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UNIVERSITY
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November 14, 2002

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RE: Annual Report to NRMSIR's Relating to Continuing Disclosure Certificate
 \$10,000,000 University of Alaska General Revenue Bonds, 1997 Series G
 \$9,820,000 University of Alaska General Revenue Bonds, 1998 Series H
 \$14,295,000 University of Alaska General Revenue Bonds, 1999 Series J
 \$33,515,000 University of Alaska General Revenue Bonds, 2002 Series K

To whom it may concern:

I am pleased to provide this Annual Report consistent with the requirements of Sections 4, Section 5, and other relevant sections of the Disclosure Certificates associated with the above referenced general revenue bonds.

Regarding Section 4 of the Continuing Disclosure Certificate:

The annual audited financial statement is enclosed and hereby incorporated by reference.

The financial information and operating data generally of the type included in the final official statement for the general revenue bonds is enclosed and hereby incorporated by reference. For General Revenue Bonds Series H, J and K the Tables identified as Tables 5, 6, 7, 8, 9, and 11 contain the same information as contained in Tables 4, 5, 6, 7, 8 and 10 of the Official Statement for the General Revenue Bonds Series G.

Regarding Section 5 of the Continuing Disclosure Certificate:

University of Alaska General Revenue Bonds, 1999 Series I were called in their entirety on August 30, 2002. I am pleased to state that except for that item, there has been no Listed Event that would require notice. There have been no other events, significant or otherwise, that would constitute material information for owners of Bonds.

Should you have any questions, please do not hesitate to contact me at the above address.

Sincerely,



John L. Dickinson
Assistant Vice President for Finance

enclosures: Tables depicting financial information and operating data
Annual audited financial statements for the period ending June 30, 2002
UA Foundation financial statements
Consolidated Fund financial statements

Table 2
UNIVERSITY OF ALASKA
Revenues Pledged to General Revenue Bonds⁽¹⁾
For Fiscal Year Ending June 30, 1997 to 2002
(000's)

| | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> |
|--|-----------------|------------------|------------------|------------------|------------------|------------------|
| Student Fees | \$48,264 | \$ 49,358 | \$ 48,677 | \$ 48,625 | \$ 50,434 | \$ 54,245 |
| Recovery of Indirect Costs | 12,486 | 13,378 | 14,644 | 16,091 | 18,606 | 22,689 |
| Sales and Services of Educational Depts. | 4,336 | 3,920 | 3,656 | 3,381 | 3,206 | 3,677 |
| Other Sources, Net of Gifts ⁽²⁾ | 10,623 | 10,157 | 10,622 | 12,763 | 12,531 | 11,237 |
| Total Auxiliary Enterprises | <u>22,080</u> | <u>23,876</u> | <u>28,356</u> | <u>29,561</u> | <u>31,078</u> | <u>33,088</u> |
| TOTAL | <u>\$97,789</u> | <u>\$100,689</u> | <u>\$105,955</u> | <u>\$110,421</u> | <u>\$115,855</u> | <u>\$124,936</u> |

⁽¹⁾ Consistent with the terms of the Trust Indenture, all revenues generated from the sources identified in the table are Revenues that secure the University's General Revenue Bonds, including the Bonds.

⁽²⁾ Gifts are excluded as Revenues pledged for payment of General Revenue Bonds.

Beginning in fiscal 2002, the financial statements of the University will be modified to conform to the accounting and reporting requirements of Statement Number 35 of the Governmental Accounting Standards Board ("GASB 35"). Among other standards, GASB 35 requires public universities to report tuition and auxiliary revenues net of scholarship allowances and to classify certain internal resources used to assist students as a contra-revenue allowance that offsets tuition or auxiliary fund revenues. GASB 35 also requires universities to establish an estimate for the amount of federal Pell Grant revenues that are used by students to pay tuition and fees, and to record this estimate as an offset to tuition and fee revenue. Under previous standards, the receipt of Pell Grants was recorded as restricted revenues and their expenditure as restricted student aid. Prior years have not been restated.

