



UNIVERSITY  
*of* ALASKA

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*Many Traditions One Alaska*

**UNIVERSITY OF ALASKA**

**(A Component Unit of the State of Alaska)**

**Financial Statements**

**June 30, 2020 and 2019**

**(With Independent Auditors' Report Thereon)**

University of Alaska  
(A Component Unit of the State of Alaska)  
Financial Statements  
June 30, 2020 and 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited – see accompanying accountants' report)

**Introduction**

The following discussion and analysis provides an overview of the financial position and activities of the University of Alaska (University) for the years ended June 30, 2020 (2020) and June 30, 2019 (2019), with selected comparative information for the year ended June 30, 2018 (2018). This discussion has been prepared by management and should be read in conjunction with the financial statements including the notes thereto, which follow this section.

**Using the Financial Statements**

The University's financial report includes the basic financial statements of the University and the financial statements of the University of Alaska Foundation (Foundation), a legally separate, nonprofit component unit. The three basic financial statements of the University are: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows. These statements are prepared in accordance with generally accepted accounting principles (Governmental Accounting Standards Board (GASB) pronouncements). The University is presented as a business-type activity. GASB Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*, establishes standards for external financial reporting for public colleges and universities and classifies resources into three net position categories – unrestricted, restricted, and net investment in capital assets.

The Foundation is presented as a component unit of the University in accordance with GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The Foundation's financial statements include the Statement of Financial Position and the Statement of Activities and these statements are presented according to U.S. generally accepted accounting principles and Financial Accounting Standards Board (FASB) pronouncements.

The Foundation was established to solicit donations and to hold and manage such assets for the exclusive benefit of the University. Resources managed by the Foundation and distributions made to the University are governed by the Foundation's Board of Trustees (operating independently and separately from the University's Board of Regents). The component unit status of the Foundation indicates that significant resources are held by the Foundation for the sole benefit of the University.

**Statement of Net Position**

The Statement of Net Position presents the financial position of the University at the end of the fiscal year and includes all assets, deferred outflows of resources, liabilities and deferred inflows of resources of the University. The net position is one indicator of the financial condition of the University, while the change in net position is an indicator of whether the financial condition has improved or declined during the year.

A summarized comparison of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2020, 2019 and 2018 follows (\$ in thousands):

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited – see accompanying accountants' report)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Assets:			
Current Assets	\$ 172,007	\$ 165,863	\$ 186,910
Other noncurrent assets	380,210	373,804	365,668
Capital assets, net of depreciation	<u>1,658,433</u>	<u>1,703,451</u>	<u>1,730,285</u>
Total assets	<u>2,210,650</u>	<u>2,243,118</u>	<u>2,282,863</u>
Deferred Outflow of Resources	<u>41,335</u>	<u>50,167</u>	<u>31,783</u>
Liabilities:			
Current liabilities	115,222	120,544	138,164
Noncurrent liabilities	<u>550,432</u>	<u>604,106</u>	<u>594,247</u>
Total liabilities	<u>665,654</u>	<u>724,650</u>	<u>732,411</u>
Deferred Inflow of Resources	<u>15,522</u>	<u>22,304</u>	<u>38,985</u>
Net position:			
Net investment in capital assets	1,335,188	1,364,079	1,374,668
Restricted – expendable	112,486	94,609	91,261
Restricted – nonexpendable	135,438	135,422	133,913
Unrestricted	<u>(12,303)</u>	<u>(47,779)</u>	<u>(56,592)</u>
Total net position	<u>\$ 1,570,809</u>	<u>\$ 1,546,331</u>	<u>\$ 1,543,250</u>

Overall, total net position of the University increased \$24.5 million, or 1.6 percent. The unrestricted net position totaled negative \$12.3 million at June 30, 2020, representing an increase of \$35.5 million over the prior year. The balance is negative as a result of recording pension and other post-retirement benefits liabilities, as further shown in Note 7 of the financial statements. Without the pension and other post-employment liabilities, unrestricted net position would be \$201.7 million. As of June 30, 2020, \$154.7 million of the unrestricted net position was reserved for specific purposes, while \$47 million was unreserved.

Deposits and investments totaled \$399.9 million at June 30, 2020, as compared to \$390.4 million at June 30, 2019. These funds consist of operating funds, endowment funds, funds for capital, and for the Education Trust of Alaska. The increase of \$9.5 million primarily reflects the increase of operating fund as a result of the cost reduction measures implemented during fiscal year 2020 and the growth of the Education Trust of Alaska. More information is in Note 2 of the Notes to Financial Statements.

Liabilities are categorized as either current liabilities or noncurrent liabilities on the Statement of Net Position. Current liabilities are those that are due or will likely be paid in the next fiscal year. They are primarily comprised of accounts payable, accrued payroll and other expenses, insurance and risk management payables, amounts due in the next year on debt, and student deposits.

Noncurrent liabilities are comprised mostly of the net pension liability totaling \$235.6 million, the net OPEB liability of \$3.1 million and long-term debt of \$304.6 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited – see accompanying accountants' report)

Total debt outstanding, which includes capital lease obligations, decreased from \$337.9 million at June 30, 2019 to \$321.5 million at June 30, 2020. The decrease was primarily due to paying down debt principal. More information is available in the *Capital and Debt Activities* section that follows.

***Fiscal Year 2019 Comparisons (Statement of Net Position)***

Significant comments about changes between 2018 and 2019 that were noted in fiscal year 2019 *Management's Discussion and Analysis* are summarized below:

The Statement of Net Position reflected an overall increase in 0.2 percent, or \$3.1 million.

Total debt outstanding, which includes capital lease obligations, decreased from \$353 million at June 30, 2018 to \$337.9 million at June 30, 2019. The decrease was primarily due to paying down of debt principal.

Unrestricted net position totaled negative \$47.8 million at June 30, 2019, representing an increase of \$8.8 million over the prior year. At June 30, 2019, \$145.5 million was designated for specific purposes.

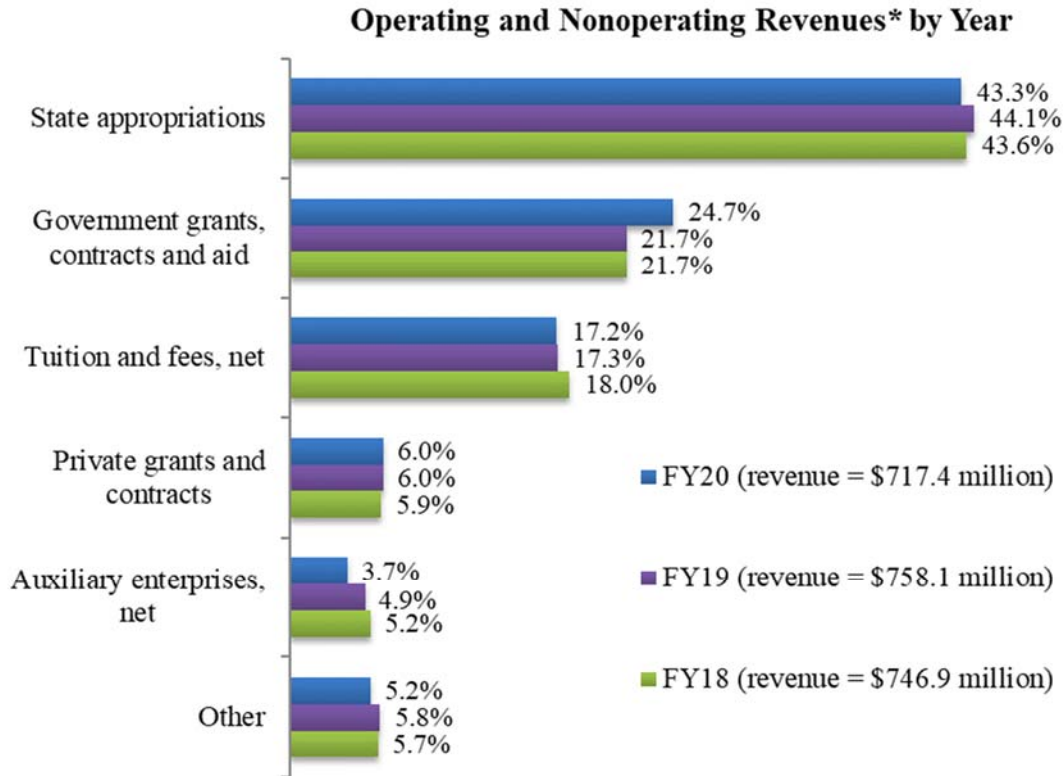
**Statement of Revenues, Expenses and Changes in Net Position**

The Statement of Revenues, Expenses and Changes in Net Position presents the results of operations for the University as a whole. Revenues, expenses and other changes in net position are reported as either operating or non-operating. Significant recurring sources of University revenue, such as state appropriations and investment earnings, are defined by GASB Statement No. 35 as non-operating.

A summarized comparison of the University's revenues, expenses and changes in net position for the years ended June 30, 2020, 2019 and 2018 follows (\$ in thousands):

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating revenues	\$ 360,469	\$ 374,437	\$ 378,229
Operating expenses	<u>(687,439)</u>	<u>(780,348)</u>	<u>(759,722)</u>
Operating loss	(326,970)	(405,911)	(381,493)
Net nonoperating revenues	<u>338,586</u>	<u>375,655</u>	<u>373,731</u>
Gain (Loss) before other revenues, expenses, gains, or losses	11,616	(30,256)	(7,762)
Other revenues, expenses, gains or losses	<u>12,862</u>	<u>33,337</u>	<u>54,889</u>
Increase (decrease) in net position	<u>24,478</u>	<u>3,081</u>	<u>47,127</u>
Net position, beginning of year	1,546,331	1,543,250	1,542,424
Cumulative effect of change in accounting principle	-	-	(46,301)
Net position, beginning of year (restated)	<u>1,546,331</u>	<u>1,543,250</u>	<u>1,496,123</u>
Net position, end of year	<u>\$1,570,809</u>	<u>\$1,546,331</u>	<u>\$1,543,250</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited – see accompanying accountants' report)



\* Excludes capital appropriations, grants and contracts, and state on-behalf payments for pension

The fiscal year 2020 Statement of Revenues, Expenses and Changes in Net Position reflects an increase in net position of 1.6 percent, or \$24.5 million. Major changes in revenues and expenses in 2020 are described below.

State of Alaska general fund appropriations continue to be the single major source of revenue for the University, providing \$310.4 million in 2020, as compared to \$334.6 million in 2019. The appropriations are substantially for funding a portion of operations, and in some cases are targeted for special programs or initiatives. In addition, the state made on-behalf pension and post-employment health care benefit payments of \$8 million and \$4.9 million directly to the Public Employees' Retirement System (PERS) and Teachers' Retirement System (TRS) defined benefit plans on behalf of the University for fiscal years 2020 and 2019, respectively. The state is paying the cost above the University's employer contribution rate to fully fund the plans at the actuarial computed rate and pay down the net pension liability. The University's employer contribution rates have been capped by state statutes at 22 percent and 12.56 percent of covered payroll for PERS and TRS, respectively.

Gross student tuition and fee revenue totaled \$143.4 million in 2020 as compared to \$152.9 million in 2019. The decrease was primarily due to a decrease in student enrollment.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited – see accompanying accountants' report)

Operating grant and contract revenue totaled \$191.1 million for 2020, as compared to \$187.2 million in the prior year. The University receives grant funding from a diverse group of federal agencies, the State of Alaska, and private sponsors, including the University of Alaska Foundation. Generally, grant revenue is recorded when expenditures of the grant award occur, so the revenue reported in the financial statements reflects the amount expended in the applicable fiscal year. Grants provide funding primarily for research projects, instructional programs, public service activities and student aid.

Capital appropriations and capital grant and contract revenue decreased from \$33.3 million in 2019 to \$12.9 million in 2020. The decrease reflects that the construction of the University of Alaska Fairbanks combined heat and power plant is close to completion, and State capital appropriation provided only \$5 million to deferred maintenance in both fiscal year 2020 and 2019. This revenue category consists mostly of funds appropriated from the State of Alaska's capital budget or from general obligation bonds issued by the State of Alaska for University capital projects. For a more detailed discussion on capital activity, see the *Capital and Debt Activities* section which follows.

Endowment investments produced a net income of \$4.4 million in 2020, as compared to \$11.5 million in 2019. Total return in 2020 from the consolidated endowment fund was 1.56 percent as compared to 5.38 percent in 2019. Endowment proceeds also includes yield from, or sales of, trust land, and mineral interests, the net proceeds of which are generally deposited to the land grant endowment trust fund.

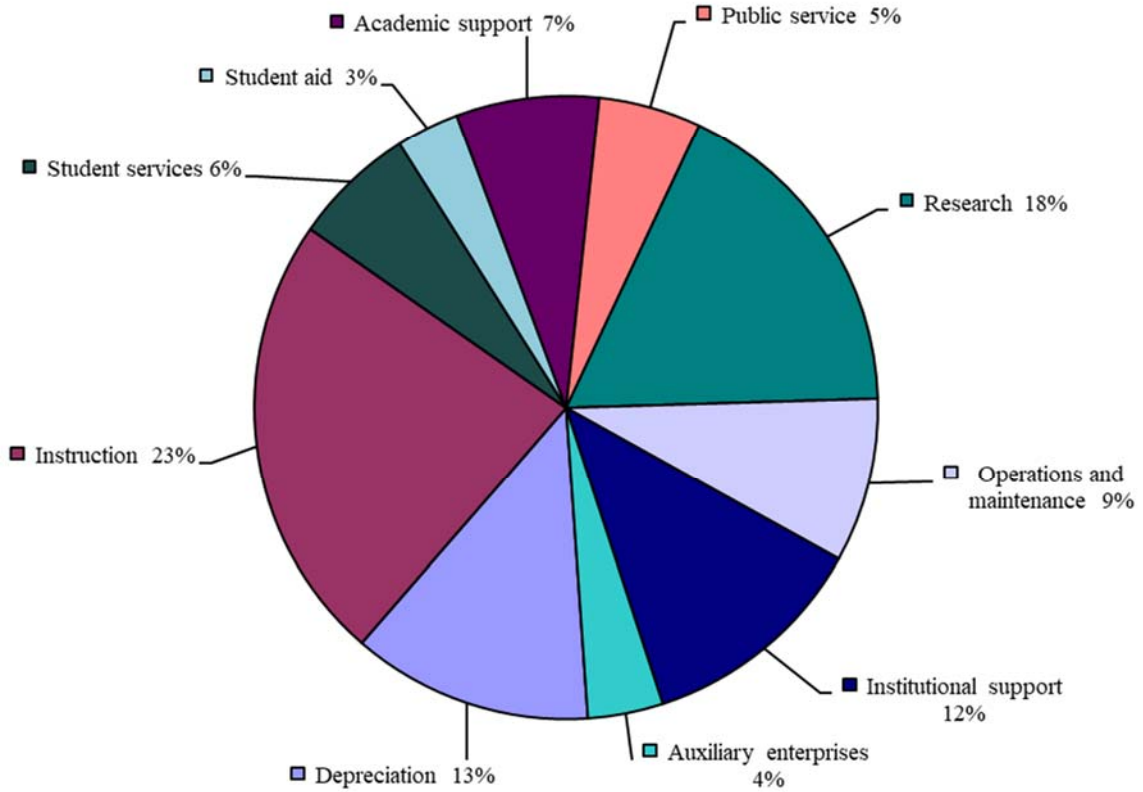
A comparison of operating expenses by functional and natural classification for selected fiscal years follows (see Note 18 of the financial statements for more information).

