Life Insurance					822,746
Money Market, Cash and Pooled Investments					287,384,884
Total investments					<u>1,438,950,865</u>
Less cash equivalents held in cash pool					<u>(142,427,144)</u>
Operating and noncurrent investments					<u><u>\$1,296,523,721</u></u>

- **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, 2019 and 2018, concerning credit quality risk:

Auburn University Investments Ratings of Fixed Maturities					
Moody’s Rating	Fair Value	Fair Value as a % of Total Fixed Maturity Fair Value	Fair Value	Fair Value as a % of Total Fixed Maturity Fair Value	
	2019		2018		
US Treasury	\$ 32,356,531	4.23%	\$ 38,469,912	4.38%	
Aaa	731,298,224	95.57%	837,872,254	95.45%	
Aa	1,010,730	0.13%	968,740	0.11%	
Not rated*	514,841	0.07%	513,165	0.06%	
	<u>\$ 765,180,326</u>	<u>100.00%</u>	<u>\$ 877,824,071</u>	<u>100.00%</u>	

\*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, 2019 and 2018 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, 2019 and 2018, the University held no investments in foreign currency.

#### Securities Lending Program

As of September 30, 2019 and 2018, there was no participation in any securities lending program.

#### Interest Sensitive Securities

As of September 30, 2019, the University held investments totaling \$10,344,797 in mortgage-backed securities. As of September 30, 2018, the University held investments in mortgage-backed securities totaling \$9,739,054. As of September 30, 2019 and 2018 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 University’s 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, 2019 and 2018, the University Cash Pool held \$171,311,180 and \$77,811,157, representing 12.2% and 5.4%, 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 seven mutual funds, two common trust funds, and three 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. The goal of the limited partnerships 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, 2019 and 2018, 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, 2019, as follows: \$217,395,859, 2018A General Fee Bond proceeds, and \$24,434,545, Deferred Maintenance Building Fund. The General Liability Account holds investments of \$5,679,697.

At September 30, 2018, funds held for pending capital expenditures were as follows: \$218,555,809, 2018A General Fee Bond proceeds, and \$20,276,151, Deferred Maintenance Building Fund. The General Liability Account held investments of \$5,757,075.

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, 2019 and 2018. 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, 2019 and 2018, 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, 2019**

<b>Types of Investments</b>	<b>Total Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Cash and Pooled Investments	\$ 4,572,434	\$ 4,572,434	\$ —	\$ —
Fixed Maturity	765,180,326	514,841	764,665,485	—
Global Equities	2,744,504	2,744,504	—	—
Real Estate	740,750	—	—	740,750
Mutual Funds	72,753,921	72,753,921	—	—
Total investments in the fair value hierarchy	\$ 845,991,935	<u>\$ 80,585,700</u>	<u>\$ 764,665,485</u>	<u>\$ 740,750</u>
Investments measured at NAV	190,642,714			
Money Market	142,224,622			
Cash Surrender Value-Life Insurance	875,275			
Operating and noncurrent investments	<u>\$ 1,179,734,546</u>			

**Auburn University Investments**  
**Investments at Fair Value**  
**September 30, 2018**

<b>Types of Investments</b>	<b>Total Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Cash and Pooled Investments	\$ 1,517,386	\$ 1,517,386	\$ —	\$ —
Fixed Maturity	877,824,071	513,165	877,310,906	—
Global Equities	2,463,907	2,463,907	—	—
Real Estate	740,750	—	—	740,750
Mutual Funds	63,851,332	63,851,332	—	—
Total investments in the fair value hierarchy	\$ 946,397,446	<u>\$ 68,345,790</u>	<u>\$ 877,310,906</u>	<u>\$ 740,750</u>
Investments measured at NAV	205,863,175			
Money Market	149,367,498			
Cash Surrender Value-Life Insurance	822,746			
Investments	\$ 1,302,450,865			
Less cash equivalents held in cash pool	(5,927,144)			
Operating and noncurrent investments	<u>\$ 1,296,523,721</u>			

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, 2019**

Description	Fair Value	Unfunded Commitments	Remaining Life	Redemption Frequency (If Currently Eligible)	Redemption Notice Period	Remaining Restriction
<b>Investments Measured Using Net Asset Value:</b>						
Funds Held in Trust	\$ 3,578,142	\$ —	N/A	Daily	3 business days	N/A
Global Bond Fund	12,392,419	—	N/A	Semi-Monthly	5 business days	N/A
Business Trust Funds and Common Trust Funds	38,376,386	—	N/A	Monthly	6-10 business days	N/A
Global Equity Hedge Fund	34,388,641	—	N/A	Quarterly	60 days	N/A
Global Long/Short Hedge Funds	18,962,313	—	N/A	Quarterly, Semi-Annually	45 - 60 days	N/A
Absolute Return Hedge Funds	28,952,450	—	N/A	Quarterly, Annually	60 - 90 days	N/A
Private Equity Funds	26,058,457	29,188,067	8 mos.-13 yrs.	Illiquid	Illiquid	N/A
Real Asset Investment Funds	27,933,906	19,460,365	3-10 yrs.	Monthly or Illiquid	15 days, Illiquid	N/A
Total	<u>\$190,642,714</u>	<u>\$ 48,648,432</u>				
<b>Investments Measured Using Level 3 inputs:</b>						
Real Estate	\$ 740,750	—	N/A	Illiquid	Illiquid	N/A

**Liquidity Disclosures for Investments Measured Using Net Asset Value as of September 30, 2018**

Description	Fair Value	Unfunded Commitments	Remaining Life	Redemption Frequency (If Currently Eligible)	Redemption Notice Period	Remaining Restriction
<b>Investments Measured Using Net Asset Value:</b>						
Funds Held in Trust	\$ 3,678,153	\$ —	N/A	Daily	3 business days	N/A
Global Bond Fund	11,633,644	—	N/A	Semi-Monthly	5 business days	N/A
Business Trust Funds and Common Trust Funds	53,090,940	—	N/A	Monthly	6-10 business days	N/A
Global Equity Hedge Fund	32,625,904	—	N/A	Quarterly	60 days	N/A
Global Long/Short Hedge Funds	30,488,444	—	N/A	Quarterly, Semi-Annually, Annually	30-60 days	N/A
Absolute Return Hedge Funds	29,014,566	—	N/A	Quarterly, Annually	45-90 days	N/A
Private Equity Funds	20,207,621	23,926,188	3 mos.-14yrs.	Illiquid	Illiquid	N/A
Real Asset Investment Funds	25,123,903	15,881,644	3 mos.-10 yrs.	Monthly or Illiquid	15 days, Illiquid	N/A
Total	<u>\$205,863,175</u>	<u>\$ 39,807,832</u>				
<b>Investments Measured Using Level 3 inputs:</b>						
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 66% developed international and 34% emerging markets.

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

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

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

AUF holds endowments and distributes earnings from those endowments to the University. AUF investments at September 30, 2019 and 2018, include the following:

	2019		2018	
	Fair Value	Cost	Fair Value	Cost
Cash and pooled investments	\$ 12,158,083	\$ 12,158,083	\$ 7,844,209	\$ 7,844,209
Government bonds, notes and other securities	46,388,708	41,245,356	43,057,282	40,182,345
Corporate stocks	—	—	1,473,987	121,020
Mutual funds, business trust funds, and common trust funds	257,556,297	210,205,633	255,634,713	200,346,278
Other investments	2,725,075	2,725,075	420,000	420,000
Hedge funds	160,256,730	88,147,671	176,873,763	104,180,546
Private equity funds	47,533,202	39,554,831	36,097,634	31,701,726
Real asset investment funds	50,863,909	46,540,050	48,204,854	45,003,093
Total investments	<u>\$ 577,482,004</u>	<u>\$ 440,576,699</u>	<u>\$ 569,606,442</u>	<u>\$ 429,799,217</u>

AUF owns shares in six mutual funds, three business trust funds, and one common trust fund. These funds are invested in global marketable securities, commodities and global debt securities. Other investments consist of deeded mineral rights, structured notes, and closely held stock with sale restrictions. AUF owns limited partnership interests of which the goal is to invest in readily marketable securities, privately held companies and properties within different industry sectors. At investment inception, AUF enters into a separate subscription agreement with a capital commitment to each limited partnership.

As of September 30, 2019, AUF had entered into subscription agreements with sixty-four limited partnership investments. The aggregate amount of capital committed to these investments is \$319,133,504 of which capital contributions of \$222,205,906

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.

have been invested. A cumulative net unrealized gain of \$84,411,289 has been recorded on these investments. Of these sixty-four commitments, fifteen subscriptions relate to hedge funds, thirty-one subscriptions relate to private equity funds, and twenty subscriptions relate to real asset funds. The hedge funds are primarily invested in long/short equities, arbitrage, distressed debt, special situations and other event-driven strategies through various investment managers, investment partnerships and offshore funds. The private equity fund commitments are for investment in private equity, venture capital, distressed opportunities, natural resources and real estate. The real assets funds include limited partnership investments in commercial and residential real estate, natural resources, and commodities.

Limited partnership interests are reported at estimated fair value as determined by the general partner. AUF 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. Deeded mineral rights are reported at estimated fair value based on industry practices. Structured notes are reported at estimated fair value based on the underlying securities. Closely held stock is reported at the value provided by the issuers' representatives. AUF believes that the carrying amount of these investments is a reasonable estimate of fair value as of September 30, 2019 and 2018. 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 AUF'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. The fair values of these investments were \$361,197,953 and \$387,805,247 as of September 30, 2019 and 2018, respectively.

## (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 \$393,195,041 and \$387,557,857 and the market value was \$527,118,936 and \$522,980,287 at September 30, 2019 and 2018, respectively. The portion of endowment income received by the University from these funds was \$16,741,550 and \$15,767,739 for the fiscal years ended September 30, 2019 and 2018, 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 \$2,575,411 and \$2,404,321 and a market value of \$3,578,142 and \$3,678,153 at September 30, 2019 and 2018, 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, 2019 and 2018. The income received from the two trusts was \$61,020 and \$80,565 for the fiscal years ended September 30, 2019 and 2018, respectively.

## (6) ACCOUNTS RECEIVABLE

Accounts receivable and the allowances for doubtful accounts at September 30, 2019 and 2018, are summarized as follows:

	2019	2018
<b>NONSTUDENT ACCOUNTS RECEIVABLE</b>		
Federal, state & local government, and other restricted expendable	\$ 32,706,731	\$ 30,697,276
Less allowance for doubtful accounts	(1,820,302)	(1,605,621)
Pledged receivables	526,897	404,448
General	23,004,093	22,640,836
Less allowance for doubtful accounts	(12,929,942)	(13,038,820)
Auxiliary	21,379,732	23,526,707
Capital gifts and grants	1,180,756	1,665,465
Total nonstudent accounts receivable	<u>\$ 64,047,965</u>	<u>\$ 64,290,291</u>
<b>STUDENT ACCOUNTS RECEIVABLE</b>		
Unrestricted general	\$ 46,469,008	\$ 41,009,687
Less allowance for doubtful accounts	(1,778,779)	(1,639,652)
Unrestricted auxiliary	4,423,499	4,001,519
Less allowance for doubtful accounts	(373,811)	(287,429)
Total student accounts receivable	<u>\$ 48,739,917</u>	<u>\$ 43,084,125</u>





**(7) CAPITAL ASSETS**

Capital assets at September 30, 2019 and 2018, are summarized as follows (dollars in thousands):

	September 30, 2018	Additions/Transfers	Deletions/Transfers	September 30, 2019
Capital assets not being depreciated				
Land	\$ 39,051	\$ 425	\$ —	\$ 39,476
Art & collectibles	12,547	1,049	(74)	13,522
Construction in progress	139,101	218,889	(289,618)	68,372
Livestock	2,613	1,044	(1,015)	2,642
Other non-current assets	1,209	73	(983)	299
Total capital assets not being depreciated	194,521	221,480	(291,690)	124,311
Capital assets being depreciated				
Land improvements	132,062	18,338	—	150,400
Buildings	1,896,896	211,079	(3,281)	2,104,694
Equipment	253,791	23,936	(6,340)	271,387
Infrastructure	236,704	28,314	(198)	264,820
Library books	197,579	440	(69)	197,950
Software system implementation	15,709	—	—	15,709
Total capital assets being depreciated	2,732,741	282,107	(9,888)	3,004,960
Less accumulated depreciation for				
Land improvements	71,948	6,507	—	78,455
Buildings	587,025	41,253	(3,168)	625,110
Equipment	171,623	16,803	(5,815)	182,611
Infrastructure	103,419	8,592	(102)	111,909
Library books	169,504	5,393	(69)	174,828
Software system implementation	13,880	426	—	14,306
Total accumulated depreciation	1,117,399	78,974	(9,154)	1,187,219
Total capital assets being depreciated, net	1,615,342	203,133	(734)	1,817,741
Capital assets, net	\$ 1,809,863	\$ 424,613	\$ (292,424)	\$ 1,942,052

Capital assets at September 30, 2018 and 2017, are summarized as follows (dollars in thousands):

	September 30, 2017	Additions/Transfers	Deletions/Transfers	September 30, 2018
Capital assets not being depreciated				
Land	\$ 31,071	\$ 7,980	\$ —	\$ 39,051
Art & collectibles	11,567	980	—	12,547
Construction in progress	66,348	206,306	(133,553)	139,101
Livestock	2,392	1,289	(1,068)	2,613
Other non-current assets	6,340	—	(5,131)	1,209
Total capital assets not being depreciated	117,718	216,555	(139,752)	194,521
Capital assets being depreciated				
Land improvements	128,007	4,055	—	132,062
Buildings	1,810,458	86,438	—	1,896,896
Equipment	241,717	20,789	(8,715)	253,791
Infrastructure	229,333	7,371	—	236,704
Library books	197,170	453	(44)	197,579
Software system implementation	15,709	—	—	15,709
Total capital assets being depreciated	2,622,394	119,106	(8,759)	2,732,741
Less accumulated depreciation for				
Land improvements	65,285	6,663	—	71,948
Buildings	545,684	41,341	—	587,025
Equipment	162,369	16,391	(7,137)	171,623
Infrastructure	94,669	8,750	—	103,419
Library books	163,550	5,998	(44)	169,504
Software system implementation	13,430	450	—	13,880
Total accumulated depreciation	1,044,987	79,593	(7,181)	1,117,399
Total capital assets being depreciated, net	1,577,407	39,513	(1,578)	1,615,342
Capital assets, net	\$ 1,695,125	\$ 256,068	\$ (141,330)	\$ 1,809,863

During the fiscal years ended September 30, 2019 and 2018, the University did not receive any construction funding from the State of Alabama.

#### (8) DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources are a consumption of net position that are applicable to a future reporting period. In 2010, 2012, 2014, 2015, and 2016, 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, 2019	September 30, 2018
<b>Loss on refunding</b>		
2009 General Fee refunding	\$ 943,037	\$ 1,223,187
2012A General Fee refunding	3,053,541	3,440,239
2012B General Fee refunding	134,309	170,683
2014A General Fee refunding	2,866,962	3,302,497
2015A General Fee refunding	7,062,107	7,838,702
2015B General Fee refunding	2,887,887	3,207,218
2016A General Fee refunding	25,002,229	27,036,759
<b>Pension and OPEB</b>	206,358,119	195,093,459
Total deferred outflows of resources	<u>\$ 248,308,191</u>	<u>\$ 241,312,744</u>

#### (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, 2018	Principal New Debt	Repayment	Balance at September 30, 2019
1978 Auburn University at Montgomery Dormitory Revenue Bonds, \$3,279,000 face value, 3.0%, due annually through 2019, a reserve of \$0 and a \$0 contingency fund.	\$ 140,000	\$ —	\$ (140,000)	\$ —
2001A Athletic Revenue Bonds, \$24,412,607 face value, 2.125% to 5.49%, due annually through 2021.	4,393,307	—	(1,554,123)	2,839,184
2008 General Fee Revenue Bonds, \$92,500,000 face value, 3.0% to 5.0%, due annually through 2019.	2,340,000	—	(2,340,000)	—
2009 General Fee Revenue Bonds, \$79,500,000 face value, 2.0% to 5.0%, due annually through 2026.	51,715,000	—	(5,470,000)	46,245,000
2011A General Fee Revenue Bonds, \$226,035,000 face value, 4.0% to 5.0%, due annually 2025.	35,920,000	—	(5,025,000)	30,895,000
2012A General Fee Revenue Bonds, \$120,135,000 face value, 2.0% to 5.0%, due annually through 2042.	91,175,000	—	(3,485,000)	87,690,000
2012B General Fee Revenue Bonds, \$3,505,000 face value, 2.9%, due annually through 2024.	3,130,000	—	(70,000)	3,060,000
2014A General Fee Revenue Bonds, \$66,415,000 face value, 2.0% to 5.0%, due annually through 2035.	64,120,000	—	(1,540,000)	62,580,000
2015A General Fee Revenue Bonds, \$116,190,000 face value, 2.0% to 5.0%, due annually through 2038.	114,295,000	—	(4,355,000)	109,940,000
2015B General Fee Revenue Bonds, \$38,700,000 face value, 2.0% to 5.0%, due annually through 2035.	38,235,000	—	(180,000)	38,055,000
2016A General Fee Revenue Bonds, \$217,930,000 face value, 1.5% to 5.0%, due annually through 2041.	210,720,000	—	(525,000)	210,195,000
2018A General Fee Revenue Bonds, \$216,865,000 face value, 2.0% to 5.0%, due annually through 2048.	216,865,000	—	(4,390,000)	212,475,000
Notes payable	3,125,000	—	—	3,125,000
Total bonds and notes payable	836,173,307	—	(29,074,123)	807,099,184
Plus: unamortized bond premium	85,655,629	—	(8,056,279)	77,599,350
	921,828,936	\$ —	\$ (37,130,402)	884,698,534
Less: current portion				
Bonds payable	(29,074,123)			(28,657,709)
Unamortized bond premium	(8,056,280)			(7,655,417)
Total noncurrent bonds and notes payable	<u>\$ 884,698,533</u>			<u>\$ 848,385,408</u>

Bonds and notes payable	Balance at September 30, 2017	Principal New Debt	Repayment	Balance at September 30, 2018
1978 Auburn University at Montgomery Dormitory Revenue Bonds, \$3,279,000 face value, 3.0%, due annually through 2019, a reserve of \$148,141 and a \$139,992 contingency fund.	\$ 275,000	\$ —	\$ (135,000)	\$ 140,000
2001A Athletic Revenue Bonds, \$24,412,607 face value, 2.125% to 5.49%, due annually through 2021.	6,045,861	—	(1,652,554)	\$ 4,393,307
2008 General Fee Revenue Bonds, \$92,500,000 face value, 3.0% to 5.0%, due annually through 2019.	4,590,000	—	(2,250,000)	\$ 2,340,000
2009 General Fee Revenue Bonds, \$79,500,000 face value, 2.0% to 5.0%, due annually through 2026.	56,940,000	—	(5,225,000)	\$ 51,715,000
2011A General Fee Revenue Bonds, \$226,035,000 face value, 4.0% to 5.0%, due annually 2025.	40,755,000	—	(4,835,000)	\$ 35,920,000
2012A General Fee Revenue Bonds, \$120,135,000 face value, 2.0% to 5.0%, due annually through 2042.	94,490,000	—	(3,315,000)	\$ 91,175,000
2012B General Fee Revenue Bonds, \$3,505,000 face value, 2.9%, due annually through 2024.	3,195,000	—	(65,000)	\$ 3,130,000
2014A General Fee Revenue Bonds, \$66,415,000 face value, 2.0% to 5.0%, due annually through 2035.	65,605,000	—	(1,485,000)	\$ 64,120,000
2015A General Fee Revenue Bonds, \$116,190,000 face value, 2.0% to 5.0%, due annually through 2038.	114,495,000	—	(200,000)	\$ 114,295,000
2015B General Fee Revenue Bonds, \$38,700,000 face value, 2.0% to 5.0%, due annually through 2035.	38,410,000	—	(175,000)	\$ 38,235,000
2016A General Fee Revenue Bonds, \$217,930,000 face value, 1.5% to 5.0%, due annually through 2041.	215,455,000	—	(4,735,000)	\$ 210,720,000
2018A General Fee Revenue Bonds, \$216,865,000 face value, 2.0% to 5.0%, due annually from 2019 through 2048.	—	216,865,000	—	\$ 216,865,000
Notes payable	3,125,000	—	—	\$ 3,125,000
Total bonds and notes payable	643,380,861	216,865,000	(24,072,554)	836,173,307
Plus: unamortized bond premium	59,745,544	34,222,061	(8,311,976)	85,655,629
	703,126,405	\$ 251,087,061	\$ (32,384,530)	921,828,936
Less: current portion				
Bonds payable	(24,072,554)			(29,074,123)
Unamortized bond premium	(6,107,176)			(8,056,280)
Total noncurrent bonds and notes payable	\$ 672,946,675			\$ 884,698,533

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

The University has outstanding bonds payable and notes from direct borrowings totaling \$803,974,184 and \$3,125,000 and \$833,048,307 and \$3,125,000 at September 30, 2019 and 2018, respectively. The University's bonds have acceleration provisions in the event of default that the Bond Trustee may, by written notice to the University, declare the principal of and the interest accrued on all the Bonds due and payable immediately or the Trustee has the right of mandamus or other lawful remedy in court. The University's outstanding note from a direct borrowing contains a provision that in the event of default, the outstanding amount will become immediately due, and the interest rate of 0.54% annually will immediately escalate to the federal short-term rate.

On September 13, 2019, the Board authorized the University to issue revenue bonds for the purpose of refunding any or all of its outstanding bonds in an effort to manage the University's refunding opportunities in the most efficient manner possible, and to permit the University to take advantage of changing market conditions. As of September 30, 2019, no new bonds had yet been issued.

### Future Debt Service

Future debt service payments for each of the five fiscal years subsequent to September 30, 2019 and thereafter, are as follows:

Year Ending September 30	Bonds Payable	
	Principal	Interest
2020	\$ 28,657,709	\$ 39,586,109
2021	29,921,475	38,312,763
2022	29,960,000	34,382,363
2023	31,360,000	33,021,226
2024	32,955,000	31,589,091
2025-2029	162,815,000	133,967,646
2030-2034	185,610,000	94,623,120
2035-2039	171,125,000	52,999,325
2040-2044	81,825,000	22,302,300
2045-2048	49,745,000	6,369,750
<b>Total future debt service</b>	<b>\$ 803,974,184</b>	<b>\$ 487,153,693</b>

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

### Capital Lease Obligations

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

Lease Obligations	Balance at September 30, 2018	New Lease Obligations	Principal Repayment	Balance at September 30, 2019
Equipment	\$ 320,532	\$ 3,799,044	\$ (903,695)	\$ 3,215,881
Auburn University Educational Complex	9,835,000	—	(185,000)	9,650,000
Total lease obligations	<u>\$ 10,155,532</u>	<u>\$ 3,799,044</u>	<u>\$ (1,088,695)</u>	<u>\$ 12,865,881</u>
Plus: Unamortized premium	499,781	414,577	(204,429)	709,929
	10,655,313	4,213,621	(1,293,124)	13,575,810
Less: Current portion				
Lease payable	(366,450)			(1,088,456)
Unamortized premium	(39,917)			(56,012)
Total noncurrent lease obligation	<u>\$ 10,248,946</u>			<u>\$ 12,431,342</u>
Lease Obligations	Balance at September 30, 2017	New Lease Obligations	Principal Repayment	Balance at September 30, 2018
Equipment	\$ 312,445	\$ 247,617	\$ (239,530)	\$ 320,532
Auburn University Educational Complex	10,050,000	—	(215,000)	9,835,000
Total lease obligations	<u>\$ 10,362,445</u>	<u>\$ 247,617</u>	<u>\$ (454,530)</u>	<u>\$ 10,155,532</u>
Plus: Unamortized premium	—	592,284	(92,503)	499,781
	10,362,445	839,901	(547,033)	10,655,313
Less: Current portion				
Lease payable	(355,312)			(366,450)
Unamortized premium	—			(39,917)
Total noncurrent lease obligation	<u>\$ 10,007,133</u>			<u>\$ 10,248,946</u>

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

Year Ending September 30	Principal	Interest	Total
2020	\$ 1,088,456	\$ 485,004	\$ 1,573,460
2021	1,029,598	459,927	1,489,525
2022	947,374	436,382	1,383,756
2023	935,453	417,537	1,352,990
2024	210,000	398,700	608,700
2025-2029	1,190,000	1,853,300	3,043,300
2030-2034	1,505,000	1,532,750	3,037,750
2035-2039	1,890,000	1,150,700	3,040,700
2040-2044	2,380,000	660,250	3,040,250
2045-2048	1,690,000	137,000	1,827,000
Total future minimum lease payments	<u>\$ 12,865,881</u>	<u>\$ 7,531,550</u>	<u>\$ 20,397,431</u>

The University has entered into various operating leases for equipment. It is expected that, in the normal course of business, such leases will continue to be required. Net expenditures for rentals under operating leases for the years

ended September 30, 2019 and 2018, amounted to approximately \$5.9 million and \$5.3 million, respectively.

#### (10) PLEDGED REVENUES

Pledged revenue for 2019 and 2018 as defined by the **Series 2006A, 2007A, 2008, 2009, 2011A, 2012A, 2012B, 2014A, 2015A, 2015B, 2016A, and 2018A General Fee Revenue Trust Indentures** is as follows:

	2019	2018
Student fees collected	\$ 589,344,065	\$ 555,775,763
Less fees pledged for specific purposes:		
Athletic fees (\$98/\$96 per student per semester)	(5,909,507)	(5,839,447)
Transit fees (\$161/\$158 per semester)	(9,243,301)	(8,641,311)
Student center operations (\$8/\$15 per student per semester)	(773,152)	(830,595)
Total general fees pledged	<u>\$ 573,418,105</u>	<u>\$ 540,464,410</u>

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

The pledge of housing and dining revenues under the General Fee Revenue Indenture is subordinate in all respects to the University's prior pledge of certain dormitory revenues at AUM to secure payment of the 1978 Dormitory Revenue Bonds.

