

Auburn University

**Report on Federal Awards in Accordance with OMB
Circular A-133**

For the Year Ended September 30, 2010

EIN: 63-6000724

Auburn University
Report on Federal Awards in Accordance with OMB Circular A-133
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September 30, 2010

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Part I
Financial Statements



Report of Independent Auditors

To the Board of Trustees of Auburn University and the President of Auburn University:

In our opinion, based on our audits and the report of other auditors, the accompanying financial statements as listed in the table of contents, which collectively comprise the financial statements of Auburn University (the "University"), a component unit of the State of Alabama, present fairly, in all material respects, the respective financial position of the University and its discretely presented component units at September 30, 2010 and 2009 (June 30, 2010 and 2009 for Tigers Unlimited Foundation), and the respective changes in financial position and cash flows (as applicable), of the University and its component units for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Auburn Alumni Association (the "Association") and the Auburn University Foundation (the "Foundation"), which represent 85 percent and 84 percent of assets, 87 percent and 85 percent of net assets and 53 percent and 60 percent of revenues of the discretely presented component units at September 30, 2010 and 2009 (at June 30, 2010 and 2009 for Tigers Unlimited Foundation) and for the years then ended (for the years ended June 30, 2010 and 2009 for Tigers Unlimited Foundation), respectively. Each of those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for the Association and the Foundation, is based solely on the report of the other auditors. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, and we conducted our audit of the University, except for its discretely presented component units, in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinions.

The management's discussion and analysis and required supplemental information on pages 3 through 12 and pages 48 through 51 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

The University has not presented the management's discussion and analysis for the year ended September 30, 2009, that accounting principles generally accepted in the United States of America require to supplement, although not be part of, the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2011 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, for the year ended September 30, 2010. The purpose of that report is to describe the scope of



our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards as of September 30, 2010 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

January 21, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The following discussion and analysis provides an overview of the financial position and activities of Auburn University (the University) for the year ended September 30, 2010, with a comparison to the year ended September 30, 2009. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section. The financial statements, footnotes, and this discussion are the responsibility of University management.

The University is a land grant institution and is classified by the Carnegie Foundation as "Doctoral/Research-Extensive," while Auburn University at Montgomery (AUM) is classified as "Master's I." Fall 2010 enrollment included 30,889 total students at the main campus at Auburn and at AUM. The University offers a diverse range of degree programs in 12 colleges and schools and has approximately 5,168 full-time employees, including approximately 1,381 faculty members, who contribute to the University's mission of serving the citizens of the State of Alabama through its instructional, research, and outreach programs.

Using the Annual Report

The University's financial report includes three financial statements: the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that financial statements be presented on an entity-wide basis to focus on the University as a whole. All references to "2010," "2009," or another year refer to the fiscal year ended September 30, unless otherwise noted.

The University's financial statements are summarized as follows:

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

The Statement of Revenues, Expenses and Changes in Net Assets presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. Governmental accounting standards require state appropriations, gifts, and investment earnings to be classified as nonoperating revenues. As a result, the University will typically realize a significant operating loss. The utilization of capital assets is reflected in the Statement of Revenues, Expenses and Changes in Net Assets as depreciation expense, which reflects the amortization of the cost of an asset over its expected useful life.

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

In addition to the University's financial statements, related component unit Statements of Financial Position and Statements of Activities and Changes in Net Assets have been included in this annual report. GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, provides criteria for determining which related organizations should be reported as component units based on the nature and significance of their relationship with the primary government, which is the University. GASB Statement No. 39 also clarifies financial reporting requirements for those organizations as amendments to GASB Statement No. 14, *The Financial Reporting Entity*. The University has identified these significant related organizations that are required to be reported as component units. The component units are FASB entities and subject to standards under *Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles* and present net assets in three classes: unrestricted, temporarily restricted, and permanently restricted. The three component units of the University reported herein are:

(1) Auburn University Foundation (AUF) - AUF was organized on February 9, 1960, and is the fundraising foundation for the University. As of September 30, 2010, AUF holds endowments and distributes earnings from those endowments to the University. AUF is incorporated as a legally separate, tax-exempt nonprofit organization established to solicit individual and corporate donations for the direct benefit of the University. The Auburn University Real Estate Foundation, Inc. (AUREFI) has been consolidated into AUF's financial statements.

(2) Tigers Unlimited Foundation (TUF) - TUF is a legally separate nonprofit organization incorporated in December 2002, which began operations on April 21, 2004. TUF was organized exclusively for charitable purposes, pursuant to Sections 501(a) and 501(c)(3) of the Internal Revenue Code to support athletic fund raising and athletic programs. TUF has a June 30 fiscal year end. TUF provides economic resources to the University for athletic scholarships, athletic building maintenance or new construction, and for athletic department programs.

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

The University has two other related foundations. Due to immateriality, the statements of the Auburn Research and Technology Foundation (ARTF) and the Auburn Spirit Foundation for Scholarships (ASFS) are not presented as component units in these financial statements.