	Operating Expenses*					
	Functional Classification (\$ in millions)					
	FY2020		FY2019		FY2018	
Instruction	\$ 162.3	23.3%	\$ 186.8	24.9%	\$ 186.4	24.9%
Student Services	44.2	6.3%	49.4	6.2%	46.0	6.3%
Student aid	22.8	3.3%	23.7	3.1%	23.4	3.0%
Academic Support	51.6	7.4%	58.3	7.1%	52.8	7.7%
Student and Academic	280.9	40.3%	318.2	41.3%	308.6	41.9%
Research	122.0	17.5%	131.3	16.0%	119.5	16.0%
Public Service	37.0	5.3%	40.8	5.5%	41.2	5.8%
Auxiliary Enterprises	27.2	3.9%	33.7	4.9%	36.9	4.9%
Institutional Support	83.0	11.9%	91.2	11.5%	85.8	12.2%
Operations and Maintenance	59.4	8.6%	68.8	8.7%	64.9	8.3%
Depreciation	87.0	12.5%	88.5	12.1%	90.3	10.9%
Total Operating Expenses	<u>\$ 696.5</u>	<u>100.0%</u>	<u>\$ 772.5</u>	<u>100.0%</u>	<u>\$ 747.2</u>	<u>100.0%</u>

\* Does not include On-Behalf payments made by State of Alaska for pension

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited – see accompanying accountants' report)

**Fiscal Year 2020  
Functional Classification**



Operating Expenses\*

Natural Classification (\$ in millions)

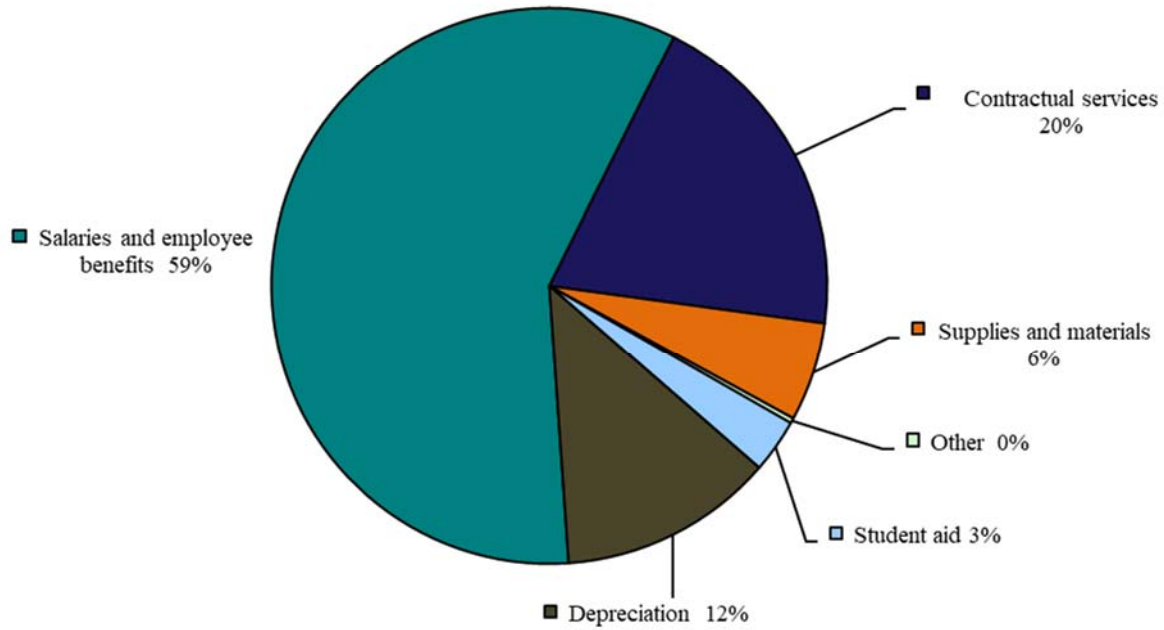
	FY2020		FY2019		FY2018	
Compensation and benefits	\$ 407.0	58.4%	\$ 452.3	58.7%	\$ 437.9	62.0%
Contractual services	137.3	19.7%	157.0	19.4%	145.2	17.7%
Materials	40.3	5.8%	49.0	6.3%	47.2	6.0%
Student aid	22.8	3.3%	23.7	3.1%	23.4	3.0%
Depreciation	87.0	12.5%	88.5	12.1%	90.3	10.9%
Other	2.1	0.3%	2.0	0.4%	3.2	0.4%
<b>Total Operating Expenses</b>	<b>\$ 696.5</b>	<b>100.0%</b>	<b>\$ 772.5</b>	<b>100.0%</b>	<b>\$ 747.2</b>	<b>100.0%</b>

\* Does not include On-Behalf payments made by State of Alaska for pension



MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited – see accompanying accountants' report)

**Fiscal Year 2020 Natural Classification**



Total operating expenses (excludes on-behalf payments to PERS and TRS made by State of Alaska) decreased from \$772.5 million in 2019 to \$696.5 million in 2020. Expenditures related to the student and academic core mission, about 40.3 percent of all expenditures, showed a \$37.3 million decrease in 2020. For the same period, expenditures for research decreased \$9.3 million. Amounts expended for institutional support decreased \$8.2 million while expenditures for operations and maintenance of facilities decreased \$9.4 million as compared to 2019.

In looking at the change in operating expenses from a natural classification view, the majority of the decrease is due to the compensation and benefits decreasing \$45.4 million from \$452.3 million in fiscal year 2019 to \$406.9 million in fiscal year 2020, and contractual services decreasing \$19.7 million from \$157 million in fiscal year 2019 to \$137.3 million in fiscal year 2020. The overall decrease in expenses is primarily due to the reduction of \$24.2 million in State appropriation and decrease of \$8.2 million in tuition revenue from fiscal year 2019.

GASB Statements 68 and 75 do not impact the cash flow and budget of the University, nor do they impact the nature and amount of pension benefits or pension funding provisions. Therefore, the following table shows operating expenditures with and without the effect of GASB 68 and 75 (\$ in thousands).

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited – see accompanying accountants' report)

For the Year Ended June 30, 2020	As Reported	Without GASB 68 &75	Difference
Instruction	\$ 162,278	\$ 169,517	\$ (7,239)
Academic support	51,594	56,273	(4,679)
Research	121,981	127,782	(5,801)
Public service	37,025	39,238	(2,213)
Student services	44,161	46,786	(2,625)
Operations and maintenance	59,500	62,537	(3,037)
Institutional support	82,952	89,547	(6,595)
Auxiliary enterprises	27,190	27,796	(606)
<b>Total Operating Expense</b>	<b>\$ 586,681</b>	<b>\$ 619,476</b>	<b>\$ (32,795)</b>

For the Year Ended June 30, 2019	As Reported	Without GASB 68 &75	Difference
Instruction	\$ 186,757	\$ 191,050	\$ (4,293)
Academic support	58,315	59,854	(1,539)
Research	131,255	133,141	(1,886)
Public service	40,886	41,649	(763)
Student services	49,390	50,182	(792)
Operations and maintenance	68,777	69,673	(896)
Institutional support	91,189	93,113	(1,924)
Auxiliary enterprises	33,759	33,950	(191)
<b>Total Operating Expense</b>	<b>\$ 660,328</b>	<b>\$ 672,612</b>	<b>\$ (12,284)</b>

For the Year Ended June 30, 2018	As Reported	Without GASB 68	Difference
Instruction	\$ 186,393	\$ 191,670	\$ (5,277)
Academic support	52,788	56,056	(3,268)
Research	119,437	123,225	(3,788)
Public service	41,212	42,936	(1,724)
Student services	45,986	48,117	(2,131)
Operations and maintenance	64,936	67,154	(2,218)
Institutional support	85,828	90,692	(4,864)
Auxiliary enterprises	36,942	37,493	(551)
<b>Total Operating Expense</b>	<b>\$ 633,522</b>	<b>\$ 657,343</b>	<b>\$ (23,821)</b>

Without the adjustment to compensation and benefits required under GASB Statement 68 and 75, total operating expenses would have decreased \$53.1 million or 8 percent during fiscal year 2020 and would have increased \$15.3 million or 2.3 percent during fiscal year 2019.

A portion of University resources applied to student accounts for tuition, fees, or room and board are not reported as student aid expense, but are reported in the financial statements as a scholarship

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited – see accompanying accountants' report)

allowance, directly offsetting student tuition and fee revenue or auxiliary revenue. Scholarship allowances totaled \$20.1 million in 2020 and \$21.5 million in 2019. In addition to the allowances, students participate in governmental financial aid loan programs. The loans are neither recorded as revenue or expense in the financial statements, but are recorded in the Statements of Cash Flows as direct lending receipts totaling \$44.3 million and \$59.5 million in 2020 and 2019, respectively.

***Fiscal Year 2019 Comparisons (Statement of Revenues, Expenses and Changes in Net Position)***

Significant comments about changes between 2018 and 2019 that were noted in fiscal year 2019 *Management's Discussion and Analysis* are summarized below:

The Statement of Revenues, Expenses and Changes in Net Position reflected an overall increase in net position of 0.2 percent, or \$3.1 million.

Gross student tuition and fee revenue totaled \$152.9 million in 2019 as compared to \$155.3 million in 2018. The decrease was primarily due to decrease in overall student enrollment.

State of Alaska general fund appropriations continued to be the single major source of revenue for the University, providing \$334.6 million in 2019, as compared to \$325.3 million in 2018.

Total operating expenses increased 3.4 percent in 2019 as compared to 6.1 percent decrease in 2018. Expenditures related to the student and academic core mission, about 41.1 percent of all expenditures, showed a \$9.6 million increase in 2019. For the same period, expenditures for research increased \$11.8 million. Amounts expended for institutional support increased \$5.4 million while expenditures for operations and maintenance of facilities increased \$3.9 million as compared to 2018.

**Capital and Debt Activities**

The University continued to invest in its facilities to meet program and state needs. Net capital assets decreased (excluding accumulated depreciation) \$45 million in 2020, as compared with a decrease of \$26.8 million in 2019 and increase of \$116.2 million in 2018. Capital activity primarily comprise replacement, renovation, code corrections and new construction of academic and research facilities, as well as investments in equipment and information technology. State capital appropriations for 2020 and 2019 were \$5 million for deferred maintenance each year.

Construction in progress at June 30, 2020 totaled \$293.1 million and includes the following major projects:

The University is constructing a new combined heat and power plant on the Fairbanks campus. The cost of the plant as of June 30, 2020 is \$281.1 million, with \$157.5 million being funded with debt proceeds and the remaining \$123.6 million funded from a combination of capital and operating

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited – see accompanying accountants' report)

appropriations. The expected completion date is January 2021. More information about the debt is in Note 8 of the *Notes to Financial Statements*.

*Debt and Capital Leases*

At June 30, 2020, total debt outstanding, including capital leases, totaled \$321.5 million. The University traditionally issues general revenue bond tax-exempt debt, and secures the repayment via a master trust indenture with a broad pledge of university receipts.

In July 2020, the University issued General Revenue Refunding Bonds 2020 Series W with a par amount of \$55,080,000, and a 12-year term. Average annual debt service is \$5.3 million. The bonds refunded General Revenue Bonds 2009 Series P, 2011 Series Q and 2012 Series R. The economic gain from the refunding was \$416,557 in present value.

In previous years, other bonds were issued to finance construction of student residences at three campuses, the West Ridge Research Building, student recreation centers, a research facility to house the International Arctic Research Center, the acquisition and renovation of several properties adjacent to or near the University's campuses, additions to the University's self-operated power, heat, water and telephone utility systems in Fairbanks, purchase of the University Center Building in Anchorage, deferred maintenance projects, and to refund previously issued general revenue bonds and other contractual obligations in order to realize debt service savings.

Moody's Investors Service has assigned ratings of "Baa1", and a "negative outlook" to the rating of the University, a downgrade from "A1", in July 2019 and reaffirmed that rating in June 2020. Moody's downgrade in July 2019 is a result of the unprecedented single year cut of \$130 million in state appropriation proposed by Alaska's Governor in fiscal year 2019. Standard and Poor's assigned "A+" and a "negative outlook" in June 2020.

The University has traditionally utilized tax exempt financings to provide for its capital needs or to facilitate systematic renewals. Working capital is available to provide interim cash flow financing for facilities intended to be funded with general revenue bond proceeds or other debt arrangements.

*Capital Activities – Looking Ahead and Subsequent to Year End*

For fiscal year 2021, the University did not receive any capital appropriation from the State of Alaska for deferred maintenance.

**Other Economic and Financial Conditions**

The following is a description of currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations of the University.

The fiscal year 2021 State operating appropriation decreased \$26.3 million from fiscal year 2020. In June 2019, the Governor announced a veto of \$130 million to the University's state operating appropriation. Throughout the 2019 summer, efforts were made by University to restore the funding. After an additional legislative session, the legislature approved a budget with a \$25 million

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited – see accompanying accountants' report)

state appropriation reduction for fiscal year 2020. In August 2019, an agreement was reached by the University of Alaska Board of Regents and the Governor. The agreement is a multi-year compact that preserves the legislative funding amount of fiscal year 2020 (a \$25 million decrease) and a reduction of another \$25 million in 2021 and a \$20 million reduction in 2022. The compact has not been approved by the legislature and is not subject to approval by the legislature, the body with the authority to appropriate funding.

During the fiscal year, the World Health Organization declared the spread of Coronavirus Disease a worldwide pandemic. The COVID-19 has significant effects on global markets, supply chains, business, and communities. Specific to the University, COVID-19 impacted several of its fiscal year 2020 operations and financial results, such as decline in enrollment and loss of auxiliary revenue.

Management has taken and continues to take appropriate actions to mitigate the negative impact caused by the state appropriation reduction and COVID-19. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

## Independent Auditors' Report



## INDEPENDENT AUDITORS' REPORT

Board of Regents  
University of Alaska

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

We have audited the accompanying financial statements of the business-type activity and discretely presented component unit of the University of Alaska, collectively a component unit of the State of Alaska, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the University of Alaska's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the University of Alaska Foundation Consolidated Endowment Fund, LP, an affiliated entity, whose statements reflect total assets of \$356,722,498 and \$364,356,782 as of June 30, 2020 and 2019, respectively, and net increase in partners' capital from operations of \$4,690,918 and \$18,665,595, respectively, for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the University of Alaska Foundation Consolidated Endowment Fund, LP, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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, the auditor considers internal control relevant to the entity'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 entity'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 report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activity and discretely presented component unit of the University of Alaska as of June 30, 2020 and 2019, 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.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, 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 an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



**CliftonLarsonAllen LLP**

St. Louis, Missouri  
October 15, 2020



**UNIVERSITY OF ALASKA**  
**(A Component Unit of the State of Alaska)**  
**Statements of Net Position**  
**June 30, 2020 and 2019**  
**(in thousands)**

<b>Assets</b>	2020	2019
Current assets:		
Cash and cash equivalents	\$ 51,220	\$ 39,860
Short-term investments	33,221	40,031
Accounts receivable, net	80,910	79,220
Inventories	5,465	5,499
Other assets	1,191	1,253
Total current assets	172,007	165,863
Noncurrent assets:		
Restricted cash and cash equivalents	1,824	1,519
Notes receivable	699	993
Bond funds held with trustee	12,553	12,736
Endowment investments	148,751	151,784
Land Grant Trust property and other endowment assets	64,057	62,297
Long-term investments	111,820	108,162
Education Trust of Alaska investments	40,506	36,313
Capital assets, net	1,658,433	1,703,451
Total noncurrent assets	2,038,643	2,077,255
Total assets	2,210,650	2,243,118
<b>Deferred Outflows of Resources</b>	41,335	50,167
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued expenses	17,672	18,915
Accrued payroll and annual leave	40,553	37,329
Unearned revenue and deposits	26,348	33,619
Long-term debt - current portion	16,249	15,681
Capital lease obligation - current portion	606	587
Insurance and risk management	13,794	14,413
Total current liabilities	115,222	120,544
Noncurrent liabilities:		
Long-term debt	281,927	298,335
Capital lease obligation	22,709	23,315
Net pension liability	235,622	228,091
Net Other Post Employment Benefit liability	3,094	45,310
Other noncurrent liabilities	7,080	9,055
Total noncurrent liabilities	550,432	604,106
Total liabilities	665,654	724,650
<b>Deferred Inflows of Resources</b>	15,522	22,304
<b>Net Position</b>		
Net investment in capital assets	1,335,188	1,364,079
Restricted:		
Expendable	112,486	94,608
Nonexpendable	135,438	135,423
Unrestricted	(12,303)	(47,779)
Total net position	\$ 1,570,809	\$ 1,546,331

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

**UNIVERSITY OF ALASKA FOUNDATION**  
**(A Component Unit of the University of Alaska)**  
**Statements of Financial Position**  
**June 30, 2020 and 2019**  
**(in thousands)**

<b>Assets</b>	2020	2019
Cash and cash equivalents	\$ 6,923	\$ 5,304
Interest and dividends receivable	289	251
Contributions receivable, net	6,982	5,574
Other receivables	32	65
Other investments	59,705	47,743
Pooled endowment funds	356,263	364,003
Remainder trusts receivable	2,797	2,850
Bequest receivable	175	850
Other assets	254	222
Total assets	\$ 433,420	\$ 426,862
 <b>Liabilities</b>		
Due to University of Alaska	\$ 6,316	\$ 4,113
Other liabilities	25	17
Split interest obligations	226	225
Term endowment liability	1,000	1,000
Assets held in trust for University of Alaska	144,284	147,648
Total liabilities	151,851	153,003
 <b>Net Assets</b>		
Without Donor Restrictions	28,001	26,922
With Donor Restrictions	253,568	246,937
Total net assets	281,569	273,859
Total liabilities and net assets	\$ 433,420	\$ 426,862

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

**UNIVERSITY OF ALASKA**  
**(A Component Unit of the State of Alaska)**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Years Ended June 30, 2020 and 2019**  
**(in thousands)**

	2020	2019
<b>Operating revenues</b>		
Student tuition and fees	\$ 143,445	\$ 152,931
less scholarship allowances	(20,133)	(21,450)
	123,312	131,481
Federal grants and contracts	129,705	122,975
State and local grants and contracts	18,082	18,876
Private grants and contracts	43,339	45,360
Sales and services, educational departments	4,531	5,499
Auxiliary enterprises, net of scholarship allowances of \$2,298 in 2020 and \$2,778 in 2019	26,243	37,136
Other	15,257	13,110
Total operating revenues	360,469	374,437
<b>Operating expenses</b>		
Instruction	162,278	186,757
Academic support	51,594	58,315
Research	121,981	131,255
Public service	37,025	40,886
Student services	44,161	49,390
Operations and maintenance	59,500	68,777
Institutional support	82,952	91,189
Student aid	22,771	23,723
Auxiliary enterprises	27,190	33,759
Depreciation	86,999	88,498
State on-behalf payments - pension and OPEB	(9,012)	7,799
Total operating expenses	687,439	780,348
Operating loss	(326,970)	(405,911)
<b>Nonoperating revenues (expenses)</b>		
State appropriations	310,439	334,606
State on-behalf contributions - pension and OPEB	(9,012)	7,799
Investment earnings	12,970	14,772
Endowment proceeds and investment income	3,755	11,543
Federal student financial aid	20,523	22,752
Interest expense	(5,386)	(5,909)
CARES Act	8,653	-
Other nonoperating revenue (expenses)	(3,356)	(9,908)
Net nonoperating revenues	338,586	375,655
Income (loss) before other revenues	11,616	(30,256)
Capital appropriations, grants and contracts	12,862	33,337
Increase (decrease) in net position	24,478	3,081
<b>Net Position</b>		
Net position - beginning of year	1,546,331	1,543,250
Net position - end of year	\$ 1,570,809	\$ 1,546,331