AUM housing and dining revenue pledged for 2019 and 2018 subordinate to prior pledges of such revenues as defined by the **Series 2011A General Fee Revenue Trust Indenture** is as follows:

	2019	2018
AUM housing revenues		
Room rental	\$ 7,161,870	\$ 6,683,263
Other income	255,992	302,015
Total housing	<u>7,417,862</u>	<u>6,985,278</u>
AUM dining revenue	<u>2,368,846</u>	<u>1,687,995</u>
Total AUM housing and dining revenues pledged	<u>\$ 9,786,708</u>	<u>\$ 8,673,273</u>

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

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

Pledged revenue for 2019 and 2018 as defined by the **Series 2001A Athletic Revenue Trust Indenture** is as follows:

	2019	2018
Jordan-Hare and other revenues:		
Television and broadcast revenues	\$ 40,022,009	\$ 39,031,264
Conference and NCAA distributions	12,808,859	16,580,030
Sales and services revenues	27,451,637	43,047,855
Student fees	5,909,507	5,839,447
Royalties, advertisements and sponsorships	9,667,679	9,630,402
Other income	13,275,560	10,771,980
Total athletic revenues pledged	<u>\$ 109,135,251</u>	<u>\$ 124,900,978</u>

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

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

The following summary shows the pledged revenues and related expenses and transfers from operations of the West Dormitories of AUM for the years ended September 30, 2019 and 2018, as defined by the **1978 Auburn University at Montgomery Trust Indenture**:

	2019	2018
Revenues:		
Room rental	\$ 1,496,591	\$ 1,461,523
Other income	78,914	82,661
Total revenues	<u>1,575,505</u>	<u>1,544,184</u>
Expenses and transfers:		
Personnel costs	321,022	338,961
Operating expenses	1,018,852	819,561
Transfers	24,166	144,837
Total expenses and transfers	<u>1,364,040</u>	<u>1,303,359</u>
Surplus of revenues over expenses and transfers	211,465	240,825
AUM student housing net surplus at beginning of year	838,988	598,163
AUM student housing net surplus at end of year	<u>\$ 1,050,453</u>	<u>\$ 838,988</u>

The AUM dormitory occupancy rate for Fall semester 2019 and Fall semester 2018 was 99.19% and 100.00%, respectively (unaudited).

## (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 Comprehensive Annual 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](http://www.rsa-al.gov).

#### Funding Policy

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

<b>Fiscal year ended September 30</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total percentage of covered payroll	19.91% / 17.35%	19.74% / 17.01%	19.51% / 16.82%
Contributions:			
Percentage contributed by the employer	12.41% / 11.35%	12.24% / 11.01%	12.01% / 10.82%
Percentage contributed by the employees	7.50% / 6.00%	7.50% / 6.00%	7.50% / 6.00%
Contributed by the employer	\$ 55,172,904	\$ 51,809,686	\$ 49,273,810
Contributed by the employees	31,950,378	30,754,954	29,945,389
Total contributions	<u>\$ 87,123,282</u>	<u>\$ 82,564,640</u>	<u>\$ 79,219,199</u>

The University reported a liability of \$643,808,000 and \$619,862,000 as of September 30, 2019 and 2018, respectively, for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2017 and 2016, 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, 2018 and 2017, the University’s proportion was 6.475262% and 6.306790%, respectively, which was an increase of 0.168472% and 0.160776% from its proportion measured as of September 30, 2017 and 2016, respectively.

For the years ended September 30, 2019 and 2018, the University recognized pension expense of \$67,057,000 and \$65,413,000, respectively.



At September 30, 2019, 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	\$ 13,893,000	\$ 19,612,000
Changes of assumptions	35,786,000	—
Net difference between projected and actual earnings on pension plan investments	—	48,596,000
Changes in proportion and differences between Employer contributions and proportionate share of contributions	36,868,000	—
Employer contributions subsequent to the measurement date	55,173,000	—
<b>Total</b>	<b>\$ 141,720,000</b>	<b>\$ 68,208,000</b>

\$55,173,000 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. 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:

<b>Year Ending September 30:</b>		
2020	\$	19,782,000
2021		(2,464,000)
2022		(4,508,000)
2023		3,760,000
2024		1,769,000

#### Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of September 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

#### Actuarial Assumptions

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

\*Net of pension plan investment expense

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

The actuarial assumptions used in the September 30, 2017 valuation were based on the results of an actuarial investigation of the economic and demographic experience for the TRS based upon participant data as of September 30, 2015. The Board of Control accepted and approved these changes in September 2016 which became effective at the beginning of fiscal year 2016.

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

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

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	17.0%	4.4%
U.S. Large Stocks	32.0%	8.0%
U.S. Mid Stocks	9.0%	10.0%
U.S. Small Stocks	4.0%	11.0%
International Developed Market Stocks	12.0%	9.5%
International Emerging Market Stocks	3.0%	11.0%
Alternatives	10.0%	10.1%
Real Estate	10.0%	7.5%
Cash	3.0%	1.5%
<b>Total</b>	<b>100%</b>	

\*Includes assumed rate of inflation of 2.50%

### Discount Rate

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

pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1.00% Decrease (6.70%)	Current Discount Rate (7.70%)	1.00% Increase (8.70%)
Employers' proportionate share of the collective net pension liability	\$ 896,188,000	\$ 643,808,000	\$ 430,334,000

### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2018. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2018. The auditor's report dated August 16, 2019, on the total pension liability, total deferred outflows of resources, total deferred inflows of resources, total pension expense for the sum of all participating entities as of September 30, 2018, along with supporting schedules is also available. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

under the Federal Civil Service Retirement System. ERS is part of the Retirement Systems of Alabama.

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

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

### 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



Membership

As of the measurement date of September 30, 2018, the University had 276 retired members or their beneficiaries currently receiving benefits, one vested inactive member, five active members, and ten post-Deferred Retirement Option Plan (DROP) retired members still in active service participating in the ERS.

Funding Policy

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

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

Fiscal year ended September 30	2019	2018	2017
Total percentage of covered payroll Contributions:	392.75% / 392.00%	417.36% / 416.36%	266.92% / 265.93%
Percentage contributed by the employer	389.00% / 389.00%	413.61% / 413.36%	263.17% / 262.93%
Percentage contributed by the employees	3.75% / 3.00%	3.75% / 3.00%	3.75% / 3.00%
Contributed by the employer	\$ 4,617,318	\$ 5,680,659	\$ 5,321,011
Contributed by the employees	35,480	63,376	65,846
Total contributions	\$ 4,652,798	\$ 5,744,035	\$ 5,386,857

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, 2019, the University’s active employee contribution rate was 389.00% of covered payroll.

The University’s contractually required contribution rate for the year ended September 30, 2019, was 389.00% of pensionable pay. These required contribution rates are based upon the actuarial valuation dated September 30, 2016, 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 \$4,617,318 for the year ended September 30, 2019.



## Net Pension Liability

The University's net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2017 and rolled forward to September 30, 2018, using standard roll-forward techniques as shown in the following table:

Total Pension Liability	Expected	Actual (7.75%)	Actual (7.70%)
(a) Total Pension Liability as of September 30, 2016	\$ 45,651,223	\$ 46,196,648	\$ 46,338,300
(b) Discount rate	7.75%	7.75%	7.7%
(c) Entry Age Normal Cost for the period October 1, 2016–September 30, 2017	\$ —	\$ —	\$ —
(d) Transfers Among Employers:	\$ —	\$ —	\$ —
(e) Actual Benefit Payments and Refunds for the period October 1, 2016–September 30, 2017	\$ (5,387,960)	\$ (5,387,960)	\$ (5,387,960)
(f) Total Pension Liability as of September 30, 2017 [(a)x(1+(b))]+(c)+(d)+[(e)x(1+.05*(b))]	<u>\$ 43,592,449</u>	<u>\$ 44,180,144</u>	<u>\$ 44,310,953</u>
(g) Difference between Expected and Actual:		\$ 587,695	
(h) Less Liability Transferred for Immediate Recognition:		\$ —	
(i) Experience (Gain)/Loss= (g)-(h)		\$ 587,695	
(j) Difference between Actual at 7.70% and actual at 7.75% [Assumption Change (Gain)/Loss]=			\$ (130,809)

## Actuarial Assumptions

The total pension liability in the actuarial valuation prepared as of September 30, 2017 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

\*Net of pension plan investment expense

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

The actuarial assumptions used in the September 30, 2017 valuation were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2015. The Board of Control accepted and approved these changes in September 2016, which became effective at the beginning of fiscal year 2016.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution

analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of geometric real rates of return for each major asset class are as follows:

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	17.0%	4.4%
U.S. Large Stocks	32.0%	8.0%
U.S. Mid Stocks	9.0%	10.0%
U.S. Small Stocks	4.0%	11.0%
International Developed Market Stocks	12.0%	9.5%
International Emerging Market Stocks	3.0%	11.0%
Alternatives	10.0%	10.1%
Real Estate	10.0%	7.5%
Cash	3.0%	1.5%
<b>Total</b>	<b>100.00%</b>	

\*Includes assumed rate of inflation of 2.75%

## Discount Rate

The discount rate used to measure the total pension liability was the long term rate of return, 7.70%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that the employer contributions will be made in

accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of

current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### Changes in Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a)–(b)
<b>Balance at September 30, 2017</b>	\$ 45,651,223	\$ 35,951	\$ 45,615,272
Changes for the year:			
Service cost	—	—	—
Interest	3,329,186	—	3,329,186
Changes of assumptions	130,809	—	130,809
Differences between expected and actual experience	587,695	—	587,695
Contributions - employer	—	5,721,023	(5,721,023)
Contributions - employees	—	63,922	(63,922)
Net Investment Income	—	21,698	(21,698)
Benefit payments, including refunds of employee contributions	(5,387,960)	(5,387,960)	—
Administrative expense	—	—	—
Transfers among employers	—	—	—
Net changes	(1,340,270)	418,683	(1,758,953)
<b>Balance at September 30, 2018</b>	<u>\$ 44,310,953</u>	<u>\$ 454,634</u>	<u>\$ 43,856,319</u>

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

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

	1.00% Decrease (6.70%)	Current Discount Rate (7.70%)	1.00% Increase (8.70%)
Employers' proportionate share of the collective net pension liability	\$ 46,654,938	\$ 43,856,319	\$ 41,387,145

### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal years ended September 30, 2018 and 2017. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2018 and 2017. The auditor's report dated August 17, 2019, and August 31, 2018, respectively, on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at [www.rsa-al.gov](http://www.rsa-al.gov).

For the year ended September 30, 2019 and 2018, the University recognized pension expense of \$3,953,062 and \$3,174,342, respectively. At September 30, 2019, 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	7,259	—
Employer contributions subsequent to the measurement	4,617,318	—
<b>Total</b>	<u>\$ 4,624,577</u>	<u>\$ —</u>

\$4,617,318 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, 2020. 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:**

2020	\$	9,542
2021		(872)
2022		(706)
2023		(706)

	<b>Pension Expense</b>	
Service Cost	\$	—
Interest on the total pension liability		3,329,186
Current-period benefit changes		—
Expensed portion of current-period difference between expected and actual experience in total pension liability		587,695
Expense portion of current-period changes of assumptions		130,809
Member contributions		(63,922)
Projected earnings on plan investments		(18,169)
Expensed portion of current-period differences between actual and projected earnings on plan investments		(706)
Transfers among employers		—
Recognition of beginning deferred outflows of resources as pension expense		—
Recognition of beginning deferred inflows of resources as pension expense		(11,831)
Pension Expense (Income)	\$	<u>3,953,062</u>

**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, 2019 and 2018, 3,768 and 3,667 employees, respectively, participated in the tax deferred annuity program. The contribution for 2019 was \$23,485,595, which includes \$5,508,108 from the University and \$17,977,487 from its employees. The contribution for 2018 was \$22,658,580, which includes \$5,362,656 from the University and \$17,295,924 from its employees.

Total salaries and wages during the fiscal year for covered employees participating in the plan were \$299,925,759 and \$288,990,279 for the fiscal years ended September 30, 2019 and 2018, respectively.

**D. Deferred Compensation Plans**

The University follows the provisions of GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—a rescission of GASB Statement No. 2 and an amendment of GASB Statement No. 31*. As of September 30, 2019 and 2018, 262 and 242 employees, respectively, participated in the plans. Contributions of \$3,331,025 and \$2,975,894 for fiscal years 2019 and 2018, respectively, were funded by employees and no employer contribution was funded. The University approved investment firms for 457(b) include Valic, TIAA-CREF and Fidelity Investments.

**(12) OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

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

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

**Plan Description**

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



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

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

#### **Benefits Provided**

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

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

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

PEEHIP members may opt to elect the PEEHIP Supplemental Plan as their hospital medical coverage in lieu of the PEEHIP Hospital

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

Effective January 1, 2017, Medicare eligible members and Medicare eligible dependents who are covered on a retiree contract were enrolled in the United Healthcare Group Medicare Advantage plan for PEEHIP retirees. The MAPDP plan is fully insured by United Healthcare 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 United Healthcare 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 \$334,674,593 and \$327,120,973 as of September 30, 2019 and September 30, 2018, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was determined by an actuarial valuation as of September 30, 2018. The University's proportion of the net OPEB liability was based on a projection of the University's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At September 30, 2018, the University's proportion was 4.072098%, which was a decrease of 0.332131% from its proportion measured as of September 30, 2017.

The University recognized OPEB expense of \$27,075,876 and \$30,263,473 for the years ended September 30, 2019 and September 30, 2018, respectively, with no special funding situations. At September 30, 2019, 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	\$ 6,300,899	\$ —
Changes of assumptions	—	16,301,743
Net difference between projected and actual earnings on OPEB plan	—	1,793,185
Changes in proportion and differences between Employer contributions and Employer contributions subsequent to the measurement	44,428,782	22,932,684
	9,283,861	—
<b>Total</b>	<b>\$ 60,013,542</b>	<b>\$ 41,027,612</b>

\$9,283,861 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, 2020.

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:

2020	\$2,498,084
2021	2,498,084
2022	2,498,084
2023	2,900,654
2024	(417,013)
Thereafter	(275,824)

#### Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 %
Projected Salary Increases <sup>1</sup>	3.25% - 5.00%
Long-Term Investment Rate of Return <sup>2</sup>	7.25 %
Municipal Bond Index Rate at the Measurement Date	4.18 %
Municipal Bond Index Rate at the Prior Measurement Date	3.57 %
Projected Year for Fiduciary Net Position (FNP) to be Depleted	2029
Single Equivalent Interest Rate at the Measurement Date	4.44 %
Single Equivalent Interest Rate at the Prior Measurement Date	4.63 %
Healthcare Cost Trend Rate	
Pre-Medicare Eligible	7.00 %
Medicare Eligible	5% beginning in 2019
Ultimate Trend Rate	
Pre-Medicare Eligible	4.75% in 2026
Medicare Eligible	4.75% in 2024

<sup>1</sup>Includes 3.00% wage inflation.

<sup>2</sup>Compounded annually, net of investment expense, and includes inflation.

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

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

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the September 30, 2017 valuation were based on a review of recent plan experience done concurrently with the September 30, 2017 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	30.00%	4.40%
U.S. Large Stocks	38.00%	8.00%
U.S. Mid Stocks	8.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	15.00%	9.50%
Cash	5.00%	1.50%
<b>Total</b>	<b>100.00%</b>	

\*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 at September 30, 2018 was 4.44%. The discount rate used to measure the total OPEB liability at the prior measurement date was 4.63%. Premiums paid to PEEHIB for active employees shall include an amount to partially fund the cost of coverage for retired employees. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made at the current contribution rates. Each year, the State specifies the monthly employer rate that participating school systems must contribute for each active employee. Approximately 20.307% of the employer

contributions were used to assist in funding retiree benefit payments in 2018 and it is assumed that the amount will increase by 2.75% per year and continue into the future. 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. The rate used for this purpose is the monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. Therefore, the projected future benefit payments for all current plan members were projected through 2116. The long term rate of return is used until the assets are expected to be depleted in 2029, after which the municipal bond rate is used.

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

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

	1% Decrease (6.00%) decreasing to 3.75% for pre-Medicare, 4.00% decreasing to 3.75% for Medicare Eligible)	Current Healthcare Trend Rate (7.00%) decreasing to 4.75% for pre-Medicare, 5.00% decreasing to 4.75% for Medicare	1% Increase (8.00%) decreasing to 5.75% for pre-Medicare, 6.00% decreasing to 5.75% for Medicare Eligible)
Net OPEB Liability	\$ 275,110,137	\$ 334,674,593	\$ 410,508,459

The following table presents the University's proportionate share of the net OPEB liability of the Trust calculated using the discount rate of 4.44%, 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 (3.44%)	Current Discount Rate (4.44%)	1% Increase (5.44%)
Net OPEB Liability	\$ 399,794,113	\$ 334,674,593	\$ 282,146,340

#### 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, 2018. The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 2018. Additional financial and actuarial information is available at [www.rsa-al.gov](http://www.rsa-al.gov).

The Trust financial statements are prepared by using the economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred



inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Trust and additions to/deductions from the Trust's fiduciary net position. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due pursuant to plan requirements. Benefits are recognized when due and payable in accordance with the terms of the plan. Subsequent events were evaluated by management through the date the financial statements were issued.

#### **B. Retiree Medical Plan (the Plan)**

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

Employees included in the actuarial valuation include retirees and survivors, active eligible Civil Service employees and those retirees who elected the PEEHIP plan on or prior to October 1, 1997, for whom the University pays a subsidy. There were 374 and 421 total participants as of September 30, 2019 and 2018, 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 \$751,738 and \$888,240 for fiscal years ended September 30, 2019 and 2018, respectively. The retirees are responsible for funding approximately 40% of the healthcare premiums.

The University reported the Plan liability of \$45,317,539 and \$43,288,271 as of September 30, 2019 and 2018, respectively. The Plan liability was measured as of September 30, 2019, and the total Plan liability was determined by an actuarial valuation as of September 30, 2019.

The University recognized expense of \$4,375,496 and \$1,379,248 for fiscal years ended September 30, 2019 and 2018, respectively. At September 30, 2019, the University did not report deferred outflows of resources or deferred inflows of resources related to pensions.

The total Plan liability was determined by an actuarial valuation as of September 30, 2019, 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.	
Actuarial Valuation Frequency	An actuarial valuation is prepared biennially with a 'roll-forward' valuation in the interim year, provided no significant events have occurred during the interim year warranting a new measurement. This year's fiscal 2019 valuation was based on a full valuation.	
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 inactive) 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, 2019	
Measurement date	September 30, 2019	
Measurement period	October 1, 2018 to September 30, 2019	
Reporting date	September 30, 2019	
	<u>Fiscal 2019 Valuation</u>	<u>Fiscal 2018 Valuation</u>
Interest rate		
Discount rate	2.66%	3.00%
Expected long term rate of return	NA	NA
Municipal bond rate	2.66%	3.00%
Inflation	2.50% per year	
Salary increase	0.00% per year. The salary increase rate was set to 0% due to a very small number of actives.	
Medicare Eligibility	All participants are assumed to be eligible for Medicare upon attainment of age 65.	
Full Attribution Age	Age at which the participant first becomes benefit eligible.	
Rates of disability	None. The disability rate was set to 0% due to a very small number of actives.	
Rate of withdrawal	None	
Collection date of census data	October 1, 2019	

### Summary of Key Actuarial Methods and Assumptions

Rates of retirement	<u>Age</u>	<u>Rate</u>
	60	20.00%
	61	15.00%
	62	25.00%
	63-64	20.00%
	65	40.00%
	66-69	30.00%
	70-74	75.00%
	75+	100.00%
Mortality table	<p>Pub-2010 Public Retirement Plans General mortality table projected generationally with Scale MP-2019.</p> <p>For the prior valuation, RP-2014 Combined Healthy mortality table backed off to 2006 and projected generationally with Scale MP-2017 was used.</p>	
Participation	100.00%	
Lapse rate	0.00%	
Health Care and Contribution Trend Rate	<u>Fiscal Year End</u>	<u>Medical Rate</u>
	2019	8.00%
	2020	7.50%
	2021	7.00%
	2022	6.50%
	2023	6.00%
	2024	5.50%
	2025+	5.00%
Annual Medical Per Capita Costs	<u>Age</u>	<u>Cost</u>
	55	\$10,692
	60	\$12,825
	64	\$14,531
	65	\$5,202
	70	\$5,772
	75+	\$6,148
Spousal coverage	<p>0% of future retirees are assumed to be married and elect spousal coverage upon retirement. The spousal coverage rate was set to 0% due to a very small number of actives all currently with either single or no coverage.</p>	
ACA Excise Tax	Future ACA Excise Tax cost was estimated and deemed immaterial.	

### Changes in Key Actuarial Assumptions and Methods from Prior Valuation

Interest rate	The discount rate was updated from 3.00% as of September 30, 2018 to 2.66% as of September 30, 2019.
Mortality table	The mortality table was updated from RP-2014 Combined Healthy mortality table backed off to 2006 and projected generationally with Scale MP-2017 to Pub-2010 Public Retirement Plans General mortality table projected generationally with Scale MP-2019.
Trend rates	The health care trend rate table was reset in fiscal 2019.
Excise tax	The impact of the ACA Excise Tax was measured and deemed immaterial.
Salary increase	The salary increase rate was set to 0% due to a very small number of actives.
Rates of disability	The disability rate was set to 0% due to a very small number of actives.
Spousal coverage	The spousal coverage rate was set to 0% due to a very small number of actives all currently with either single or no coverage.

The following table presents the changes in the net Plan liability.

#### Changes in the Net Plan Liability

	Total Plan Liability (a)	Plan Fiduciary Position (b)	Net Plan Liability (a)-(b)
<b>Balances at September 30, 2018</b>	\$ 43,288,271	\$ —	\$ 43,288,271
<b>Changes for the Year</b>			
Service Cost	90,744	—	90,744
Interest	1,265,684	—	1,265,684
Differences between expected and actual experience	1,020,854	—	1,020,854
Changes of assumptions or other inputs	2,031,106	—	2,031,106
Contributions - employer	—	2,379,120	(2,379,120)
Net investment income	—	—	—
Benefits payments	(2,379,120)	(2,379,120)	—
Administrative expense	—	—	—
<b>Net Changes</b>	<u>2,029,268</u>	<u>—</u>	<u>2,029,268</u>
<b>Balances at September 30, 2019</b>	<u>\$ 45,317,539</u>	<u>\$ —</u>	<u>\$ 45,317,539</u>



The discount rate used to measure the Plan liability at September 30, 2019 was 2.66%.

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 (7% for 2019 decreasing to 4%)	Healthcare Cost Trend Rates (8% for 2019 decreasing to 5%)	1% Increase (9% for 2019 decreasing to 6%)
Net OPEB Liability (Asset)	\$40,599,993	\$45,317,539	\$50,914,129

The following table presents the net Plan liability using the discount rate of 2.66%, as well as what the Plan liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

Sensitivity of the Net Plan Liability

Discount Rate Sensitivity	1% Decrease (1.66%)	Discount Rate (2.66%)	1% Increase (3.66%)
Net OPEB Liability	\$51,399,981	\$45,317,539	\$40,319,163

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 trust account with a financial institution to be used to pay claims for which the University may become legally liable. The liability at September 30, 2019 and 2018, was \$1,205,984 and \$712,862, 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, 2019 and 2018, was \$3,285,823 and \$3,414,712, 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, 2019 and 2018, of \$10,411,405 and \$12,408,021, 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 \$20,836,407 and \$20,102,007 at September 30, 2019 and 2018, 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 \$17,456,415 and \$17,410,629 at September 30, 2019 and 2018, respectively. Also included in deposits held in custody of others are the agency funds. These amounts totaled \$5,979,903 and \$7,717,852 for September 30, 2019 and 2018, 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, athletic revenue related to games played subsequent to September 30, as well as, funds received from the new dining services contract initiated in fiscal year 2018. These amounts are in auxiliaries and plant funds. Unearned revenues at September 30, 2019 and 2018, are as follows:

	2019	2018
Tuition and fees, net	\$ 191,821,215	\$ 182,250,702
Federal, state and local government grants and contracts, net	11,140,457	9,886,996
Auxiliary, net	49,694,240	40,390,341
Plant	4,862,112	7,055,717
Total unearned revenue	<u>\$ 257,518,024</u>	<u>\$ 239,583,756</u>

#### 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, 2019 and 2018, the total estimated pollution remediation liability (estimated using the expected cash-flow technique) is \$8,811,940 and \$7,614,427, respectively. The current portion of this amount (\$5,791,738 and \$4,594,225,

respectively) is included in other accrued liabilities and the long-term portion (\$3,020,202 at September 30, 2019 and 2018) 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, 2019, are as follows:

Description	September 30, 2018	Additions	Reductions	September 30, 2019	Due Within One Year
Notes Payable, Bonds Payable and Capital Lease Obligations					
Facilities Revenue Bonds	\$ 140,000	\$ —	\$ 140,000	\$ —	\$ —
General Revenue Bonds	828,515,000	—	27,380,000	801,135,000	27,195,000
Athletic Revenue Bonds	4,393,307	—	1,554,123	2,839,184	1,462,709
Subtotal Bonds Payable	833,048,307	—	29,074,123	803,974,184	28,657,709
Unamortized Bond Premium	85,655,629	—	8,056,279	77,599,350	7,655,417
Total Bonds Payable	918,703,936	—	37,130,402	881,573,534	36,313,126
Capital Leases Payable	10,155,532	3,799,044	1,088,695	12,865,881	1,088,456
Unamortized Lease Premium	499,781	414,577	204,429	709,929	56,012
Total Leases Payable	10,655,313	4,213,621	1,293,124	13,575,810	1,144,468
Notes Payable	3,125,000	—	—	3,125,000	—
Total Notes, Bonds, and Capital Leases Payable	<u>\$ 932,484,249</u>	<u>\$ 4,213,621</u>	<u>\$ 38,423,526</u>	<u>\$ 898,274,344</u>	<u>\$ 37,457,594</u>
Other Liabilities					
Net Pension Liability	\$ 665,477,272	\$ 23,946,000	\$ 1,758,953	\$ 687,664,319	\$ —
Leischuck Annuity Payable	199,097	—	17,782	181,315	—
Pollution Remediation Liability	3,020,202	—	—	3,020,202	—
Athletics Capital Bond Interest Payable	5,696,873	—	2,139,064	3,557,809	—
Self Insurance Liability	4,421,608	366,008	—	4,787,616	—
Net Postemployment Benefit Liability	370,409,244	9,582,888	—	379,992,132	—
Total Other Liabilities	1,049,224,296	33,894,896	3,915,799	1,079,203,393	—
Total Long-Term Liabilities	<u>\$ 1,981,708,545</u>	<u>\$ 38,108,517</u>	<u>\$ 42,339,325</u>	<u>\$ 1,977,477,737</u>	<u>\$ 37,457,594</u>



Changes in long-term obligations for the year ended September 30, 2018, are as follows:

Description	September 30, 2017	Additions	Reductions	September 30, 2018	Due Within One Year
<b>Notes Payable, Bonds Payable and Capital Lease Obligations</b>					
Facilities Revenue Bonds	\$ 275,000	\$ —	\$ 135,000	\$ 140,000	\$ 140,000
General Revenue Bonds	633,935,000	216,865,000	22,285,000	828,515,000	27,380,000
Athletic Revenue Bonds	6,045,861	—	1,652,554	4,393,307	1,554,123
Subtotal Bonds Payable	640,255,861	216,865,000	24,072,554	833,048,307	29,074,123
Unamortized Bond Premium	59,745,544	34,222,061	8,311,976	85,655,629	8,056,280
Total Bonds Payable	700,001,405	251,087,061	32,384,530	918,703,936	37,130,403
Capital Leases Payable	10,362,445	247,617	454,530	10,155,532	366,450
Unamortized Lease Premium	—	592,284	92,503	499,781	39,917
Total Leases Payable	10,362,445	839,901	547,033	10,655,313	406,367
Notes Payable	3,125,000	—	—	3,125,000	—
Total Notes, Bonds, and Capital Leases Payable	<u>\$ 713,488,850</u>	<u>\$ 251,926,962</u>	<u>\$ 32,931,563</u>	<u>\$ 932,484,249</u>	<u>\$ 37,536,770</u>
<b>Other Liabilities</b>					
Net Pension Liability	\$ 713,132,154	\$ —	\$ 47,654,882	\$ 665,477,272	\$ —
Leischuck Annuity Payable	204,143	—	5,046	199,097	—
Pollution Remediation Liability	6,769,311	—	3,749,109	3,020,202	—
Athletics Capital Bond Interest Payable	7,620,187	—	1,923,314	5,696,873	—
Self Insurance Liability	4,327,588	94,020	—	4,421,608	—
Net Postemployment Benefit Liability	20,376,706	371,255,624	21,223,086	370,409,244	—
Total Other Liabilities	752,430,089	371,349,644	74,555,437	1,049,224,296	—
Total Long-Term Liabilities	<u>\$ 1,465,918,939</u>	<u>\$ 623,276,606</u>	<u>\$ 107,487,000</u>	<u>\$ 1,981,708,545</u>	<u>\$ 37,536,770</u>