Table 3
UNIVERSITY OF ALASKA
Combined Debt Service on General Revenue Bonds and Other Indebtedness

University of Alaska
 Total Debt Service Schedule

| | <u>General Revenue Bonds</u> | <u>Other (1) Indebtedness</u> | <u>TOTAL</u> |
|-------|----------------------------------|-----------------------------------|-------------------|
| FY03 | 5,208,674.44 | 2,064,346.29 | 7,273,020.73 |
| FY04 | 5,976,622.50 | 2,080,422.52 | 8,057,045.02 |
| FY05 | 5,878,695.00 | 2,041,843.58 | 7,920,538.58 |
| FY06 | 5,864,068.75 | 1,926,106.76 | 7,790,175.51 |
| FY07 | 5,766,736.25 | 1,926,106.76 | 7,692,843.01 |
| FY08 | 5,931,603.75 | 1,926,106.76 | 7,857,710.51 |
| FY09 | 4,942,453.75 | 1,926,106.76 | 6,868,560.51 |
| FY10 | 4,954,431.25 | 1,926,106.76 | 6,880,538.01 |
| FY11 | 4,953,081.25 | 1,926,106.76 | 6,879,188.01 |
| FY12 | 4,954,756.25 | 1,926,106.76 | 6,880,863.01 |
| FY13 | 4,953,611.25 | 1,926,106.76 | 6,879,718.01 |
| FY14 | 4,571,766.25 | 1,926,106.76 | 6,497,873.01 |
| FY15 | 4,570,061.25 | 1,926,106.76 | 6,496,168.01 |
| FY16 | 4,574,988.75 | 1,926,106.76 | 6,501,095.51 |
| FY17 | 4,580,287.50 | 1,926,106.76 | 6,506,394.26 |
| FY18 | 4,580,550.00 | 1,926,106.76 | 6,506,656.76 |
| FY19 | 3,698,818.13 | 1,926,106.76 | 5,624,924.89 |
| FY20 | 3,700,837.50 | 1,926,106.76 | 5,626,944.26 |
| FY21 | 3,704,676.25 | 1,926,106.76 | 5,630,783.01 |
| FY22 | 3,710,373.12 | 1,911,048.81 | 5,621,421.93 |
| FY23 | 3,557,040.00 | 1,733,192.00 | 5,290,232.00 |
| FY24 | 2,917,256.25 | 1,734,612.00 | 4,651,868.25 |
| FY25 | 2,068,750.00 | | 2,068,750.00 |
| FY26 | 2,071,000.00 | | 2,071,000.00 |
| FY27 | 2,068,750.00 | | 2,068,750.00 |
| FY28 | 2,071,750.00 | | 2,071,750.00 |
| FY29 | <u>656,000.00</u> | | <u>656,000.00</u> |
| TOTAL | \$112,487,639.44 | \$42,383,173.36 | \$154,870,812.80 |

- (1) Other indebtedness consists primarily of \$1.733 million of annual debt service on \$29.9 million of an outstanding note payable to the Alaska Housing Finance Corporation and \$193 thousand in annual debt service on \$2.4 million of an outstanding note payable to Alaska Pacific University. Under the loan agreement under which the note to the Alaska Housing Finance Corporation was issued, the obligation to repay the loan is an absolute, unconditional and unlimited general obligation of the University. The University has not pledged its Revenues, as defined in the Indenture, to make any of the payments required under the loan agreement with the Alaska Housing Finance Corporation. The University used these funds to construct a 558-bed suite-style housing and food service addition in Anchorage that opened in August 1998.

Table 5
UNIVERSITY OF ALASKA
On Campus Fall Enrollment

| <u>Fall</u> | <u>Head Count</u> | | | <u>Full-Time Equivalent</u> | | <u>Total Annual Credit Hours</u> | |
|-------------|-----------------------|-----------------|--------------|-----------------------------|-----------------|----------------------------------|--------------|
| | <u>Under-graduate</u> | <u>Graduate</u> | <u>Total</u> | <u>Under-graduate</u> | <u>Graduate</u> | <u>Total</u> | <u>Taken</u> |
| 1996 | 30,451 | 1,466 | 31,917 | 14,879 | 848 | 15,727 | 232,007 |
| 1997 | 29,645 | 1,539 | 31,184 | 14,379 | 957 | 15,336 | 225,736 |
| 1998 | 29,515 | 1,591 | 31,106 | 14,068 | 865 | 14,933 | 219,468 |
| 1999 | 28,683 | 1,566 | 30,249 | 13,978 | 806 | 14,784 | 216,983 |
| 2000 | 28,848 | 1,632 | 30,480 | 14,099 | 840 | 14,939 | 219,265 |
| 2001 | 28,978 | 1,647 | 30,625 | 14,505 | 869 | 15,374 | 226,165 |

The University has an open enrollment policy and will admit into its baccalaureate program all students with a high school diploma and an overall grade point average of 2.0. Table 6 shows the number of applications accepted and the number of students enrolled for the fall semesters. Numbers have been restated to clarify freshman versus first year enrollment data.