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

**UNIVERSITY OF ALASKA FOUNDATION**  
**(A Component Unit of the University of Alaska)**  
**Statements of Activities**  
**For the years ended June 30, 2020 and 2019**  
**(in thousands)**

	2020		
	Without Donor	With Donor	Total
	Restrictions	Restrictions	
<b>Revenues, gains and other support</b>			
Contributions	\$ 54	18,084	\$ 18,138
Investment income	1,202	922	2,124
Net realized and unrealized investment gains	1,163	1,780	2,943
Other revenues	-	89	89
Actuarial adjustment of remainder trust obligations	-	(84)	(84)
Gains (Losses) of disposition of other assets			-
Administrative assessments	2,796	(2,110)	686
Support from University of Alaska	934	-	934
Net assets released from restriction	12,050	(12,050)	-
Total revenues, gains and other support	18,199	6,631	24,830
<b>Expenses and distributions</b>			
Program Expenses	12,692	-	12,692
Management and General	2,368	-	2,368
Fundraising	2,060	-	2,060
Total expenses and distributions	17,120	-	17,120
<b>Increase in net assets</b>	1,079	6,631	7,710
Net assets, beginning of year	26,922	246,937	273,859
Net assets, end of year	\$ 28,001	\$ 253,568	\$ 281,569

2019

Without Donor Restrictions	With Donor Restrictions	Total
\$ 151	20,381	\$ 20,532
1,102	600	1,702
1,662	9,600	11,262
-	125	125
-	747	747
-	-	-
3,102	(2,361)	741
998	-	998
15,702	(15,702)	-
<u>22,717</u>	<u>13,390</u>	<u>36,107</u>
17,600	-	17,600
2,002	-	2,002
1,780	-	1,780
<u>21,382</u>	<u>-</u>	<u>21,382</u>
1,335	13,390	14,725
<u>25,587</u>	<u>233,547</u>	<u>259,134</u>
<u>\$ 26,922</u>	<u>\$ 246,937</u>	<u>\$ 273,859</u>

**UNIVERSITY OF ALASKA**  
**(A Component Unit of the State of Alaska)**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2020 and 2019**  
**(in thousands)**

	2020	2019
<b>Cash flows from operating activities</b>		
Student tuition and fees	\$ 149,965	\$ 152,495
less scholarship allowances	(20,133)	(21,450)
	129,832	131,045
Grants and contracts	180,984	172,339
Sales and services, educational departments	4,531	5,498
Sales and services, auxiliary enterprises	25,472	37,234
Other operating receipts	15,257	13,110
Payments to employees for salaries and benefits	(436,433)	(463,784)
Payments to suppliers	(180,409)	(207,537)
Payments to students for financial aid	(17,433)	(24,826)
Net cash used for operating activities	(278,199)	(336,921)
<b>Cash flows from noncapital financing activities</b>		
State appropriations	310,338	334,983
Other revenue	25,587	16,504
Direct lending receipts	44,288	59,505
Direct lending payments	(49,616)	(58,427)
Net cash provided by noncapital financing activities	330,597	352,565
<b>Cash flows from capital and related financing activities</b>		
Capital appropriations, grants and contracts	7,437	13,921
Proceeds from issuance of capital debt	-	987
Purchases of capital assets	(37,181)	(57,340)
Principal paid on capital debt	(15,414)	(15,035)
Interest paid on capital debt	(13,602)	(13,908)
Net cash used for capital and related financing activities	(58,760)	(71,375)
<b>Cash flows from investing activities</b>		
Proceeds from sales and maturities of investments	112,988	101,023
Purchases of investments	(102,990)	(43,012)
Interest received on investments	6,256	6,368
Interest and other sales receipts from endowment assets	1,773	4,121
Net cash provided by investing activities	18,027	68,500
Net increase (decrease) in cash and cash equivalents	11,665	12,769
Cash and cash equivalents, beginning of the year	41,379	28,610
Cash and cash equivalents, end of the year	\$ 53,044	\$ 41,379
Cash and cash equivalents (current)	\$ 51,220	\$ 39,860
Restricted cash and cash equivalents (noncurrent)	1,824	1,519
Total cash and cash equivalents	\$ 53,044	\$ 41,379

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

**UNIVERSITY OF ALASKA**  
**(A Component Unit of the State of Alaska)**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2020 and 2019**  
**(in thousands)**

**Reconciliation of operating loss to net cash used for**

<b>operating activities:</b>	2020	2019
Operating loss	\$ (326,970)	\$ (405,911)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation expense	86,999	88,498
State on-behalf payments - pension & OPEB	(9,012)	7,799
Pension expense (credit)	15,667	(12,450)
OPEB expense (credit)	(48,462)	168
Changes in assets and liabilities that provided (used) cash:		
Accounts receivable, net	2,713	(16,273)
Other assets	(266)	51
Inventories	34	(191)
Accounts payable and accrued expenses	(236)	1,436
Accrued payroll	1,923	632
Unearned revenue, deposits from students and others	(1,272)	(508)
Accrued annual leave	1,301	(595)
Insurance and risk management	(618)	423
Net cash used for operating activities	\$ (278,199)	\$ (336,921)

**Schedule of Noncash Investing, Noncapital Financing, Capital and Related Financing Activities:**

**For the Year Ended June 30, 2020**

Decrease in accounts payable for capital assets is \$0.7 million.

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

Decrease in accounts payable for capital assets is \$1.5 million.

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

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

### 1. Organization and Summary of Significant Accounting Policies

#### Organization:

The University of Alaska (University) is a constitutionally created corporation of the State of Alaska which is authorized to hold title to real and personal property and to issue debt in its own name. The University is the only public institution of higher learning in Alaska. It is a statewide system that consists of three universities located in Anchorage, Fairbanks, and Juneau, with each having extended satellite colleges and sites throughout Alaska. The University is governed by an eleven-member Board of Regents, which is appointed by the governor.

The University is a component unit of the State of Alaska for purposes of financial reporting. As an instrumentality of the State of Alaska, the University is exempt from federal income tax under Internal Revenue Code Section 115, except for unrelated business activities as covered under Internal Revenue Code Sections 511 to 514. The University of Alaska Foundation (Foundation) is a legally separate, nonprofit component unit of the University. The Foundation was established to solicit donations and to hold and manage such assets for the exclusive benefit of the University. Resources managed by the Foundation and distributions made to the University are governed by the Foundation's Board of Trustees. Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations Are Component Units* and Statement No. 61, *The Financial Reporting Entity: Omnibus*, an amendment of GASB Statement No. 14 and No. 34, require the University to include the Foundation as part of its financial statements to better report resources benefiting the University. The University is not accountable for, nor has ownership of, the Foundation's resources. The Foundation's financial statements include the Statement of Financial Position and the Statement of Activities and these statements are presented in their original audited format according to Financial Accounting Standards Board (FASB) pronouncements.

The Nanook Innovation Corporation (NIC) and Seawolf Holdings, LLC were established in fiscal year 2013 for the purpose of supporting the University of Alaska through commercialization of University generated intellectual properties. The Nanook Innovation Corporation operates as a non-profit organization under Internal Revenue Code 501(c) (3). The Board of Directors of NIC are appointed by the University. Seawolf Holdings, LLC is a limited liability company with the University being the sole member of the LLC. The Nanook Innovation Corporation and Seawolf Holdings, LLC are considered component units of the University according to GASB Statements No. 39 and No. 61. These entities had no significant activity in fiscal years 2020 and 2019.

#### Basis of Presentation:

The University's financial statements are presented in accordance with U.S. generally accepted accounting principles as prescribed in applicable pronouncements of the Governmental Accounting Standards Board. The Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows report the financial activities of the University of Alaska.

*Deferred outflows of resources* represent the consumption of net assets by the University in one period that is applicable to future periods.

*Deferred inflows of resources* represent the acquisition of net assets in one period that is applicable to future periods.



## NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

*Net position* represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources and is required to be classified for accounting and reporting purposes into the following categories:

- *Unrestricted net position* is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. Unrestricted net position may be designated for specific purposes by the Board of Regents or may otherwise be limited by contractual agreements with outside parties.
- *Restricted net position:*
  - Expendable net position* is subject to externally-imposed restrictions that may or will be met by actions of the University and/or that expire with the passage of time.
  - Non-expendable net position* is subject to externally-imposed restrictions requiring that they be maintained permanently by the University.
- *Net investment in capital assets* – Capital assets, net of accumulated depreciation, reduced by outstanding balances of debt attributable to the acquisition, construction or improvement of those assets.

When both restricted and unrestricted funds are available for the same purpose, the University's policy is to use the restricted funds first, unless it is not advisable based on all the facts and circumstances.

In preparing the financial statements, management is required to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the statement of net position. Actual results could differ from those estimates. The more significant accounting and reporting policies and estimates applied in the preparation of the accompanying financial statements are discussed below.

### Summary of Significant Accounting Policies:

The accompanying financial statements have been prepared on the economic resources measurement focus and the accrual basis of accounting. All significant intra-university transactions have been eliminated. The University reports as a business type activity, as defined by GASB Statement No. 35. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

#### *Cash and Cash Equivalents*

All highly liquid investments, not held for long-term investment, with original maturities of three months or less are reported as cash and cash equivalents.

#### *Inventories*

Inventories are stated at the lower of cost (first-in, first-out method) or market. Inventories consist of parts, fuel, books, shop stock, etc.

#### *Investments*

Investments are stated at fair value. Investments in fixed income and equity marketable securities are stated at fair value based on quoted market prices. Investments in private partnership interests are valued using the most current information provided by the general partner. Valuations provided by the general partners and investment

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

managers are evaluated by management and management believes such values are reasonable at June 30, 2020 and 2019. When, in the opinion of management, there has been a permanent impairment in the asset value, the asset is written down to its fair value. Income from other investments is recognized when received.

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net position. Investments also include securities with contractual cash flows such as asset-backed securities, collateralized mortgage obligations and commercial mortgage-backed securities. The value, liquidity and related income of these securities are sensitive to economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates. Long-term investments include those restricted by outside parties as to withdrawal or use for other than current operations, or are designated for expenditure in the acquisition or construction of noncurrent assets or held with an intent not to be used for operations within the next fiscal year.

### *Accounts Receivable*

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

### *Capital Assets*

Capital assets are stated at cost when purchased and at fair value when donated. Equipment with a unit value of \$5,000 or greater is capitalized. Buildings and infrastructure with a unit value of \$100,000 or greater are capitalized. Other capital assets with a unit value of \$50,000 or greater are capitalized. Certain land and other resources acquired through land grants and donated museum collections for which fair value at date of acquisition was not determinable are reported at zero basis in the financial statements.

Depreciation is computed on a straight-line basis with useful lives ranging from 12 to 50 years for building and building components, 10 to 35 years for infrastructure and other improvements, 5 to 40 years for equipment and 20 years for library books. Museum collections are not depreciated because they are preserved and cared for and have an extraordinarily long useful life.

### *Endowments*

The University's endowments consist of the Land Grant Endowment Trust Fund (LGETF) established pursuant to the 1929 federal land grant legislation, its related Inflation Proofing Fund (IPF) and several smaller "other" endowments. Alaska Statute 14.40.400 provides that the net income from the sale or use of grant lands must be held in trust in perpetuity.

Alaska Statute 14.40.400 provides the Board of Regents with authority to manage the LGETF under the total return principles which intends to preserve and maintain the purchasing power of the endowment principal. The investable resources of the LGETF and IPF are invested in the Consolidated Endowment Fund, a unitized investment fund. The annual spending allowance is currently based on 4.5 percent of a five-year moving average of the invested balance. Withdrawals of net earnings appreciation to meet the spending allowance are limited to the unexpended accumulated net earnings balance of the preceding December 31.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

### *Operating Activities*

The University's policy for defining operating activities as reported on the statement of revenues, expenses and changes in net position are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement No. 35, including state appropriations and investment earnings.

### *Non-operating Revenues*

Non-operating revenues and expenses include revenues and expenses from activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue and expense sources that are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That use Proprietary Fund Accounting*, and GASB Statement No. 34, such as state appropriations and investment income.

### *Scholarship Allowances*

Student tuition and fee revenues and certain other revenues from students are reported net of scholarship allowances in the statement of revenues, expenses and changes in net position. Scholarship allowances are the difference between the stated charge for tuition and room and board provided by the University and the amount paid by the student and/or third parties making payments on the students' behalf.

### *Lapse of State Appropriations*

Alaska Statutes provide that unexpended balances of one-year appropriations will lapse on June 30 of the fiscal year of the appropriation; however, the University receipts in excess of expenditures may be expended by the University in the next fiscal year. University receipts include student tuition and fees, donations, sales, rentals, facilities and administrative cost recovery, investment earnings, auxiliary and restricted revenues. The unexpended balances of capital appropriations generally lapse after five years or upon determination that the funds are no longer necessary for the project.

### *Compensated Absences*

Employee vacation and compensatory time pay is accrued at year-end for financial statement purposes. Compensated absence costs are included in benefits expense in the statement of revenue, expenses, and changes in net position.

### *Pensions*

For purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit plans of the Public Employees Retirement System (PERS) and the Teachers' Retirement System (TRS) and additions to/deductions from these pension plans' fiduciary net position have been determined on the same basis they are reported by PERS and TRS defined benefit plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

### *Postemployment Benefits Other Than Pensions (OPEB)*

For purpose 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 defined benefit plans of the Public Employees Retirement System (PERS) and the Teachers' Retirement System (TRS) and additions to/deductions from these OPEB plans' fiduciary net position have been determined on the same basis they are reported by PERS and TRS defined benefit plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### *Unearned Revenue*

Unearned revenue consists of tuition, fees and certain auxiliary funds received prior to the end of the fiscal year, but related to the subsequent accounting period. It also consists of funds received from grants, sponsors and State capital appropriations which have not yet been earned. State capital appropriations are subject to five year lapse provisions per State Statute. The period may be extended.

### *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 affected the reported amounts of assets, liabilities, net position and disclosures regarding contingent assets and liabilities. Actual results could differ from those estimates.

### *Recently Issued Accounting Standards*

In April 2018, the GASB issued GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This Statement requires that additional essential information related to debt be disclosed in notes to the financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The Statement is effective for reporting periods beginning after June 15, 2018 (fiscal year 2019). This standard was implemented in fiscal year 2019.

In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes standards of accounting and financial reporting for fiduciary activities and is effective for fiscal year beginning after December 15, 2018 (fiscal year 2020). The effective date was postponed by one year to fiscal year 2021 by GASB Statement No. 95.

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. This Statement 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. The Statement is effective for reporting periods beginning after December 15, 2019 (fiscal year 2021). The effective date was postponed by one year to fiscal year 2022 in GASB Statement No. 95.

In June 2018, the GASB issued GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This Statement required that interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The Statement is effective for reporting periods beginning after December 15, 2019 (fiscal year 2021).

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

The University is currently evaluating the impact the adoption of these GASB Statements will have on its financial statements.

**2. Deposits and Investments**

Deposits and investments at June 30, 2020 were as follows (\$ in thousands):

Investment Type	Operating	Capital Funds	Endowment	Education Trust of Alaska	Total
Cash and Deposits	\$ 13,717	\$ -	\$ 76		\$ 13,793
Money Market Mutual Funds	85,321	12,553	42,995	364	141,233
Equities:					
Domestic	-	-	6,752	-	6,752
International	-	-	343	-	343
Domestic Funds	-	-	-	16,482	16,482
Global Funds	-	-	25,715	-	25,715
Exchange Traded Funds	-	-	4,603	-	4,603
Debt-related:					
Corporate	54,406	-	-	-	54,406
Corporate - International	1,024	-	-	-	1,024
Federal Agency	14,871	-	-	-	14,871
U.S. Treasuries	21,671	-	344	-	22,015
U.S. Treasuries Fund	-	-	-	289	289
International Government	7,075	-	-	-	7,075
Fixed Income Funds	-	-	-	23,371	23,371
Depository Receipts	-	-	635	-	635
Alternative Investments:					
Private Equity Fund	-	-	29,320	-	29,320
Hedge Funds	-	-	37,902	-	37,902
Other	-	-	66	-	66
	\$ 198,085	\$ 12,553	\$ 148,751	\$ 40,506	\$ 399,895

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

Deposits and investments at June 30, 2019 were as follows (\$ in thousands):

Investment Type	Operating	Capital Funds	Endowment	Education Trust of Alaska	Total
Cash and Deposits	\$ 15,432	\$ -	\$ 4,007	\$ -	\$ 19,439
Money Market Mutual Funds	73,446	336	37,284	346	111,412
Equities:					
Domestic	-	-	5,913	-	5,913
International	-	-	688	-	688
Domestic Funds	-	-	-	14,506	14,506
Global Funds	-	-	30,442	-	30,442
Exchange Traded Funds	-	-	9,243	-	9,243
Debt-related:					
Corporate	55,087	-	-	-	55,087
Corporate - International	1,000	-	-	-	1,000
Federal Agency	9,447	-	-	-	9,447
U.S. Treasuries	28,193	12,400	223	-	40,816
U.S. Treasuries Fund	-	-	-	630	630
International Government	6,967	-	-	-	6,967
Fixed Income Funds	-	-	-	20,831	20,831
Alternative Investments:					
Private Equity Fund	-	-	26,477	-	26,477
Hedge Funds	-	-	37,507	-	37,507
	\$ 189,572	\$ 12,736	\$ 151,784	\$ 36,313	\$ 390,405

Operating funds consist of cash on hand (including overnight repurchase agreements), time deposits, money market funds and bonds. Alaska Statutes and Board of Regents' policy provide the University with broad authority to invest funds. Generally, operating funds are invested according to the University's liquidity needs. The University has operating fund investment guidelines, which set forth the objectives, structure and acceptable investments for the University's operating funds.