Financial Highlights

Statement of Net Assets

A summary of assets, liabilities, and net assets as of September 30, 2010 and 2009, is as follows:

	2010	2009
Assets		
Current assets	\$ 254,490,376	\$ 240,967,072
Capital assets	1,133,914,138	1,044,435,194
Other noncurrent assets	<u>737,279,980</u>	<u>736,553,896</u>
Total assets	<u>2,125,684,494</u>	<u>2,021,956,162</u>
Liabilities		
Current liabilities	247,022,382	236,354,392
Noncurrent liabilities	<u>558,174,508</u>	<u>575,689,578</u>
Total liabilities	<u>805,196,890</u>	<u>812,043,970</u>
Net assets		
Invested in capital assets, net of related debt	616,209,983	553,281,602
Restricted-nonexpendable	24,051,577	23,886,049
Restricted-expendable	163,738,506	162,874,294
Unrestricted	<u>516,487,538</u>	<u>469,870,247</u>
Total net assets	<u>\$ 1,320,487,604</u>	<u>\$ 1,209,912,192</u>

The University's Assets

Current assets consist of cash and cash equivalents, operating investments (those investments that are expected to be liquidated during the course of normal operations), net accounts receivable (primarily amounts due from the federal and state governments and other agencies as reimbursements for sponsored programs), net student accounts receivable (including amounts due from third parties on behalf of the students), current portion of loans receivable, accrued interest receivable, inventories, and prepaid expenses. The University's current assets increased \$13.5 million from 2009 to 2010. The University's total receivables increased \$10.9 million. Most of this increase is attributable to accounts receivable growing \$9.0 million. Two million dollars of this increase is the result of spending American Recovery and Reinvestment Act (ARRA) funds, which were not reimbursed as of September 30, 2010. Approximately \$6.3 million relates to spending incurred for federal or state sponsored capital projects. Accrued interest receivable decreased approximately \$1.2 million, due to a reduction in interest earned in the cash pool. In the prior year, the University also earned interest on unexpended bond proceeds, which were utilized in the current year. Student accounts receivable increased \$3.1 million. During fiscal year 2010, the University saw enrollment climb, and the University's Board of Trustees (the Board) approved a tuition restructure plan. In addition, cash and cash equivalents and operating investments combined increased approximately \$2.5 million. The University is maintaining additional funds in current assets due to the uncertainty of future state funding.

Other noncurrent assets had minor increases. However, capital assets, net of depreciation, shown as "Investment in plant, net" on the Statement of Net Assets increased 8.6% from 2009 to 2010. Capital assets generally represent the historical cost of land improvements, buildings, construction in progress, infrastructure, equipment, library books and livestock, less any accumulated depreciation, with buildings comprising over 68% of the total capital asset value. The increase, offset by disposal activity, depreciation and transfers, was the result of \$139 million, net of new additions to property, plant and equipment. In addition to the following construction projects totaling \$119 million, which were completed and placed into service during 2010, the University experienced a growth of the projects under construction of \$132 million.

New Basketball Arena	\$ 85.7 million
Housing District Energy Plant Expansion Phase II	\$ 11.0 million
Airport Terminal	\$ 5.5 million
Housing Costs Assessment and Programming	\$ 3.9 million
A-O Airport New Hanger	\$ 1.4 million
Inst. of Natural Resource Bioenergy and Biproduct Plant	\$ 1.3 million
West Campus Dining Facility	\$ 1.2 million
Federal Highway Admin Center for Technology	\$ 1.0 million
District Energy Plant Expansion	\$ 1.0 million
Other Small Projects	\$ 7.0 million

The University's Liabilities

Current liabilities consist of accounts payable, the current portion of compensation-related liabilities, accrued interest payable, student and other deposits (including Perkins and Health Professions loan liability), deferred revenues, the current portion of noncurrent liabilities, and other accrued liabilities. Current liabilities increased by \$10.7 million from 2009 to 2010. Although accounts payable and the current portion of long term debt decreased approximately \$2.8 million, deferred revenue increased approximately \$13.7 million. Deferred revenue is comprised of deferred tuition revenue and contracts and grants funding received prior to expenditures. For Fall 2010, the Board approved a 9.75% tuition increase for AUM, and AU implemented a tuition restructure plan and increased tuition approximately 8%. Sixty percent of Fall tuition is reported as deferred revenue due to the fiscal year end of September 30. Accounts payable decreased due to overall reduction in noncompensation expense resulting from a reduction in state budgeted appropriations and proration.

Noncurrent liabilities include principal amounts due on University bonds payable, accrued compensated absences and other compensation-related liabilities that are payable beyond September 30, 2011. Noncurrent liabilities decreased \$17.5 million from 2009 to 2010, primarily due to principal payments on the 2003 General, Athletic, and Housing bonds, 2004 General and Athletic A bonds, 2006A General Fee bond, 2007 A and B General Fee bonds, and 2008 bonds that become due in fiscal year 2011. During 2010, the 2001 General Fee and 2001A General Fee bonds were defeased and replaced with the 2009 General Fee bond. This transaction decreased

the University's future debt service obligations (including interest) by \$4.5 million.