Table 6
UNIVERSITY OF ALASKA
Student Enrollment

| <u>Fall Semester</u> | <u>Applications Received</u> | <u>Accepted</u> | <u>Percent Accepted</u> | <u>Students Enrolled</u> | <u>Percent Enrolled</u> |
|---|------------------------------|-----------------|-------------------------|--------------------------|-------------------------|
| Freshman Student Enrollment | | | | | |
| 1997 | 4,125 | 3,296 | 79.9% | 2,037 | 61.8% |
| 1998 | 3,557 | 2,872 | 80.7% | 2,411 | 83.9% |
| 1999 | 3,450 | 2,690 | 78.7% | 2,293 | 85.2% |
| 2000 | 3,737 | 2,873 | 75.9% | 2,455 | 84.5% |
| 2001 | 4,146 | 3,075 | 74.2% | 2,578 | 83.8% |
| Transfer Student Enrollment | | | | | |
| 1997 | 1,867 | 1,561 | 83.6% | 983 | 63.0% |
| 1998 | 1,501 | 1,230 | 81.9% | 999 | 81.2% |
| 1999 | 1,873 | 1,410 | 75.3% | 1,150 | 81.6% |
| 2000 | 2,087 | 1,536 | 73.6% | 1,253 | 81.6% |
| 2001 | 2,267 | 1,625 | 71.7% | 1,303 | 80.2% |
| Total Undergraduate Student Enrollment | | | | | |
| 1997 | 5,992 | 4,857 | 81.1% | 3,020 | 62.2% |
| 1998 | 5,058 | 4,102 | 81.1% | 3,410 | 83.1% |
| 1999 | 5,293 | 4,100 | 77.5% | 3,443 | 84.0% |
| 2000 | 5,824 | 4,409 | 75.7% | 3,708 | 84.1% |
| 2001 | 6,413 | 4,700 | 73.3% | 3,881 | 82.6% |
| Total Graduate Student Enrollment | | | | | |
| 1997 | 980 | 504 | 51.4% | 364 | 72.2% |
| 1998 | 980 | 458 | 46.7% | 412 | 90.0% |
| 1999 | 1,010 | 467 | 46.2% | 411 | 88.0% |
| 2000 | 1,000 | 453 | 45.3% | 412 | 90.9% |
| 2001 | 1,160 | 543 | 46.8% | 484 | 89.1% |

Table 7
UNIVERSITY OF ALASKA
Student Tuition per Credit Hour

| Student Classification | <u>1998-99</u> | <u>1999-00</u> | <u>2000-01</u> | <u>2001-02</u> | <u>2002-03</u> |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Undergrad upper div, resident | \$ 81 | \$ 84 | \$ 87 | \$ 90 | \$ 93 |
| Undergrad lower div, resident | 73 | 75 | 77 | 79 | 82 |
| Undergrad upper div, nonresident | 235 | 243 | 251 | 259 | 267 |
| Undergrad lower div, nonresident | 227 | 234 | 241 | 248 | 256 |
| Graduate, resident | 162 | 167 | 172 | 178 | 184 |
| Graduate, nonresident | 316 | 326 | 336 | 347 | 358 |

Table 8
UNIVERSITY OF ALASKA
Average Annual Full-Time Student Tuition and Fees*

| Student Classification | <u>1998-99</u> | <u>1999-00</u> | <u>2000-01</u> | <u>2001-02</u> | <u>2002-03</u> |
|-------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Undergraduate, resident | \$3,178 | \$3,313 | \$3,420 | \$3,477 | \$3,597 |
| Undergraduate, nonresident | 7,798 | 8,083 | 8,340 | 8,547 | 8,817 |
| Graduate, resident | 4,757 | 4,936 | 5,088 | 5,214 | 5,388 |
| Graduate, nonresident | 8,452 | 8,752 | 9,024 | 9,270 | 9,564 |

*Assumes fees at Fairbanks and one half of 15 credits per semester are taken at lower division tuition rate. The above table sets forth the average annual student tuition and registration fees for full-time students for the academic years indicated. Unless otherwise stated, figures reflect fees at the University of Alaska Fairbanks campus, which provide the substantially higher fees associated with resident population, health insurance, health services, recreation facilities, and a more active student government. In FY 02-03, average annual fees at Fairbanks are \$972, compared to \$352 at Anchorage.