The University's operating funds include investments in high quality bonds, including U.S. treasuries, federal agency bonds, international government bonds, and corporate bonds. These investments are held under the name of the University. Bonds comprise the largest portion of operating funds. The University has a \$7 million compensating balance with its checking and depository financial institution.

Capital funds include unexpended general revenue bond proceeds, related reserves and advances from state capital appropriations. At June 30, 2020 and 2019, general revenue bond reserves totaled \$12.5 million and \$12.7 million, respectively. The general revenue bond reserves are invested with a third party trustee in accordance with terms of a trust indenture, requiring purchase of investment securities that are investment grade.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

Endowment investments totaling \$148.8 million and \$151.8 million in 2020 and 2019, respectively, primarily consisted of \$144.3 million and \$147.6 million in investable resources of the University's Land Grant Endowment Trust Fund at June 30, 2020 and 2019, respectively, and are invested in a Consolidated Endowment Fund managed by the Foundation. These resources are combined with the Foundation's pooled endowment funds for investment purposes, and managed by the University of Alaska Foundation Consolidated Endowment Fund in accordance with an investment policy approved by the Board of Regents. A copy of the Consolidated Endowment Fund's investment policy and guidelines can be obtained by contacting the University Controller's Office.

Education Trust of Alaska investments include the operating funds of the college savings program, established pursuant to state statute by the Board of Regents and Internal Revenue Code Section 529. Program investments are in mutual funds of T. Rowe Price Associates, Inc., the program manager. See Note 4 for further information.

Certain funds held in trust for the benefit of the University are not included in the financial statements as the University has only limited control over their administration. These funds are in the custody of independent fiduciaries and at June 30, 2020 and 2019 had an estimated fair value of \$4.8 million and \$4.8 million, respectively.

At June 30, 2020, the University has \$221.2 million in investments that are not actively traded, compared to \$220.1 million at June 30, 2019. These investment instruments may contain elements of both credit and market risk. Such risks include, but are not limited to, limited liquidity, absence of regulatory oversight, dependency upon key individuals, and nondisclosure of portfolio composition. Because these investments are not actively traded, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investment existed. Such difference could be material.

### Fair Value

In fiscal year 2016, the University implemented GASB Statement No. 72, *Fair Value Measurement and Application*. The University measures and records its investments using fair value measurement requirements established by the Statement. The University categorized the inputs to valuation techniques used to measure fair value into the following three levels.

Level 1 - Quoted prices for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 - Quoted prices that are observable for an asset or liability, either directly or indirectly.

Level 3 - Pricing inputs are unobservable for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, a financial instrument's level within the fair value hierarchy is based on the lowest level.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

At June 30, 2020, the University has the following recurring fair value measurements (\$ in thousands):

	Total	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Money market mutual funds	\$ 100,916	\$ 100,916	\$ -	\$ -
Debt-related:				
U.S. Treasuries	22,016	22,016	-	-
U.S. Treasuries fund	289	289	-	-
Fixed income mutual funds	23,371	23,371	-	-
Corporate	54,406	-	54,406	-
International corporate	1,023	-	1,023	-
Federal agency	14,871	-	14,871	-
International government	7,075	-	7,075	-
Endowment Fund	53,549	-	53,549	-
Equity:				
Domestic mutual funds	16,481	16,481	-	-
Total investments by fair value	\$ 293,997	\$ 163,073	\$ 130,924	\$ -

At June 30, 2019, the University has the following recurring fair value measurements (\$ in thousands):

	Total	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Money market mutual funds	\$ 72,711	\$ 72,711	\$ -	\$ -
Debt-related:				
U.S. Treasuries	40,815	40,815	-	-
U.S. Treasuries fund	630	630	-	-
Fixed income mutual funds	20,831	20,831	-	-
Corporate	55,087	-	55,087	-
International corporate	1,000	-	1,000	-
Federal agency	9,447	-	9,447	-
International government	6,967	-	6,967	-
Endowment Fund	54,999	-	54,999	-
Equity:				
Domestic mutual funds	14,506	14,506	-	-
Total investments by fair value	\$ 276,993	\$ 149,493	\$ 127,500	\$ -



## NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

Money market mutual funds, U.S. treasuries, fixed income and domestic mutual funds are valued using quoted prices for identical securities in the active markets. Debt securities are valued using quoted prices for similar securities in active markets. Endowment funds of \$144.3 million are investments in the Consolidated Endowment Fund which consisted of various type of investments that are valued using level 1, level 2 inputs and net assets value measurement in the separate University of Alaska Foundation financial statements. Of the total endowment, \$53.5 million has a level 2 measurement input and \$90.7 million are measured at net asset value.

Disclosures for deposits and investments are presented according to GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. Accordingly, the following information addresses various risk categories for University deposits and investments and the investment policies for managing that risk.

### Credit Risk:

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The operating fund investment guidelines require that at the time of purchase, short term instruments must be rated A2 or better by Standard & Poor's (S & P), and P2 or better by Moody's. Long term instruments must be rated BBB- or better by S & P and Baa3 or better by Moody's. The average credit rating of any separately managed account portfolio shall be no lower than A by S & P and A2 by Moody's.

At June 30, 2020, investments consisted of securities with credit quality ratings issued by nationally recognized statistical rating organizations as follows (\$ in thousands):

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

Investment Type	Rating	Operating	Capital Funds	Endowment	Education Trust of Alaska
Money Market Mututal Funds	Aaa/AAA	\$ 83,531	\$ 12,553	\$ 4,467	\$ -
Money Market Mututal Funds	Not Rated	1,790	-	38,528	364
Debt-related:					
Corporate	Aaa/AAA	3,070	-	-	-
Corporate	Aa1/AA+	4,657	-	-	-
Corporate	Aa2/AA	9,113	-	-	-
Corporate - International	Aa2/AA	1,023	-	-	-
Corporate	Aa3/AA-	5,513	-	-	-
Corporate	A1/A+	6,208	-	-	-
Corporate	A2/A	7,921	-	-	-
Corporate	A3/A-	10,993	-	-	-
Corporate	Baa1/BBB+	4,750	-	-	-
Corporate	Baa2/BBB	2,180	-	-	-
Federal Agency	Aaa/AAA	14,871	-	-	-
U.S. Treasuries	Aaa/AAA	21,671	-	345	-
U.S. Treasuries fund	Not Rated	-	-	-	289
International Government	Aaa/AAA	3,050	-	-	-
International Government	Aa2/AA	1,970	-	-	-
International Government	Aa3/AA-	2,055	-	-	-
Fixed income funds	Not Rated	-	-	-	23,371
Hedge Funds	Not Rated	-	-	37,903	-

Concentration of Credit Risk:

Concentration of credit risk is the risk of loss attributed to the magnitude of the University's investment in a single issuer. GASB Statement No. 40 requires disclosure when the amount invested with a single issuer exceeds five percent of the University's total investments. At June 30, 2020, the University did not have any material concentrations of credit risk.

The operating fund investment guidelines limits the aggregate fair value of the portfolio that may be invested in any combination of instruments from one issuer to four percent and callable bonds are limited to 15 percent of the total portfolio value, with exceptions for federally backed securities.

Custodial Credit Risk:

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository institution, the University will not be able to recover deposits or will not be able to recover collateral securities in the possession of an outside party. For investments, custodial credit risk is the risk that, in the event of failure of the counterparty to a transaction, the University will not be able to recover the value of investment or collateral securities in the possession of an outside party.

At June 30, 2020, the University does not have custodial credit risk. Deposits of the University are covered by Federal Depository Insurance or securities pledged by the University's counterparty to its repurchase agreement

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

held at a third party bank. The collateral is held in the name of the University and at June 30, 2020, provided \$22.7 million coverage in excess of deposits.

### Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University uses the modified duration measurement to evaluate interest rate risk. Modified duration measures a debt investment's exposure to fair value changes arising from changing interest rates. For example, a modified duration of 2 means that for a rise in interest rates of one percent, the value of the security would decrease two percent. The University does not have a policy regarding interest rate risk.

At June 30, 2020, the University had the following debt investments and corresponding duration (\$ in thousands):

<u>Investment Type</u>	<u>Operating</u>	<u>Capital Funds</u>	<u>Endowment</u>	<u>Education Trust of Alaska</u>	<u>Duration</u>
<u>Debt-related:</u>					
International Government	\$ 7,031	\$ -	\$ -	\$ -	1.14
Federal Agency	13,725	-	-	-	1.76
Corporate	55,084	-	-	-	1.11
U.S. Treasuries	21,526	-	-	-	0.99
Fixed Income Funds	-	-	-	23,371	6.02

Hedge funds totaling \$37.9 million are exposed to interest rate risk; however, underlying fund data is not available to measure the interest rate risk.

### Foreign Currency Risk:

Foreign currency risk is the risk that changes in exchange rates could have an adverse effect on an investment's value for investments denominated in foreign currencies. GASB Statement No. 40 requires disclosure of value in U.S. dollars by foreign currency denomination and investment type. At June 30, 2020, the University's foreign currency risk consisted of the Consolidated Endowment Fund's investments with fair value of \$139,802 in British Pounds, \$1.0 million in Canadian Dollars, \$1.2 million in Euros and \$0.2 million in Danish Krone.

### **3. Accounts Receivable**

Accounts receivable consisted of the following at June 30, 2020 and 2019 (\$ in thousands):

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

June 30, 2020	Gross	Allowance	Net
Student tuition and fees	\$ 22,092	\$ (2,909)	\$ 19,183
Sponsored programs	57,154	(439)	56,715
Auxiliary services and other operating activities	2,029	(64)	1,965
Capital appropriations, grants and contracts	3,047	-	3,047
<b>Total</b>	<b>\$ 84,322</b>	<b>\$ (3,412)</b>	<b>\$ 80,910</b>

June 30, 2019	Gross	Allowance	Net
Student tuition and fees	\$ 22,206	\$ (3,536)	\$ 18,670
Sponsored programs	54,980	(465)	54,515
Auxiliary services and other operating activities	2,137	(49)	2,088
Capital appropriations, grants and contracts	3,947	-	3,947
<b>Total</b>	<b>\$ 83,270</b>	<b>\$ (4,050)</b>	<b>\$ 79,220</b>

**4. Education Trust of Alaska**

Assets held in trust include operating funds of the Education Trust of Alaska (Trust). The Trust was established pursuant to State of Alaska statute on April 20, 2001 by the Board of Regents to facilitate administration of the State's Internal Revenue Code (IRC) Section 529 College Savings Program. The program is a nationally marketed college savings program developed in accordance with IRC Section 529. Participant account balances of approximately \$9.0 billion and \$8.8 billion at June 30, 2020 and 2019, respectively, are not included in the financial statements. Separately audited Trust financial statements are available upon request from the University of Alaska Controller's office.

Assets of the Trust are invested in various mutual funds at the direction of T. Rowe Price Associates, Inc., the program manager. The net assets of the Trust, which include a reserve for University of Alaska (UA) Tuition Value Guarantees, are available for payment of program administrative costs, benefits and other purposes of the Trust. Based on an actuarial study, management estimates reserve requirements for the UA Tuition Value Guarantees to be approximately \$6.5 million and \$8.3 million at June 30, 2020 and 2019, respectively. The Tuition Value Guarantees are recorded in the Statements of Net Position in Other Noncurrent Liabilities.

**5. Endowments, Land Grant Trust Property and Other Endowment Assets**

The University's endowments consist of the Land Grant Endowment Trust Fund (LGETF) established pursuant to the 1929 federal land grant legislation, its related Inflation Proofing Fund (IPF) and several smaller "other" endowments.

Land Grant Trust (LGT) property and other assets consist of real property and timber and other rights. By Acts of Congress in 1915 and 1929, approximately 110,000 acres of land was granted to the territory of Alaska to be held in trust for the benefit of the University. The lands were managed by the territory, and later the State of Alaska. In accordance with a 1982 agreement, the lands were subsequently transferred to the Board of Regents, as trustee. In 1982 and 1988 certain state lands including timber and other rights were transferred to the trust as replacement for lands disposed of or adversely affected during the period of administration by the territory and the state. These lands and property interests were recorded at their fair value as of the date of transfer. The net proceeds from land sales and other rights are deposited in the Land Grant Endowment Trust Fund as described

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

in the Endowment section in Note 1 above. At June 30, 2020 and 2019, approximately 80,770 and 80,950 acres, respectively, were held in trust at zero basis because fair value at the time of transfer was not determinable.

A summary of the endowments and Land Grant Trust property for the years ended June 30, 2020 and 2019 follows (\$ in thousands):

June 30, 2020	LGETF and			Total
	LGT	IPF	Other	
<b>Assets:</b>				
Notes receivable	\$ 553	\$ -	\$ -	\$ 553
Investments	124,687	23,253	811	148,751
Property, rights and other assets	30,278	32,199	1,579	64,056
<b>Total assets</b>	<b>155,518</b>	<b>55,452</b>	<b>2,390</b>	<b>213,360</b>
<b>Liabilities (interfund)</b>	<b>4,303</b>	<b>15,860</b>	<b>-</b>	<b>20,163</b>
<b>Net Position:</b>				
Unrestricted	-	39,592	64	39,656
Restricted - Expendable	18,103	-	-	18,103
<b>Restricted - Non-expendable:</b>				
Endowment corpus	104,988	-	2,326	107,314
Land Grant Trust Property	28,124	-	-	28,124
<b>Total non-expendable</b>	<b>133,112</b>	<b>-</b>	<b>2,326</b>	<b>135,438</b>
<b>Total net position</b>	<b>\$ 151,215</b>	<b>\$ 39,592</b>	<b>\$ 2,390</b>	<b>\$ 193,197</b>
June 30, 2019	LGETF and			Total
	LGT	IPF	Other	
<b>Assets:</b>				
Notes receivable	\$ 749	\$ -	\$ -	\$ 749
Investments	127,379	23,595	811	151,785
Property, rights and other assets	30,280	30,194	1,823	62,297
<b>Total assets</b>	<b>158,408</b>	<b>53,789</b>	<b>2,634</b>	<b>214,831</b>
<b>Liabilities (interfund)</b>	<b>3,120</b>	<b>15,584</b>	<b>-</b>	<b>18,704</b>
<b>Net Position:</b>				
Unrestricted	-	38,205	65	38,270
Restricted - Expendable	22,434	-	-	22,434
<b>Restricted - Non-expendable:</b>				
Endowment corpus	104,533	-	2,569	107,102
Land Grant Trust Property	28,321	-	-	28,321
<b>Total non-expendable</b>	<b>132,854</b>	<b>-</b>	<b>2,569</b>	<b>135,423</b>
<b>Total net position</b>	<b>\$ 155,288</b>	<b>\$ 38,205</b>	<b>\$ 2,634</b>	<b>\$ 196,127</b>

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

**6. Capital Assets**

A summary of capital assets follows (\$ in thousands):

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020
Capital assets not depreciated:				
Land	\$ 38,966	\$ -	\$ 44	\$ 38,922
Construction in progress	281,538	33,357	21,748	293,147
Museum collection	7,358	18	-	7,376
Other capital assets:				
Buildings	2,073,697	19,971	3,747	2,089,921
Infrastructure	167,541	1,519	-	169,060
Equipment and vessel	417,202	11,255	7,247	421,210
Library books	56,617	574	818	56,373
Leasehold improvements	25,424	-	-	25,424
Other improvements	36,622	224	-	36,846
Total	3,104,965	66,918	33,604	3,138,279
Less accumulated depreciation:				
Buildings	1,022,493	59,082	2,051	1,079,524
Infrastructure	67,929	4,407	-	72,336
Equipment and vessel	218,926	20,499	5,798	233,627
Library books	48,837	1,093	818	49,112
Leasehold improvements	16,542	776	-	17,318
Other improvements	26,787	1,142	-	27,929
Total accumulated depreciation	1,401,514	86,999	8,667	1,479,846
Capital assets, net	\$ 1,703,451	\$ (20,081)	\$ 24,937	\$ 1,658,433