#### (14) DEFERRED INFLOWS OF RESOURCES

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

	September 30, 2019	September 30, 2018
Nonexchange transactions	\$ 189,862	\$ 170,534
Pension and OPEB	109,235,612	99,377,200
Total deferred inflows	<u>\$ 109,425,474</u>	<u>\$ 99,547,734</u>

#### (15) CONTRACTS AND GRANTS

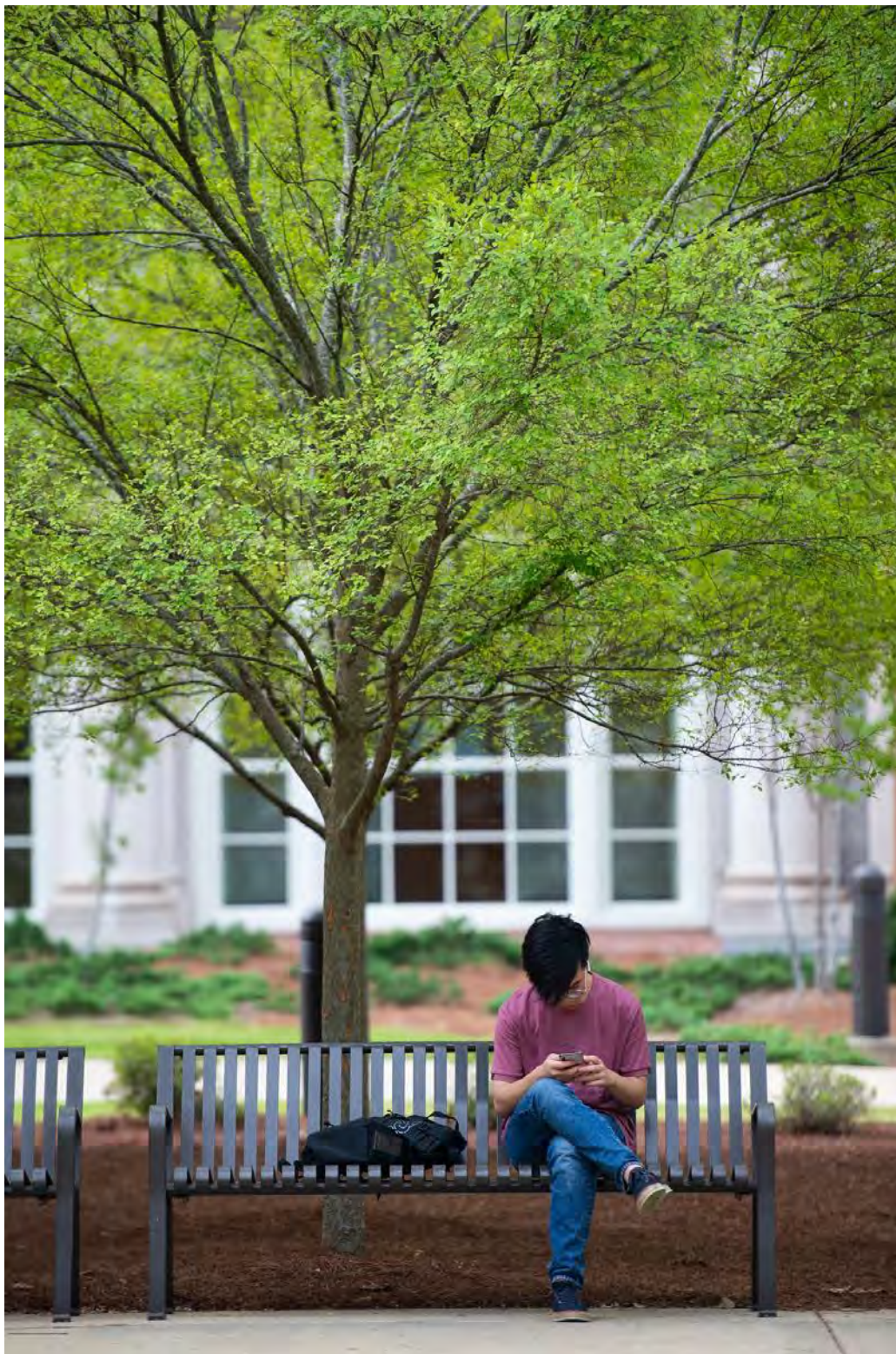
The University has been awarded approximately \$83.9 million in contracts and grants that have not been received or expended as of September 30, 2019. These awards, which represent commitments of sponsors to provide funds for research and training projects, have not been reflected in the financial statements.

**(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 \$20,030,751 and \$17,969,102 in facilities and administrative cost recovery for the years ended September 30, 2019 and 2018, 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 \$711.4 million. At September 30, 2019, the estimated remaining cost to complete the projects is approximately \$327.3 million which will be funded from University funds and bond proceeds.



**(18) OPERATING EXPENSES BY FUNCTION**

Operating expenses by functional classification for the years ended September 30, 2019 and 2018, 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, 2019**

	Compensation and Benefits	Scholarships and Fellowships	Utilities	Other Supplies and Services	Depreciation	Total
Instruction	\$ 202,308,047	\$ 757,988	\$ —	\$ 46,869,801	\$ —	\$ 249,935,836
Research	133,006,505	2,636,615	9,543	42,222,681	—	177,875,344
Public Service	74,701,856	262,282	27,895	36,102,186	—	111,094,219
Academic Support	93,868,089	—	—	16,784,005	—	110,652,094
Library	7,809,168	—	—	10,845,767	—	18,654,935
Student Services	30,127,638	—	—	10,602,582	—	40,730,220
Institutional Support	89,542,264	—	—	15,834,833	—	105,377,097
Operation and Maintenance	37,026,989	—	20,204,878	64,635,646	—	121,867,513
Scholarships and Fellowships	24,389,020	23,325,411	—	83,454	—	47,797,885
Auxiliaries	59,816,888	1,482	6,068,524	80,746,227	—	146,633,121
Depreciation	—	—	—	—	78,975,414	78,975,414
	<u>\$ 752,596,464</u>	<u>\$ 26,983,778</u>	<u>\$ 26,310,840</u>	<u>\$ 324,727,182</u>	<u>\$ 78,975,414</u>	<u>\$1,209,593,678</u>

**September 30, 2018**

	Compensation and Benefits	Scholarships and Fellowships	Utilities	Other Supplies and Services	Depreciation	Total
Instruction	\$ 246,620,468	\$ 702,436	\$ —	\$ 39,554,672	\$ —	\$ 286,877,576
Research	104,604,809	2,455,064	36,254	38,996,773	—	146,092,900
Public Service	70,365,155	281,520	28,054	40,322,776	—	110,997,505
Academic Support	59,604,337	—	—	13,154,061	—	72,758,398
Library	7,899,153	—	—	11,044,605	—	18,943,758
Student Services	29,405,848	—	—	10,319,293	—	39,725,141
Institutional Support	85,822,359	—	—	14,733,915	—	100,556,274
Operation and Maintenance	34,714,780	—	18,439,919	52,376,866	—	105,531,565
Scholarships and Fellowships	24,551,348	22,895,780	—	282,076	—	47,729,204
Auxiliaries	64,144,926	157,808	6,038,832	83,377,898	—	153,719,464
Depreciation	—	—	—	—	79,592,901	79,592,901
	<u>\$ 727,733,183</u>	<u>\$ 26,492,608</u>	<u>\$ 24,543,059</u>	<u>\$ 304,162,935</u>	<u>\$ 79,592,901</u>	<u>\$1,162,524,686</u>

**(19) CONTINGENT LIABILITIES**

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

### Auburn University Foundation

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

AUF and the University jointly conduct development and related operations through the Office of the University's Vice President for Development pursuant to a Services and Facilities Agreement (the Agreement), which states that the University will provide to AUF services, which primarily consist of all personnel and certain other administrative support, and facilities. During the year, actual costs may be paid by either AUF or the University. AUF periodically compares actual costs to allocable costs pursuant to the Agreement and settles any differences by a transfer between the organizations. AUF and the University review the agreement at least annually and an estimate of the consideration to be paid for the upcoming year is approved annually by the AUF Board. These costs are reported as general and administrative and fundraising 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, 2019 and 2018, are as follows:

	2019	2018
Services and facilities costs paid by AUF	\$ 3,621,912	\$ 4,826,315
AUF's allocable costs pursuant to the Agreement	2,710,996	2,951,313
Net settlement from the University	<u>\$ 910,916</u>	<u>\$ 1,875,002</u>

Other transactions between AUF and the University for the years ended September 30, 2019 and 2018, are as follows:

	2019	2018
Amounts due from the University	\$ 90,315	\$ 406,221
Endowment management fee received from the University	\$ 2,294,746	\$ 2,175,387
Payments to the University Athletic Ticket Office for event ticket purchases	\$ 311,188	\$ 175,815

AUREFI has an agreement with the University to provide certain services and facilities, which are reported as general and administrative expense on AUF's Consolidated Statements of Activities and Changes in Net Assets. Related payments to the University for the years ended September 30, 2019 and 2018, are as follows:

	2019	2018
AUREFI costs pursuant to the Agreement	\$ 106,871	\$ 100,318

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, 2019 and 2018, is as follows:

	2019	2018
Pooled investments held by AUF	\$ 8,983,857	\$ 9,283,340
Amounts due from the Association	\$ 51,698	\$ 142,952
Amounts distributed from investments, net of administrative fee	\$ 349,127	\$ 339,271
Grants from the Association for scholarship matching and other endowments	\$ 110,905	\$ 116,631

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 contributors.

Information relating to TUF as of and for the years ended September 30, 2019 and 2018, is as follows:

	2019	2018
Pooled investments held by AUF	\$ 9,274,993	\$ 9,479,880
Amounts distributed from investments, net of administrative fee	\$ 347,302	\$ 331,701
Ticket priority payments	\$ 426,337	\$ 503,072

#### Auburn Alumni Association

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

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

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

During the years ended September 30, 2019 and 2018, the Association had a salary reimbursement expense of \$1,278,781 and \$1,225,726, respectively, to the University under the service and facilities agreement. These amounts were fully paid at September 30, 2019 and September 30, 2018, respectively.

Rental income recorded by the Association from the University totaled \$390,275 and \$384,848, respectively, for the years ended September 30, 2019 and 2018. Rental income recorded by the Association from AUF totaled \$1,550 and \$1,050 for the years ended September 30, 2019 and 2018, respectively. The University and AUF also paid the Association \$74,298 and \$5,528, respectively for shared alumni center building expenses for the fiscal year ended September 30, 2019. For the fiscal year

ended September 30, 2018, these amounts were \$74,298 and \$4,848, respectively.

During the years ended September 30, 2019 and 2018, the University provided for its share of alumni affairs activities costs by establishing a budget within the University's budgetary system. The alumni affairs activities costs were \$809,056 and \$775,766 for the years ended September 30, 2019 and 2018, respectively.

During the years ended September 30, 2019 and 2018, the Association contributed \$69,400 and \$21,192, respectively, to the Auburn Alumni Association Endowment for Scholarships held with AUF. The Association also contributed \$230,005 and \$103,287 to various AUF scholarship funds and \$78,223 and \$112,226 to various University scholarship funds during fiscal years 2019 and 2018, respectively.

During the year ended September 30, 2015, the Alumni Association Board approved a fundraising program called the Million Dollar Match program in an effort to increase new alumni donor scholarship endowments. In the year ended September 30, 2019, the Association paid \$91,204 toward qualifying endowments; leaving \$51,698 as a payable to AUF. In fiscal year 2018, the Association paid \$104,211 toward qualifying endowments; leaving \$142,903 as a payable to AUF.

#### Tigers Unlimited Foundation

The funds that TUF raises are restricted for athletic-related programs of the University. These may be transferred to the University for its use, expended for the benefit of athletic programs or, in the case of endowments, invested according to donor restriction with the earnings thereon transferred to or expended for the University's benefit. Amounts transferred to the University or expended on behalf of its programs totaled \$43,614,684 and \$39,012,534 during the years ended June 30, 2019 and 2018, respectively. Included in these amounts are current year accruals of severance payments due to terminated employees totaling \$1,094,397 in the year ended June 30, 2019.

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, 2019 and 2018, AUF incurred obligations of \$180,552 and \$143,242, 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, 2019 and 2018, 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, 2019 and 2018, obligations of \$4,227,188 and \$3,950,954 related to these transactions, respectively, were outstanding. TUF paid the 2018 obligation during fiscal year 2019, and it intends to pay the 2019 obligation during fiscal year 2020.

As indicated, the above TUF balances are as of June 30, 2019 and 2018; however, the University believes these figures are not materially different than September 30, 2019 and 2018, respectively.

#### **Auburn Research and Technology Foundation**

Although ARTF is separate and independent from the University, its mission is to facilitate the acquisition, construction and equipping of a technology and research park on the University's campus in order to create new academic and entrepreneurial opportunities for the University's faculty and students. Consideration received by the University from ARTF includes the traditional benefits enjoyed by a University from an affiliated research park, including but not limited to, increased exposure for development and commercialization of the University's intellectual property and technologies, increased research opportunities for the University's students and professors, and heightened exposure within the commercial world of the technological campus offerings. In August 2018, the University Provost & Senior Vice President of Academic Affairs agreed to serve as President of ARTF. The President is a member of the ARTF Board of Directors with full voting powers. Contributed services in the amount of approximately \$24,641 and \$19,000 were recognized by ARTF during fiscal year 2019 and 2018, respectively, related to services provided by the Provost serving as the President of ARTF.

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

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 actual reimbursement is determined based on the actual costs incurred. In accordance with the Agreement for fiscal year 2019 and 2018, personnel costs incurred by the University and charged to ARTF were \$187,061 and \$238,450, respectively. Also, personnel costs incurred by the University and not charged to ARTF were \$404,130 in fiscal year 2019. At September 30, 2019 and 2018, \$49,280 and \$95,519 were payable.

ARTF entered into subcontracts with the University to provide services to fulfill ARTF's sponsored project agreements. As of September 30, 2019 and 2018, ARTF owed the University \$0 and \$18,856, respectively. The University provides certain operating services to ARTF. As of September 30, 2019 and 2018, ARTF owed the University \$6,245 and \$33,284, respectively, related to these services. Additionally, ARTF shares miscellaneous costs related to office expenses and equipment leases with a University department. Payables to the University for these expenses were \$599 and \$704 as of September 30, 2019 and 2018, respectively. All amounts owed to the University are shown in "Other payables to Auburn University" on the Statements of Financial Position.

The amounts due from the University to ARTF of \$64,087 and \$106,087 at September 30, 2019 and 2018, 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 three University departments in fiscal year 2019 and 2018, whereby the departments leased office space from ARTF. As leasing tenants, the University departments remit a monthly rental fee to ARTF in accordance with their lease agreements. The University paid approximately \$232,700 and \$224,000 in lease costs during fiscal years ended September 30, 2019 and 2018, respectively.

During fiscal year 2018, the University entered into an agreement to lease space in Building 5 and made a prepayment of \$245,000. Upon commencement of the lease and occupancy of the facility by the University, for a period of ten years, \$24,500 shall be credited and deducted annually from all rent otherwise payable by the University to ARTF for the lease of space (the "Rent Credit"). This Rent Credit shall serve as a declining credit account in favor of the University against the Prepayment Funds.

ARTF entered into a contract with the University during fiscal year 2011 to develop and manage a full service business incubator. Revenues of \$91,355 and \$118,366 related to this contract were recognized during fiscal year 2019 and 2018, respectively. As of September 30, 2019 and 2018, the remaining amounts of the contributions of \$171,666 and \$113,021, respectively, are shown in "Deferred revenue" on the ARTF Statements of Financial Position and will be recognized when the expenditures are incurred.



## **(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 \$151.5 million and \$149.6 million under these programs during the fiscal years ended September 30, 2019 and 2018, respectively. AUM disbursed approximately \$26.5 million and \$25.5 million under these programs during the fiscal years ended September 30, 2019 and 2018, respectively.

## **(22) IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS**

Statement No. 84, *Fiduciary Activities*, was issued in January 2017. This Statement establishes criteria for identifying fiduciary activities of all state and local governments, and requires reporting those activities in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. Additionally, it provides for the recognition of a liability to the beneficiaries in a fiduciary fund under certain circumstances. This Statement is effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The University is currently evaluating the financial statement impact of this Statement.

Statement No. 87, *Leases*, was issued in June 2017. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. This Statement is effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The University is currently evaluating the financial statement impact of this Statement.

Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, was issued in August 2018. This Statement requires that a majority equity interest in a legally separate organization should be reported as an investment if it meets the definition of an investment, and measured using the equity method unless held by certain special-purpose governments. For all other holdings of a majority equity interest in a legally separate organization, the government should report it as a component unit, and should report a related asset using the equity method. Additionally, it establishes certain reporting requirements for a component unit in which a government has 100 percent equity interest. This Statement is effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged, and most

requirements should be applied retroactively. The University is currently evaluating the financial statement impact of this Statement.

Statement No. 91, *Conduit Debt Obligations*, was issued in May 2019. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement is effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The University is currently evaluating the financial statement impact of this Statement.

## **(23) EVENTS SUBSEQUENT TO ORIGINAL ISSUANCE OF FINANCIAL STATEMENTS (UNAUDITED)**

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



# 2019

## FINANCIAL REPORT

# UNAUDITED DIVISIONAL FINANCIAL STATEMENTS

The 2018 Divisional Statements of Net Position and Statements of Revenues, Expenses and Changes in Net Position, as previously presented, were revised to correct certain errors relating to the historical allocation of debt and the associated issuance premium and proceeds of the 2011A and 2012 Auburn University bond when the debts were originally issued in fiscal years 2011 and 2012. The original calculation overstated the transfer of 2012A premium from AU to AUM, and as a result the Due to/from other funds between AU and AUM was overstated and the subsequent amortization of the premiums were also overstated. Management also identified an overstatement of loan proceeds for the 2011A Bonds from AU. Although the transactions were eliminated for the consolidated statements, management elected to correct the errors by revising its previously issued 2018 divisional financial statements. In addition, as discussed in Note 2, the University reclassified \$149,000,000 of bond proceeds from cash and cash equivalents to long term investments in connection with an accounting policy election. The impact on the previously reported 2018 financial statement amounts for the correction of the errors and the reclassification for the policy election are presented below and on the following pages:

### AUBURN UNIVERSITY MAIN CAMPUS

	As Previously Presented	Adjustment	Cash Reclass	As Revised
<b>STATEMENT OF NET POSITION</b>				
Cash and cash equivalents	\$ 278,710,256	\$ 54,876	\$ (139,724,317)	\$ 139,040,815
Operating investments	121,397,740	363,076	(242,191)	121,518,625
Investments	957,562,121	1,223,847	139,966,508	1,098,752,476
Due to/from other funds	86,019,350	4,000	—	86,023,350
Total assets	3,311,436,512	1,645,799	—	3,313,082,311
Total liabilities	2,119,125,888	—	—	2,119,125,888
Net investment in capital assets	1,116,706,101	144,437	—	1,116,850,538
Capital projects	42,001,902	1,501,362	—	43,503,264
Total net position	1,309,171,700	1,645,799	—	1,310,817,499
<b>STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION</b>				
Other supplies and services	\$ 244,960,218	\$ 259,824	\$ —	\$ 245,220,042
Net investment income	31,327,896	(76)	—	31,327,820
Interest expense on capital debt	(25,150,257)	204,188	—	(24,946,069)
Net increase in net position	73,377,334	(55,712)	—	73,321,622
Net position - beginning of year	1,463,820,583	1,701,511	—	1,465,522,094
Net position October 1, 2017 restated	1,235,794,366	1,701,511	—	1,237,495,877
Net position - end of year	1,309,171,700	1,645,799	—	1,310,817,499

## AUBURN UNIVERSITY AT MONTGOMERY

	As Previously Presented	Adjustment	Cash Reclass	As Revised
<b>STATEMENT OF NET POSITION</b>				
Cash and cash equivalents	\$ 3,760,348	\$ (54,876)	\$ (2,060,481)	\$ 1,644,991
Operating investments	1,571,080	(363,076)	229,682	1,437,686
Investments	12,392,382	(1,223,847)	1,830,799	12,999,334
Due to/from other funds	86,019,350	4,000	—	86,023,350
Total assets	178,203,231	(1,641,799)	—	176,561,432
Total liabilities	197,178,346	4,000	—	197,182,346
Net investment in capital assets	14,400,597	(144,437)	—	14,256,160
Capital projects	1,870,502	(1,501,362)	—	369,140
Total net position	(10,652,333)	(1,645,799)	—	(12,298,132)

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

Other supplies and services	\$ 20,643,917	\$ (259,824)	\$ —	\$ 20,384,093
Net investment income	2,764,643	76	—	2,764,719
Interest expense on capital debt	(3,858,288)	(204,188)	—	(4,062,476)
Net increase in net position	4,492,988	55,712	—	4,548,700
Net position - beginning of year	7,241,525	(1,701,511)	—	5,540,014
Net position October 1, 2017 restated	(15,145,321)	(1,701,511)	—	(16,846,832)
Net position - end of year	(10,652,333)	(1,645,799)	—	(12,298,132)

## ALABAMA AGRICULTURAL EXPERIMENT STATION

	As Previously Presented	Adjustment	Cash Reclass	As Revised
<b>STATEMENT OF NET POSITION</b>				
Cash and cash equivalents	\$ 9,115,641	\$ —	\$ (4,591,069)	\$ 4,524,572
Operating investments	3,951,274	—	3,102	3,954,376
Investments	31,166,889	—	4,587,967	35,754,856
Due to/from other funds	—	—	—	—
Total assets	50,612,006	—	—	50,612,006
Total liabilities	59,833,168	—	—	59,833,168
Net investment in capital assets	—	—	—	—
Capital projects	—	—	—	—
Total net position	(3,985,128)	—	—	(3,985,128)

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

Other supplies and services	\$ 18,318,795	\$ —	\$ —	\$ 18,318,795
Net investment income	514,929	—	—	514,929
Interest expense on capital debt	—	—	—	—
Net increase in net position	3,336,010	—	—	3,336,010
Net position - beginning of year	6,720,106	—	—	6,720,106
Net position October 1, 2017 restated	(7,321,138)	—	—	(7,321,138)
Net position - end of year	(3,985,128)	—	—	(3,985,128)

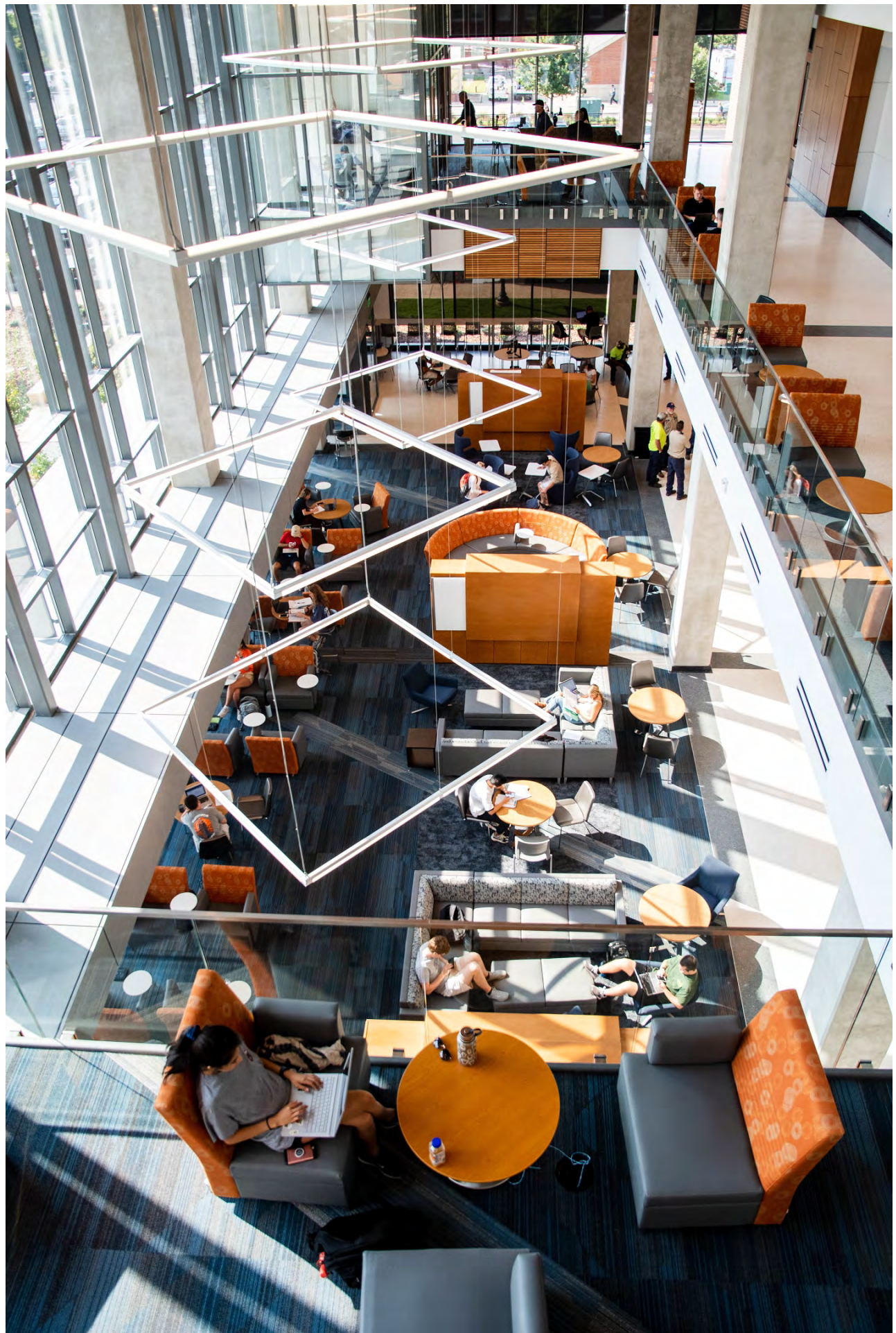
### ALABAMA COOPERATIVE EXTENSION SYSTEM

