



Office of Finance & Administration

Report to

Audit Committee

June 6, 2014

GASB 68 PENSIONS IMPACT ON FINANCIALS

We are providing the Audit Committee a “heads up” regarding a new pension accounting standard effective for fiscal year 2015: Governmental Accounting Standards Board (GASB) Standard Number 68: *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. The standard will require participating employers of cost sharing pension plans to record their portion of the net pension liability. As the University is a participating employer in the Public Employee’s Retirement System (PERS) and the Teacher’s Retirement System (TRS), we expect to record a significant liability in our audited financial statements for these plans. The State’s Division of Retirement & Benefits has notified us (and all participating employers) of our share of the respective liability, which has been estimated at \$660 M.

The recording of a net pension liability is *not* expected to impact the university’s budget or cash outflow. In other words, the university will continue to make its PERS and TRS employer contributions based on the rates provided in state statute, regardless of the new accounting standard. We further anticipate that the State will continue to make on-behalf payments to the pension plans. In the final analysis, there will be a financial statement impact, but *no* operational impact.

STATUS UPDATES ON ONGOING ISSUES

PRO-CARD

Reductions in Credit Exposure

	<u>9/13/2013</u>	<u>5/6/2014</u>	<u>Absolute Change</u>	<u>% Change</u>
UAF	\$ 22.7 M	\$ 10.1 M	\$ 12.6 M	-56 %
UAA	\$ 15.1 M	\$ 6.0 M	\$ 9.2 M	-61 %
UAS	\$ 1.4 M	\$ 0.6 M	\$ 0.8 M	-56 %
SW	\$ 1.4 M	\$ 0.8 M	\$ 0.6 M	-43 %
Totals	\$ 40.7 M	→ \$ 17.4 M	\$ 23.3 M	-57 %

INFOED

Sponsored Programs Information Network: Fully implemented.

Enterprise Staging Area: Working towards finalization of implantation.

Proposal Development module: Go-live date proposed July 1, 2014.

Proposal Tracking module: Go-live date proposed July 1, 2014.

After site visit by vendor (InfoEd) in May, there are still additional configurations that need to be completed by the vendor and by UAF.

SIKULIAQ

Delay in delivery from Marinette Marine Corporation (Wisconsin) continues to be an issue.

- Delivery date expected June 2014
- Z-drives were repaired and reinstalled in May 2014.
- Cost impact of delays expected to be covered by project contingency budget.
- Revenues and corresponding expenses for operations will not materialize until late FY15. Full slate of funded science is scheduled for FY16.