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019
Capital assets not depreciated:				
Land	\$ 38,531	\$ 491	\$ 56	\$ 38,966
Construction in progress	275,020	53,649	47,131	281,538
Museum collection	7,349	9	-	7,358
Other capital assets:				
Buildings	2,037,144	37,472	919	2,073,697
Infrastructure	163,874	3,667	-	167,541
Equipment and vessel	408,169	13,952	4,919	417,202
Library books	56,630	426	439	56,617
Leasehold improvements	25,424	-	-	25,424
Other improvements	36,150	472	-	36,622
Total	3,048,291	110,138	53,464	3,104,965
Less accumulated depreciation:				
Buildings	963,256	59,680	443	1,022,493
Infrastructure	63,398	4,531	-	67,929
Equipment and vessel	201,801	21,233	4,108	218,926
Library books	48,212	1,064	439	48,837
Leasehold improvements	15,720	822	-	16,542
Other improvements	25,619	1,168	-	26,787
Total accumulated depreciation	1,318,006	88,498	4,990	1,401,514
Capital assets, net	\$ 1,730,285	\$ 21,640	\$ 48,474	\$ 1,703,451

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

As of June 30, 2015 the University completed construction of the research vessel named “Sikuliaq”. Title of the vessel is retained by the National Science Foundation, the agency that funded the construction, but managed and operated by the University of Alaska Fairbanks, as part of the U.S. academic research fleet. It is used by scientists in the United States and international oceanographic community through the University-National Oceanographic Laboratory System. The vessel was put into unrestricted science operations in fiscal year 2015 and is home ported in Alaska at the Seward Marine Center. The cost of the vessel is \$194.1 million and is included in the Equipment and Vessel category in the preceding table. Accumulated depreciation at June 30, 2020, was \$49.4 million with a current year depreciation expense of \$8.4 million.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

**7. Unrestricted and Restricted Net Position**

At June 30, unrestricted and restricted net position included the following (\$ in thousands):

Unrestricted:	2020	2019
Auxiliaries	\$ 8,828	\$ 9,164
Working capital fund	4,035	3,759
Working capital advances	(439)	(1,467)
Service centers	10,637	11,393
Debt service funds	33,306	40,503
Renewal and replacement funds	28,034	26,113
Quasi-endowment funds	39,657	38,270
Employee benefit funds	6,505	(5)
Endowment earnings	11,824	11,042
Encumbrances	10,321	7,658
Cumulative net pension expense (GASB 68)	(219,541)	(203,873)
Cumulative net OPEB expense (GASB 75)	5,514	(42,949)
Matching funds	2,018	1,931
Unreserved	46,998	50,682
<b>Total unrestricted net position</b>	<b>\$ (12,303)</b>	<b>\$ (47,779)</b>
<b>Restricted:</b>	<b>2020</b>	<b>2019</b>
Expendable:		
Restricted funds	\$ 1,832	\$ 790
Student loan funds	170	169
Education Trust of Alaska	33,741	27,869
Capital project funds	46,087	30,610
Debt service funds	12,553	12,736
Endowment accumulated earnings	18,103	22,434
Nonexpendable:		
Endowment corpus	107,314	107,102
Land Grant Trust property	28,124	28,321
<b>Total restricted net position</b>	<b>\$ 247,924</b>	<b>\$ 230,031</b>

Unrestricted net position includes non-lapsing University receipts of \$70.0 million at June 30, 2020. Non-lapsing University receipts of \$71.7 million from fiscal year 2019 were fully expended in fiscal year 2020.



NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

At June 30, 2020 and 2019, the following funds were pledged as collateral for the University's general revenue bonds, as calculated under the terms of the 1992 General Revenue Bonds Trust Indenture (\$ in thousands).

	Pledged Revenue	
	June 30, 2020	June 30, 2019
Auxiliaries	\$ 8,828	\$ 9,164
Service centers	10,637	11,393
Matching funds	2,018	1,931
Encumbrances	10,321	7,658
Unreserved	46,998	50,682
<b>Total</b>	<b>\$ 78,802</b>	<b>\$ 80,827</b>

**8. Long-term Debt**

Debt service requirements at June 30, 2020 were as follows (\$ in thousands):

Years Ending June 30,	Principal	Interest	Total
2021	\$ 14,596	\$ 12,184	\$ 26,780
2022	14,780	11,522	26,302
2023	15,082	10,856	25,938
2024	14,604	10,190	24,794
2025	14,393	9,524	23,917
2026-2030	65,811	38,039	103,850
2031-2035	49,757	25,370	75,127
2036-2040	49,540	13,771	63,311
2041-2045	34,710	3,833	38,543
<b>Total</b>	<b>\$ 273,273</b>	<b>\$ 135,289</b>	<b>\$ 408,562</b>

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

Long-term debt consisted of the following at June 30, 2020 and 2019 (\$ in thousands):

	2020	2019
<b>General revenue bonds payable:</b> 2.00% to 5.25% general revenue bonds due serially to 2045, secured by a pledge of unrestricted current fund revenue generated from tuition, fees, recovery of facilities and administrative costs, sales and services of educational departments, miscellaneous receipts and auxiliaries.	\$ 258,575	\$ 271,265
<b>Direct Borrowing - Note payable:</b> 3.985% note payable to the Alaska Housing Finance Corporation (AHFC) to finance Anchorage campus housing, due semiannually through February 2033. Some of the financed housing property is held as collateral of the note.	14,377	15,363
<b>Direct Borrowing - Equipment financings:</b> 2.18% to 3.29% notes payable for the purchase of equipment and vehicles due in quarterly installments through July 2020, secured by title liens.	321	674
	\$ 273,273	\$ 287,302
Premium on bonds	24,903	26,714
<b>Long-term debt</b>	<b>\$ 298,176</b>	<b>\$ 314,016</b>

The General Revenue Bonds trust indenture contains a provision that in an event of default, the bond trustee will enforce all rights of the bond owners or the trustee, including the right to require the University to receive and collect revenues, and declaring all outstanding bonds are due and payable.

The direct borrowing note payable to AHFC and the equipment financing notes contain a provision that in an event of default, the unpaid balance of these loans may become due and payable immediately.

In fiscal year 2020 and 2019, the state reimbursed the University \$1.2 million and \$1.2 million respectively, for debt service on certain projects originally financed in the 2002 Series K general revenue bonds. The reimbursement is included in state appropriations. Subject to annual appropriation, future annual state reimbursement for the projects are approximately \$1.2 million.

In July 2020, the University issued General Revenue Refunding Bonds 2020 Series W with a par amount of \$55,080,000, and a 12 year term. Average annual debt service is \$5.3 million. The bonds refunded General Revenue Bonds 2009 Series P, 2011 Series Q and 2012 Series R. The economic gain from the refunding was \$416,557 in present value.

Under the terms of the 1992 General Revenue Bonds Trust Indenture, the University is required to maintain a reserve account with a trustee at an amount equal to one-half of the maximum annual general revenue bond debt service. The 2013 Series S bonds' supplemental indenture includes a springing amendment that eliminates the reserve fund once all bonds issued prior to 2013 Series S have been retired. The balance in the reserve account

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

at June 30, 2020 and 2019 was \$12.5 and \$12.7 million, respectively. When 2020 Series W was issued in July 2020, the reserve requirement was eliminated.

For fiscal year 2020 and 2019, total interest expense is \$5.4 million and \$5.9 million, respectively. Total interest capitalized is \$6.4 million and \$6.5 million.

### 9. Capital Lease Obligation

In fiscal year 2013, the University entered into a long term lease agreement with Community Properties of Alaska, Inc. (CPA), an Alaska non-profit corporation, to lease a new student dining facility on the University of Alaska Fairbanks Campus. CPA completed construction of the student dining facility using proceeds from its Lease Revenue Bonds 2012 in fiscal year 2014. CPA is leasing the underlying land from the University. Security for the Lease Revenue Bonds 2012 is the University's lease payments to CPA, paid from dining and other university receipts. The University operates the facility. The University receives title to the facility when the bonds are fully paid off, which may be done at any time. The lease is recorded as a capital lease and the obligation is recorded at the present value of future minimum lease payments.

The Indenture of Trust contains a provision that in the event of default, the trustee may foreclose the Leasehold Deed of Trust and enforce all rights of the owners of the bonds, including declaring all outstanding bonds and accrued interest shall be due and payable immediately.

Future minimum lease payments under this capital lease and the present value of the minimum lease payments as of June 30, 2020 are as follows:

Years Ending June 30,	Future Payments (\$ in thousands)
2021	\$ 1,383
2022	1,385
2023	1,382
2024	1,384
2025	1,382
2026-2030	6,891
2031-2035	6,855
2036-2040	6,840
2041-2045	6,889
Total lease obligations	34,391
Less: amount representing interest costs	(11,076)
Present value of minimum lease obligations	\$ 23,315

### 10. Operating Leases

The University has various operating lease agreements for facilities. The expense for operating leases was \$2.8 million and \$3.0 million for the years ended June 30, 2020 and 2019, respectively.

The future minimum lease payments are as follows:

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

Years Ending June 30,	Future Payments (\$ in thousands)
2021	\$ 1,455
2022	1,325
2023	939
2024	478
2025	480
2026-2030	1,216
2031-2035	439
2036-2039	207
<b>Total lease obligations</b>	<b>\$ 6,539</b>

**11. Long-term Liabilities**

Long-term liability activity was as follows (\$ in thousands):

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Balance due within one year
Capital lease obligation	\$ 23,902	\$ 797	\$ 1,384	\$ 23,315	\$ 606
Long-term debt	314,016	-	15,840	298,176	16,249
Net pension liability	228,091	7,531	-	235,622	-
Net OPEB Liability	45,310	-	42,216	3,094	-
Other noncurrent liabilities	9,055	6	1,981	7,080	-
<b>Total</b>	<b>\$ 620,374</b>	<b>\$ 8,334</b>	<b>\$ 61,421</b>	<b>\$ 567,287</b>	<b>\$ 16,855</b>

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Balance due within one year
Capital lease obligation	\$ 24,472	\$ 816	\$ 1,386	\$ 23,902	\$ 587
Long-term debt	328,489	987	15,460	314,016	15,681
Net pension liability	217,682	10,409	-	228,091	-
Net OPEB Liability	32,777	12,533	-	45,310	-
Other noncurrent liabilities	6,321	2,734	-	9,055	-
<b>Total</b>	<b>\$ 609,741</b>	<b>\$ 27,479</b>	<b>\$ 16,846</b>	<b>\$ 620,374</b>	<b>\$ 16,268</b>

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

### 12. Capital Appropriations and Construction Commitments

Major construction projects of the University are funded primarily by State of Alaska appropriations and general obligation bonds, University general revenue bonds and federal grants. Unexpended and unbilled capital funds appropriated by the State of Alaska in prior years, which are not reflected as appropriation revenue or receivables on the University's books at June 30, 2020 and 2019, totaled \$6.7 million and \$5.5 million, respectively.

Construction commitments at June 30, 2020 aggregated \$9.6 million. At June 30, 2020, the University had received \$6.7 million from State of Alaska capital appropriations and other sources in advance of expenditures. The advances are included in unearned revenue and deposits.

### 13. Retirement Plans

Participation in one of the various retirement plans generally depends on when an employee was originally hired. Substantially all regular employees hired before July 1, 2006 participate in one of the following retirement plans:

- The State of Alaska Public Employees' Retirement System – Defined Benefit (PERS-DB), a cost-sharing, multiple-employer public employee retirement plan,
- The State of Alaska Teachers' Retirement System – Defined Benefit (TRS-DB), a cost-sharing, multiple-employer public employee retirement plan,
- The University of Alaska Optional Retirement Plan (ORP) Tier 1 or Tier 2, a single-employer defined contribution plan.

In addition, substantially all eligible employees participate in the University of Alaska Pension Plan, a supplemental single-employer defined contribution plan. Employees hired on or after July 1, 2006 have a choice to participate in the University of Alaska Retirement Program or the applicable state defined contribution plan. The University of Alaska Retirement Program consists of ORP (Tier 3) and the University of Alaska Pension Plan. However, certain staff hired July 1, 2015 and later are not eligible for the ORP. The State's defined contribution plans are the Public Employees' Retirement System – Defined Contribution (PERS-DC) or the Teachers' Retirement System-Defined Contribution (TRS-DC).

The University provides elective deferral options for employee contributions to deferred annuity plans in accordance with Internal Revenue Code sections 403(b) and 457(b), subject to eligibility criteria.

Each of the plans noted above are described in more detail in the sections that follow. None of the retirement systems or plans own any notes, bonds or other instruments of the University.

#### Actuarial Assumptions for State of Alaska PERS-DB and TRS-DB pension and OPEB plans

The total pension and OPEB liabilities for the June 30, 2019 measurement date were determined by actuarial valuations as of June 30, 2018, which were rolled forward to June 30, 2019. The actuarial valuations used the following actuarial assumptions as of the June 30, 2019 measurement date:

NOTES TO FINANCIAL STATEMENTS

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Inflation rate	2.50% per year
Salary increases PERS-DB	For peace officer/firefighter, increases range from 7.75% to 2.75% based on service. For all others, increases range from 6.75% to 2.75% based on service.
Salary increases TRS-DB	Graded by service, from 6.75% to 2.75%
Investment rate of return	7.38% net of plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Healthcare cost trend rates	Pre-65 medical: 7.5% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drug: 8.5% grading down to 4.5% Employee Group Waiver Plan (EGWP): 8.5% grading down to 4.5%
Participation in OPEB plans	100% of system paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible 20% of non-system paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible

*Mortality for PERS-DB pension and OPEB plans:* Pre-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Pre-termination mortality rates were based on 100% of the RP-2014 table with MP-2017 generational improvement. Post-termination mortality rates were based on 91% of male and 96% of female rates of the RP-2014 table with MP-2017 generational improvement. Deaths are assumed to be occupational 75% of the time for peace officer/firefighters, 40% of the time for all others.

*Mortality for TRS-DB pension and OPEB plans:* Pre-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Pre-termination mortality rates were based on 100% of the RP-2014 white-collar employee table with MP-2017 generational improvement. Post-termination mortality rates were based on 93% of male and 90% of female rates of the RP-2014 white-collar healthy annuitant table with MP-2017 generational improvement. Deaths are assumed to result from occupational causes 15% of the time. For the OPEB plan, disability mortality is in accordance with the RP-2014 disabled table with MP-2017 generational improvement.

The actuarial assumptions used in the June 30, 2018 actuarial valuations were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the Alaska Retirement Management Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience.

For OPEB plans, in addition to the changes in assumptions resulting from the experience study, the following assumption changes have been made since the prior valuation: 1. Based on recent experience, the healthcare cost trend assumptions were updated, 2. Per capital claims costs were updated to reflect recent experience, and, 3. Healthcare cost trends were updated to reflect a Cadillac Tax load.

The change of benefit terms is significantly impacted by the adoption of the EGWP program effective January 1, 2019. Under the EGWP program, certain prescription drug benefits previously provided by the OPEB plans are now provided by Medicare.

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The change in benefit terms decreased the total OPEB liability and the result was collective OPEB plan revenue instead of expense during the measurement period. The State on behalf contribution to the pension and OPEB plans, which represent the proportionate share of the State pension plan expense attributable to the University under GASB Statement No. 68 and No. 75 are as follows (\$ in thousands):

	PERS DB	TRS DB	PERS OPEB	TRS OPEB	Total
On behalf revenue	\$ 11,094	\$ 3,413	\$ (14,325)	\$ (9,194)	\$ (9,012)
On behalf expense	11,094	3,413	(14,325)	(9,194)	(9,012)

As a result, the University recognized negative \$9 million State on behalf pension and OPEB revenue and negative \$9 million State on behalf pension and OPEB expense in the Statement of Revenues, Expenses and Changes in Net Position.

*Long-term expected rate of return.* The long-term expected rate of return on pension and OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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. Best estimates of arithmetic real rates of return, excluding the inflation component of 2.50%, for each major asset class included in the pension and OPEB plans' target asset allocation is summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	8.16%
Global equity (non-U.S.)	7.51%
Intermediate treasuries	1.58%
Opportunistic	3.96%
Real assets	4.76%
Private equity	11.39%
Cash equivalents	0.83%

*Discount Rate.* The discount rate used to measure the total pension and OPEB liabilities as of June 30, 2019 was 7.38 percent. The projection of cash flows used to determine the discount rate assumed that employer and non-employer contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the fiduciary net position for the System Pension and OPEB Plans 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 and OPEB Plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities in accordance with the methods prescribed by GASB Statement No. 67, *Financial Reporting for Pension Plans* and GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, respectively.

State of Alaska Public Employees' Retirement System - Defined Benefit (PERS-DB)

NOTES TO FINANCIAL STATEMENTS

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*Plan Description*

PERS-DB is a defined benefit, cost-sharing, multiple-employer public employee retirement plan established and administered by the State of Alaska. The plan was originally established as an agent multiple-employer plan, but was converted by legislation to a cost-sharing plan, effective July 1, 2008. This change provided for an integrated system of accounting for all employers. Under the integrated system, the PERS-DB plans' unfunded liability will be shared among all employers with each contributing 22 percent of their covered payroll.

PERS provides pension, postemployment health care, death and disability benefits to eligible participants. Benefit and contribution provisions are established by state law and may be amended only by the state legislature. Effective July 1, 2006, the state legislature closed PERS-DB to new members and created a Public Employees' Retirement System Defined Contribution Retirement Plan (PERS-DC), disclosed later in this note.

The PERS-DB Plan is a plan within the Public Employees' Retirement System (PERS). PERS includes the PERS-DB and Alaska Retiree Healthcare Trust (ARHCT). Senate Bill 123 was passed during the 2007 legislative session and created the ARHCT. ARHCT is self-funded and provides major medical coverage to retirees of PERS. PERS retains the risk of loss of allowable claims for eligible members. ARHCT began paying member healthcare claims on March 1, 2008. Prior to that time, healthcare claims were paid for by the Retiree Health Fund (RHF).