Table 9
UNIVERSITY OF ALASKA
Annual Student Room and Board and Other Educational Costs

| | Academic Year 1998 - 1999 | 1999 - 2000 | 2000 - 2001 | 2001 - 2002 | 2002 -2003 |
|---|----------------------------------|--------------------|--------------------|--------------------|-------------------|
| Room and Board | 4,250 | 4,550 | 4,610 | 4,770 | 4,770 |
| Tuition Fees, Books & Supplies | <u>3,828</u> | <u>3,963</u> | <u>4,070</u> | <u>4,127</u> | <u>4,247</u> |
| Combined Cost | 8,078 | 8,513 | 8,680 | 8,897 | 9,017 |

(1) Room and Board. The annual cost of room and board and the total educational costs for two semesters for a resident undergraduate student taking 15 credits of lower division (100 and 200 level) courses are shown in Table 9. The figure is based on double-room, double-occupancy in a campus residence hall at the University of Alaska Fairbanks.

Table 11
UNIVERSITY OF ALASKA
Summary of State Appropriations ⁽¹⁾

| | Fiscal Year Ending June 30 (in \$ 000's) | | | | |
|---|---|------------------------|--------------------|------------------------|----------------------------|
| | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003 ⁽³⁾</u> |
| Operating: | | | | | |
| General Operating Bill ⁽¹⁾ | \$ 168,762.1 | \$174,773.3 | \$181,338.9 | \$198,425.9 | \$207,929.3 |
| Supplementals ⁽⁴⁾ | 642.4 ⁽¹⁾ | 3,393.2 ⁽¹⁾ | | | |
| Separate/Special Legislation | 200.8 | 200.8 | 7,311.2 | 3,169.7 ⁽²⁾ | 3,206.5 |
| Total | <u>\$169,605.3</u> | <u>\$178,367.3</u> | <u>\$190,649.9</u> | <u>\$201,595.6</u> | <u>\$211,135.7</u> |
| Capital: | | | | | |
| Capital Expenditures - New | \$12,575.4 | \$3,450.0 | \$44,500.0 | \$ 13,000.0 | \$1,650.0 |
| Revitalization, Facility Renewal, Deferred Maintenance | 42,500.0 | | 22,288.0 | 16,215.5 | |
| Separate/Special Legislation | | | <u>2,636.1</u> | <u>450.0</u> | <u>62,454.5</u> |
| Total | <u>\$55,075.4</u> | <u>\$3,450.0</u> | <u>\$69,424.1</u> | <u>\$29,665.5</u> | <u>\$64,104.5</u> |

- 1) Except as noted, amounts represent original authorized amounts. Sources of State appropriations include the State General Fund, Mental Health Trust funds, Alaska Science and Technology Foundation (ASTF) funds, and Alaska Housing Finance Corporation funds. Appropriations exclude receipt authority for other sources such as the Bonds, federal grants and contracts that may be used for operating activity, purchase of capitalized equipment or capital construction. The General Operating Bill has been restated to exclude Mental Health Trust funds that are now shown in the Separate/Special Legislation category.
- 2) During issuance of Series K in July 2002, the University was evaluating whether to fully reserve or write-off \$1.75 million of ASTF appropriations for fiscal 2002. At the time it appeared that, due to reduced earnings in ASTF's endowment fund, ASTF would be unable to provide this funding to the University. The extent of this inability has been confirmed and the previously reported 2002 appropriation amounts have been reduced by \$1,503,300.
- 3) Fiscal 2003 capital appropriations include \$61.7 million that is being provided to the University as a result of the \$230 million in State of Alaska general obligation bonds that the voters authorized on November 5, 2002.
- 4) Supplementals have been restated to correctly reflect the year for which funding was made available and amounts were actually expended to complete the supplemental efforts.

For General Revenue Bonds Series H, J and K the Tables identified above as Tables 5, 6, 7, 8, 9, and 11 contain the same information as contained in Tables 4, 5, 6, 7, 8 and 10 of the Official Statement for the General Revenue Bonds Series G.