	As Previously Presented		Adjustment		Cash Reclass		As Revised
<b>STATEMENT OF NET POSITION</b>							
Cash and cash equivalents	\$ 5,142,989	\$	—	\$	(2,624,133)	\$	2,518,856
Operating investments	2,192,018		—		9,407		2,201,425
Investments	17,290,217		—		2,614,726		19,904,943
Due to/from other funds	—		—		—		—
Total assets	34,593,254		—		—		34,593,254
Total liabilities	146,161,739		—		—		146,161,739
Net investment in capital assets	—		—		—		—
Capital projects	137		—		—		137
Total net position	(100,223,367)		—		—		(100,223,367)
<b>STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION</b>							
Other supplies and services	\$ 20,240,005	\$	—	\$	—	\$	20,240,005
Net investment income	568,481		—		—		568,481
Interest expense on capital debt	—		—		—		—
Net decrease in net position	(2,277,642)		—		—		(2,277,642)
Net position - beginning of year	(61,010,067)		—		—		(61,010,067)
Net position October 1, 2017 restated	(97,945,725)		—		—		(97,945,725)
Net position - end of year	(100,223,367)		—		—		(100,223,367)

### AUBURN UNIVERSITY (COMBINED)

	As Previously Presented		Adjustment		Cash Reclass		As Revised
<b>STATEMENT OF NET POSITION</b>							
Cash and cash equivalents	\$ 296,729,234	\$	—	\$	(149,000,000)	\$	147,729,234
Operating investments	129,112,112		—		—		129,112,112
Investments	1,018,411,609		—		149,000,000		1,167,411,609
Due to/from other funds	—		—		—		—
Total assets	3,437,833,596		—		—		3,437,833,596
Total liabilities	2,385,287,734		—		—		2,385,287,734
Net investment in capital assets	1,131,106,698		—		—		1,131,106,698
Capital projects	43,872,541		—		—		43,872,541
Total net position	1,194,310,872		—		—		1,194,310,872
<b>STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION</b>							
Other supplies and services	\$ 304,162,935	\$	—	\$	—	\$	304,162,935
Net investment income	35,175,949		—		—		35,175,949
Interest expense on capital debt	(29,008,545)		—		—		(29,008,545)
Net increase in net position	78,928,690		—		—		78,928,690
Net position - beginning of year	1,416,772,147		—		—		1,416,772,147
Net position October 1, 2017 restated	1,115,382,182		—		—		1,115,382,182
Net position - end of year	1,194,310,872		—		—		1,194,310,872







# AUBURN UNIVERSITY MAIN CAMPUS

## STATEMENTS OF NET POSITION SEPTEMBER 30, 2019 AND 2018 (UNAUDITED)

	2019	2018
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 230,027,694	\$ 139,040,815
Operating investments	109,687,958	121,518,625
Accounts receivable, net	52,678,975	52,115,141
Student accounts receivable, net	39,602,829	35,846,097
Loans receivable, net	2,731,074	2,667,594
Accrued interest receivable	3,525,404	3,747,303
Inventories	5,307,146	5,452,529
Prepaid expenses	42,696,832	44,269,816
Due from other funds	3,366,272	3,212,589
Total current assets	<u>489,624,184</u>	<u>407,870,509</u>
Noncurrent assets		
Investments	991,915,653	1,098,752,476
Loans receivable, net	12,326,818	14,245,071
Investment in plant, net	1,839,447,637	1,706,190,905
Due from other funds	82,521,533	86,023,350
Total noncurrent assets	<u>2,926,211,641</u>	<u>2,905,211,802</u>
<b>Total assets</b>	<u><b>3,415,835,825</b></u>	<u><b>3,313,082,311</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Loss on refunding of bonds	41,950,072	46,219,285
Pension and OPEB	161,856,985	151,045,304
<b>Total deferred outflows of resources</b>	<u><b>203,807,057</b></u>	<u><b>197,264,589</b></u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	96,259,419	80,383,305
Accrued salaries and wages	4,202,730	2,744,968
Accrued compensated absences	16,294,828	15,375,872
Accrued interest payable	14,101,944	13,188,335
Other accrued liabilities	13,815,288	12,329,100
Student deposits	3,903,074	4,144,396
Deposits held in custody	20,330,071	22,023,927
Unearned revenues	236,372,722	218,653,621
Noncurrent liabilities-current portion	37,277,185	37,315,647
Total current liabilities	<u>442,557,261</u>	<u>406,159,171</u>
Noncurrent liabilities		
Bonds and notes payable	848,385,408	884,698,533
Lease obligation	12,298,895	10,165,030
Pension and OPEB	781,836,068	756,985,906
Other noncurrent liabilities	11,546,942	13,337,780
Due to other funds	47,135,974	47,779,468
Total noncurrent liabilities	<u>1,701,203,287</u>	<u>1,712,966,717</u>
<b>Total liabilities</b>	<u><b>2,143,760,548</b></u>	<u><b>2,119,125,888</b></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Nonexchange transactions	189,862	170,534
Pension and OPEB	88,256,043	80,232,979
<b>Total deferred inflows of resources</b>	<u><b>88,445,905</b></u>	<u><b>80,403,513</b></u>
<b>NET POSITION</b>		
Net investment in capital assets	1,272,759,802	1,116,850,538
Restricted		
Nonexpendable	24,593,873	24,145,962
Expendable:		
Scholarships, research, instruction, other	157,810,220	152,483,271
Loans	5,118,993	4,943,098
Capital projects	41,080,279	43,503,264
Unrestricted	(113,926,738)	(31,108,634)
<b>Total net position</b>	<u><b>\$ 1,387,436,429</b></u>	<u><b>\$ 1,310,817,499</b></u>

# AUBURN UNIVERSITY MAIN CAMPUS

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018 (UNAUDITED)

	2019	2018
<b>OPERATING REVENUES</b>		
Tuition and fees, net of scholarship allowances of \$122,580,580 and \$116,589,276, respectively	\$ 480,777,264	\$ 456,313,408
Federal appropriations	43,056	22,375
Federal grants and contracts, net	61,094,702	49,975,665
State and local grants and contracts, net	12,189,613	9,218,159
Nongovernmental grants and contracts, net	14,410,508	12,233,650
Sales and services of educational departments	45,136,497	42,631,658
Auxiliary revenue, net of scholarship allowances of \$7,377,462 and \$7,245,106, respectively	151,420,556	174,992,328
Other operating revenues	25,791,607	22,183,194
Total operating revenues	<u>790,863,803</u>	<u>767,570,437</u>
<b>OPERATING EXPENSES</b>		
Compensation and benefits	616,826,235	591,338,881
Scholarships and fellowships	23,592,867	23,389,506
Utilities	21,456,910	19,719,113
Other supplies and services	260,558,783	245,220,042
Depreciation	73,940,389	74,586,207
Total operating expenses	<u>996,375,184</u>	<u>954,253,749</u>
Operating loss	<u>(205,511,381)</u>	<u>(186,683,312)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	175,697,931	164,288,700
Gifts	46,227,372	45,336,583
Grants	16,750,081	17,424,738
Net investment income	59,112,411	31,327,820
Interest expense on capital debt	(31,231,115)	(24,946,069)
Nonoperating revenues, net	<u>266,556,680</u>	<u>233,431,772</u>
Income before other changes in net position	61,045,299	46,748,460
<b>OTHER CHANGES IN NET POSITION</b>		
Capital gifts and grants	15,125,719	26,097,996
Additions to permanent endowments	447,912	475,166
Net increase in net position	<u>76,618,930</u>	<u>73,321,622</u>
Net position - beginning of year	1,310,817,499	1,465,522,094
Cumulative effect of accounting change		(228,026,217)
Net position October 1, 2017, as restated		<u>1,237,495,877</u>
Net position - end of year	<u>\$ 1,387,436,429</u>	<u>\$ 1,310,817,499</u>

# AUBURN UNIVERSITY AT MONTGOMERY

## STATEMENTS OF NET POSITION SEPTEMBER 30, 2019 AND 2018 (UNAUDITED)

	2019	2018
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 3,505,183	\$ 1,644,991
Operating investments	1,671,446	1,437,686
Accounts receivable, net	3,449,248	2,545,920
Student accounts receivable, net	9,137,088	7,238,028
Loans receivable, net	327,990	358,442
Accrued interest receivable	301,012	271,618
Inventories	1,224,868	618,568
Prepaid expenses	2,691,805	2,399,343
Total current assets	<u>22,308,640</u>	<u>16,514,596</u>
Noncurrent assets		
Investments	15,114,998	12,999,334
Loans receivable, net	1,968,528	2,312,709
Investment in plant, net	102,604,424	103,672,327
Due from other funds	40,367,049	41,062,466
Total noncurrent assets	<u>160,054,999</u>	<u>160,046,836</u>
<b>Total assets</b>	<u>182,363,639</u>	<u>176,561,432</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension and OPEB	<u>16,275,519</u>	<u>16,304,832</u>
<b>Total deferred outflows of resources</b>	<u>16,275,519</u>	<u>16,304,832</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	3,613,062	1,677,570
Accrued salaries and wages	357,079	205,394
Accrued compensated absences	1,384,162	1,390,878
Accrued interest payable	—	700
Student deposits	49,745	2,570
Deposits held in custody	3,172,517	3,129,019
Unearned revenues	17,884,194	17,785,596
Noncurrent liabilities-current portion	180,409	221,123
Due to other funds	<u>3,366,272</u>	<u>3,212,589</u>
Total current liabilities	<u>30,007,440</u>	<u>27,625,439</u>
Noncurrent liabilities		
Lease obligation	132,447	83,916
Pension and OPEB	85,831,819	83,449,641
Due to other funds	<u>82,521,533</u>	<u>86,023,350</u>
Total noncurrent liabilities	<u>168,485,799</u>	<u>169,556,907</u>
<b>Total liabilities</b>	<u>198,493,239</u>	<u>197,182,346</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension and OPEB	<u>8,759,309</u>	<u>7,982,050</u>
<b>Total deferred inflows of resources</b>	<u>8,759,309</u>	<u>7,982,050</u>
<b>NET POSITION</b>		
Net investment in capital assets	16,438,846	14,256,160
Restricted		
Nonexpendable	5,243,935	5,234,851
Expendable:		
Scholarships, research, instruction, other	29,482,673	28,334,714
Loans	356,858	353,839
Capital projects	147,295	369,140
Unrestricted	<u>(60,282,997)</u>	<u>(60,846,836)</u>
<b>Total net position</b>	<u>\$ (8,613,390)</u>	<u>\$ (12,298,132)</u>

# AUBURN UNIVERSITY AT MONTGOMERY

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018 (UNAUDITED)

	2019	2018
<b>OPERATING REVENUES</b>		
Tuition and fees, net of scholarship allowances of \$14,266,324 and \$12,866,238, respectively	39,267,930	35,894,562
Federal grants and contracts, net	1,065,556	1,182,518
State and local grants and contracts, net	3,425,806	5,811,927
Nongovernmental grants and contracts, net	156,112	419,761
Sales and services of educational departments	2,151,550	2,137,274
Auxiliary revenue, net of scholarship allowances of \$2,025,876 and \$1,879,464, respectively	9,769,436	9,012,498
Other operating revenues	1,129,463	1,734,745
Total operating revenues	56,965,853	56,193,285
<b>OPERATING EXPENSES</b>		
Compensation and benefits	55,021,110	53,247,498
Scholarships and fellowships	3,153,617	2,955,529
Utilities	3,857,472	3,556,641
Other supplies and services	20,638,689	20,384,093
Depreciation	5,035,025	5,006,694
Total operating expenses	87,705,913	85,150,455
Operating loss	(30,740,060)	(28,957,170)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	25,598,839	23,318,449
Gifts	916,311	1,214,403
Grants	10,837,659	10,252,505
Net investment income	1,034,488	2,764,719
Interest expense on capital debt	(3,978,232)	(4,062,476)
Nonoperating revenues, net	34,409,065	33,487,600
Income before other changes in net position	3,669,005	4,530,430
<b>OTHER CHANGES IN NET POSITION</b>		
Capital gifts and grants	6,652	6,590
Additions to permanent endowments	9,085	11,680
Net increase in net position	3,684,742	4,548,700
Net position - beginning of year	(12,298,132)	5,540,014
Cumulative effect of accounting change		(22,386,846)
Net position October 1, 2017, as restated		(16,846,832)
Net position - end of year	\$ (8,613,390)	\$ (12,298,132)

# ALABAMA AGRICULTURAL EXPERIMENT STATION

## STATEMENTS OF NET POSITION SEPTEMBER 30, 2019 AND 2018 (UNAUDITED)

	2019	2018
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 7,978,572	\$ 4,524,572
Operating investments	3,804,556	3,954,376
Accounts receivable, net	3,480,074	5,107,583
Total current assets	<u>15,263,202</u>	<u>13,586,531</u>
Noncurrent assets		
Investments	34,404,862	35,754,856
Due from other funds	1,280,256	1,270,619
Total noncurrent assets	<u>35,685,118</u>	<u>37,025,475</u>
<b>Total assets</b>	<u>50,948,320</u>	<u>50,612,006</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension and OPEB	10,956,911	10,374,624
<b>Total deferred outflows of resources</b>	<u>10,956,911</u>	<u>10,374,624</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	2,215,277	920,210
Accrued salaries and wages	212,857	131,281
Accrued compensated absences	1,209,755	1,302,943
Deposits held in custody	6,400	6,400
Unearned revenues	2,825,372	2,744,804
Total current liabilities	<u>6,469,661</u>	<u>5,105,638</u>
Noncurrent liabilities		
Pension and OPEB	56,202,263	54,727,530
Total noncurrent liabilities	<u>56,202,263</u>	<u>54,727,530</u>
<b>Total liabilities</b>	<u>62,671,924</u>	<u>59,833,168</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension and OPEB	5,630,431	5,138,590
<b>Total deferred inflows of resources</b>	<u>5,630,431</u>	<u>5,138,590</u>
<b>NET POSITION</b>		
Restricted		
Expendable:		
Scholarships, research, instruction, other	2,570,956	2,675,384
Unrestricted	(8,968,080)	(6,660,512)
<b>Total net position</b>	<u>\$ (6,397,124)</u>	<u>\$ (3,985,128)</u>

# ALABAMA AGRICULTURAL EXPERIMENT STATION

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018 (UNAUDITED)

	2019	2018
<b>OPERATING REVENUES</b>		
Federal appropriations	\$ 5,009,609	\$ 5,725,661
Federal grants and contracts	10,644,089	13,905,453
State and local grants and contracts	1,178,310	1,452,307
Nongovernmental grants and contracts	2,274,284	2,799,238
Sales and services of educational departments	3,077,439	3,093,208
Other operating revenues	701,176	543,841
Total operating revenues	<u>22,884,907</u>	<u>27,519,708</u>
<b>OPERATING EXPENSES</b>		
Compensation and benefits	35,190,687	38,388,906
Scholarships and fellowships	233,018	139,808
Utilities	921,088	1,100,737
Other supplies and services	23,350,706	18,318,795
Total operating expenses	<u>59,695,499</u>	<u>57,948,246</u>
Operating loss	<u>(36,810,592)</u>	<u>(30,428,538)</u>
<b>NONOPERATING REVENUES</b>		
State appropriations	32,037,581	31,524,294
Gifts	1,732,361	1,725,325
Net investment income	628,654	514,929
Nonoperating revenues, net	<u>34,398,596</u>	<u>33,764,548</u>
Net decrease in net position	(2,411,996)	3,336,010
Net position - beginning of year	(3,985,128)	6,720,106
Cumulative effect of accounting change		(14,041,244)
Net position October 1, 2017, as restated		<u>(7,321,138)</u>
Net position - end of year	<u>\$ (6,397,124)</u>	<u>\$ (3,985,128)</u>



# ALABAMA COOPERATIVE EXTENSION SYSTEM

## STATEMENTS OF NET POSITION SEPTEMBER 30, 2019 AND 2018 (UNAUDITED)

	2019	2018
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 4,830,873	\$ 2,518,856
Operating investments	2,303,586	2,201,425
Accounts receivable, net	4,439,668	4,521,647
Total current assets	<u>11,574,127</u>	<u>9,241,928</u>
Noncurrent assets		
Investments	20,831,487	19,904,943
Due from other funds	5,488,669	5,446,383
Total noncurrent assets	<u>26,320,156</u>	<u>25,351,326</u>
<b>Total assets</b>	<u>37,894,283</u>	<u>34,593,254</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension and OPEB	<u>17,268,704</u>	<u>17,368,699</u>
<b>Total deferred outflows of resources</b>	<u>17,268,704</u>	<u>17,368,699</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	1,225,986	2,835,746
Accrued salaries and wages	329,281	170,505
Accrued compensated absences	1,947,662	2,032,314
Unearned revenues	435,736	399,735
Total current liabilities	<u>3,938,665</u>	<u>5,438,300</u>
Noncurrent liabilities		
Pension and OPEB	<u>143,786,301</u>	<u>140,723,439</u>
Total noncurrent liabilities	<u>143,786,301</u>	<u>140,723,439</u>
<b>Total liabilities</b>	<u>147,724,966</u>	<u>146,161,739</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension and OPEB	<u>6,589,829</u>	<u>6,023,581</u>
<b>Total deferred inflows of resources</b>	<u>6,589,829</u>	<u>6,023,581</u>
<b>NET POSITION</b>		
Restricted		
Nonexpendable:	24,487	24,487
Expendable:		
Scholarships, research, instruction, other	5,430,833	3,264,636
Capital projects	139	137
Unrestricted	<u>(104,607,267)</u>	<u>(103,512,627)</u>
<b>Total net position</b>	<u>\$ (99,151,808)</u>	<u>\$ (100,223,367)</u>

# ALABAMA COOPERATIVE EXTENSION SYSTEM

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018 (UNAUDITED)

	2019	2018
<b>OPERATING REVENUES</b>		
Federal appropriations	\$ 11,801,305	\$ 8,097,679
Federal grants and contracts, net	9,913,834	11,785,042
State and local grants and contracts, net	2,686,636	2,667,309
Nongovernmental grants and contracts, net	706,828	561,200
Sales and services of educational departments	558,152	578,705
Other operating revenues	1,154,305	1,165,680
Total operating revenues	<u>26,821,060</u>	<u>24,855,615</u>
<b>OPERATING EXPENSES</b>		
Compensation and benefits	45,558,432	44,757,898
Scholarships and fellowships	4,276	7,765
Utilities	75,370	166,568
Other supplies and services	20,179,004	20,240,005
Total operating expenses	<u>65,817,082</u>	<u>65,172,236</u>
Operating loss	<u>(38,996,022)</u>	<u>(40,316,621)</u>
<b>NONOPERATING REVENUES</b>		
State appropriations	39,594,504	37,439,303
Gifts	73,081	31,195
Net investment income	399,996	568,481
Nonoperating revenues, net	<u>40,067,581</u>	<u>38,038,979</u>
Net increase (decrease) in net position	1,071,559	(2,277,642)
<b>Net position - beginning of year</b>	(100,223,367)	(61,010,067)
Cumulative effect of accounting change		(36,935,658)
<b>Net position October 1, 2017, as restated</b>		<u>(97,945,725)</u>
<b>Net position - end of year</b>	<u>\$ (99,151,808)</u>	<u>\$ (100,223,367)</u>





# 2019

## FINANCIAL REPORT

**UNAUDITED  
REQUIRED  
SUPPLEMENTAL  
INFORMATION**

# REQUIRED SUPPLEMENTAL INFORMATION (UNAUDITED)

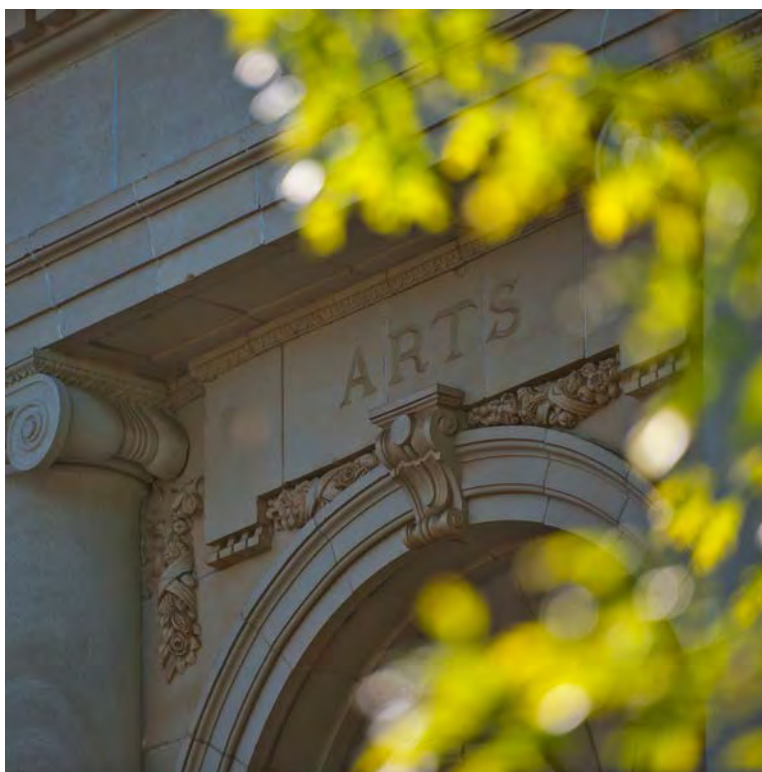
## Teachers' Retirement System Schedule of Proportionate Share of Collective Net Pension Liability

	2019	2018	2017	2016	2015
University's proportion of the collective net pension liability	6.475262%	6.306790%	6.146014%	5.965792%	5.757899%
University's proportionate share of the collective net pension liability	\$ 643,808,000	\$ 619,862,000	\$ 665,367,000	\$ 624,361,000	\$ 523,080,000
University's covered payroll during the measurement period*	\$ 440,124,441	\$ 422,375,257	\$ 395,094,076	\$ 380,477,086	\$ 368,745,049
University's proportionate share of the collective net pension liability as a percentage of its covered payroll	146.28%	146.76%	168.41%	164.10%	141.85%
Plan fiduciary net position as a percentage of the total collective pension liability	72.29%	71.50%	67.93%	67.51%	71.01%

\*University's covered payroll during the measurement period is the total payroll on which contributions to a pension plan are based. For fiscal year 2019, the measurement period is October 1, 2017–September 30, 2018.

## Teachers' Retirement System Schedule of System Contributions

	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 55,172,904	\$ 51,809,686	\$ 49,273,810	\$ 46,139,070	\$ 42,534,706
Contributions in relation to the contractually required contribution	55,172,904	51,809,686	49,273,810	46,139,070	42,534,706
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —
System covered payroll	\$ 463,535,019	\$ 440,124,441	\$ 422,375,257	\$ 395,094,076	\$ 380,477,086
Contributions as a percentage of covered payroll	11.90%	11.77%	11.67%	11.68%	11.18%





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

	2018	2017	2016	2015	2014
Service cost	\$ —	\$ —	\$ 21,595	\$ 46,380	\$ 104,069
Interest	3,329,186	3,490,964	3,539,730	3,678,959	3,800,103
Changes of benefit terms	—	—	—	—	—
Differences between expected and actual experience	587,695	(238,683)	590,134	264,685	—
Changes of assumptions	130,809	—	2,271,808	—	—
Benefit payments, including refunds of employee contributions	(5,387,960)	(5,291,519)	(5,958,850)	(5,501,945)	(5,334,993)
<b>Net change in total pension liability</b>	<b>\$ (1,340,270)</b>	<b>\$ (2,039,238)</b>	<b>\$ 464,417</b>	<b>\$ (1,511,921)</b>	<b>\$ (1,430,821)</b>
<b>Total pension liability - beginning</b>	<b>45,651,223</b>	<b>47,690,461</b>	<b>47,226,044</b>	<b>48,737,965</b>	<b>50,168,786</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 44,310,953</b>	<b>\$45,651,223</b>	<b>\$47,690,461</b>	<b>\$47,226,044</b>	<b>\$48,737,965</b>

## Employee's Retirement System Plan Fiduciary Net Position

	2018	2017	2016	2015	2014
Contributions-employer	\$ 5,721,023	\$ 5,336,057	\$ 5,645,920	\$ 4,159,117	\$ 1,790,336
Contributions-member	63,922	66,106	80,506	104,131	125,268
Net investment income	21,698	—	3,837	9,066	331,362
Benefits payments, including refunds of employee contributions	(5,387,960)	(5,291,519)	(5,958,850)	(5,501,945)	(5,334,993)
Transfers among employers	—	—	—	—	—
<b>Net change in total pension liability</b>	<b>\$ 418,683</b>	<b>\$ 110,644</b>	<b>\$ (228,587)</b>	<b>\$ (1,229,631)</b>	<b>\$ (3,088,027)</b>
<b>Plan net position - beginning</b>	<b>35,951</b>	<b>(74,693)</b>	<b>153,894</b>	<b>1,383,525</b>	<b>4,471,552</b>
<b>Plan net position - ending (b)</b>	<b>\$ 454,634</b>	<b>\$ 35,951</b>	<b>\$ (74,693)</b>	<b>\$ 153,894</b>	<b>\$ 1,383,525</b>
<b>Net pension liability - ending (a)-(b)</b>	<b>\$ 43,856,319</b>	<b>\$ 45,615,272</b>	<b>\$ 47,765,154</b>	<b>\$ 47,072,150</b>	<b>\$ 47,354,440</b>
Plan fiduciary net position as a percentage of total pension liability	1.03%	0.08%	(0.16)%	0.33%	2.84%
Covered payroll*	\$ 1,373,434	\$ 1,755,903	\$ 2,138,954	\$ 2,775,630	\$ 3,341,010
Net pension liability as a percentage of covered payroll	3,193.19%	2,597.82%	2,233.11 %	1,695.91%	1,417.37%

\*Employer's covered payroll during the measurement period is the total covered payroll For fiscal year 2019, the measurement period is October 1, 2017-September 30, 2018

## Employees' Retirement System Schedule of Employer Contributions

	2019	2018	2017	2016	2015
Actuarially determined contribution*	\$ 4,617,318	\$ 5,680,659	\$ 5,321,011	\$ 5,629,191	\$ 4,151,926
Contributions in relation to the actuarially determined contribution	4,617,318	5,680,659	5,321,011	5,629,191	4,151,926
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll**	\$ 1,186,971	\$ 1,373,434	\$ 1,755,903	\$ 2,138,954	\$ 2,775,630
Contributions as a percentage of covered payroll	389.00%	413.61%	303.04%	263.17%	149.58%

\*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 2019 is the total covered payroll for the 12 month period of the underlying financial statements.



### Employee's Retirement System Notes to Schedule

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2019 were based on the September 30, 2016 actuarial valuation.

#### Methods and assumptions used to determine contribution rates

<b>Actuarial cost method:</b>	Entry Age	<b>Inflation:</b>	2.875%
<b>Amortization method:</b>	Level percent closed	<b>Salary increases:</b>	3.375-5.125%, including inflation
<b>Remaining amortization period:</b>	5.3 years	<b>Investment rate of return:</b>	7.875%, net of pension plan investment expense, including inflation
<b>Asset valuation method:</b>	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

	2019	2018
The University's proportion of the net OPEB liability	4.072098%	4.404229%
The University's proportionate share of the net OPEB liability	\$334,674,593	\$327,120,973
The University's covered-employee payroll during the measurement period*	\$440,124,441	\$422,375,257
The University's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	76.04%	77.45%
Plan fiduciary net position as a percentage of the total OPEB liability	14.81%	15.37%
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 2019, the measurement period is October 1, 2017–September 30, 2018.