Each fiscal year, PERS issues a publicly available financial report which includes financial statements and required supplementary information. That report may be obtained by writing to the State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska, 99811-0203 or by calling (907) 465-4460. The report is available on the website <http://doa.alaska.gov/drb>.

*Funding Policy and Annual Pension Cost*

Employee contribution rates are 6.75 percent (7.5 percent for peace officers and firefighters). The funding policy for PERS-DB provides for periodic employer contributions at actuarially determined rates that, expressed as a percentage of annual covered payroll, are sufficient to accumulate the assets to pay benefits when due. The 2020 and 2019 actuarially determined rates were 28.62 percent and 27.58 percent of applicable gross pay, respectively. However, the employer contribution rate for the University was capped by the state at 22 percent for fiscal years 2020 and 2019.

The University's Schedule of Required Contributions follows (\$ in thousands):

Years Ended June 30,	PERS-DB Annual Required Contributions			Pension percentage contributed	Postemployment healthcare percentage contributed
	Pension	Postemployment healthcare	Total		
2020	\$ 11,783	\$ 4,707	\$ 16,490	100%	100%
2019	\$ 13,023	\$ 4,695	\$ 17,718	100%	100%
2018	\$ 15,736	\$ 4,486	\$ 20,222	100%	100%

Alaska Statutes require the University contribute to PERS-DB and DC plans a minimum each year of 22 percent of the University's fiscal year PERS covered payroll. The annual required contributions table above includes



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the following additional University contributions of \$1.9 million, \$1.7 million and \$2.9 million for fiscal year 2020, 2019 and 2018, respectively, which were required to adhere to the minimum contribution levels per the statutes.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2020, the University reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the University. The amount recognized by the University as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the University were as follows (\$ in thousands):

	June 30, 2020	June 30, 2019
University's proportionate share of the net pension liability - PERS	\$ 205,670	\$ 196,025
State's proportionate share of the net pension liability associated with the University (unaudited)	81,669	56,774
<b>Total</b>	<b>\$ 287,339</b>	<b>\$ 252,799</b>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The University's proportion of the net pension liability was based on a projection of the University's share of present value of future contributions to the pension plan relative to the projected present value of future contributions of all participating employers and the State, actuarially determined. At June 30, 2020, the University's portion was 3.757 percent, which was a decrease of 0.188 percentage points from the University's portion measured as of June 30, 2019.

For the year ended June 30, 2020, the University recognized pension expense of \$38.9 million and revenue of \$11.1 million for support provided by the State of Alaska. At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to PERS-DB pension plan from the following sources (\$ in thousands):

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 3,045
Difference between projected and actual investment earnings	2,949	-
Changes in assumptions	6,297	-
Changes in proportion and differences between employer contributions	-	2,297
Contributions subsequent to the measurement date	-	-
<b>Total</b>	<b>\$ 9,246</b>	<b>\$ 5,342</b>

The contributions of \$11.8 million reported as deferred outflows of resources related to the PERS-DB pension plan resulting from the University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS-DB will be recognized in pension expense as follows (\$ in thousands):

<u>Years Ending June 30,</u>	
2021	\$ (2,177)
2022	\$ 837
2023	\$ 1,017
Thereafter	-

	1% Decrease 6.38%	Discount Rate 7.38%	1% Increase 8.38%
University's proportionate share of the net pension liability	\$ 271,449	\$ 205,670	\$ 150,583

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS-DB financial report.

According to GASB Statement No. 68, the University is reporting under a special funding situation. The special funding situation indicates that the State of Alaska is legally responsible for making contributions directly to the PERS-DB plan for the University as further described in Alaska Statute 39.35.280. If the law did not exist or

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June 30, 2020 and 2019

was eliminated, the University would no longer report under a special funding situation. For example, in a non-special funding situation, the University would be required to recognize an additional net pension liability of \$81.7 million (unaudited) as of June 30, 2020.

*Postemployment Benefits Other Than Pensions (OPEB) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

At June 30, 2020, the University reported a liability for its proportionate share of the net Postemployment Benefits Other Than Pensions (OPEB) liability that reflected a reduction for State OPEB support provided to the University. The amount recognized by the University as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net PERS-DB OPEB liability that was associated with the University were as follows (\$ in thousands):

	June 30, 2020	June 30, 2019
University's proportionate share of the net OPEB liability	\$ 5,575	\$ 40,478
State's proportionate share of the net OPEB liability associated with the University (unaudited)	2,217	11,750
<b>Total</b>	<b>\$ 7,792</b>	<b>\$ 52,228</b>

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The University's proportion of the net OPEB liability was based on a projection of the University's share of present value of future contributions to the OPEB plan relative to the projected present value of future contributions of all participating employers and the State, actuarially determined. At June 30, 2020, the University's portion was 3.757 percent, which was a decrease of 0.187 percentage points from the University's portion measured as of June 30, 2019.

For the year ended June 30, 2020, the University recognized OPEB expense of negative \$51.3 million and revenue of negative \$14.3 million for support provided by the State of Alaska. At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to the PERS-DB OPEB plan from the following sources (\$ in thousands):

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	June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 3,746
Difference between projected and actual investment earnings	-	2,441
Changes in assumptions	7,397	-
Changes in proportion and differences between employer contributions	1,784	-
Contributions subsequent to the measurement date	-	-
<b>Total</b>	<b>\$ 9,181</b>	<b>\$ 6,187</b>

The contributions of \$4.7 million reported as deferred outflows of resources related to the PERS-DB OPEB plan resulting from the University contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS-DB OPEB plan will be recognized in OPEB expense as follows (\$ in thousands):

<u>Years Ending June 30,</u>	
2021	\$ (1,897)
2022	\$ 587
2023	\$ 766
Thereafter	-

*Sensitivity of the University's proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the University's proportionate share of the net OPEB liability calculated using the discount rate of 7.38 percent, as well as what the University's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.38%) or 1-percentage-point higher (8.38%) than the current rate (\$ in thousands):

	1% Decrease 6.38%	Discount Rate 7.38%	1% Increase 8.38%
University's proportionate share of the net OPEB liability	\$ 44,841	\$ 5,575	\$ (26,726)

*OPEB Plan Fiduciary Net Position.* Detailed information about the OPEB plan's fiduciary net position is available in the separately issued PERS-OPEB financial report.

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According to GASB Statement No. 75, the University is reporting under a special funding situation. The special funding situation indicates that the State of Alaska is legally responsible for making contributions directly to the PERS-DB plan for the University as further described in Alaska Statute 39.35.280. If the law did not exist or was eliminated, the University would no longer report under a special funding situation. For example, in a non-special funding situation, the University would be required to recognize an additional net OPEB liability of \$2.2 million (unaudited) as of June 30, 2020.

State of Alaska Teachers' Retirement System - Defined Benefit (TRS-DB)

*Plan Description*

TRS-DB is a defined benefit, cost-sharing, multiple employer public employee retirement plan established and administered by the State of Alaska. TRS-DB provides pension, postemployment health care, death and disability benefits to participants. Benefit and contribution provisions are established by state law and may be amended only by the state legislature. Effective July 1, 2006, the state legislature closed TRS-DB to new members and created a Teachers' Retirement System Defined Contribution Retirement Plan (TRS-DC), disclosed later in this note.

Each fiscal year, TRS-DB issues a publicly available financial report which includes financial statements and required supplementary information. That report may be obtained by writing to the State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska, 99811-0203 or by calling (907) 465-4460. The report is available on the website <http://doa.alaska.gov/drb>.

*Funding Policy and Annual Pension Cost*

Employees contribute 8.65 percent of their base salary as required by state statute. The funding policy for TRS-DB provides for periodic employer contributions at actuarially determined rates that, expressed as a percentage of annual covered payroll, are sufficient to accumulate the assets to pay benefits when due. During fiscal year 2020, contractually required employee and employer contribution rates were 8.65 percent and 12.56 percent, respectively.

The actuarially determined employer contribution rate for 2020 and 2019 was 30.47 percent and 28.9 percent, respectively.

The University's Schedule of Required Contributions follows (\$ in thousands):

Years Ended June 30,	TRS-DB Annual Required Contributions			Pension percentage contributed	Postemployment healthcare percentage contributed
	Pension	Postemployment healthcare	Total		
2020	\$ 1,465	\$ 827	\$ 2,292	100%	100%
2019	\$ 1,735	\$ 856	\$ 2,591	100%	100%
2018	\$ 1,859	\$ 921	\$ 2,780	100%	100%

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*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2020, the University reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the University. The amount recognized by the University as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the University were as follows (\$ in thousands):

	June 30, 2020	June 30, 2019
University's proportionate share of the net pension liability - TRS	\$ 29,951	\$ 32,066
State's proportionate share of the net pension liability associated with the University (unaudited)	44,422	47,669
<b>Total</b>	<b>\$ 74,373</b>	<b>\$ 79,735</b>

The University's proportion of the net pension liability was based on a projection of the University's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State, actuarially determined. At June 30, 2020 the University's portion was 1.603 percent which was a decrease of 0.072 percentage points from the University's portion measured as of June 30, 2019.

For the year ended June 30, 2020, the University recognized pension expense of \$4.5 million and revenue of \$3.4 million for support provided by the State of Alaska. At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to the TRS-DB pension plan from the following sources (\$ in thousands):

	June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 812
Difference between projected and actual investment earnings	769	-
Change in assumptions	-	212
Changes in proportion and differences between employer contributions	-	816
Contributions subsequent to the measurement date	-	-
<b>Total</b>	<b>\$ 769</b>	<b>\$ 1,840</b>

NOTES TO FINANCIAL STATEMENTS

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The contributions of \$1.5 million reported as deferred outflows of resources related to pensions resulting from the University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the TRS-DB pension plan will be recognized in pension expense as follows (\$ in thousands):

<u>Years Ending June 30,</u>		
2021	\$	(558)
2022	\$	210
2023	\$	261
Thereafter	\$	-

*Sensitivity of the University's proportionate share of the net pension liability to changes in the discount rate.* The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 7.38 percent, 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 1-percentage-point lower (6.38%) or 1-percentage-point higher (8.38%) than the current rate (\$ in thousands):

	<u>6.38%</u>	<u>7.38%</u>	<u>8.38%</u>
University's proportionate share of the net pension liability	\$ 43,146	\$ 29,951	\$ 18,873

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS-DB financial report.

According to GASB Statement No. 68, the University is reporting under a special funding situation. The special funding situation indicates that the State of Alaska is legally responsible for making contributions directly to the TRS-DB plan for the University as further described in Alaska Statute 14.25.085. If the law did not exist or was eliminated, the University would no longer report under a special funding situation. For example, in a non-special funding situation, the University would be required to recognize additional net pension liability of \$44.4 million (unaudited) as of June 30, 2020.

*Postemployment Benefits Other Than Pensions (OPEB) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

At June 30, 2020, the University reported a liability for its proportionate share of the net Postemployment Benefits Other Than Pensions (OPEB) liability that reflected a decrease for State OPEB support provided to the University. The amount recognized by the University as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the University were as follows (\$ in thousands):

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	June 30, 2020	June 30, 2019
University's proportionate share of the net OPEB liability (asset) - TRS	\$ (2,445)	\$ 5,196
State's proportionate share of the net OPEB liability (asset) associated with the University (unaudited)	(3,638)	7,755
<b>Total</b>	<b>\$ (6,083)</b>	<b>\$ 12,951</b>

The University's proportion of the net OPEB liability (asset) 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 and the State, actuarially determined. At June 30, 2020 the University's portion was 1.600 percent which was a decrease of 0.071 percentage points from the University's portion measured as of June 30, 2019.

For the year ended June 30, 2020, the University recognized OPEB expense of negative \$15.2 million and revenue of negative \$9.2 million for support provided by the State of Alaska. At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to the TRS-DB OPEB plan from the following sources (\$ in thousands):

	June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 447
Difference between projected and actual investment earnings	-	378
Change in assumptions	238	739
Changes in proportion and differences between employer contributions	365	-
Contributions subsequent to the measurement date	-	-
<b>Total</b>	<b>\$ 603</b>	<b>\$ 1,564</b>

The contributions of \$0.8 million reported as deferred outflows of resources related to OPEB resulting from the University contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the TRS-DB OPEB plan will be recognized in OPEB expense as follows (\$ in thousands):



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<u>Years Ending June 30,</u>		
2021	\$	(299)
2022	\$	96
2023	\$	124
Thereafter	\$	-

*Sensitivity of the University's proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the University's proportionate share of the net OPEB liability calculated using the discount rate of 7.38 percent, as well as what the University's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.38%) or 1-percentage-point higher (8.38%) than the current rate (\$ in thousands):

	1% Decrease	Discount Rate	1% Increase
	6.38%	7.38%	8.38%
University's proportionate share of the net OPEB liability (asset) - TRS	\$ 3,668	\$ (2,445)	\$ (7,448)

*OPEB Plan Fiduciary Net Position.* Detailed information about the OPEB plan's fiduciary net position is available in the separately issued TRS-DB financial report.

According to GASB Statement No. 75, the University is reporting under a special funding situation. The special funding situation indicates that the State of Alaska is legally responsible for making contributions directly to the TRS-DB plan for the University as further described in Alaska Statute 14.25.085. If the law did not exist or was eliminated, the University would no longer report under a special funding situation. For example, in a non-special funding situation, the University would be required to recognize additional net OPEB asset of \$3.6 million (unaudited) as of June 30, 2020.

Actuarial Assumptions for the OPEB plans provided by the State of Alaska PERS and TRS Defined Contribution retirement plans:

*Actuarial Assumptions.* The total OPEB liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions as of June 30, 2019:

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Inflation rate	2.50% per year
Salary increases PERS-DC	Graded by service, from 7.75% to 2.75% for peace officer/firefighter Graded by service, from 6.75% to 2.75% for all others
Salary increases TRS-DC	Graded by service, from 6.75% to 2.75% for all others
Investment rate of return	7.38%, net of plan investment expenses This is based on average inflation rate of 2.50% and a real rate of return of 4.88%
Healthcare cost trend rates	Pre-65 medical: 7.5% grading down to 4.5% Post-65: medical: 5.5% grading down to 4.5% Prescription drug: 8.5% grading down to 4.5% Employer Group Waiver Plan (EGWP): 8.5% grading down to 4.5%

*Mortality for PERS-DC plans:* Pre-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Pre-termination mortality rates were based on 100% of the RP-2014 employee table with MP-2017 generational improvement. Post-termination mortality rates were based on 91% of the male rates and 96% of the female rates of the RP-2014 healthy annuitant table projected with MP-2017 generational improvement.

*Mortality for TRS-DC plans:* Pre-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Pre-termination mortality rates were based on 100% of the RP-2014 white-collar employee table with MP-2017 generational improvement. Post-termination mortality rates were based on 93% of male and 90% of female rates of the RP-2014 white-collar healthy annuitant table projected with MP-2017 generational improvement. Deaths are assumed to be occupational 15% of the time. Disability mortality in accordance with the RP-2014 disabled table with MP-2017 generational improvement.

The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the Alaska Retirement Management Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience.

For the Retiree Medical plan, in addition to the changes in assumptions resulting from the experience study, the following assumption changes have been made since the prior valuation: 1. Based on recent experience, the healthcare cost trend assumptions were updated, 2. Per capita claims costs were updated to reflect recent experience, and 3. Healthcare cost trends were updated to reflect a Cadillac Tax load.

The change of benefit terms is significantly impacted by the adoption of the EGWP program effective January 1, 2019. Under the EGWP program, certain prescription drug benefits previously provided by the Plan are now provided directly by Medicare.

*Long-term expected rate of return.* The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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. Best estimates of arithmetic real rates of return, excluding the inflation component of 2.50%, for each major asset class included in the Plan's target

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asset allocation as June 30, 2019 are summarized in the following table (note that the rates shown below exclude the inflation component):

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	8.16%
Global equity (non-U.S.)	7.51%
Intermediate treasuries	1.58%
Opportunistic	3.96%
Real assets	4.76%
Private equity	11.39%
Cash equivalents	0.83%

*Discount Rate.* The discount rate used to measure the total OPEB liability as of June 30, 2019 was 7.38 percent. The projection of cash flows used to determine the discount rate assumed that employer and nonemployer contributions will continue to follow the current funding policy, which meets State Statutes. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability in accordance with the method prescribed by GASB Statement 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*.

State of Alaska Public Employees’ Retirement System - Defined Contribution (PERS-DC)

*Plan Description*

PERS-DC is a defined contribution, cost-sharing, multiple-employer public employee retirement plan established and administered by the State of Alaska to provide pension and postemployment healthcare benefits for eligible employees. Benefit and contribution provisions are established by state law and may be amended only by the state legislature. PERS-DC was created by the state effective July 1, 2006. Plan savings are accumulated in individual retirement accounts for the exclusive benefit of each member or beneficiary.