**PEEHIP Schedule of Contributions**  
for the Fiscal Year Ended September 30

	2019	2018
Contractually required contribution	\$ 9,283,861	\$ 10,838,760
Contributions in relation to the contractually required contribution	\$ 9,283,861	\$ 10,838,760
Contribution deficiency (excess)	—	—
The University's covered-employee payroll during the measurement period	\$ 463,535,019	\$ 440,124,441
Contributions as a percentage of covered-employee payroll	2.00%	2.46%

**PEEHIP Notes to Required Supplementary Information for the Year Ended September 30, 2019**

**Changes in actuarial assumptions**

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

**Recent Plan Changes**

Effective January 1, 2017, Medicare eligible medical and prescription drug benefits are provided through the UnitedHealthcare Medicare Advantage Plan with Prescription Drug Coverage (MAPD).

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

**Method and assumptions used in calculations of actuarially determined contributions**

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of September 30, 2015, 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	26 year, closed
Asset Valuation Method	Market Value of Assets
Inflation	3.00%
Healthcare Cost Trend Rate:	
Pre-Medicare Eligible	7.75%
Medicare Eligible	5.00%
Ultimate Trend Rate:	
Pre-Medicare Eligible	5.00%
Medicare Eligible	5.00%
Year of Ultimate Trend Rate	2021 for Pre-Medicare Eligible 2018 for Medicare Eligible
Investment Rate of Return	5.00%, including inflation

**AU Medical Plan****Historical Changes in the Net Plan Liability**

<b>Year Ending September 30</b>	<b>2019</b>	<b>2018</b>
<b>Total Plan Liability</b>		
Service Cost	\$ 90,744	\$ 85,534
Interest	1,265,684	1,293,714
Changes to benefit terms	—	—
Differences between expected and actual experience	1,020,854	(32,891)
Changes of assumptions or other inputs	2,031,106	—
Benefit payments	(2,379,120)	(2,192,737)
<b>Net Change in total Plan liability</b>	<b>2,029,268</b>	<b>(846,380)</b>
<b>Total Plan liability-beginning</b>	<b>43,288,271</b>	<b>44,134,651</b>
<b>Total Plan liability-ending (a)</b>	<b>\$ 45,317,539</b>	<b>\$ 43,288,271</b>
<b>Plan fiduciary net position</b>		
Contributions-employer	2,379,120	2,192,737
Net investment income	—	—
Benefit payments	(2,379,120)	(2,192,737)
Administrative expense	—	—
<b>Net Change in plan fiduciary net position</b>	<b>—</b>	<b>—</b>
<b>Plan fiduciary net position-beginning</b>	<b>—</b>	<b>—</b>
<b>Plan fiduciary net position-ending (b)</b>	<b>—</b>	<b>—</b>
<b>Net Plan liability-ending (a)-(b)</b>	<b>\$ 45,317,539</b>	<b>\$ 43,288,271</b>
<b>Plan fiduciary net position as a percentage of the total Plan liability</b>	<b>—</b>	<b>—</b>
<b>Covered employee payroll</b>	<b>\$ 1,186,971</b>	<b>\$ 1,373,434</b>
<b>Net Plan liability as a percentage of covered payroll</b>	<b>3,817.91%</b>	<b>3,151.83%</b>

**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 3.00% as of September 30, 2018 to 2.66% as of September 30, 2019.
Mortality table	The mortality table was updated from RP-2014 Combined Healthy mortality table backed off to 2006 and projected generationally with Scale MP-2017 to Pub-2010 Public Retirement Plans General mortality table projected generationally with Scale MP-2019.
Trend rates	The health care trend rate table was reset in fiscal 2019.
Excise tax	The impact of the ACA Excise Tax was measured and deemed immaterial.
Salary increase	The salary increase rate was set to 0% due to a very small number of actives.
Rates of disability	The disability rate was set to 0% due to a very small number of actives.
Spousal coverage	The spousal coverage rate was set to 0% due to a very small number of actives all currently with either single or no coverage.



# AUBURN UNIVERSITY BOARD OF TRUSTEES

At Large		First District		Second District	
					
<b>GOV. KAY IVEY</b> President (Ex-officio)	<b>WAYNE T. SMITH</b> (Nashville, Tenn.) Healthcare Executive President Pro Tempore	<b>AUBURN UNIVERSITY</b>		<b>B.T. ROBERTS</b> (Mobile) Commercial Real Estate Executive	<b>CLARK SAHLIE</b> (Montgomery) Business Executive
Third District	Third District	Fourth District	Fifth District	Sixth District	Seventh District
					
<b>BOB DUMAS</b> (Auburn) Banking Executive	<b>JAMES W. RANE</b> (Abbeville) Business Executive	<b>JAMES H. SANFORD</b> (Prattville) Agriculture Executive	<b>GAINES LANIER</b> (Lanett) Business Executive	<b>ELIZABETH HUNTLEY</b> (Clanton) Attorney	<b>SARAH B. NEWTON</b> (Fayette) Retired School Principal
Eighth District	Ninth District	At Large	At Large	At Large	At Large
					
<b>MICHAEL A. DEMAIORIBUS</b> (Huntsville) Retired Technology Executive	<b>JAMES PRATT</b> (Birmingham) Attorney	<b>LLOYD AUSTIN</b> (St. Petersburg, Fla.) Retired Army General	<b>RAYMOND J. HARBERT</b> (Birmingham) Investment Management Executive	<b>CHARLES D. MCCRARY</b> (Birmingham) Retired Utility Executive	<b>QUENTIN P. RIGGINS</b> (Birmingham) Utility Executive

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



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**Part II**  
**Schedule of Expenditures of Federal Awards**

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# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2019

CLUSTER TITLE/FEDERAL AGENCY/PROGRAM	PASS-THROUGH ENTITY/PASS-THROUGH NUMBER	CFDA#	Pass Through to Subrecipients	EXPENDITURES
<b>RESEARCH AND DEVELOPMENT CLUSTER</b>				
<b>Department of Agriculture</b>				
Agricultural Research Basic and Applied Research				
Department Of Agriculture Direct		10.001	\$ -	\$ 588,143
CFDA 10.001 Total			-	588,143
Plant and Animal Disease, Pest Control, and Animal Care				
Department Of Agriculture Direct		10.025		99,533
CFDA 10.025 Total			-	99,533
Wildlife Services				
Department Of Agriculture Direct		10.028		312,425
CFDA 10.028 Total			-	312,425
Specialty Crop Block Grant Program - Farm Bill				
Department of Agriculture Pass-through	AL NURSERY & LANDSCAPE ASSOC-CYPRESS WEEVIL	10.170		(1,150)
	ALA DEPT OF AGRICULT & INDUSTRIES-PROJ 1-2018	10.170		(268)
	ALA DEPT OF AGRICULT & INDUSTRIES-PROJ 1-2020	10.170		6,127
	ALA DEPT OF AGRICULT & INDUSTRIES-PROJ 2-2018	10.170		4,227
	ALA DEPT OF AGRICULT & INDUSTRIES-PROJ 2-2021	10.170		784
	ALA DEPT OF AGRICULT & INDUSTRIES-PROJ 4-2017-A16	10.170		589
	ALA DEPT OF AGRICULT & INDUSTRIES-PROJ 4-2018	10.170		18,605
	ALA DEPT OF AGRICULT & INDUSTRIES-PROJ 8-2019	10.170		9,283
	ALA DEPT OF AGRICULT & INDUSTRIES-PROJ 9-2018	10.170		(3,312)
CFDA 10.170 Total			-	34,885
Grants for Agricultural Research, Special Research Grants				
Department Of Agriculture Direct		10.200		344,872
Department of Agriculture Pass-through	MISSISSIPPI STATE UNIV-SRAC-CATFISH FEMALES	10.200		(799)
	MISSISSIPPI STATE UNIV-SRAC-AMYLOO PROJ-18	10.200		(3,151)
	MISSISSIPPI STATE UNIV-SRAC-CATFISH FEMALES	10.200		28,819
	MISSISSIPPI STATE UNIV-SRAC-ECONOMIC IMPACT	10.200		7,699
	MISSISSIPPI STATE UNIV-SRAC-OYSTERS PROJ	10.200		5,300
	UNIV OF FLORIDA-PO 1800574495	10.200		9,833
	UNIV OF FLORIDA-PO 1800575195	10.200		466
CFDA 10.200 Total			-	393,039
Cooperative Forestry Research				
Department of Agriculture Direct		10.202		450,489
CFDA 10.202 Total			-	450,489
Payments to Agricultural Experiment Stations Under the Hatch Act				
Department of Agriculture Direct		10.203		4,540,787
CFDA 10.203 Total			-	4,540,787
Animal Health and Disease Research				
Department of Agriculture Direct		10.207		61,392
CFDA 10.207 Total			-	61,392

The accompanying notes are an integral part of this schedule.

# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2019

CLUSTER TITLE/FEDERAL AGENCY/PROGRAM	PASS-THROUGH ENTITY/PASS-THROUGH NUMBER	CFDA#	Pass Through to Subrecipients	EXPENDITURES
Sustainable Agriculture Research and Education Department of Agriculture Pass-through	UNIV OF GEORGIA-RD309-144/S001697 UNIV OF GEORGIA-SUB00001229 UNIV OF GEORGIA-SUB00001663	10.215 10.215 10.215	31,324 46 23,889	107,181 46 23,889
CFDA 10.215 Total			31,324	131,116
1890 Institution Capacity Building Grants Department of Agriculture Pass-through	ALABAMA A&M UNIV-SUB2017-38821-26435	10.216		268
CFDA 10.216 Total			-	268
Higher Education - Institution Challenge Grants Program Department of Agriculture Pass-through	TEXAS A&M UNIV-06-S160695 UNIV OF FLORIDA-SUB00001753	10.217 10.217		26,273 3,239
CFDA 10.217 Total			-	29,512
Biotechnology Risk Assessment Research Department Of Agriculture Direct		10.219		136,079
CFDA 10.219 Total			-	136,079
Agricultural and Rural Economic Research, Cooperative Agreements and Collaborations Department Of Agriculture Direct		10.250		40,530
CFDA 10.250 Total			-	40,530
Organic Agriculture Research and Extension Initiative Department of Agriculture Pass-through	TUSKEGEE UNIV-39-22091-410-76190	10.307		63,079
CFDA 10.307 Total			-	63,079
Specialty Crop Research Initiative Department of Agriculture Pass-through	TEXAS A&M UNIV-07-M1703026 TEXAS A&M UNIV-M1900019 UNIV OF CENTRAL FLA-63016071-03 UNIV OF FLORIDA-UFDSP00010638 UNIV OF FLORIDA-UFDSP00011164	10.309 10.309 10.309 10.309 10.309		59,256 82,968 (17,146) 142,848 56,501
CFDA 10.309 Total			-	324,427
Agriculture and Food Research Initiative (AFRI) Department Of Agriculture Direct	ALABAMA A&M UNIV-SUB-2016-68006-24785-AU KENTUCKY ST UNIV-210174 202092 3100 OHIO STATE UNIV RESEARCH FDN-PO RF01397453 SYRACUSE UNIV-30561-05301-S01 TUSKEGEE UNIV-36 22091 370 76190 UNIV OF CALIFORNIA SANTA CRUZ-A18-0033-S001P0637010 UNIV OF CINCINNATI-010126-002 UNIV OF FLORIDA-UFDSP00011795 UNIV OF FLORIDA-UFDSP00011868 UNIV OF MICHIGAN-3004679737 UNIV OF TENNESSEE-8500022698 UNIV OF TENNESSEE-USDA/NIFA GET FRUVED	10.310 10.310 10.310 10.310 10.310 10.310 10.310 10.310 10.310 10.310 10.310 10.310	405,829	2,020,705 15,729 95,691 5,312 3,632 710 6,749 (9,638) 71,534 31,106 89,604 (175) 535
CFDA 10.310 Total			405,829	2,331,494

The accompanying notes are an integral part of this schedule.

# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2019

CLUSTER TITLE/FEDERAL AGENCY/PROGRAM	PASS-THROUGH ENTITY/PASS-THROUGH NUMBER	CFDA#	Pass Through to Subrecipients	EXPENDITURES
Sun Grant Program				
Department of Agriculture Pass-through				
	UNIV OF TENNESSEE-9500029125	10.320		24,288
Sun Department of Agriculture Pass-through	UNIV OF TENNESSEE-9500073526	10.320		55,539
Sun Department of Agriculture Pass-through	UNIV OF TENNESSEE-9500073683	10.320		4,421
CFDA 10.320 Total			-	84,248
Crop Protection and Pest Management Competitive Grants Program				
Department Of Agriculture Direct		10.329	30,724	53,393
Department of Agriculture Pass-through				
	NORTH CAROLINA STATE UNIV-2015-0085-23	10.329		23,878
	NORTH CAROLINA STATE UNIV-2015-0085-01	10.329		(2,901)
	UNIV OF FLORIDA-UFDSP00012336	10.329		8,032
	UNIV OF GEORGIA-RE677-523/S001314	10.329		6,633
CFDA 10.329 Total			30,724	89,035
Alfalfa and Forage Research Program				
Department of Agriculture Pass-through				
	UNIV OF GEORGIA-SUB00001545	10.330		35,860
CFDA 10.330 Total			-	35,860
Food for Progress				
Department of Agriculture Pass-through				
	AM SOYBEAN ASSOC-FCC-422-2018/002-00	10.606		14,372
	WINROCK INTERNATIONAL-6755-18-A-02	10.606		68,231
CFDA 10.606 Total			-	82,603
Forestry Research				
Department Of Agriculture Direct		10.652		5,651
CFDA 10.652 Total			-	5,651
Forest Health Protection				
Department Of Agriculture Direct		10.680		17,440
CFDA 10.680 Total			-	17,440
Partnership Agreements				
Department Of Agriculture Direct		10.699		170,004
CFDA 10.699 Total			-	170,004
Norman E. Borlaug International Agricultural Science and Technology Fellowship				
Department Of Agriculture Direct		10.777		14,407
CFDA 10.777 Total			-	14,407
Soil and Water Conservation				
Department Of Agriculture Direct		10.902		67,788
Department of Agriculture Pass-through				
	UNIV OF TENNESSEE MARTIN - SHAW	10.902		30,981
CFDA 10.902 Total			-	98,769
Soil Survey				
Department of Agriculture Pass-through				
	NORTH CAROLINA STATE UNIV-2019-0725-01	10.903		4,417
CFDA 10.903 Total			-	4,417
Environmental Quality Incentives Program				
Department Of Agriculture Direct		10.912		254,175
Department of Agriculture Pass-through				
	FLINT RIVER SOIL & WATER CONSERVATION DISTRICT	10.912		32,110
CFDA 10.912 Total			-	286,285

The accompanying notes are an integral part of this schedule.

# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2019

CLUSTER TITLE/FEDERAL AGENCY/PROGRAM	PASS-THROUGH ENTITY/PASS-THROUGH NUMBER	CFDA#	Pass Through to Subrecipients	EXPENDITURES
Scientific Cooperation and Research Department Of Agriculture Direct		10.961	14,796	31,960
CFDA 10.961 Total			14,796	31,960
Other Financial Assistance Department Of Agriculture Direct				
FS-16-JV-11221636-132		10.000		83,280
FS-16-JV-11242350-072		10.000		6,314
FS-16-JV-11330143-006		10.000		(3,080)
FS-17-JV-11330131-006		10.000		17,445
FS-18-PA-11080101-003		10.000		6,131
Department of Agriculture Pass-through NFWF-1903.15.052268	THE NATURE CONSRVNCY-FCO-AU-110717-001	10.000		10,651
CFDA 10 Total			-	120,741
<b>Department of Agriculture Total</b>			482,673	10,578,618
<b>Department of Commerce</b> Sea Grant Support Department Of Commerce Pass-through				
	LA STATE UNIV-PO-0000086755	11.417		48,438
	TEXAS A&M UNIV-CC-18-05 548001-1000	11.417		42,407
	UNIV OF SOUTHERN MISS-8005953-R/RCE-09	11.417		60,354
	UNIV OF SOUTHERN MISS-8005953-R/RCE-10	11.417		42,481
	UNIV OF SOUTHERN MISS-8005953-R/SFA-17	11.417	15,912	58,110
	UNIV OF SOUTHERN MISS-8006133-R/RCE-12	11.417		14,168
CFDA 11.417 Total			15,912	265,958
Coastal Zone Management Administration Awards Department Of Commerce Pass-through				
	ALA DEPT OF CONS & NAT RESOURCES-AUMERC-CZM-306-18-1	11.419	11,872	14,959
CFDA 11.419 Total			11,872	14,959
Pacific Coast Salmon Recovery Pacific Salmon Treaty Program Department Of Commerce Pass-through				
	BERING SEA FISHERMEN'S ASSOC-AC-1502A	11.438		9,770
CFDA 11.438 Total			-	9,770
Gulf Coast Ecosystem Restoration Science, Observation, Monitoring, and Technology Department Of Commerce Pass-through				
	MISSISSIPPI STATE UNIV-010500.320558.01	11.451		17,843
CFDA 11.451 Total			-	17,843
Weather and Air Quality Research Department Of Commerce Pass-through				
	VILLANOVA UNIV-530004_STRADER	11.459		9,828
CFDA 11.459 Total			-	9,828
Unallied Science Program Department Of Commerce Pass-through				
	GULF STATES MARINE FISHERIES COMM-ACQ-210-039-2017-AU	11.472		13,352
	GULF STATES MARINE FISHERIES COMM-ACQ-210-039-2019-AU	11.472		2,520
	UNIV OF SOUTHERN MISS-8006333-01.01 AU	11.472		11,080
CFDA 11.472 Total			-	26,952
Center for Sponsored Coastal Ocean Research Coastal Ocean Program Department Of Commerce Pass-through				
	LOWNDES CO BD OF ED-PO-0000013698	11.478		32,175
	VIRGINIA INST MARINE SCI-720363-712683	11.478		70,325
CFDA 11.478 Total			-	102,500

The accompanying notes are an integral part of this schedule.



# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2019

CLUSTER TITLE/FEDERAL AGENCY/PROGRAM	PASS-THROUGH ENTITY/PASS-THROUGH NUMBER	CFDA#	Pass Through to Subrecipients	EXPENDITURES
Measurement and Engineering Research and Standards Department Of Commerce Direct		11.609		1,034,121
CFDA 11.609 Total			-	1,034,121
Science, Technology, Business and/or Education Outreach Department Of Commerce Direct		11.620		653,500
CFDA 11.620 Total			-	653,500
<b>Department of Commerce Total</b>			27,784	2,135,431
<b>Department of Defense</b>				
Basic and Applied Scientific Research Department of Defense Direct		12.300		279,502
Department of Defense Pass-through	OHIO STATE UNIV-60062332	12.300		100,896
CFDA 12.300 Total			-	380,398
Military Medical Research and Development Department of Defense Direct		12.420	32,156	99,859
Department of Defense Pass-through	MIAMI (OH) UNIV-G03177	12.420		107,480
CFDA 12.420 Total			32,156	207,339
Basic Scientific Research Department of Defense Direct		12.431	5,825	628,217
CFDA 12.431 Total			5,825	628,217
Basic, Applied, and Advanced Research in Science and Engineering Department of Defense Direct		12.630		1,094,751
Department of Defense Pass-through	UI LABS-0420180002	12.630	143,918	244,577
CFDA 12.630 Total			143,918	1,339,328
Legacy Resource Management Program Department of Defense Direct		12.632		25,096
CFDA 12.632 Total			-	25,096
Air Force Defense Research Sciences Program Department of Defense Direct		12.800		83,013
Department of Defense Pass-through	FLEXTECH ALLIANCE INC-LALL 20	12.800		94,463
	FLORIDA STATE UNIV-R01746	12.800		47,137
	NATL CTR FOR DEFENSE MFG & MACHING-FA8650-16-2-5700	12.800	59,773	172,370
	UNIV IOWA-1001580823	12.800		38,745
CFDA 12.800 Total			59,773	435,728
Research and Technology Development Department of Defense Direct		12.910		64,877
CFDA 12.910 Total			-	64,877
Other Financial Assistance Department of Defense Direct		12.000		4,219
ARMY-W912HQ-18-C-0063		12.000		112,763
DOD-H98230-12-C-1102		12.000		(867)
MDA-HQ0147-15-C-6006		12.000		153,093
MDA-HQ0147-17-C-6000		12.000		
Department of Defense Pass-through				
ARMY-W911NF-17-C-0062	APTIMA INC-SUB 1201-2028	12.000		164,290

The accompanying notes are an integral part of this schedule.

# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2019

CLUSTER TITLE/FEDERAL AGENCY/PROGRAM	PASS-THROUGH ENTITY/PASS-THROUGH NUMBER	CFDA#	Pass Through to Subrecipients	EXPENDITURES
ARMY-W81XWH-19-C-0017	APTIMA INC-SUB 1276-2095	12.000		38,580
ARMY-W31P4Q-18-P-0080	AUBURN RESCH & TECH FDN-AUB-ENG-ELE-00	12.000		(2,882)
ARMY-W56HZV-16-C-0017	AUTONOMOUS SOLUTIONS INC-SBIR	12.000		(3,617)
ARMY-W56HZV-17-C-0050	AUTONOMOUS SOLUTIONS INC-STABILITY-18	12.000		141,696
ARMY-W56HZV-17-C-0086	AUTONOMOUS SOLUTIONS INC-TUNING-18	12.000		(4,572)
ARMY-W56HZV-17-C-0086	AUTONOMOUS SOLUTIONS INC-TUNING-PIII	12.000		110,986
AF-FA8107-14-D-0002	BOEING CO-PC 1707942	12.000		189,625
DOTC-2012-307	DYNETICS INC-DI-SC-19-03	12.000		22,477
HHM402-15-D-0004	DYNETICS INC-DI-SC-19-25	12.000		116,519
AF-FA8650-17-C-6834	EUS INC-S-145-111-001	12.000		79,372
ARMY-W911SR-14-2-0001	FLORIDA A&M UNIV-SUB C-4995	12.000		15,095
AF-GS05Q14BMD0001	FRONTIER TECH INC-AU-18-208650-262	12.000		12,074
ARMY-W15QKN-14-9-1001	INTEGRATED SOLUTIONS FOR SYSTEMS INC-PO 103054.0001.0005-0001	12.000		105,526
ARMY-W15QKN-14-9-1001	INTEGRATED SOLUTIONS FOR SYSTEMS INC-PO 103054.0001.0006-0001	12.000		91,678
ARMY-W15QKN-14-9-1001	INTEGRATED SOLUTIONS FOR SYSTEMS INC-PO 103056.0001.0001-0001	12.000		3,639
ARMY-W31P4Q-18-C-0106	INTEGRATED SOLUTIONS FOR SYSTEMS INC-PO 103068.0001.0001-0001	12.000		40,673
ARMY-W31P4Q-18-C-0024	INTEGRATED SOLUTIONS FOR SYSTEMS INC-PO 103069.0001.0001-0001	12.000		123,459
ARMY-W56HZV-18-C-0056	INTEGRATED SOLUTIONS FOR SYSTEMS INC-PO 103070.0001.0001-0001	12.000		203,603
ARMY-W909MY-18-C-0011	INTEGRATED SOLUTIONS FOR SYSTEMS INC-PO 103074.0001.0001-0001	12.000		31,075
CERDEC STTR PHASE II	INTEGRATED SOLUTIONS FOR SYSTEMS INC-PO 103076.0001.0001-0001	12.000		125,148
ARMY-W56KGU17C0088	INTEGRATED SOLUTIONS FOR SYSTEMS INC-SUB-2851-001	12.000		126,258
ARMY-W91RUS-18-C-0012	INTEGRATED SOLUTIONS FOR SYSTEMS INC-SUB-2871-001	12.000		58,490
W911NF-15-C-0224	LEIDOS INC-P010176582	12.000		(273)
AF-FA8721-05-C-0002	MASSACHUSETTS INSTITUTE OF TECHNOLOGY-PO 7000292455	12.000		12,097
ARMY-W15QKN-14-9-1002	NATL ADV MOBILTY CONSORT-69-201608	12.000		402,271
GPS-GNSS SIGNAL AUTHENTICATION &INTERFERENCE MITIGATION	NAVIGATIONAL TECH ASSOCS-CR-DOTC2017316-04	12.000		191,312
SITUATIONAL AWARENESS FOR STRUCTURAL HEALTH MONITORING	NEXTFLEX-LALL-LALL	12.000	11,511	304,285
MDA-15-D-0007	PARSONS INC-PO-0003795-TRV	12.000		1,322
MDA-15-D-0007	PARSONS INC-PO-0005709-M&T	12.000		7,990
AF-FA8650-16-C-6724	PERCEPTIVE INNOVATNS INC-FA8650-16-C-6724-001	12.000		11,511
NAVY-N00253-16-C-0007	PROGENY SYSTMS CORP-PSC-0342	12.000		5,787
NAVY-N68335-18-C-0467	PROMETHEUS INC-0467-AU-01	12.000		63,122
NAVY-N68335-18-C-0715	PROMETHEUS INC-0715-AU-01	12.000		40,553
ARMY-W56HZV-15-D-RD15	QUANTUM RESEARCH INTL INC-SC-18-104-TO 0001-TRV	12.000		1,859
DOD-HQ0034-13-D-0004	STEVENS INSTITUTE OF TECHNOLOGY-2102571-2-TO50-RT150	12.000		(369)
DOD-HQ0034-13-D-0004	STEVENS INSTITUTE OF TECHNOLOGY-2102755-01-RT186	12.000		(7,637)
DOD-HQ0034-13-D-0004	STEVENS INSTITUTE OF TECHNOLOGY-2102757-01-RT187	12.000		34,658
DOD-HQ0034-13-D-0004	STEVENS INSTITUTE OF TECHNOLOGY-2102760-01-RT184	12.000		(273)
DOD-HQ0034-13-D-0004	STEVENS INSTITUTE OF TECHNOLOGY-2102796-01-RT 197	12.000		13,409
DOD-HQ0034-13-D-0004	STEVENS INSTITUTE OF TECHNOLOGY-2102881-01-RT212	12.000		226,405
ARMY-W15QKN-18-D-0040	STEVENS INSTITUTE OF TECHNOLOGY-2102884-01	12.000		42,649
ARMY-W31P4Q-16-C-0008	TORCH TECHNOLOGIES INC-T15S042-TRV&MTLS	12.000		8,909
ARMY-W912HQ18C0014	TUFTS UNIV-AR0002	12.000		59,477
DOD-W81XWH-17-1-0229	UNIV OF SOUTH ALA-17-0467-01	12.000		82,899
CFDA 12 Total			11,511	3,560,363
Department of Defense Total			253,183	6,641,346

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# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2019

CLUSTER TITLE/FEDERAL AGENCY/PROGRAM	PASS-THROUGH ENTITY/PASS-THROUGH NUMBER	CFDA#	Pass Through to Subrecipients	EXPENDITURES
<b>Department of Housing And Urban Development</b>				
Research and Evaluations, Demonstrations, and Data Analysis and Utilization				
Department Of Housing And Urban Development Direct		14.536		220,090
CFDA 14.536 Total			-	220,090
<b>Department of Housing And Urban Development Total</b>			-	220,090
<b>Department of The Interior</b>				
Fish and Wildlife Management Assistance				
Department Of The Interior Pass-through				
	GULF STATES MARINE FISHERIES COMM-FWC-800-037-2018-AU	15.608		18,633
CFDA 15.608 Total			-	18,633
Cooperative Endangered Species Conservation Fund				
Department Of The Interior Pass-through				
	ALA DEPT OF CONS & NAT RESOURCES-eDNA MUSSEL PROJ	15.615		26,317
	ALA DEPT OF CONS & NAT RESOURCES-GOPHER TORTOISE	15.615		19,989
	ALA DEPT OF CONS & NAT RESOURCES-MAP TURTLES	15.615		7,977
	ALA DEPT OF CONS & NAT RESOURCES-MS GOPHER FROG	15.615		201
	ALA DEPT OF CONS & NAT RESOURCES-S619-AUGEN	15.615		4,281
	ALA DEPT OF CONS & NAT RESOURCES-S619-AUGPP	15.615		4,762
	ALA DEPT OF CONS & NAT RESOURCES-S619-AUWFO	15.615		1,807
	ALA DEPT OF CONS & NAT RESOURCES-SNAIL DARTER	15.615		6,801
CFDA 15.615 Total			-	72,135
State Wildlife Grants				
Department Of The Interior Pass-through				
	ALA DEPT OF CONS & NAT RESOURCES-BLACK BEARS	15.634		9,544
	ALA DEPT OF CONS & NAT RESOURCES-FISH POPULATIONS	15.634		(45)
	ALA DEPT OF CONS & NAT RESOURCES-INDIGO SNAKE	15.634		77,163
	ALA DEPT OF CONS & NAT RESOURCES-POCKET GOPHER	15.634		24,855
	ALA DEPT OF CONS & NAT RESOURCES-STREAM SAMPLING	15.634		10,896
CFDA 15.634 Total			-	122,413
Research Grants (Generic)				
Department Of The Interior Direct		15.650		27,990
Department Of The Interior Pass-through				
	ALA DEPT OF CONS & NAT RESOURCES-ALLIGATOR SNAPPING TURTLE	15.650		22,771
	ALA DEPT OF CONS & NAT RESOURCES-FRESHWTR SNAIL	15.650		29,790
CFDA 15.650 Total			-	80,551
Migratory Bird Monitoring, Assessment and Conservation				
Department Of The Interior Direct		15.655		5,953
CFDA 15.655 Total			-	5,953
Endangered Species - Candidate Conservation Action Funds				
Department Of The Interior Direct		15.660		22,329
CFDA 15.660 Total			-	22,329
Cooperative Ecosystem Studies Units				
Department Of The Interior Direct		15.678		81,323
Department Of The Interior Pass-through				
	WASHINGTON STATE UNIV-128537_G003588	15.678		13,341
CFDA 15.678 Total			-	94,664
Assistance to State Water Resources Research Institutes				
Department Of The Interior Direct		15.805	83,937	172,593
CFDA 15.805 Total			83,937	172,593
U.S. Geological Survey Research and Data Collection				
Department Of The Interior Direct		15.808		63,490
CFDA 15.808 Total			-	63,490

The accompanying notes are an integral part of this schedule.

# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2019

CLUSTER TITLE/FEDERAL AGENCY/PROGRAM	PASS-THROUGH ENTITY/PASS-THROUGH NUMBER	CFDA#	Pass Through to Subrecipients	EXPENDITURES
National Cooperative Geologic Mapping Department Of The Interior Direct		15.810		14,741
CFDA 15.810 Total			-	14,741
Cooperative Research Units Department Of The Interior Direct		15.812		228,692
CFDA 15.812 Total			-	228,692
National Land Remote Sensing Education Outreach and Research Department Of The Interior Pass-through	AMERICA VIEW INC-AV18-AL-01	15.815		16,759
CFDA 15.815 Total			-	16,759
National and Regional Climate Adaptation Science Centers Department Of The Interior Pass-through	NORTH CAROLINA STATE UNIV-2017-1878-02	15.820		1,948
	NORTH CAROLINA STATE UNIV-2017-1878-05	15.820		18,087
CFDA 15.820 Total			-	20,035
Cooperative Research and Training Programs – Resources of the National Park System Department Of The Interior Direct		15.945		104,818
CFDA 15.945 Total			-	104,818
Other Financial Assistance Department Of The Interior Pass-through				
ALA COOP FISHERY UNIT	ALA DEPT OF CONS & NAT RESOURCES-FAA OPERATION	15.000		15,627
USGS-1434-01HQRU1150	ALA DEPT OF CONS & NAT RESOURCES-SFWS OPERATIONS	15.000		8,495
CFDA 15 Total			-	24,122
<b>Department of The Interior Total</b>			83,937	1,061,928
<b>Department of Justice</b>				
National Institute of Justice Research, Evaluation, and Development Project Grants Department of Justice Direct				109,084
Department of Justice Pass-through	WEST VIRGINIA UNIV RESEARCH CORP-18-790-AU	16.560		63,907
CFDA 16.560 Total			-	172,991
Other Financial Assistance Department of Justice Direct				
FBI-15F06718P0002696		16.000		463,058
FBI-DJF-17-1200-D-0002343-I3&4		16.000		21,098
NIJ-IAA-DJO-NIJ-19-RO-0006		16.000		1,882
CFDA 16 Total			-	486,038
<b>Department of Justice Total</b>			-	659,029
<b>Department of State</b>				
Public Diplomacy Programs Department Of State Pass-through	PARTNERS OF THE AMERICAS-100K-257ARG-01	19.040		7,322
CFDA 19.040 Total			-	7,322
<b>Department of State Total</b>			-	7,322
<b>Department of Transportation</b>				
Air Transportation Centers of Excellence Department of Transportation Direct		20.109		6,199
CFDA 20.109 Total			-	6,199

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# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2019

CLUSTER TITLE/FEDERAL AGENCY/PROGRAM	PASS-THROUGH ENTITY/PASS-THROUGH NUMBER	CFDA#	Pass Through to Subrecipients	EXPENDITURES
Highway Research and Development Program Department of Transportation Pass-through	GRANSBERG & ASSOC INC-SUB #08-112-17-3	20.200		8,765
	NATIONAL ASPHALT PAVEMENT ASSOC-INNOVATIVE TECH-TO 001	20.200		(130)
	NATIONAL ASPHALT PAVEMENT ASSOC-SUB 2672-TO# 002	20.200		(3,782)
	NATIONAL ASPHALT PAVEMENT ASSOC-SUB 2934-TO MOD #003	20.200		140,265
	NATL ACADEMY SCI-HR 03-135 SUB0001393	20.200		5,299
	NATL ACADEMY SCI-HR 10-101 SUB0001174	20.200		83,426
	NATL ACADEMY SCI-HR 20-07(412) SUB0001132	20.200		75,685
	NATL ACADEMY SCI-HR 20-50(018) SUB0001146	20.200	90,254	258,955
	UNIV OF NEVADA AT RENO-18-14	20.200		58,687
	VIRGINIA TRANSP RESCH COUNCIL-PROPOSAL 0833-19	20.200		16,145
	WESTERN RSCH INSTITUTE-NCAT17-650	20.200		41,772
CFDA 20.200 Total			<u>90,254</u>	<u>685,087</u>
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research Department of Transportation Pass-through	ALA DEPT OF TRANSPORTATION-930-822P TPF-5(267)	20.505	126,336	323,311
	ALA DEPT OF TRANSPORTATION-930-866R	20.505		45,188
	ALA DEPT OF TRANSPORTATION-930-869	20.505		31,607
	ALA DEPT OF TRANSPORTATION-930-895	20.505		34,652
	ALA DEPT OF TRANSPORTATION-930-923	20.505		37,542
	ALA DEPT OF TRANSPORTATION-930-927	20.505		14,886
	ALA DEPT OF TRANSPORTATION-930-928	20.505		18,657
	ALA DEPT OF TRANSPORTATION-930-932	20.505		15,046
	ALA DEPT OF TRANSPORTATION-930-944	20.505		44,551
	ALA DEPT OF TRANSPORTATION-930-945	20.505		72,360
	ALA DEPT OF TRANSPORTATION-930-947	20.505		48,995
	ALA DEPT OF TRANSPORTATION-930-956	20.505		103,665
	ALA DEPT OF TRANSPORTATION-930-959	20.505		11,442
	ALA DEPT OF TRANSPORTATION-930-961	20.505		9,307
	ALA DEPT OF TRANSPORTATION-930-962	20.505		186,574
	ALA DEPT OF TRANSPORTATION-930-964	20.505		32,553
	ALA DEPT OF TRANSPORTATION-930-965	20.505		53,123
	ALA DEPT OF TRANSPORTATION-930-971P TPF-5(374)	20.505		4,167,507
	ALA DEPT OF TRANSPORTATION-930-979	20.505		19,499
	ALA DEPT OF TRANSPORTATION-930-984	20.505		46,788
	ALA DEPT OF TRANSPORTATION-930-988	20.505		21,621
	ALA DEPT OF TRANSPORTATION-930-989	20.505		18,692
	ALA DEPT OF TRANSPORTATION-930-990	20.505		16,386
	ALA DEPT OF TRANSPORTATION-930-994	20.505		42,333
CFDA 20.505 Total			<u>126,336</u>	<u>5,416,285</u>
Public Transportation Innovation Department of Transportation Direct		20.530		26,415
CFDA 20.530 Total			<u>-</u>	<u>26,415</u>
University Transportation Centers Program Department of Transportation Pass-through	UNIV OF FLORIDA-UFDSP00011671	20.701		105,942
CFDA 20.701 Total			<u>-</u>	<u>105,942</u>

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## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2019

CLUSTER TITLE/FEDERAL AGENCY/PROGRAM	PASS-THROUGH ENTITY/PASS-THROUGH NUMBER	CFDA#	Pass Through to Subrecipients	EXPENDITURES
Other Financial Assistance				
Department of Transportation Pass-through				
LOAD RATING FOR CORRUGATED METAL CULVERTS	ALA DEPT OF TRANSPORTATION-930-987	20.000		33,736
DVLPMT OF ALA VULNERABLE ROAD USERS HANDBOOK	ALA DEPT OF TRANSPORTATION-HSIP-6816(253)	20.000		35,414
ROADWAY CONGESTION-SAFETY TOOL BASED ON SSAM	ALA DEPT OF TRANSPORTATION-HSIP-6815(250)	20.000	9,363	55,023
DTFH61-14-H-00015	CH2M HILL INC-10006-7-104534	20.000		30,514
DTFH61-16-D-00300	LEIDOS INC-P010197092	20.000		4,922
DTFH61-16-D-00030	LEIDOS INC-P010217837	20.000		57,595
DTFH61-17-C-00037	NORTH CAROLINA STATE UNIV-2018-0550-01	20.000		226
WRONG WAY TRAINING	SAIN ASSOCIATES INC-17-0121-TO 2	20.000		(374)
DOT-DTRT13-G-UTC35	SOUTHERN ILLINOIS UNIV-767267-001	20.000		48,462
CFDA 20 Total			9,363	265,518
<b>Department of Transportation Total</b>			<b>225,953</b>	<b>6,505,446</b>
<b>Office of Personnel Management</b>				
Intergovernmental Personnel Act (IPA) Mobility Program				
Office Of Personnel Management Direct				
	ARMY-IPA-DAVIDSON	27.011		23,266
	NSF-IIS-1921511	27.011		132,735
CFDA 27.011 Total			-	156,001
<b>Office of Personnel Management Total</b>			<b>-</b>	<b>156,001</b>
<b>National Aeronautics And Space Administration</b>				
Science				
National Aeronautics And Space Administration Direct		43.001	146,800	735,951
National Aeronautics And Space Administration Pass-through				
	CLEMSON UNIV-2125-204-2013329	43.001		20,614
	PLANETARY SCIENCE INST-SUBAWARD 1528 AUBURN	43.001		21,088
	PLANETARY SCIENCE INST-SUBAWARD 1529 AUBURN	43.001		13,406
	PRINCETON UNIV-SUB0000144	43.001		149,702
	SMITHSONIAN INST-SAO-SV8-88019	43.001		70,695
	UNIV OF ALABAMA AT HUNTSVILLE-2018-251	43.001		46,247
	UNIV OF MARYLAND-56088-Z6056202	43.001		9,941
	UNIV OF MASSACHUSETTS-18802	43.001		(11,911)
	UNIV OF TEXAS DALLAS-DALLAS-1604915	43.001		45,240
CFDA 43.001 Total			146,800	1,100,973
Exploration				
National Aeronautics And Space Administration Pass-through				
	NATIONAL SPACE GRANT FND-XHAB 2020-07	43.003		216
CFDA 43.003 Total			-	216
Education				
National Aeronautics And Space Administration Pass-through				
	NATIONAL INSTITUTE OF AEROSPACE-C17-2D32-AU	43.008		(100)
	UNIV OF ALABAMA AT HUNTSVILLE-2015-051	43.008		75,214
	UNIV OF ALABAMA AT HUNTSVILLE-2016-046	43.008		8,817
CFDA 43.008 Total			-	83,931
Cross Agency Support				
National Aeronautics And Space Administration Direct		43.009		107,280
CFDA 43.009 Total			-	107,280

The accompanying notes are an integral part of this schedule.

# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2019

CLUSTER TITLE/FEDERAL AGENCY/PROGRAM	PASS-THROUGH ENTITY/PASS-THROUGH NUMBER	CFDA#	Pass Through to Subrecipients	EXPENDITURES
Other Financial Assistance				
National Aeronautics And Space Administration Direct				
NASA-80MSFC19C0010		43.000		61,168
National Aeronautics And Space Administration Pass-through				
NASA-NNM07AB03C	BOEING CO-PC 1554104	43.000		699,436
NASA-NNN06AA01C	JOHNS HOPKINS UNIV-151667	43.000		21,177
NASA-NAS5-26555	SPACE TELESCOPE SCIENCE INST-HST-GO-14257.006-A	43.000		16,780
NASA-NAS5-26555	SPACE TELESCOPE SCIENCE INST-HST-GO-15421.007-A	43.000		8,094
NASA-NAS5-26555	SPACE TELESCOPE SCIENCE INST-HST-GO-15625.001-A	43.000		3,250
NASA-80GSFC18C0008	UNIV IOWA-1002078137	43.000		20,000
NASA-NNX15AP44A	XAVIER UNIVERSITY OF LA-OSP-15-216811-00B	43.000		76,426
CFDA 43 Total			-	906,331
<b>National Aeronautics And Space Administration Total</b>			146,800	2,198,731
<b>National Endowment For The Humanities</b>				
Promotion of the Arts Grants to Organizations and Individuals				
National Endowment For The Humanities Direct		45.024		74,713
CFDA 45.024 Total			-	74,713
<b>National Endowment For The Humanities Total</b>			-	74,713
<b>National Science Foundation</b>				
Engineering				
National Science Foundation Direct		47.041	37,381	1,468,972
National Science Foundation Pass-through				
	TUSKEGEE UNIV-34 32490 026 76190	47.041		512
	UNIV OF NOTRE DAME-203435AU	47.041		18,015
	VIRGINIA POLYTECH INST-445524-19158	47.041		15,085
CFDA 47.041 Total			37,381	1,502,584
Mathematical and Physical Sciences				
National Science Foundation Direct		47.049	23,578	1,747,522
CFDA 47.049 Total			23,578	1,747,522
Geosciences				
National Science Foundation Direct		47.050		112,784
National Science Foundation Pass-through				
	MICHIGAN STATE UNIV-RC104652AU	47.050		72,361
	MICHIGAN STATE UNIV-RC-105548AU	47.050		7,529
CFDA 47.050 Total			-	192,674
Computer and Information Science and Engineering				
National Science Foundation Direct		47.070		1,230,199
National Science Foundation Pass-through				
	GEORGIA TECH RESEARCH CORP-RK331-G1	47.070		20,991
	TUSKEGEE UNIV-34 22153 011 76190	47.070		84,628
	UNIV OF FLORIDA-UFDSP00010405	47.070		29,531
	UNIV OF TENN-CHATT-A18-736-S001	47.070		35,881
	UNIV OF TENN-CHATT-A18-773-S001	47.070		5,970
	VIRGINIA POLYTECH INST-479590-19158	47.070		22,750
CFDA 47.070 Total			-	1,429,950
Biological Sciences				
National Science Foundation Direct		47.074	30,531	1,608,335
CFDA 47.074 Total			30,531	1,608,335

The accompanying notes are an integral part of this schedule.

# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2019

CLUSTER TITLE/FEDERAL AGENCY/PROGRAM	PASS-THROUGH ENTITY/PASS-THROUGH NUMBER	CFDA#	Pass Through to Subrecipients	EXPENDITURES
Social, Behavioral, and Economic Sciences				
National Science Foundation Direct		47.075	19,139	197,223
CFDA 47.075 Total			19,139	197,223
Education and Human Resources				
National Science Foundation Direct		47.076	495,028	2,448,175
National Science Foundation Pass-through				
	N DAKOTA STATE UNIV-FAR0028437	47.076		3,362
	RESEARCH FND ST UNIV OF NY-73299-1128962-3-AW	47.076		(7)
	TUSKEGEE UNIV-34 22490 034 76190	47.076		64,617
	TUSKEGEE UNIV-34-11530-201-76190	47.076		22,536
	TUSKEGEE UNIV-34-32155 039 76190	47.076		70,290
	UNIV OF MARYLAND-FWRP	47.076		1,000
	UNIV OF MARYLAND-FWRP-19	47.076		82
	UNIV OF MARYLAND-FWRP-SOC-19	47.076		850
	UNIV OF NEBRASKA-25-0536-0045-002	47.076		14,989
	UNIV OF VIRGINIA-GA11151 154051	47.076		28,305
	UNIV OF WISCONSIN-607K972	47.076		80,652
CFDA 47.076 Total			495,028	2,734,851
Office of International Science and Engineering				
National Science Foundation Direct		47.079		25,085
CFDA 47.079 Total			-	25,085
Integrative Activities				
National Science Foundation Pass-through				
	NORTH CAROLINA STATE UNIV-2015-3003-03	47.083		79,326
	UNIV OF ALABAMA AT HUNTSVILLE-2017-096	47.083		653,274
	UNIV OF S CAROLINA-18-3423-PO#2000035389	47.083		169,975
	UNIV OF S CAROLINA-19-3832-PO#2000045449	47.083		7,667
CFDA 47.083 Total			-	910,242
<b>National Science Foundation Total</b>			605,657	10,348,466
<b>Environmental Protection Agency</b>				
Regional Wetland Program Development Grants				
Environmental Protection Agency Direct		66.461		22,478
Environmental Protection Agency Pass-through				
	ALA DEPT OF ENVIRON MGMT-PARKERSON MILL CREEK	66.461		17,134
CFDA 66.461 Total			-	39,612
P3 Award: National Student Design Competition for Sustainability				
Environmental Protection Agency Direct		66.516		21,925
CFDA 66.516 Total			-	21,925
Other Financial Assistance				
Environmental Protection Agency Pass-through				
EPA-EP-C-15-010	PEGASUS TECHNCL SVCS INC-PO-AUB-18-001	66.000		(64)
EPA-EP-C-15-010	PEGASUS TECHNCL SVCS INC-PO-AUB-19-001	66.000		3,000
CFDA 66 Total			-	2,936
<b>Environmental Protection Agency Total</b>			-	64,473

The accompanying notes are an integral part of this schedule.

# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2019

CLUSTER TITLE/FEDERAL AGENCY/PROGRAM	PASS-THROUGH ENTITY/PASS-THROUGH NUMBER	CFDA#	Pass Through to Subrecipients	EXPENDITURES
<b>Department of Energy</b>				
Office of Science Financial Assistance Program				
Department Of Energy Direct		81.049		2,323,003
Department Of Energy Pass-through				
	UNIV OF ARKANSAS-UA2019-63	81.049		10,453
CFDA 81.049 Total			-	2,333,456
University Coal Research				
Department Of Energy Direct		81.057		(678)
CFDA 81.057 Total			-	(678)
Conservation Research and Development				
Department Of Energy Direct		81.086		26,178
Department Of Energy Pass-through				
	AM CENTER FOR MOBILITY-DE-EE0008470-02	81.086		144,463
	NORTH CAROLINA STATE UNIV-2014-0654-66	81.086		(1,480)
CFDA 81.086 Total			-	169,161
Renewable Energy Research and Development				
Department Of Energy Pass-through				
	INTRAMICRON INC-17255-502	81.087		112,052
	RAPID MANUF CRG INST-DE-EE007888-8.4	81.087		84,696
	TEXAS A&M ENG EXP STATION-M1900412	81.087		133,891
	UNIV OF TENNESSEE-8500051906	81.087		154,872
CFDA 81.087 Total			-	485,511
Fossil Energy Research and Development				
Department Of Energy Direct		81.089		40,677
Department Of Energy Pass-through				
	SO STATES ENERGY BD-ECO2S-940-AUB-2017-001	81.089		53,705
CFDA 81.089 Total			-	94,382
Nuclear Energy Research, Development and Demonstration				
Department Of Energy Direct		81.121		3,750
CFDA 81.121 Total			-	3,750
Other Financial Assistance				
Department Of Energy Pass-through				
DE-AC07-05ID14517	BATTELLE ENERGY ALLIANCE LLC-213032	81.000		116,403
DE-NA0001942	CONSOLIDATED NUCLEAR SECURITY LLC-SUB 4300159064	81.000	29,734	151,493
DE-NA0001942	CONSOLIDATED NUCLEAR SECURITY LLC-TO 4300101538	81.000	74,489	85,665
DE-AC36-08GO28308	NATL RENEWABLE ENRG LAB-ALLINC SUSTNABLE ENRGY-XGJ-8-82048-01	81.000		298,943
DE-AC02-09CH11466	PRINCETON PLASMA PHYSICS LAB-S015945-H	81.000		18,965
PLENOPTIC PARTICLE TRACKING DEVELOPMENT	SANDIA NATL LABORATORIES-PO 1863274	81.000		52,650
DE-AC09-08SR22470	SAVANNAH RIVER NUCLEAR SOLUTIONS LLC-SUB-0000410885	81.000		20,280
DE-AC05-00OR22725	UNIV OF TENN BATTELLE-B-4000154720	81.000	19,278	27,268
CFDA 81 Total			123,501	771,667
<b>Department of Energy Total</b>			123,501	3,857,249
<b>Department of Education</b>				
Graduate Assistance in Areas of National Need				
Department Of Education Direct		84.200		290,715
CFDA 84.200 Total			-	290,715
<b>Department of Education Total</b>			-	290,715

The accompanying notes are an integral part of this schedule.

# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2019

CLUSTER TITLE/FEDERAL AGENCY/PROGRAM	PASS-THROUGH ENTITY/PASS-THROUGH NUMBER	CFDA#	Pass Through to Subrecipients	EXPENDITURES
<b>Department of Health And Human Services</b>				
Healthy Marriage Promotion and Responsible Fatherhood Grants				
Department Of Health And Human Services Direct		93.086	544,382	1,953,126
Department Of Health And Human Services Pass-through				
	CHILDREN'S TRUST FUND OF ALA-FRPN	93.086		14,720
CFDA 93.086 Total			<u>544,382</u>	<u>1,967,846</u>
Food and Drug Administration Research				
Department Of Health And Human Services Direct		93.103	80,655	117,370
Department Of Health And Human Services Pass-through				
	ALA DEPT OF AGRICULT & INDUSTRIES-PRODUCE SAFETY	93.103		304,312
	INTERSTATE SHELLFISH SANITATION CONFERENCE	93.103		69,050
CFDA 93.103 Total			<u>80,655</u>	<u>490,732</u>
Environmental Health				
Department Of Health And Human Services Direct		93.113	12,139	152,027
CFDA 93.113 Total			<u>12,139</u>	<u>152,027</u>
Research Related to Deafness and Communication Disorders				
Department Of Health And Human Services Direct		93.173	20,988	119,007
CFDA 93.173 Total			<u>20,988</u>	<u>119,007</u>
Research on Healthcare Costs, Quality and Outcomes				
Department Of Health And Human Services Direct		93.226		49,526
CFDA 93.226 Total			<u>-</u>	<u>49,526</u>
National Center on Sleep Disorders Research				
Department Of Health And Human Services Direct		93.233		869,974
CFDA 93.233 Total			<u>-</u>	<u>869,974</u>
Mental Health Research Grants				
Department Of Health And Human Services Direct		93.242	9,148	202,754
Department Of Health And Human Services Pass-through				
	EMORY UNIV-A138150	93.242		9,875
CFDA 93.242 Total			<u>9,148</u>	<u>212,629</u>
Occupational Safety and Health Program				
Department Of Health And Human Services Direct		93.262		298,169
Department Of Health And Human Services Pass-through				
	UNIV OF ALABAMA AT BIRMINGHAM-000514854-001	93.262		102,959
	UNIV OF ALABAMA AT BIRMINGHAM-000514854-002	93.262		322,736
	UNIV OF ALABAMA AT BIRMINGHAM-000514854-003	93.262	38,990	71,898
	UNIV OF KENTUCKY RSCH FDN-3200001939-19-033	93.262		11,277
	UNIV OF KENTUCKY RSCH FDN-3210001070-19-127	93.262		10,693
	UNIV OF SO FLORIDA-6402-1095-03-D	93.262		9,188
CFDA 93.262 Total			<u>38,990</u>	<u>826,920</u>
Immunization Cooperative Agreements				
Department Of Health And Human Services Direct		93.268	70,006	178,282
CFDA 93.268 Total			<u>70,006</u>	<u>178,282</u>
Alcohol Research Programs				
Department Of Health And Human Services Direct		93.273		(7,450)
CFDA 93.273 Total			<u>-</u>	<u>(7,450)</u>
Drug Abuse and Addiction Research Programs				
Department Of Health And Human Services Direct		93.279		37,066
Department Of Health And Human Services Pass-through				
	GEORGE WASHINGTON UNIV-18-S27	93.279		44,722
CFDA 93.279 Total			<u>-</u>	<u>81,788</u>

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# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2019

CLUSTER TITLE/FEDERAL AGENCY/PROGRAM	PASS-THROUGH ENTITY/PASS-THROUGH NUMBER	CFDA#	Pass Through to Subrecipients	EXPENDITURES
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) Department Of Health And Human Services Pass-through	ALA DEPT PUBLIC HEALTH-GC-17-248 C70115153 ALA DEPT PUBLIC HEALTH-GC-18-334 C80113187	93.323 93.323		2,501 26,539 <u>29,040</u>
CFDA 93.323 Total			-	<u>29,040</u>
National Center for Advancing Translational Sciences Department Of Health And Human Services Pass-through	UNIV OF ALABAMA AT BIRMINGHAM-000508606-001 UNIV OF ALABAMA AT BIRMINGHAM-000510876-002 UNIV OF ALABAMA AT BIRMINGHAM-000520679-002 UNIV OF ALABAMA AT BIRMINGHAM-000524523-002	93.350 93.350 93.350 93.350		66,093 41,008 36,756 24,257 <u>168,114</u>
CFDA 93.350 Total			-	<u>168,114</u>
Cancer Treatment Research Department Of Health And Human Services Direct Department Of Health And Human Services Pass-through	INHIPROT LLC	93.395 93.395	98,959	379,407 5,761 <u>385,168</u>
CFDA 93.395 Total			98,959	<u>385,168</u>
The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements; PPHF Department Of Health And Human Services Pass-through	ALA DEPT PUBLIC HEALTH-GC-17-240 C70115150	93.521		(1,964) <u>(1,964)</u>
CFDA 93.521 Total			-	<u>(1,964)</u>
Head Start Department Of Health And Human Services Pass-through	ALA DEPT HUMAN RESOURCES-1737-CCP SLOTS ALA DEPT HUMAN RESOURCES-1737-HEALTH&SAFETY ALA DEPT HUMAN RESOURCES-1737-POLICY COUNCIL ALA DEPT HUMAN RESOURCES-1737-PROFESSIONAL DVLMT ALA DEPT HUMAN RESOURCES-1737-TCHR RETENTION	93.600 93.600 93.600 93.600 93.600		2,378,440 33,894 2,675 33,052 6,000 <u>2,454,061</u>
CFDA 93.600 Total			-	<u>2,454,061</u>
Developmental Disabilities Basic Support and Advocacy Grants Department Of Health And Human Services Pass-through	ALA DEPART OF MENTAL HEALTH-ACDD-1-HILL	93.630		33 <u>33</u>
CFDA 93.630 Total			-	<u>33</u>
Cardiovascular Diseases Research Department Of Health And Human Services Pass-through	UNIV OF ALABAMA AT BIRMINGHAM-000512395-003	93.837		35,801 <u>35,801</u>
CFDA 93.837 Total			-	<u>35,801</u>
Lung Diseases Research Department Of Health And Human Services Direct		93.838		284,817 <u>284,817</u>
CFDA 93.838 Total			-	<u>284,817</u>
Blood Diseases and Resources Research Department Of Health And Human Services Direct		93.839		443,190 <u>443,190</u>
CFDA 93.839 Total			-	<u>443,190</u>
Arthritis, Musculoskeletal and Skin Diseases Research Department Of Health And Human Services Direct		93.846	168,468	296,199 <u>296,199</u>
CFDA 93.846 Total			168,468	<u>296,199</u>

The accompanying notes are an integral part of this schedule.



# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2019

CLUSTER TITLE/FEDERAL AGENCY/PROGRAM	PASS-THROUGH ENTITY/PASS-THROUGH NUMBER	CFDA#	Pass Through to Subrecipients	EXPENDITURES
Diabetes, Digestive, and Kidney Diseases Extramural Research Department Of Health And Human Services Direct CFDA 93.847 Total		93.847		293,836
			-	293,836
Extramural Research Programs in the Neurosciences and Neurological Disorders Department Of Health And Human Services Direct Department Of Health And Human Services Pass-through CFDA 93.853 Total	UNIV OF ALABAMA AT BIRMINGHAM-000511524-001	93.853	156,868	810,900
		93.853		30,629
			156,868	841,529
Allergy and Infectious Diseases Research Department Of Health And Human Services Direct CFDA 93.855 Total		93.855		104,038
			-	104,038
Biomedical Research and Research Training Department Of Health And Human Services Direct Department Of Health And Human Services Pass-through CFDA 93.859 Total	NORTHERN ILL UNIV-G1A62667-2 UNIV OF WISCONSIN-637K674	93.859	69,505	248,339
		93.859		2,650
		93.859		89,316
			69,505	340,305
Child Health and Human Development Extramural Research Department Of Health And Human Services Direct Department Of Health And Human Services Pass-through CFDA 93.865 Total	ALBERT EINSTEIN COLLEGE OF MEDICINE-311176 P0706562 UNIV OF ROCHESTER-417393G/URFAO:GR510823	93.865	26,024	744,566
		93.865		53,766
		93.865		50,224
			26,024	848,556
Aging Research Department Of Health And Human Services Direct Department Of Health And Human Services Pass-through CFDA 93.866 Total	OLEOLIVE LLC UNIV OF WISCONSIN-758K940	93.866		47,148
		93.866		24,153
		93.866		(869)
			-	70,432
Vision Research Department Of Health And Human Services Pass-through CFDA 93.867 Total	INDUSTRY SCIENCE & TECH NETWORK-SBIR PHASE I LYNTHERA CORP-NIH SBIR PHASE II	93.867		(7,472)
		93.867		114,133
			-	106,661
Other Financial Assistance Department Of Health And Human Services Pass-through HHSN272201400004C HHSN272201400004C FDA-HHSF223201510112C CFDA 93 Total Department of Health And Human Services Total	EMORY UNIV-A126545 EMORY UNIV-A126546 MARSHFIELD CLINIC RES FND-SUB 47912	93.000		83,029
		93.000		24,975
		93.000		(1,460)
			-	106,544
			1,296,132	11,747,641

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# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2019

CLUSTER TITLE/FEDERAL AGENCY/PROGRAM	PASS-THROUGH ENTITY/PASS-THROUGH NUMBER	CFDA#	Pass Through to Subrecipients	EXPENDITURES
<b>Department of Homeland Security</b>				
Other Financial Assistance				
Department of Homeland Security Direct				
DHS-70RSAT18CB0000046		97.000		170,278
Department of Homeland Security Pass-through				
RESILIENT SYSTEMS DIVISION	INTEGRATED SOLUTIONS FOR SYSTEMS INC-SUB-2865-001	97.000		372,448
CFDA 97 Total			-	542,726
<b>Department of Homeland Security Total</b>			-	542,726
<b>Agency For International Development</b>				
USAID Foreign Assistance for Programs Overseas				
Agency For International Development Pass-through				
	OREGON STATE UNIV-RD011G-G	98.001	63,983	64,021
	UNIV OF FLORIDA-UFDSP00012173	98.001		(8,732)
CFDA 98.001 Total			63,983	55,289
<b>Agency For International Development Total</b>			63,983	55,289
<b>RESEARCH AND DEVELOPMENT CLUSTER TOTAL</b>			3,309,603	57,145,214
<b>SNAP CLUSTER</b>				
<b>Department of Agriculture</b>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
Department of Agriculture Pass-through				
	ALA DEPT HUMAN RESOURCES-AGREEMENT NO 4153	10.561	1,714,511	6,035,268
CFDA 10.561 Total			1,714,511	6,035,268
<b>Department of Agriculture Total</b>			1,714,511	6,035,268
<b>SNAP CLUSTER TOTAL</b>			1,714,511	6,035,268
<b>FISH AND WILDLIFE CLUSTER</b>				
<b>Department of the Interior</b>				
Sport Fish Restoration				
Department Of The Interior Pass-through				
	ALA DEPT OF CONS & NAT RESOURCES-ANGLER PREF	15.605		31,031
	ALA DEPT OF CONS & NAT RESOURCES-ANGLER SURVEY	15.605		38,162
	ALA DEPT OF CONS & NAT RESOURCES-BASS ANGLERS INFO TEAM	15.605		62,978
	ALA DEPT OF CONS & NAT RESOURCES-BLACK BASS	15.605		91,987
	ALA DEPT OF CONS & NAT RESOURCES-BLUEBACK HERRING	15.605		(1,759)
	ALA DEPT OF CONS & NAT RESOURCES-CREEL SURVEY	15.605		77,116
	ALA DEPT OF CONS & NAT RESOURCES-FISH DISEASE	15.605		2,600
	ALA DEPT OF CONS & NAT RESOURCES-HARRIS DAM TAILRACE	15.605		55,243
	ALA DEPT OF CONS & NAT RESOURCES-LMOUTH BASS GEN	15.605		(8,668)
	ALA DEPT OF CONS & NAT RESOURCES-REC FISH-LAKE EUFAULA	15.605		(350)
	ALA DEPT OF CONS & NAT RESOURCES-REDEYE BASS	15.605		69,324
	ALA DEPT OF CONS & NAT RESOURCES-SIPSEY FORK	15.605		46,447
	ALA DEPT OF CONS & NAT RESOURCES-SOUTHERN FLOUNDER	15.605	26,400	36,304
	ALA DEPT OF CONS & NAT RESOURCES-UNIONIDS MUSSELS	15.605		31,528
	GEORGIA DEPT OF NATURAL RESOURCES-FISH DISEASES	15.605		13,594
	N CAROLINA WILDLIFE RESOURCE CTR-CA-DIF-0034	15.605		90,850
	N CAROLINA WILDLIFE RESOURCE CTR-FISH DISEASE-23	15.605		15,105
CFDA 15.605 Total			26,400	651,492

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CLUSTER TITLE/FEDERAL AGENCY/PROGRAM	PASS-THROUGH ENTITY/PASS-THROUGH NUMBER	CFDA#	Pass Through to Subrecipients	EXPENDITURES
Wildlife Restoration and Basic Hunter Education Department Of The Interior Pass-through	ALA DEPT OF CONS & NAT RESOURCES-BLACK BEARS ALA DEPT OF CONS & NAT RESOURCES-CANOPY REDUCTION ALA DEPT OF CONS & NAT RESOURCES-FINFISH ALA DEPT OF CONS & NAT RESOURCES-HELLBENDER SURVEY ALA DEPT OF CONS & NAT RESOURCES-MOVEMENT PATTERNS ALA DEPT OF CONS & NAT RESOURCES-PINE TREATMENT ALA DEPT OF CONS & NAT RESOURCES-REEF PREDATORS ALA DEPT OF CONS & NAT RESOURCES-SOUTHERN FLOUNDER ALA DEPT OF CONS & NAT RESOURCES-TICK IMPACTS ALA DEPT OF CONS & NAT RESOURCES-TN VAL WTRFOWL ALA DEPT OF CONS & NAT RESOURCES-WILD PIGS ALA DEPT OF CONS & NAT RESOURCES-WILDLIFE PROF	15.611 15.611 15.611 15.611 15.611 15.611 15.611 15.611 15.611 15.611 15.611 15.611	   17,309    35,310   	169,575 27,730 31,611 68,619 178,719 32,146 102,385 49,176 2,645 120,457 80,375 95,686
CFDA 15.611 Total				
Department of the Interior Total			52,619	959,124
FISH AND WILDLIFE CLUSTER TOTAL			79,019	1,610,616
WORKFORCE INNOVATION AND OPPORTUNITY ACT (WIOA) CLUSTER			79,019	1,610,616
Department of Labor WIOA Youth Activities Department Of Labor Pass-through	SW ALA PARTNRSH TRG&EMP INC-CONTR 74707472 SW ALA PARTNRSH TRG&EMP INC-CONTR 84707472 SW ALA PARTNRSH TRG&EMP INC-CONTR 94707472	17.259 17.259 17.259		(4,968) 102,795 19,852
CFDA 17.259 Total			-	117,679
Department of Labor Total			-	117,679
WORKFORCE INNOVATION AND OPPORTUNITY ACT (WIOA) CLUSTER TOTAL			-	117,679
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER				
Department of Transportation Highway Planning and Construction Department of Transportation Direct Department of Transportation Pass-through	ALA DEPT OF TRANSPORTATION-HSIP-NR17(923) NEVADA DEPT OF TRANSPORTATION-P557-13-803 SO DAKOTA DEPT OF TRANSPORTATION-AGRMT-311379 WISC DEPT OF TRANSPORTATION-0092-19-04 WISC DEPT OF TRANSPORTATION-0092-20-04	20.205 20.205 20.205 20.205 20.205		148,333 34,887 (895) 14,318 54,288 1,812
CFDA 20.205 Total			-	252,743
Recreational Trails Program Department of Transportation Pass-through	ALA DEPT OF ECON&COMM AFFAIRS-16-RT-54-02	20.219		7,235
CFDA 20.219 Total			-	7,235
Department of Transportation Total				
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER TOTAL			-	259,978
HIGHWAY SAFETY CLUSTER				
Department of Transportation Alcohol Impaired Driving Countermeasures Incentive Grants I Department of Transportation Pass-through	ALA DEPT OF ECON&COMM AFFAIRS-19-ID-M5-011 ALA DEPT OF ECON&COMM AFFAIRS-19-ID-M5-012	20.601 20.601	222,936 272,000	281,767 355,280
CFDA 20.601 Total			494,936	637,047
Occupant Protection Incentive Grants Department of Transportation Pass-through	ALA DEPT OF ECON&COMM AFFAIRS-19-OP-M1-001	20.602	122,000	205,889
CFDA 20.602 Total			122,000	205,889

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# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2019

CLUSTER TITLE/FEDERAL AGENCY/PROGRAM	PASS-THROUGH ENTITY/PASS-THROUGH NUMBER	CFDA#	Pass Through to Subrecipients	EXPENDITURES
National Priority Safety Programs				
Department of Transportation Pass-through				
	ALA DEPT OF ECON&COMM AFFAIRS-18-Hb-M1-006	20.616	968	878
	ALA DEPT OF ECON&COMM AFFAIRS-18-ID-M5-001	20.616	2,846	2,411
	ALA DEPT OF ECON&COMM AFFAIRS-18-ID-M5-002	20.616	273,593	283,464
	ALA DEPT OF ECON&COMM AFFAIRS-19-Hb-M1-001	20.616	150,000	160,000
CFDA 20.616 Total			427,407	446,753
<b>Department of Transportation Total</b>			1,044,343	1,289,689
<b>HIGHWAY SAFETY CLUSTER TOTAL</b>			1,044,343	1,289,689
<b>STUDENT FINANCIAL ASSISTANCE CLUSTER</b>				
<b>Department of Education</b>				
Federal Supplemental Educational Opportunity Grants				
Department Of Education Direct		84.007		983,809
CFDA 84.007 Total			-	983,809
Federal Work-Study Program				
Department Of Education Direct		84.033		835,925
CFDA 84.033 Total			-	835,925
Federal Perkins Loan (FPL)				
Outstanding Loans as of 10/1/18		84.038		14,954,047
Loans issued during FYE 9/30/19		84.038		(1,000)
CFDA 84.038 Total			-	14,953,047
Federal Pell Grant Program				
Department Of Education Direct		84.063		27,575,680
CFDA 84.063 Total			-	27,575,680
Federal Direct Student Loans				
Department of Education Direct		84.268		177,985,153
CFDA 84.268 Total			-	177,985,153
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)				
Department Of Education Direct		84.379		34,147
CFDA 84.379 Total			-	34,147
Postsecondary Education Scholarships for Veteran's Dependents				
Department Of Education Direct		84.408		7,227
CFDA 84.408 Total			-	7,227
<b>Department of Education Total</b>			-	222,374,988
<b>Department of Health and Human Services</b>				
Health Professions Student Loans, Including Primary Care Loans				
and Loans for Disadvantaged Students (Hpsl/Pcl/Lds)				
Outstanding Loans as of 10/1/18		93.342		2,301,049
Loans issued during FYE 9/30/19		93.342		734,858
CFDA 93.342 Total			-	3,035,907
<b>Department of Health and Human Services Total</b>				3,035,907
<b>STUDENT FINANCIAL ASSISTANCE CLUSTER TOTAL</b>			-	225,410,895

The accompanying notes are an integral part of this schedule.

# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2019

CLUSTER TITLE/FEDERAL AGENCY/PROGRAM	PASS-THROUGH ENTITY/PASS-THROUGH NUMBER	CFDA#	Pass Through to Subrecipients	EXPENDITURES
<b>CHILDCARE AND DEVELOPMENT FUND (CCDF) CLUSTER</b>				
<b>Department of Health And Human Services</b>				
Child Care and Development Block Grant				
Department Of Health And Human Services Pass-through	ALA DEPT HUMAN RESOURCES-1902	93.575		81,016
	ALA DEPT HUMAN RESOURCES-AGREEMENT NO 832	93.575		1,401,527
	ALA PARTNERSHIP FOR CHILDREN-SUB W400	93.575		550
CFDA 93.575 Total			-	1,483,093
<b>Department of Health And Human Services Total</b>			-	1,483,093
<b>CHILDCARE AND DEVELOPMENT FUND (CCDF) CLUSTER TOTAL</b>			-	1,483,093
<b>MEDICAID CLUSTER</b>				
<b>Department of Health And Human Services</b>				
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare				
Department Of Health And Human Services Pass-through	ALA DEPT PUBLIC HEALTH-NURSING IDR 2018	93.777		1,022
CFDA 93.777 Total			-	1,022
<b>Department of Health And Human Services Total</b>			-	1,022
<b>MEDICAID CLUSTER TOTAL</b>			-	1,022
<b>OTHER PROGRAMS CLUSTER</b>				
<b>Department of Agriculture</b>				
Plant and Animal Disease, Pest Control, and Animal Care				
Department Of Agriculture Direct		10.025		52,313
CFDA 10.025 Total			-	52,313
Wildlife Services				
Department Of Agriculture Direct		10.028		(334)
CFDA 10.028 Total			-	(334)
Market Protection and Promotion				
Department of Agriculture Pass-through	CORNELL UNIV-75788-10539	10.163		73,929
CFDA 10.163 Total			-	73,929
Specialty Crop Block Grant Program - Farm Bill				
Department of Agriculture Pass-through	ALA DEPT OF AGRICULT & INDUSTRIES-PROJ 10-2018-A16	10.170		20
	ALA DEPT OF AGRICULT & INDUSTRIES-PROJ 1-2018-A17	10.170		646
	ALA DEPT OF AGRICULT & INDUSTRIES-PROJ 2-2018-A17	10.170		11,325
CFDA 10.170 Total			-	11,991
Higher Education – Graduate Fellowships Grant Program				
Department Of Agriculture Direct		10.210		158,285
CFDA 10.210 Total			-	158,285
Sustainable Agriculture Research and Education				
Department of Agriculture Pass-through	TEXAS A&M UNIV-M1803788	10.215		2,669
	UNIV OF GEORGIA-RD309-134/S001084	10.215		(14,360)
	UNIV OF GEORGIA-RD309-137/S001464	10.215		(574)
	UNIV OF GEORGIA-SUB00001929	10.215		5,260
	UNIV OF GEORGIA-SUB00002017	10.215		288
	UNIV OF GEORGIA-SUB00002041	10.215		487
CFDA 10.215 Total			-	(6,230)

The accompanying notes are an integral part of this schedule.

# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2019

CLUSTER TITLE/FEDERAL AGENCY/PROGRAM	PASS-THROUGH ENTITY/PASS-THROUGH NUMBER	CFDA#	Pass Through to Subrecipients	EXPENDITURES
1890 Institution Capacity Building Grants Department of Agriculture Pass-through	ALABAMA A&M UNIV-SUB-2018-38821-27728-AU	10.216		30,600
CFDA 10.216 Total			-	30,600
Homeland Security Agricultural Department of Agriculture Pass-through	UNIV OF FLORIDA-UFDSP00011537	10.304		45,789
CFDA 10.304 Total			-	45,789
Agriculture and Food Research Initiative (AFRI) Department of Agriculture Pass-through	UNIV OF TENNESSEE-8500047161	10.310		235
CFDA 10.310 Total			-	235
Beginning Farmer and Rancher Development Program Department Of Agriculture Direct		10.311	27,347	89,482
CFDA 10.311 Total			27,347	89,482
Farm Business Management and Benchmarking Competitive Grants Program Department of Agriculture Pass-through	UNIV OF MINNESOTA-H006425301	10.319		2,833
CFDA 10.319 Total			-	2,833
National Food Safety Training, Education, Extension, Outreach, and Technical Assistance Competitive Grants Program Department Of Agriculture Direct		10.328	14,036	63,863
Department of Agriculture Pass-through	UNIV OF FLORIDA-UFDSP00012347	10.328		975
CFDA 10.328 Total			14,036	64,838
Crop Protection and Pest Management Competitive Grants Program Department Of Agriculture Direct		10.329	21,440	361,089
Department of Agriculture Pass-through	NORTH CAROLINA STATE UNIV-2018-3200-08	10.329		2,235
CFDA 10.329 Total			21,440	363,324
Veterinary Services Grant Program Department Of Agriculture Direct		10.336		18,839
CFDA 10.336 Total			-	18,839
Rural Business Development Grant Department Of Agriculture Direct		10.351		98,353
CFDA 10.351 Total			-	98,353
Outreach and Assistance for Socially Disadvantaged and Veteran Farmers and Ranchers Department Of Agriculture Direct		10.443		12,891
CFDA 10.443 Total			-	12,891
Cooperative Extension Service Department Of Agriculture Direct		10.500	2,150,905	15,022,532
Department of Agriculture Pass-through	MISSISSIPPI STATE UNIV-010500.340642.01	10.500		19,645
	NORTH CAROLINA STATE UNIV-2017-1419-01	10.500		(241)
	PENNSYLVANIA STATE UNIV-5029-ACES-UM-9802	10.500		(4,000)
	UNIV OF ARKANSAS-21667-22	10.500		687
	UNIV OF ARKANSAS-31000-01	10.500		3,269
	UNIV OF ARKANSAS-31000-12	10.500		23,538
	UNIV OF ARKANSAS-31011-03	10.500		1,915
	UNIV OF GEORGIA-SUB00001874	10.500		46,847
	UNIV OF ILLINOIS-2015-00768-01	10.500		(43,553)
CFDA 10.500 Total			2,150,905	15,070,639

The accompanying notes are an integral part of this schedule.



# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2019

CLUSTER TITLE/FEDERAL AGENCY/PROGRAM	PASS-THROUGH ENTITY/PASS-THROUGH NUMBER	CFDA#	Pass Through to Subrecipients	EXPENDITURES
Rural Child Poverty Nutrition Center Department of Agriculture Pass-through	UNIV OF KENTUCKY RSCH FDN-3200000292-16-133	10.549		14,257
CFDA 10.549 Total			-	14,257
Partnership Agreements Department of Agriculture Direct		10.699		2,832
CFDA 10.699 Total			-	2,832
Soil and Water Conservation Department Of Agriculture Direct		10.902		927
CFDA 10.902 Total			-	927
Watershed Protection and Flood Prevention Department Of Agriculture Direct		10.904	106,602	201,427
CFDA 10.904 Total			106,602	201,427
Cochran Fellowship Program-International Training-Foreign Participant Department Of Agriculture Direct		10.962		12,489
CFDA 10.962 Total			-	12,489
Other Financial Assistance Department Of Agriculture Direct		10.000		(2,754)
Forest Health Protection FS-17-PA-11080100-001		10.000		6,748
USDA-18-TMGDX-AL-0002		10.000		100,577
CFDA 10 Total			-	104,571
<b>Department of Agriculture Total</b>			2,320,330	16,424,280
<b>Department of Commerce</b>				
Economic Development Technical Assistance Department Of Commerce Direct		11.303		108,531
CFDA 11.303 Total			-	108,531
Sea Grant Support Department Of Commerce Pass-through	UNIV OF SOUTHERN MISS-8005953-AO-49	11.417		144,253
	UNIV OF SOUTHERN MISS-GR05007-A/O-37-AU	11.417		116,423
	UNIV OF SOUTHERN MISS-GR05883-R/SFA-15-NSI	11.417		46,597
CFDA 11.417 Total			-	307,273
Office for Coastal Management Department Of Commerce Pass-through	GULF OF MEXICO ALLIANCE-G-1218	11.473		5,502
CFDA 11.473 Total			-	5,502
Manufacturing Extension Partnership Department Of Commerce Pass-through	ALA TECH NETWORK-MEP-NIST-70NANB16H213	11.611		153,628
	PA IRC NETWORK FDN-MEP-NIST-70NANB19H05	11.611		1,042
CFDA 11.611 Total			-	154,670
<b>Department of Commerce Total</b>			-	575,976

The accompanying notes are an integral part of this schedule.

# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2019

CLUSTER TITLE/FEDERAL AGENCY/PROGRAM	PASS-THROUGH ENTITY/PASS-THROUGH NUMBER	CFDA#	Pass Through to Subrecipients	EXPENDITURES
<b>Department of Defense</b>				
Basic and Applied Scientific Research				
Department of Defense Direct		12.300		196,880
CFDA 12.300 Total			-	196,880
Other Financial Assistance				
Department of Defense Direct		12.000		36,900
AF-FA330018P0074				
Department of Defense Pass-through		12.000		(533)
Tech Support For DARPA FIDOS Prog	IK9 HOLDINGS LLC-TECH SUPPORT		-	36,367
CFDA 12 Total			-	233,247
<b>Department of Defense Total</b>				
<b>Department of The Interior</b>				
Cooperative Ecosystem Studies Units				
Department Of The Interior Direct		15.678		16,714
CFDA 15.678 Total			-	16,714
<b>Department of the Interior Total</b>			-	16,714
<b>Department of Justice</b>				
Juvenile Mentoring Program				
Department of Justice Pass-through	ALABAMA A&M UNIV-2014-JU-FX-0025-AU	16.726		(105)
CFDA 16.726 Total			-	(105)
Edward Byrne Memorial Justice Assistance Grant Program				
Department of Justice Pass-through				
	ALA DEPT OF ECON&COMM AFFAIRS-17-DJ-ST-004	16.738		140,809
	ALA DEPT OF ECON&COMM AFFAIRS-17-JF-C1-010	16.738		19,408
CFDA 16.738 Total			-	160,217
<b>Department of Justice Total</b>			-	160,112
<b>Department of Transportation</b>				
Airport Improvement Program				
Department of Transportation Pass-through				
	ALA DEPT OF TRANSPORTATION-AIRFIELD LIGHTING-FED	20.106		(1)
	ALA DEPT OF TRANSPORTATION-REHAB ALPHA	20.106		686,432
	ALA DEPT OF TRANSPORTATION-TAXIWAY A-FED	20.106		1,894,598
CFDA 20.106 Total			-	2,581,029
Air Transportation Centers of Excellence				
Department of Transportation Direct		20.109		10,880
CFDA 20.109 Total			-	10,880
Highway Training and Education				
Department of Transportation Pass-through				
	ALA DEPT OF TRANSPORTATION-930-976-LTAP	20.215		(3,401)
	ALA DEPT OF TRANSPORTATION-931-001-LTAP	20.215		302,763
CFDA 20.215 Total			-	299,362
Formula Grants for Rural Areas and Tribal Transit Program				
Department of Transportation Pass-through				
	ALA DEPT OF TRANSPORTATION-HP-68857-19	20.509		5,978
	ALA DEPT OF TRANSPORTATION-RTAP	20.509		(7,384)
CFDA 20.509 Total			-	(1,406)
<b>Department of Transportation Total</b>			-	2,889,865

The accompanying notes are an integral part of this schedule.

# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2019

CLUSTER TITLE/FEDERAL AGENCY/PROGRAM	PASS-THROUGH ENTITY/PASS-THROUGH NUMBER	CFDA#	Pass Through to Subrecipients	EXPENDITURES
<b>Department of The Treasury</b>				
Volunteer Income Tax Assistance (VITA) Matching Grant Program				
Department Of The Treasury Pass-through	ALA ASSET BLDG COALITION-TAX ASSIST-19	21.009		2,410
CFDA 21.009 Total			-	2,410
Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies of the Gulf Coast States				
Department Of The Treasury Pass-through	MISS DEPT OF MARINE RESOURCES-8200043588	21.015		51,671
CFDA 21.015 Total			-	51,671
<b>Department of The Treasury Total</b>			-	54,081
<b>Appalachian Regional Commission</b>				
Appalachian Research, Technical Assistance, and Demonstration Projects				
Appalachian Regional Commission Direct		23.011		5,675
Appalachian Regional Commission Pass-through	EAST TENN STATE UNIV-18-132-1-S2.1	23.011		4,500
CFDA 23.011 Total			-	10,175
<b>Appalachian Regional Commission Total</b>			-	10,175
<b>National Endowment For The Humanities</b>				
Promotion of the Arts Grants to Organizations and Individuals				
National Endowment For The Humanities Direct		45.024		26,873
CFDA 45.024 Total			-	26,873
Promotion of the Arts Partnership Agreements				
National Endowment For The Humanities Pass-through	ALA ST COUNCIL ON THE ARTS-2018-22964	45.025		(34)
	ALA ST COUNCIL ON THE ARTS-2019-23567	45.025		4,200
	ALA ST COUNCIL ON THE ARTS-2019-23599	45.025		4,600
CFDA 45.025 Total			-	8,766
Promotion of the Humanities Federal/State Partnership				
National Endowment For The Humanities Pass-through	ALA HUMANITIES FDN-0217-2352MJ	45.129		7,500
	ALA HUMANITIES FDN-0617-2367MJ	45.129		1,390
	ALA HUMANITIES FDN-0618-2436MJ	45.129		3,521
CFDA 45.129 Total			-	12,411
<b>National Endowment For The Humanities Total</b>			-	48,050
<b>Environmental Protection Agency</b>				
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act				
Environmental Protection Agency Direct		66.034		5,530
CFDA 66.034 Total			-	5,530
Nonpoint Source Implementation Grants				
Environmental Protection Agency Pass-through	ALA DEPT OF ENVIRON MGMT-C80592037	66.460		52,945
	ALA DEPT OF ENVIRON MGMT-PEPPERELL BRANCH	66.460		144,581
	ALA DEPT OF ENVIRON MGMT-WATERSHED STEWARD	66.460		80,996
	TEXAS A&M UNIV-M1801086	66.460		11,707
	TEXAS A&M UNIV-M1801362	66.460		(210)
	TEXAS A&M UNIV-M1801570	66.460		49,508
CFDA 66.460 Total			-	339,527

The accompanying notes are an integral part of this schedule.

# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2019

CLUSTER TITLE/FEDERAL AGENCY/PROGRAM	PASS-THROUGH ENTITY/PASS-THROUGH NUMBER	CFDA#	Pass Through to Subrecipients	EXPENDITURES
Gulf of Mexico Program				
Environmental Protection Agency Pass-through				
Environmental Protection Agency Pass-through	MOBILE CO BD OF ED-CES 16-1016	66.475		186
CFDA 66.475 Total	UNIV OF SOUTHERN MISS-GR05599-03	66.475		9,067
			-	9,253
Research, Development, Monitoring, Public Education, Outreach, Training, Demonstrations, and Studies				
Environmental Protection Agency Pass-through				
	EXTENSION FOUNDATION-SA-2017-7	66.716		21,916
	EXTENSION FOUNDATION-SA-2019-10	66.716		22,719
CFDA 66.716 Total			-	44,635
Environmental Education Grants				
Environmental Protection Agency Pass-through				
	MOBILE BAYKEEPER INC	66.951		3,000
CFDA 66.951 Total			-	3,000
Other Financial Assistance				
Environmental Protection Agency Pass-through				
Statewide Delivery Of Riparian & Ecosystem Education Prog	TEXAS A&M UNIV-M1900729	66.000		1,140
CFDA 66 Total			-	1,140
<b>Environmental Protection Agency Total</b>			-	403,085
<b>Department of Energy</b>				
Renewable Energy Research and Development				
Department Of Energy Pass-through	UNIV OF CENTRAL FLA-16226104-11	81.087		4,473
CFDA 81.087 Total			-	4,473
<b>Department of Energy Total</b>			-	4,473
<b>Department of Education</b>				
Career and Technical Education -- Basic Grants to States				
Department Of Education Pass-through				
	ALA DEPT OF EDUCATION-U8O0193	84.048		150
	ALA DEPT OF EDUCATION-U9O0312	84.048		2,135
CFDA 84.048 Total			-	2,285
Rehabilitation Long-Term Training				
Department Of Education Direct				
CFDA 84.129 Total		84.129		391,893
			-	391,893
Twenty-First Century Community Learning Centers				
Department Of Education Pass-through				
	ALA DEPT OF EDUCATION-C7U0114	84.287		36,518
	ALA DEPT OF EDUCATION-MATCH 3RD PARTY	84.287		75,000
	ALA DEPT OF EDUCATION-MATCH CHARLES STEWART MOTT FND-2012-00443.01	84.287		3,179
	BALDWIN CO BD OF ED-CT-18036	84.287		(7,530)
	BALDWIN CO BD OF ED-CT-19026	84.287		8,299
	BALDWIN CO BD OF ED-CT-19199	84.287		203
	BHAM REG EMPWRMNT & DVL MNT-ADAMSVILLE-CRUMLY-MINOR	84.287		2,247
	CHEROKEE CO BD OF ED-21ST-CENTURY COMM LEARN G CTR EVAL-CEDAR BLUFF	84.287		6,262
	CHEROKEE CO BD OF ED-21ST-CENTURY COMM LEARN G CTR EVAL-CENTRE	84.287		6,147
	CHEROKEE CO BD OF ED-21ST-CENTURY COMM LEARN G CTR EVAL-GAYLESVILLE	84.287		6,243
	LOWNDES CO BD OF ED-21ST-CENTURY COMM LEARN G CTR EVAL-HAYNEVILLE MS	84.287		7,210
	LOWNDES CO BD OF ED-21ST-CENTURY COMM LEARN G CTR EVAL-LOWNDES CO MS	84.287		7,171
	MIDFIELD CITY SCHLS-21ST-CENTURY COMM LEARN G CTR EVAL-MIDFIELD ELEM	84.287		(218)
	MOBILE CO BD OF ED-21ST-CENTURY COMM LEARN G CTR EVAL-ALMA BRYANT HS	84.287		5,000
	MONTGOMERY PUBLIC SCH-21ST-CENTURY COMM LEARN G CTR EVAL-BELLINGRATH ELEM	84.287		(179)
	MONTGOMERY PUBLIC SCH-21ST-CENTURY COMM LEARN G CTR EVAL-DAVIS ELEM	84.287		(127)
	MONTGOMERY PUBLIC SCH-21ST-CENTURY COMM LEARN G CTR EVAL-NIXON ELEM	84.287		114
	PHENIX CITY SCH-21ST CENTURY COMM LEARN G CTR EVAL	84.287		7,448
CFDA 84.287 Total			-	162,987

The accompanying notes are an integral part of this schedule.

# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2019

CLUSTER TITLE/FEDERAL AGENCY/PROGRAM	PASS-THROUGH ENTITY/PASS-THROUGH NUMBER	CFDA#	Pass Through to Subrecipients	EXPENDITURES
Gaining Early Awareness and Readiness for Undergraduate Programs Department Of Education Pass-through	BHAM CITY SCH-GEAR UP BHAM	84.334		(18,893)
	UNIV OF ALABAMA AT BIRMINGHAM-000517591-001	84.334		31,010
CFDA 84.334 Total			-	12,117
Child Care Access Means Parents in School Department Of Education Pass-through	BHAM CITY SCH-GEAR UP BHAM	84.335		39,026
CFDA 84.335 Total			-	39,026
Mathematics and Science Partnerships Department Of Education Pass-through	ALA DEPT OF EDUCATION-U7O0185	84.366		(50)
	ALA DEPT OF EDUCATION-U800202	84.366		13,068
CFDA 84.366 Total			-	13,018
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) Department Of Education Pass-through	ALA DEPT OF EDUCATION-U9O0116	84.367		25,582
CFDA 84.367 Total			-	25,582
School Improvement Grants Department Of Education Pass-through	ALA DEPT OF EDUCATION-U8O0644	84.377		(196)
CFDA 84.377 Total			-	(196)
<b>Department of Education Total</b>			-	646,712
<b>Department of Health And Human Services</b>				
Medicare Enrollment Assistance Program Department Of Health And Human Services Pass-through	ALA DEPT SENIOR SERVICES-MEDICARE IMPRVMTS	93.071		54,230
CFDA 93.071 Total			-	54,230
Healthy Marriage Promotion and Responsible Fatherhood Grants Department Of Health And Human Services Direct		93.086		143,112
CFDA 93.086 Total			-	143,112
Injury Prevention and Control Research and State and Community Based Programs Department Of Health And Human Services Pass-through	ALA DEPT PUBLIC HEALTH-GC-19-066 C90116030	93.136		115,016
CFDA 93.136 Total			-	115,016
Substance Abuse and Mental Health Services Projects of Regional and National Significance Department Of Health And Human Services Pass-through	ALA DEPART OF MENTAL HEALTH-OPIOID TNG INST	93.243		958,413
	ALA DEPART OF MENTAL HEALTH-SAMHSA	93.243		131,382
CFDA 93.243 Total			-	1,089,795
Early Hearing Detection and Intervention Information System (EHDHIS) Surveillance Program Department Of Health And Human Services Pass-through	ALA DEPT PUBLIC HEALTH-GC-18-296 C80113170	93.314		26,340
CFDA 93.314 Total			-	26,340

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# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2019

CLUSTER TITLE/FEDERAL AGENCY/PROGRAM	PASS-THROUGH ENTITY/PASS-THROUGH NUMBER	CFDA#	Pass Through to Subrecipients	EXPENDITURES
Outreach Programs to Reduce the Prevalence of Obesity in High Risk Rural Areas Department Of Health And Human Services Direct		93.319		776,768
CFDA 93.319 Total			-	776,768
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) Department Of Health And Human Services Pass-through	ALA DEPT PUBLIC HEALTH-GC-19-198 C90116125	93.323		16,679
CFDA 93.323 Total			-	16,679
State Health Insurance Assistance Program Department Of Health And Human Services Pass-through	ALA DEPT SENIOR SERVICES-IMPLEMENT SHIP	93.324		9,953
CFDA 93.324 Total			-	9,953
Cooperative Agreement to Support Navigators in Federally-facilitated Exchanges Department Of Health And Human Services Pass-through	TOMBIGBEE HLTHCARE AUTHORITY-CONSUMER ASSTN NAVIGTRS-WILCOX	93.332		(614)
CFDA 93.332 Total			-	(614)
Cancer Detection and Diagnosis Research Department Of Health And Human Services Pass-through	UNIV OF ALABAMA AT BIRMINGHAM-000511548-001	93.394		108,281
CFDA 93.394 Total			-	108,281
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke Department Of Health And Human Services Pass-through	ALA DEPT PUBLIC HEALTH-GC-19-205 C90116132	93.426		99,999
CFDA 93.426 Total			-	99,999
Every Student Succeeds Act/Preschool Development Grants Department Of Health And Human Services Pass-through	ALA DEPT OF EARLY CHILDHOOD ED-NAEYC ACCREDITATION	93.434		8,733
CFDA 93.434 Total			-	8,733
Community-Based Child Abuse Prevention Grants Department Of Health And Human Services Pass-through	CHILDREN'S TRUST FUND OF ALA-CBCAP 2018-101	93.590		(645)
CFDA 93.590 Total			-	(645)
Grants to States for Access and Visitation Programs Department Of Health And Human Services Pass-through	ALA CTR FOR DISPUTE RESOLUTION INC-ACCESS&VISITATION	93.597		7,589
CFDA 93.597 Total			-	7,589
Head Start Department Of Health And Human Services Pass-through	ALA DEPART OF MENTAL HEALTH-G6-466851-ACDD3-CULLMAN	93.600		(544)
CFDA 93.600 Total			-	(544)
Developmental Disabilities Basic Support and Advocacy Grants Department Of Health And Human Services Pass-through	ALA DEPART OF MENTAL HEALTH-ACDD-2-BURQUE	93.630		(1,664)
	ALA DEPART OF MENTAL HEALTH-BRAVEHEARTS	93.630		49,892
CFDA 93.630 Total			-	48,228

The accompanying notes are an integral part of this schedule.



# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2019

CLUSTER TITLE/FEDERAL AGENCY/PROGRAM	PASS-THROUGH ENTITY/PASS-THROUGH NUMBER	CFDA#	Pass Through to Subrecipients	EXPENDITURES
Foster Care Title IV-E Department Of Health And Human Services Pass-through	ALA DEPT HUMAN RESOURCES-FACTS APPLICATION UNIV OF ALABAMA-A19-0007-S002	93.658		2,233
		93.658		82,797
CFDA 93.658 Total			-	85,030
Mental and Behavioral Health Education and Training Grants Department Of Health And Human Services Direct		93.732		441,666
CFDA 93.732 Total			-	441,666
Biomedical Research and Research Training Department Of Health And Human Services Pass-through	PURDUE UNIV-11000451-008	93.859		2,752
CFDA 93.859 Total			-	2,752
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Department Of Health And Human Services Pass-through	RURAL AL PREVENTN CTR-SWAHII-DALLAS RURAL AL PREVENTN CTR-SWAHII-PERRY RURAL AL PREVENTN CTR-SWAHII-WASHINGTON RURAL AL PREVENTN CTR-SWAHII-WILCOX	93.912 93.912 93.912 93.912		16,216 (815) 12,257 12,260
CFDA 93.912 Total			-	39,918
Other Financial Assistance Department Of Health And Human Services Pass-through ALA SAFE SLEEP OUTREACH PROJECT	PALLADIAN PRTNRS INC-SAFE SLEEP	93.000		49
CFDA 93 Total			-	49
Department of Health And Human Services Total			-	3,072,335
Department of Homeland Security Pre-Disaster Mitigation Department of Homeland Security Pass-through	ALA EMERGENCY MGMT AGENCY-HMGP 4251-0003	97.047		11,965
CFDA 97.047 Total			-	11,965
Department of Homeland Security Total			-	11,965
OTHER PROGRAMS TOTAL			2,320,330	24,551,070
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TOTAL			\$ 8,467,806	\$ 317,904,524

The accompanying notes are an integral part of this schedule.

# **Auburn University**

## **Notes to Schedule of Expenditures of Federal Awards**

### **Year Ended September 30, 2019**

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#### **1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal expenditures of Auburn University (the "University") under programs of the federal government for the year ended September 30, 2019. This schedule has been prepared using the cash basis of accounting.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements of the University. Negative amounts represent adjustments or credits to amounts reported as expenditures in prior years. This results in accurate reporting on a cumulative basis over multiple periods. Catalog of Federal Domestic Assistance ("CFDA") numbers and pass-through numbers are provided when available.

For purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered into directly between the University and agencies and departments of the federal government, federal appropriations to land grant universities, and all subawards made to the University by nonfederal organizations pursuant to federal grants, contracts, and similar agreements.

#### **2. Summary of Significant Accounting Policies**

For purposes of the Schedule, expenditures for federal award programs are recognized on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-21, Cost Principles for Educational Institutions, wherein certain types of expenditures are not allowable or are limited to reimbursement. Expenditures for federal student financial aid programs include Federal Pell program grants to students, the federal share of students' Federal Supplemental Educational Opportunity Grants ("FSEOG"), Federal Work-Study ("FWS") program earnings and administrative cost allowances, and expenditures of the Teacher Education Assistance for College and Higher Education grants ("TEACH").

#### **3. Facilities and Administrative Costs**

The University operates under predetermined facilities and administrative cost rates, which were effective beginning October 1, 2017 and are effective through September 30, 2020. The base rate for on-campus research is 51%. Base rates for other facilities and administrative cost recoveries range from 40% to 52% for on-campus research and were effective beginning October 1, 2016 and are effective through September 30, 2020.

#### **4. Federal Student Loan Programs**

The Federal Perkins Loan Program ("Perkins") and the Health Professional Student Loan Program ("HPSL") are administered directly by the University. Balances and transactions relating to these programs are included in the University's basic financial statements.

**Auburn University**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2019**

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The balances of loans outstanding at September 30, 2019, and funds advanced by the University to eligible students during the year ended September 30, 2019, under the Federal student loan programs are summarized as follows:

	<b>Perkins</b> <b>(CFDA#84.038)</b>	<b>HPSL</b> <b>(CFDA#93.342)</b>
<b>Loan Receivable September 30, 2018</b>	\$ 14,954,047	\$ 2,301,049
Funds advanced to students	(1,000)	734,858
Less:		
Collections	(2,249,634)	(510,457)
Cancellations	(290,297)	(6)
<b>Loan Receivable September 30, 2019</b>	<u>\$ 12,413,116</u>	<u>\$ 2,525,444</u>

**5. Federal Direct Student Loans (CFDA# 84.268)**

The Direct Loan program enables an eligible student or parent to obtain a loan to pay for the student's cost of attendance directly through the University rather than through private lenders. As a university qualified to originate loans, the University is responsible for handling the complete loan origination process, including funds management and promissory note functions. The University is not responsible for collection of these loans.

During the program year ended September 30, 2019, the University processed the following amount of student loans under the Direct Loan program:

	<b>CFDA#</b>	<b>Total</b> <b>2019</b>
Federal Direct Student Loans	84.268	\$ 177,985,153

**6. Administrative Cost Allowance**

During the program year ended June 30, 2019, the University charged \$60,617 and AUM charged \$14,126 to the Federal Work-Study program for administrative cost allowance. In addition, the University charged \$0 and AUM charged \$0 to the Federal Perkins Loan Program. No administrative cost allowance was charged to the FSEOG for either campus.

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**Part III**  
**Reports on Internal Control and Compliance and Major Programs**

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**Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed in Accordance With  
*Government Auditing Standards***

To the Board of Trustees of Auburn University:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the government activities, the business type activities, the aggregate discretely presented component units of Auburn University (the "University"), which is a component unit of the State of Alabama, which comprise the statement of net position as of September 30, 2019, and the related statements of revenues, expenses and changes in net position and of cash flows (where applicable) for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 29, 2020. Our report includes a reference to other auditors who audited the financial statements of Auburn Alumni Association (the "Association"), Auburn University Foundation (the "Foundation"), and Tigers Unlimited Foundation ("TUF") as described in our report on the University's financial statements. This report does not include the results of other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Association, the Foundation, TUF and the Auburn Research and Technology Foundation ("ARTF") were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control



that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PricewaterhouseCoopers LLP*

Birmingham, Alabama  
January 29, 2020





**Report of Independent Auditors on Compliance with Requirements  
That Could Have a Direct and Material Effect on Each Major Program and on  
Internal Control Over Compliance in Accordance With Uniform Guidance**

To the Board of Trustees of Auburn University

**Report on Compliance for Each Major Federal Program**

We have audited Auburn University's (the "University"), which is a component unit of the State of Alabama, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended September 30, 2019. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The University's basic financial statements include the operations of Auburn Alumni Association (the "Association"), Auburn University Foundation (the "Foundation"), Tigers Unlimited Foundation ("TUF"), and Auburn Research and Technology Foundation ("ARTF"), which did not expend federal awards during the year ended September 30, 2019. Our audit, described below, did not include the operations of the Association, the Foundation, TUF or ARTF.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the



University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

#### ***Other Matters***

As indicated in Part I to the accompanying Schedule of Findings and Questioned Costs, we have audited the Student Financial Assistance cluster as a major program. Also, as indicated in the first paragraph of this report, we performed our audit of compliance using the compliance requirements contained in the OMB Compliance Supplement, including those contained in Part V 5.3, Compliance Requirement N, Special Tests and Provisions, Section 10 "Gramm-Leach-Bliley Act-Student Information Security." This section includes three suggested audit procedures with respect to verification that the institution (1) designated an individual to coordinate the information security program, (2) performed a risk assessment that addresses the three required areas in 16 CFR 314.4(b), and (3) documented a safeguard for each risk identified. Our procedures in relation to these three items were limited to inquiry of and obtaining written representation from management and obtaining and reading management's documentation related to these three items. Our procedures did not include an analysis of the adequacy or completeness of the risk assessment performed or the safeguards for each risk identified by management.

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items as items 2019-001 and 2019-002. Our opinion on each major federal program is not modified with respect to these matters.

The University's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questions costs and corrective action plan. The University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



## Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*PriceWaterhouseCoopers LLP*

Birmingham, Alabama  
July 28, 2020

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**Part IV**  
**Findings**

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# Auburn University

## Schedule of Findings and Questioned Costs

### Year Ended September 30, 2019

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#### I - Summary of Auditors' Results

##### Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

##### Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) ☒ yes ☐ no

Identification of major programs:

##### CFDA Number(s)

10.500  
20.106  
15.605 & 15.611  
Various

##### Name of Federal Program or Cluster

Cooperative Extension Service  
Airport Improvement Program  
Fish and Wildlife Cluster  
Student Financial Aid Cluster

Dollar threshold used to distinguish between type A and type B programs?

\$ 2,774,809  
☒ yes

Auditee qualified as low-risk auditee?

☐ no

**Auburn University**  
**Schedule of Findings and Questioned Costs**  
**Year Ended September 30, 2019**

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**II – Financial Statements Findings and Questioned Costs**

None.

# **Auburn University**

## **Schedule of Findings and Questioned Costs**

### **Year Ended September 30, 2019**

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#### **III – Federal Award Findings and Questioned Costs**

**Finding 2019-001:** 2018 Expenditures on the 2019 Schedule of Expenditures of Federal Awards

**Federal Agency:** Department of Agriculture

**Program:** Cooperative Extension Service (“CES”) Program

**CFDA #:** 10.500

**Award #:** Various

**Award Year:** 2018-2019

**Criteria:**

OMB A-110, Paragraph 21, “Standards for financial management systems”

**Questioned Costs:**

None.

**Condition:**

During the 2018-2019 award year, University management through their Schedule of Expenditures of Federal Awards (“SEFA”) reconciliation controls identified \$2.2 million of CES Program expenditures included in the 2019 SEFA which should have been included on the 2018 SEFA as the amount related to funds expended in 2018.

**Cause:**

The University received additional federal appropriations for Smith Lever grants in the 2017-2018 award year. The internal grant set-up process did not allocate these additional appropriations to funds with federal grant identifiers. As a result, these expenditures were included on the 2019 SEFA instead of the 2018 SEFA when SEFA reconciliation controls identified the error. The additional appropriation has a duration of 5 years and has no impact on period of performance. This instance does not impact the cumulative reporting of the awards or the allowability of the costs.

**Effect:**

\$2.2 million of CES Program expenditures are included in the 2019 SEFA when they should have been reported on the 2018 SEFA.

**Recommendation:**

The University should review its standard operating procedures to ensure that procedures and reviews are in place related to the grant set-up process.

**Views of Responsible Officials/Management Response:**

See Management’s view and corrective action plan included at the end of this report.



# **Auburn University**

## **Schedule of Findings and Questioned Costs**

### **Year Ended September 30, 2019**

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**Finding 2019-002:** Return of title IV funds calculation error

**Federal Agency:** Department of Education

**Program:** Student Financial Aid Cluster

**CFDA #:** Various

**Award #:** Various

**Award Year:** 2018-2019

**Criteria:**

34 CFR 668.22," An institution must determine the amount of title IV grant or loan assistance that the student earned as of the student's withdrawal date."

**Questioned Costs:**

None.

**Condition:**

During the 2018-2019 award year, one out of thirteen students tested in our sample specific to the Auburn University at Montgomery (AUM) campus withdrew from the University and although the returned dollar amount was correct, the return of title IV funds calculation omitted an institutional charge and was not performed as prescribed by 34 CFR 668.22.

**Cause:**

In fiscal 2018, a similar finding (Finding 2018-001) was identified at the AUM campus, and prior to the implementation of management's corrective action plan in response to that finding the University's internal control over title IV return calculations failed to identify a \$47 institutional charge that should have been input into a calculation during the Fall 2018 term. The University recalculated the title IV calculation noting no difference in amounts required to be returned to the Department of Education.

**Effect:**

None.

**Recommendation:**

We recommend the University reiterate to control owners the importance of detailed reviews of inputs into return calculations and to perform independent, internal reviews to ensure returns are accurately calculated and processed within the required timeframe.

**Views of Responsible Officials/Management Response:**

See Management's view and corrective action plan included at the end of this report.

**Auburn University**  
**Summary of Schedule of Prior Audit Findings**  
**Year Ended September 30, 2019**

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June 5, 2020

MANAGEMENT UPDATE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

**Finding 2018-001: Return of Title IV funds were not submitted timely**

To ensure Auburn University at Montgomery complies with the Department of Education regulations and to improve the controls surrounding the Return to Title IV process, the University implemented the following corrective action plan:

*The Associate Director of the Financial Aid Office reviews all Return to Title IV calculations for accuracy monthly. Any errors identified during the review are reported to the Senior Director of Financial Aid immediately and corrected within the 45-day timeframe established by the Department of Education.*

*The University reimbursed the Department of Education for the Return to Title IV calculation error of \$2,632 identified during the audit.*

Contact: Christopher White, Controller, Auburn University at Montgomery

**Auburn University**  
**Management Views and Corrective Action Plan**  
**Year Ended September 30, 2019**

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June 2020

**MANAGEMENT VIEWS AND CORRECTIVE ACTION PLAN**  
**REPORT ON FEDERAL AWARDS IN ACCORDANCE WITH THE OMB UNIFORM GUIDANCE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**Finding 2019-001: 2018 Expenditures on the 2019 Schedule of Expenditures of Federal Awards**

The University initially appropriately identified CFDA # 10.500 as federal funding. However, the University's control procedures subsequently discovered that one portion of the award was misclassified in our financial system. The University immediately corrected the error and will continue to review documentation prior to set-up to ensure awards are properly classified as federal or non-federal.

The classification error occurred when the University revised our fund set-up to separately identify 10.500 award years in our financial system. On initial review of the revision, our control processes identified that one award year was set up differently; however, there was a misunderstanding when ACES personnel were asked about the classification. Financial Reporting personnel met with Contract and Grant Accounting and ACES personnel to review set-up procedures for federal appropriations and Financial Reporting will continue to work with both groups to properly classify federal awards.

Contact: Michelle Hancock, Assistant Controller  
Implementation date: June 2020

**Finding 2019-002: Return of title IV funds calculation error**

To ensure Auburn University at Montgomery complies with the Department of Education regulations and to improve the controls surrounding the Return to Title IV process, the University implemented the following corrective action plan:

The Associate Director of the Financial Aid Office reviews all Return to Title IV calculations for accuracy monthly. Any errors identified during the review are reported to the Senior Director of Financial Aid immediately and corrected within the 45-day timeframe established by the Department of Education.

The University recalculated the title IV calculation noting no difference in amounts required to be returned to the Department of Education.

Contact: Christopher White, Controller, Auburn University at Montgomery  
Implementation date: June 2019