*Funding Policy and Annual Pension Cost*

The employee contribution rate is 8 percent and the employer effective contribution rate is 22 percent of covered payroll. For the years ended June 30, 2020 and 2019, the University’s total covered payroll for the PERS-DC plan was approximately \$53.3 million and \$47.1 million, respectively. Contributions made by the University follows (\$ in thousands):

Years Ended June 30,	Pension	Postemployment Healthcare	Total Contributions
2020	\$ 7,080	\$ 4,650	\$ 11,730
2019	\$ 6,526	\$ 3,846	\$ 10,372

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On July 1, 2006, three pension trust sub-funds were created within PERS, the Retiree Major Medical Insurance (RMP), Health Reimbursement Arrangement (HRA), and Occupation Death and Disability (OD&D). RMP allows eligible members who retire directly from the plan to obtain medical benefits. The HRA allows medical care expenses to be reimbursed from individual savings accounts established for eligible persons. OD&D provides employees with benefits as a result of death or disability on the job. PERS-DC participants are eligible members of RMP and HRA and their postemployment healthcare benefits are paid out of these funds. The employer RMP contribution rates for fiscal years 2020 and 2019 are 1.32 and 0.94 percent, respectively, for medical coverage and 0.26 and 0.26 percent, respectively (0.72 and 0.76 percent, respectively, for peace officers and firefighters) for occupational death and disability benefit contributions. For fiscal years 2020 and 2019, the HRA employer contributions are \$176.80 and \$175.24 per month, respectively, for full time employees and \$1.36 and \$1.35 per hour for part time employees, respectively.

*Postemployment Benefits Other Than Pensions (OPEB) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

At June 30, 2020, the University reported the following balances for its proportionate share of the net OPEB liabilities related to the PERS-DC Occupational Death & Disability and Retiree Medical plans:

	June 30, 2020	June 30, 2019
University's proportionate share of the net OPEB liability (asset) - Occupational Death & Disability	\$ (743,348)	\$ (611,118)
University's proportionate share of the net OPEB liability (asset) - Retiree Medical	900,734	400,395
<b>Total</b>	<b>\$ 157,386</b>	<b>\$ (210,723)</b>

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 June 30, 2020 the University's portion of PERS-DC Occupational Death & Disability plan was 3.066 percent which was a decrease of 0.081 percentage points from the University's portion measured as of June 30, 2019. At June 30, 2020 the University's portion of PERS-DC Retiree Medical plan was 3.765 percent which was an increase of 0.618 percentage points from the University's portion measured as of June 30, 2019.

At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to the PERS-DC Occupational Death and Disability plan from the following sources:

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	June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 231,764
Difference between projected and actual investment earnings	-	4,912
Change in assumptions	-	14,214
Changes in proportion and differences between employer contributions	9,450	125,920
Contributions subsequent to the measurement date	-	-
<b>Total</b>	<b>\$ 9,450</b>	<b>\$ 376,810</b>

At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to the PERS-DC Retiree Medical plan from the following sources:

	June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 66,727
Difference between projected and actual investment earnings	-	9,940
Change in assumptions	435,976	-
Changes in proportion and differences between employer contributions	123,063	-
Contributions subsequent to the measurement date	-	-
<b>Total</b>	<b>\$ 559,039</b>	<b>\$ 76,667</b>

The contributions of \$138,623 to the PERS-DC Occupational Death & Disability plan and \$703,776 to the PERS-DC Retiree Medical plan reported as deferred outflow of resources resulting from the University contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the PERS OPEB plans will be recognized in OPEB expense as follows:

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<u>Years Ending June 30,</u>	<u>PERS-DC ODD</u>	<u>PERS-DC RM</u>
2021	\$ (57,176)	\$ 55,418
2022	(50,382)	79,273
2023	(50,241)	78,852
2024	(52,516)	69,725
thereafter	(99,867)	143,685

*Sensitivity of the University's proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the University's proportionate share of the net OPEB liability calculated using the discount rate of 7.38 percent, as well as what the University's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.38%) or 1-percentage-point higher (8.38%) than the current rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>6.38%</u>	<u>7.38%</u>	<u>8.38%</u>
University's proportionate share of the net OPEB liability (asset) related to PERS-DC ODD	\$ (705,115)	\$ (743,348)	\$ (774,253)
University's proportionate share of the net OPEB liability (asset) related to PERS-DC Retiree Medical	\$2,262,338	\$ 900,734	\$ (124,357)

*OPEB Plan Fiduciary Net Position.* Detailed information about each of the OPEB plan's fiduciary net positions are available in separately issued PERS-DC-financial reports.

Each fiscal year, PERS-DC issues a publicly available financial report which includes financial statements and required supplementary information. That report may be obtained by writing to the State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska, 99811-0203 or by calling (907) 465-4460. The report is available on the website <http://doa.alaska.gov/drb>.

State of Alaska Teachers' Retirement System -Defined Contribution (TRS-DC)

*Plan Description*

TRS-DC is a defined contribution, cost-sharing, multiple-employer public employee retirement plan established and administered by the State of Alaska to provide pension and postemployment healthcare benefits for teachers and other eligible employees. Benefit and contribution provisions are established by state law and may be amended only by the state legislature. TRS-DC was created by the state effective July 1, 2006. Plan savings are accumulated in individual retirement accounts for the exclusive benefit of members or beneficiaries.

*Funding Policy and Annual Pension Cost*

The employee contribution rate is 8 percent and the effective employer contribution rate is 12.56 percent of covered payroll. For the years ended June 30, 2020 and 2019, the University's total covered payroll for the

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TRS-DC plan was approximately \$9.8 million and \$9.7 million, respectively. Contributions made by the University follows (\$ in thousands):

Years Ended June 30,	Pension	Postemployment Healthcare	Total Contributions
2020	\$ 783	\$ 443	\$ 1,226
2019	\$ 763	\$ 450	\$ 1,213

On July 1, 2006, two pension trust sub-funds were created in TRS, the Retiree Major Medical Insurance (RMP) and Health Reimbursement Arrangement (HRA). The TRS Occupational Death and Disability (OD&D) trust sub-fund was created on July 1, 2007. RMP allows eligible members who retire directly from the plan to obtain medical benefits. The HRA allows medical care expenses to be reimbursed from individual savings accounts established for eligible persons. OD&D provides employees with benefits as a result of death or disability on the job. TRS-DC participants are eligible members of RMP and HRA and their postemployment healthcare benefits are paid out of these funds. The employer RMP contribution rates for fiscal years 2020 and 2019 were 1.09 and 0.79 percent, respectively, for medical coverage and 0.08 percent and 0.08 percent, respectively, for occupational death and disability benefit contributions. For fiscal years 2020 and 2019, the HRA employer contributions are \$176.80 and \$175.24 per month, respectively, for full time employees and \$1.36 and \$1.35 per hour for part time employees, respectively.

*Postemployment Benefits Other Than Pensions (OPEB) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

At June 30, 2020, the University reported the following balances for its proportionate share of the net OPEB liabilities related to the TRS-DC Occupational Death & Disability and Retiree Medical plans:

	June 30, 2020	June 30, 2019
University's proportionate share of the net OPEB liability (asset) - TRS Occupational Death & Disability	\$ (99,123)	\$ (79,952)
University's proportionate share of the net OPEB liability (asset) - TRS Retiree Medical	(94,461)	(72,929)
<b>Total</b>	<b>\$ (193,584)</b>	<b>\$ (152,881)</b>

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 June 30, 2020 the University's portion of TRS-DC Occupational Death & Disability plan was 2.465 percent which was an increase of 0.185 percentage points from the University's portion measured as of June 30, 2019. At June 30, 2020 the University's portion of TRS-DC Retiree Medical plan was 2.462 percent which was an increase of 0.182 percentage points from the University's portion measured as of June 30, 2019.

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At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to the TRS-DC Occupational Death and Disability plan from the following sources:

	June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 11,192
Difference between projected and actual investment earnings	-	700
Changes in assumptions	-	110
Changes in proportion and differences between employer contributions	404	5,708
Contributions subsequent to the measurement date	-	-
<b>Total</b>	<b>\$ 404</b>	<b>\$ 17,710</b>

At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to the TRS-DC Retiree Medical plan from the following sources:

	June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 59,012	\$ 7,736
Difference between projected and actual investment earnings	-	2,467
Changes in assumptions	43,235	99,616
Changes in proportion and differences between employer contributions	486	7,060
Contributions subsequent to the measurement date	-	-
<b>Total</b>	<b>\$ 102,733</b>	<b>\$ 116,879</b>

The contributions of \$7,813 to the TRS-DC Occupational Death & Disability plan and \$106,448 to the PERS-DC Retiree Medical plan reported as deferred outflow of resources resulting from the University contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the TRS-DC OPEB plans will be recognized in OPEB expense as follows:



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Years Ending June 30,	TRS-DC ODD	TRS-DC RM
2021	\$ (2,617)	\$ (5,114)
2022	(1,852)	777
2023	(1,813)	693
2024	(2,050)	(1,573)
thereafter	(6,358)	(3,816)

*Sensitivity of the University's proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the University's proportionate share of the net OPEB liability calculated using the discount rate of 7.38 percent, as well as what the University's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.38%) or 1-percentage-point higher (8.38%) than the current rate (\$ in thousands):

	1% Decrease 6.38%	Discount Rate 7.38%	1% Increase 8.38%
University's proportionate share of the net OPEB liability realted to TRS-DC ODD	\$ (99,469)	\$ (99,123)	\$ (98,926)
University's proportionate share of the net OPEB liability realted to TRS-DC Retiree Medical	\$ 165,528	\$ (94,461)	\$ (287,816)

*OPEB Plan Fiduciary Net Position.* Detailed information about each of the OPEB plan's fiduciary net positions are available in separately issued TRS-DC-financial reports.

Each fiscal year, TRS-DC issues a publicly available financial report which includes financial statements and required supplementary information. That report may be obtained by writing to the State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska, 99811-0203 or by calling (907) 465-4460. The report is available on the website <http://doa.alaska.gov/drb>.

University of Alaska Optional Retirement Plan - Defined Contribution (ORP)

*Plan Description*

The ORP is an employer funded defined contribution plan which operates in conjunction with a companion mandatory tax-deferred annuity plan. The ORP is comprised of three layers of participants: the original ORP or ORP Tier 1 which was created for participants hired prior to July 1, 2005, ORP Tier 2 which was created for participants hired between July 1, 2005 and June 30, 2006, and ORP Tier 3 which was created for participants hired on or after July 1, 2006. For ORP Tier 1 and ORP Tier 2, faculty classified as regular and certain administrators made a one-time election to participate in the ORP as an alternative to participation in the defined benefit plans, PERS-DB or TRS-DB. The ORP Tier 2 plan was available for new ORP benefit-eligible employees hired in fiscal year 2006. As of July 1, 2006, the ORP Tier 2 plan was no longer available to newly-hired ORP benefit-eligible employees. For ORP Tier 3, each new eligible employee was able to make a one-time election to participate in the University of Alaska Retirement Program (includes ORP Tier 3 and the

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University of Alaska Pension Plan) as an alternative to participation in the State of Alaska defined contribution plans, PERS-DC or TRS-DC. Beginning July 1, 2015 the ORP was closed to new hired regular staff.

*Funding Policy and Annual Pension Cost*

University contributions are remitted to the plan's authorized employee-selected annuity providers or investment managers. The contribution rates and amounts for fiscal years 2020 and 2019 were as follows (\$ in thousands):

	<u>ORP Tier 1</u>		<u>ORP Tier 2</u>		<u>ORP Tier 3</u>	
	2020	2019	2020	2019	2020	2019
Employee Contribution Rates	8.65%	8.65%	8.65%	8.65%	8.00%	8.00%
University Contribution Rates	14.00%	14.00%	12.00%	12.00%	12.00%	12.00%
Covered Payroll	\$ 30,703	\$ 31,776	\$ 2,516	\$ 2,747	\$ 103,626	\$ 108,719
University Contributions	\$ 4,298	\$ 4,449	\$ 302	\$ 330	\$ 12,435	\$ 13,046

*Plan Assets*

At June 30, 2020 and 2019, plan assets (participants' accounts attributable to employer contributions) for ORP Tier 1, Tier 2 and Tier 3 had a net value of \$373.1 million and \$366.6 million, respectively. ORP Tier 1 and ORP Tier 2 participants are 100 percent vested at all times. University contributions for ORP Tier 3 participants are 100 percent vested after three years of service.

University of Alaska Pension Plan (Pension)

*Plan Description*

In addition to the other retirement plans, substantially all regular employees (hired before July 1, 2006) and certain faculty classified as temporary, participate in the Pension plan which was established January 1, 1982, when the University withdrew from the federal social security program. Eligible employees, hired on or after July 1, 2006, who elected to participate in the University of Alaska Retirement Program also participate in the Pension plan.

*Funding Policy and Annual Pension Cost*

For fiscal years 2020 and 2019, employer contributions for regular employees was 7.65 percent of covered wages up to \$42,000. For certain faculty classified as temporary, the employer contributions were 7.65 percent of covered wages up to \$137,700 and \$132,900 for fiscal years 2020 and 2019, respectively. The plan provides for employer contributions to be invested in accordance with participant-directed investment elections. Participants hired before July 1, 2006 are 100 percent vested at all times. University contributions for participants hired on or after July 1, 2006 are 100 percent vested after three years of service. Regular staff hired on or after July 1, 2015 are also 100 percent vested after three years of service of the employer contributions of the pension plan.

*Plan Assets*

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In fiscal years 2020 and 2019, the University's total covered payroll for the Pension plan was \$148.9 million and \$155.1 million, respectively. The University's gross costs to fund and administer the plan totaled \$11.4 million and \$11.9 million for the years ended June 30, 2020 and 2019, respectively. At June 30, 2020 and 2019, plan assets (participants' accounts) had a net value of \$451.8 million and \$441.7 million, respectively.

**14. Insurance and Risk Management**

The University is exposed to a wide variety of risks including property loss, bodily and personal injury, intellectual property, errors and omissions, cyber-attacks, aviation and marine. Exposures are handled with a combination of self-insurance, commercial insurance, and membership in a reciprocal risk retention group.

The University is self-insured up to the maximum of \$2.0 million per occurrence for casualty claims and \$250,000 for property claims. Commercial carriers provide coverage in excess of these amounts. Health care, workers' compensation and unemployment claims are fully self-insured. Liabilities have been established using actuarial analysis to cover estimates for specific reported losses, estimates for unreported losses based upon past experience modified for current trends, and estimates of expenses for investigating and settling claims. Settled claims have not exceeded the coverages for any of the past three years.

Changes in applicable self-insured liability amounts follow (\$ in thousands):

	Balance July 1, 2019	Provision for Claims	Claims Payments	Balance June 30, 2020
Health	\$ 5,943	\$ 46,696	\$ (47,322)	\$ 5,317
General liability	3,120	-	1,430	4,550
Workers' compensation	5,243	(1,241)	(129)	3,873
Unemployment	107	159	(212)	54
	\$ 14,413	\$ 45,614	\$ (46,233)	\$ 13,794

	Balance July 1, 2018	Provision for Claims	Claims Payments	Balance June 30, 2019
Health	\$ 6,035	\$ 55,167	\$ (55,259)	\$ 5,943
General liability	3,094	2,142	(2,116)	3,120
Workers' compensation	4,705	2,386	(1,848)	5,243
Unemployment	155	295	(343)	107
	\$ 13,989	\$ 59,990	\$ (59,566)	\$ 14,413

**15. Commitments and Contingencies**

Amounts received and expended by the University under various federal and state grants, contracts and other programs are subject to audit and potential disallowance. From time to time the University is named as a defendant in legal proceedings or cited in regulatory actions related to the conduct of its operations.

In the normal course of business, the University also has various other commitments and contingent liabilities which are not reflected in the accompanying financial statements. In the opinion of management, the University

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will not be affected materially by the final outcome of any of these proceedings, or insufficient information exists to make an opinion.

The University received a Potentially Responsible Party (PRP) letter from the Alaska Department of Environmental Conservation (ADEC) in July 2019. The letter identified the University as the potential party that may be responsible for cleanup costs of soil contamination found due to pipeline failure in Kenai, Alaska. The remediation costs are being assessed but the outcome is unknown.

During the fiscal year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Subsequent to year end, the COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to the University, COVID-19 may impact various parts of its 2021 operations and financial results, including, but not limited to, declines in enrollment, loss of auxiliary revenues, costs for increased use of technology, or potential shortages of personnel. Management believes the University is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

### **16. University of Alaska Foundation**

The University of Alaska Foundation (Foundation) is a legally separate, nonprofit organization formed in 1974 to solicit donations for the exclusive benefit of the University of Alaska. During the fiscal years 2020 and 2019, the University transferred \$0.9 million and \$0.8 million for general support, respectively. For the same periods, the Foundation reimbursed the University for operating expenses totaling \$3.9 million and \$3.8 million, respectively.

For the years ended June 30, 2020 and 2019, distributions and expenditures by the Foundation for the benefit of the University totaled \$12.6 million and \$17.6 million, of which \$12.4 million and \$17.5 million were direct reimbursements to the University, respectively. Additionally, the University had a receivable from the Foundation of \$6.3 million and \$4.1 million at June 30, 2020 and 2019, respectively, primarily for unreimbursed expenditures incurred on Foundation awards made to the University.

The investable resources of the University's Land Grant Endowment Trust Fund and the Foundation's pooled endowment funds are combined into a Consolidated Endowment Fund for investment purposes. At June 30, 2020 and 2019, the fair value of the fund was \$356.3 million and \$363.8 million, respectively. The University's share of this fund was \$144.3 million and \$147.6 million, respectively, which is reflected in endowment investments.

The fund is managed by the Foundation's investment committee on a total return basis in accordance with an investment policy approved by the Board of Regents. The net assets and related activity for the University's Land Grant Endowment Trust and Inflation Proofing Funds' investment in the fund is reflected in the University's financial statements.

On June 17, 2013, the Foundation entered into a partnership agreement with Cambridge Associates, LLC to form the University of Alaska Foundation Consolidated Endowment Fund, L.P. (the partnership) and assume management of the fund effective July 1, 2013. The partnership is a single investor fund with Cambridge Associates, LLC serving as general partner, and the University of Alaska Foundation serving as the sole limited partner. This relationship does not affect the ownership of units in the Consolidated Endowment Fund by the

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University or the Foundation. Effective July 1, 2013, all assets of the fund were transferred to the partnership. The investment committee of the Foundation has retained authority for setting investment policy, guidelines and philosophy, and approving asset allocation targets and benchmarks. Under the restructuring plan for the fund, the general partner has been delegated discretionary authority by the investment committee for manager selection and termination, management of cash flows to and from investments of the partnership, due diligence on underlying managers and investments, and performance reporting.

The financial statements of Foundation may be obtained by writing to University of Alaska Foundation, P.O. Box 755080, Fairbanks, Alaska 99775 or by calling (907) 450-8030.

### **17. CARES Act Funding**

The federal government passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March 2020 which included funding for the Higher Education Emergency Relief Fund (HEERF). These funds were awarded to institutions of higher education in two equal allotments; institutional aid to provide support for pivoting instruction to online delivery and other COVID-19 related costs, and a student portion for emergency financial aid grants to students. The University received an allocation of \$3.9 million in each category. As of June 30, 2020, the University has expended \$2.4 million of the institutional aid portion, and had expenditures of \$3.3 million for emergency student grants. Both the institutional aid portion and the student aid portion of the CARES Act grant are reported as nonoperating revenue, the institutional aid portion of the expense is reported as an operating expense and the student aid portion is reported as a nonoperating expense in the Statement of Revenues, Expenses, and Changes in Net Position.

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18. Functional and Natural Expense Classifications

The University's operating expenses by functional and natural classification for fiscal years 2020 and 2019 were as follows (\$ in thousands):

FY 2020	Compensation & Benefits	Contractual Services	Materials	Other	Student Aid	Depreciation	Total
Instruction	\$ 140,909	\$ 15,865	\$ 4,542	\$ 962	\$ -	\$ -	\$ 162,278
Academic support	39,421	5,966	6,122	85	-	-	51,594
Research	80,591	33,030	8,432	(72)	-	-	121,981
Public service	24,849	10,187	1,810	179	-	-	37,025
Student services	33,186	8,400	2,410	165	-	-	44,161
Operations and maintenance	21,936	26,268	10,798	498	-	-	59,500
Institutional support	57,698	23,056	2,022	176	-	-	82,952
Student aid	-	-	-	-	22,771	-	22,771
Auxiliary enterprises	8,325	14,571	4,152	142	-	-	27,190
Depreciation	-	-	-	-	-	86,999	86,999
State on-behalf payments	-	-	-	(9,012)	-	-	(9,012)
<b>Total</b>	<b>\$ 406,915</b>	<b>\$ 137,343</b>	<b>\$ 40,288</b>	<b>\$ (6,877)</b>	<b>\$ 22,771</b>	<b>\$ 86,999</b>	<b>\$ 687,439</b>

FY 2019	Compensation & Benefits	Contractual Services	Materials	Other	Student Aid	Depreciation	Total
Instruction	\$ 159,782	\$ 19,706	\$ 7,029	\$ 240	\$ -	\$ -	\$ 186,757
Academic support	44,684	7,567	6,032	32	-	-	58,315
Research	82,871	38,009	10,420	(45)	-	-	131,255
Public service	26,922	11,935	1,891	138	-	-	40,886
Student services	36,234	10,696	2,376	84	-	-	49,390
Operations and maintenance	26,684	28,111	13,137	845	-	-	68,777
Institutional support	64,851	22,641	3,125	572	-	-	91,189
Student aid	-	-	-	-	23,723	-	23,723
Auxiliary enterprises	10,259	18,376	5,024	100	-	-	33,759
Depreciation	-	-	-	-	-	88,498	88,498
State on-behalf payments	-	-	-	7,799	-	-	7,799
<b>Total</b>	<b>\$ 452,287</b>	<b>\$ 157,041</b>	<b>\$ 49,034</b>	<b>\$ 9,765</b>	<b>\$ 23,723</b>	<b>\$ 88,498</b>	<b>\$ 780,348</b>

**REQUIRED SUPPLEMENTAL INFORMATION**

**Schedule of the University's Proportionate Share of the Net Pension Liability**  
**PERS-DB Pension Plan**  
**Last 10 Fiscal Years\***  
**(\$ in thousands)**

	2020	2019	2018	2017	2016	2015
University's proportion of net pension liability	3.757%	3.945%	3.579%	4.247%	4.162%	3.427%
University's proportionate share of the net pension liability	\$ 205,670	\$ 196,025	\$ 185,021	\$ 237,381	\$ 201,845	\$ 159,853
State's proportionate share of the net pension liability associated with the University	\$ 81,669	\$ 56,774	\$ 68,931	\$ 29,912	\$ 54,062	113,146
<b>Total</b>	<b>\$ 287,339</b>	<b>\$ 252,799</b>	<b>\$ 253,952</b>	<b>\$ 267,293</b>	<b>\$ 255,907</b>	<b>\$ 272,999</b>

University's covered employee payroll	\$ 74,955	\$ 80,537	\$ 91,917	\$ 84,191	\$ 90,340	\$ 98,033
University's proportionate share of the net pension liability as of percentage of its covered payroll	274.4%	243.4%	201.3%	282.0%	223.4%	163.1%
Plan fiduciary net position as a percentage of the total pension liability	63.0%	65.0%	63.4%	59.6%	64.0%	62.4%

\* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the University will present information for those years for which information is available.

Data reported is measured as of July 1, 2019, 2018, 2017, 2016, 2015 and 2014.



**Schedule of the University's Proportionate Share of the Net OPEB Liability**  
**PERS-DB OPEB Plan**  
**Last 10 Fiscal Years\***  
**(\$ in thousands)**

	2020	2019	2018
University's proportion of net OPEB liability	3.757%	3.944%	3.579%
University's proportionate share of the net OPEB liability	\$ 5,575	\$ 40,478	\$ 30,239
State's proportionate share of the net OPEB liability associated with the University	\$ 2,217	\$ 11,750	\$ 11,274
<b>Total</b>	<b>\$ 7,792</b>	<b>\$ 52,228</b>	<b>\$ 41,513</b>
University's covered employee payroll	\$ 74,955	\$ 80,537	\$ 91,917
University's proportionate share of the net OPEB liability as of percentage of its covered payroll	7.4%	50.3%	32.9%
Plan fiduciary net position as a percentage of the total OPEB liability	98.1%	88.1%	89.7%

\* GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the University will present information for those years for which information is available.

Data reported is measured as of July 1, 2019, 2018 and 2017.

**Schedule of the University's Proportionate Share of the Net OPEB Liability  
PERS-DC Occidental Death and Disability Plan  
Last 10 Fiscal Years\*  
(\$ in thousands)**

	2020	2019	2018
University's proportion of OPEB liability	3.066%	3.147%	2.598%
University's proportionate share of the net OPEB liability (asset)	\$ (743)	\$ (611)	\$ (369)
University's covered employee payroll	\$ 53,317	\$ 47,150	\$ 35,779
University's proportionate share of the net OPEB liability as of percentage of its covered payroll	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	297.4%	270.6%	213.0%

\* GASB Statement 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the University will present information for those years for which information is available.

Data reported is measured as of July 1, 2019, 2018 and 2017

**Schedule of the University's Proportionate Share of the Net OPEB Liability**  
**PERS-DC Retiree Medical Plan**  
**Last 10 Fiscal Years\***  
**(\$ in thousands)**

	2020	2019	2018
University's proportion of OPEB liability	3.765%	3.147%	2.598%
University's proportionate share of the net OPEB liability	\$ 901	\$ 400	\$ 135
University's covered employee payroll	\$ 53,317	\$ 47,150	\$ 35,779
University's proportionate share of the net OPEB liability as of percentage of its covered payroll	1.7%	0.8%	0.4%
Plan fiduciary net position as a percentage of the total OPEB liability	83.2%	88.7%	94.0%

\* GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the University will present information for those years for which information is available.

Data reported is measured as of July 1, 2019, 2018 and 2017

**Schedule of the University's Proportionate Share of the Net Pension Liability**  
**TRS-DB Pension Plan**  
**Last 10 Fiscal Years\***  
**(\$ in thousands)**

	2020	2019	2018	2017	2016	2015
University's proportion of net pension liability	1.603%	1.675%	1.612%	2.139%	2.025%	0.968%
University's proportionate share of the net pension liability	\$ 29,951	\$ 32,065	\$ 32,661	\$ 48,846	\$ 37,680	\$ 29,024
State's proportionate share of the net pension liability associated with the University	\$ 44,422	\$ 47,669	\$ 56,996	\$ 58,055	\$ 60,230	131,789
<b>Total</b>	<b>\$ 74,373</b>	<b>\$ 79,734</b>	<b>\$ 89,657</b>	<b>\$ 106,901</b>	<b>\$ 97,910</b>	<b>\$ 160,813</b>
University's covered employee payroll	\$ 18,249	\$ 20,625	\$ 22,128	\$ 25,212	\$ 27,848	\$ 31,575
University's proportionate share of the net pension liability as of percentage of its covered payroll	164.1%	155.5%	147.6%	193.7%	135.3%	91.9%
Plan fiduciary net position as a percentage of the total pension liability	74.7%	74.1%	72.4%	68.4%	73.8%	55.7%

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Data reported is measured as of July 1, 2019, 2018, 2017, 2016, 2015 and 2014.

**Schedule of the University's Proportionate Share of Net OPEB Liability**  
**TRS-DB OPEB Plan**  
**Last 10 Fiscal Years\***  
**(\$ in thousands)**

	2020	2019	2018
University's proportion of net OPEB liability	1.600%	1.671%	1.606%
University's proportionate share of the net OPEB liability (asset)	\$ (2,445)	\$ 5,196	\$ 2,955
State's proportionate share of the net OPEB liability (asset) associated with the University	\$ (3,638)	\$ 7,755	\$ 5,182
<b>Total</b>	<b>\$ (6,083)</b>	<b>\$ 12,951</b>	<b>\$ 8,137</b>
University's covered employee payroll	\$ 18,249	\$ 20,625	\$ 22,128
University's proportionate share of the net OPEB liability as of percentage of its covered payroll	0.0%	25.2%	13.4%
Plan fiduciary net position as a percentage of the total OPEB liability	105.5%	90.2%	93.8%

\* GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the University will present information for those years for which information is available.

Data reported is measured as of July 1, 2019, 2018 and 2017.

**Schedule of the University's Proportionate Share of the Net OPEB Liability  
 TRS-DC Occidental Death & Disability Plan  
 Last 10 Fiscal Years\*  
 (\$ in thousands)**

	2020	2019	2018
University's proportion of OPEB liability	2.465%	2.280%	2.296%
University's proportionate share of the net OPEB liability (asset)	\$ (99)	\$ (80)	\$ (75)
University's covered employee payroll	\$ 9,766	\$ 9,653	\$ 8,200
University's proportionate share of the net OPEB liability as of percentage of its covered payroll	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	1409.8%	1304.8%	1342.5%

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Data reported is measured as of July 1, 2019, 2018 and 2017

**Schedule of the University's Proportionate Share of the Net OPEB Liability  
 TRS-DC Retiree Medical Plan  
 Last 10 Fiscal Years\*  
 (\$ in thousands)**

	2020	2019	2018
University's proportion of OPEB liability	2.462%	2.280%	2.296%
University's proportionate share of the net OPEB liability (asset)	\$ (94)	\$ (73)	\$ (109)
University's covered employee payroll	\$ 9,766	\$ 9,653	\$ 8,200
University's proportionate share of the net pension liability as of percentage of its covered payroll	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	110.0%	109.6%	118.2%

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Data reported is measured as of July 1, 2019, 2018 and 2017.

**Schedule of the University's Contribution  
PERS-DB Pension Plan  
Last 10 Fiscal Years\*  
(\$ in thousands)**

	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 11,783	\$ 13,022	\$ 15,736	\$ 15,082	\$ 13,699	\$ 14,483
Contributions in relation to the statutorily required contribution	\$ 11,783	\$ 13,022	\$ 15,736	\$ 15,082	\$ 13,699	\$ 14,483
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered employee payroll	\$ 74,955	\$ 80,537	\$ 91,917	\$ 84,191	\$ 90,340	\$ 98,033
Contribution as a percentage of covered-University payroll	15.7%	16.2%	17.1%	17.9%	15.2%	14.8%

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Data reported is measured as of July 1, 2019, 2018, 2017, 2016, 2015 and 2014.



**Schedule of the University's Contribution  
PERS-DB OPEB Plan  
Last 10 Fiscal Years\*  
(\$ in thousands)**

	2020	2019	2018
Statutorily required contribution	\$ 4,707	\$ 4,695	\$ 4,486
Contributions in relation to the statutorily required contribution	\$ 4,707	\$ 4,695	\$ 4,486
Contribution (deficiency) excess	\$ -	\$ -	\$ -
University's covered employee payroll	\$ 74,955	\$ 80,537	\$ 91,917
Contribution as a percentage of covered-University payroll	6.3%	5.8%	4.9%

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Data reported is measured as of July 1, 2019, 2018 and 2017.

**Schedule of the University's Contribution  
PERS-DC Occidental Death & Disability Plan  
Last 10 Fiscal Years\*  
(\$ in thousands)**

	2020	2019	2018
Statutorily required contribution	\$ 139	\$ 123	\$ 57
Contributions in relation to the statutorily required contribution	\$ 139	\$ 123	\$ 57
Contribution (deficiency) excess	\$ -	\$ -	\$ -
University's covered employee payroll	\$ 53,317	\$ 47,150	\$ 35,779
Contribution as a percentage of covered-University payroll	0.26%	0.26%	0.16%

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Data reported is measured as of July 1, 2019, 2018 and 2017.

**Schedule of the University's Contribution  
PERS-DC Retiree Medical Plan  
Last 10 Fiscal Years\*  
(\$ in thousands)**

	2020	2019	2018
Statutorily required contribution	\$ 704	\$ 443	\$ 369
Contributions in relation to the statutorily required contribution	\$ 704	\$ 443	\$ 369
Contribution (deficiency) excess	\$ -	\$ -	\$ -
University's covered employee payroll	\$ 53,317	\$ 47,150	\$ 35,779
Contribution as a percentage of covered-University payroll	1.32%	0.94%	1.03%

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Data reported is measured as of July 1, 2019, 2018 and 2017.

**Schedule of the University's Contribution  
 TRS-DB Pension Plan  
 Last 10 Fiscal Years\*  
 (\$ in thousands)**

	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 1,465	\$ 1,735	\$ 1,859	\$ 1,911	\$ 2,011	\$ 2,280
Contributions in relation to the statutorily required contribution	\$ 1,465	\$ 1,735	\$ 1,859	\$ 1,911	\$ 2,011	\$ 2,280
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered employee payroll	\$ 18,249	\$ 20,625	\$ 22,128	\$ 25,212	\$ 27,848	\$ 31,575
Contribution as a percentage of covered- University payroll	8.0%	8.4%	8.4%	7.6%	7.2%	7.2%

\* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the University will present information for those years for which information is available.

Data reported is measured as of July 1, 2019, 2018, 2017, 2016, 2015 and 2014.

**Schedule of the University's Contribution  
 TRS-DB OPEB Plan  
 Last 10 Fiscal Years\*  
 (\$ in thousands)**

	2020	2019	2018
Statutorily required contribution	\$ 827	\$ 856	\$ 921
Contributions in relation to the statutorily required contribution	\$ 827	\$ 856	\$ 921
Contribution (deficiency) excess	\$ -	\$ -	\$ -
University's covered employee payroll	\$ 18,249	\$ 20,625	\$ 22,128
Contribution as a percentage of covered-University payroll	4.5%	4.2%	4.2%

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Data reported is measured as of July 1, 2019, 2018, 2017, 2016, 2015 and 2014.

**Schedule of the University's Contribution  
 TRS-DC Occidental Death & Disability Plan  
 Last 10 Fiscal Years\*  
 (\$ in thousands)**

	2020	2019	2018
Statutorily required contribution	\$ 8	\$ 8	\$ -
Contributions in relation to the statutorily required contribution	\$ 8	\$ 8	\$ -
Contribution (deficiency) excess	\$ -	\$ -	\$ -
University's covered employee payroll	\$ 9,766	\$ 9,654	\$ 8,200
Contribution as a percentage of covered-University payroll	0%	0%	0%

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Data reported is measured as of July 1, 2019, 2018 and 2017.

**Schedule of the University's Contribution  
 TRS-DC Retiree Medical Plan  
 Last 10 Fiscal Years\*  
 (\$ in thousands)**

	2020	2019	2018
Statutorily required contribution	\$ 106	\$ 76	\$ 75
Contributions in relation to the statutorily required contribution	\$ 106	\$ 76	\$ 75
Contribution (deficiency) excess	\$ -	\$ -	\$ -
University's covered employee payroll	\$ 9,766	\$ 9,654	\$ 8,200
Contribution as a percentage of covered-University payroll	1.1%	0.8%	0.9%

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Data reported is measured as of July 1, 2019, 2018 and 2017.