The University's Net Assets

The three major net asset categories are discussed below:

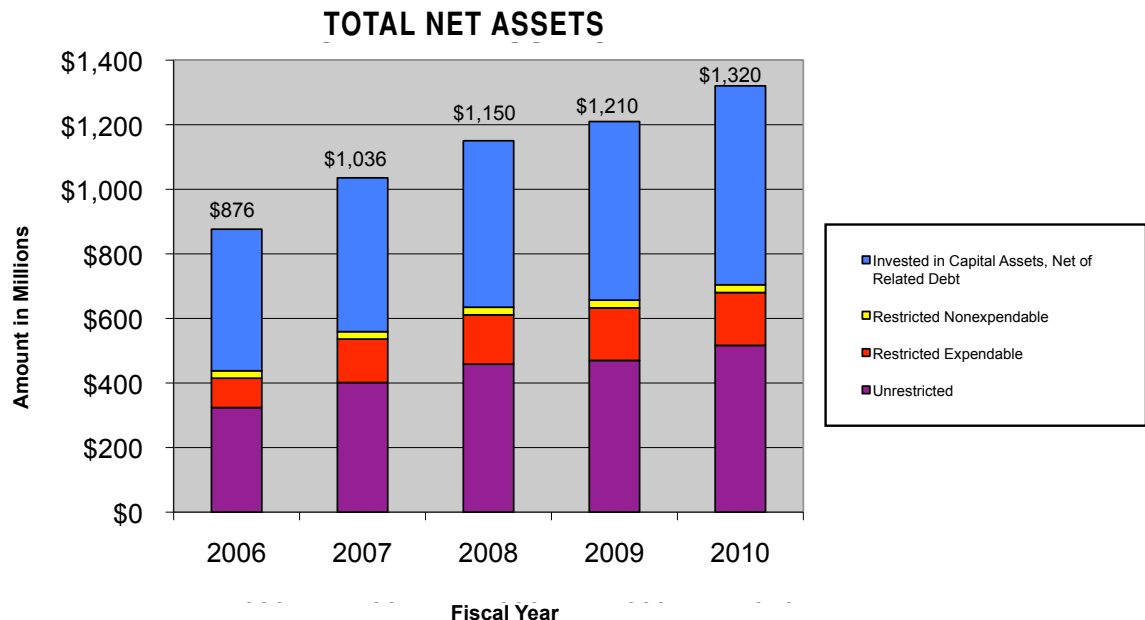
Net assets invested in capital, net of related debt, represent unexpended capital debt proceeds, the University's capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. These net assets increased 11.4% from 2009 to 2010. This increase is due to capitalization of assets as previously described.

Restricted Net Assets are divided into two categories: Nonexpendable and Expendable.

Restricted-nonexpendable net assets are subject to external restrictions governing their use and consist of the University's permanent endowment funds. These net assets increased modestly from 2009 to 2010. This increase is the result of additional gifts to permanently endowed funds as well as investment earnings that were added back to current permanent endowments.

Restricted-expendable net assets are also subject to external restrictions governing their use. Such net assets include gifts, contracts, and grants restricted by federal, state, local governments, or private sources for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. Restricted funds functioning as endowments, restricted funds available for student loans and funds restricted for construction purposes are also included in this category. Although there was a slight increase related to restricted scholarships and gifts, there was a comparable decrease due to amounts spent that were temporarily restricted for capital projects.

Unrestricted net assets are the third major class of net assets, and they are not subject to externally imposed stipulations; however, the majority of the University's unrestricted net assets have been internally designated for various mission-related purposes. These assets include funds for general operations of the University, for auxiliary operations (including athletics, housing, and the bookstore), for unrestricted quasi-endowments, and for capital projects. Unrestricted net assets increased \$46.6 million from 2009 to 2010. The increase in unrestricted net assets is mainly due to holding unrestricted funds for future mission-related priorities and deferred maintenance needs during this uncertain economic time.



Statement of Revenues, Expenses and Changes in Net Assets

Changes in total net assets are the result of activity presented in the Statement of Revenues, Expenses and Changes in Net Assets. The purpose of this statement is to present the revenues earned by the

University, both operating and nonoperating, and the expenses incurred by the University, operating and nonoperating, and any other revenues, expenses, gains, losses, and changes in net assets.

A condensed statement is provided below:

	2010	2009
Operating revenues	\$ 525,067,874	\$ 489,650,295
Operating expenses	<u>789,043,548</u>	<u>784,042,362</u>
Operating loss	(263,975,674)	(294,392,067)
Net nonoperating revenues and other changes in net assets	<u>374,551,086</u>	<u>353,886,034</u>
Increase in net assets	110,575,412	59,493,967
Net assets - beginning of year	<u>1,209,912,192</u>	<u>1,150,418,225</u>
Net assets - end of year	<u>\$ 1,320,487,604</u>	<u>\$ 1,209,912,192</u>

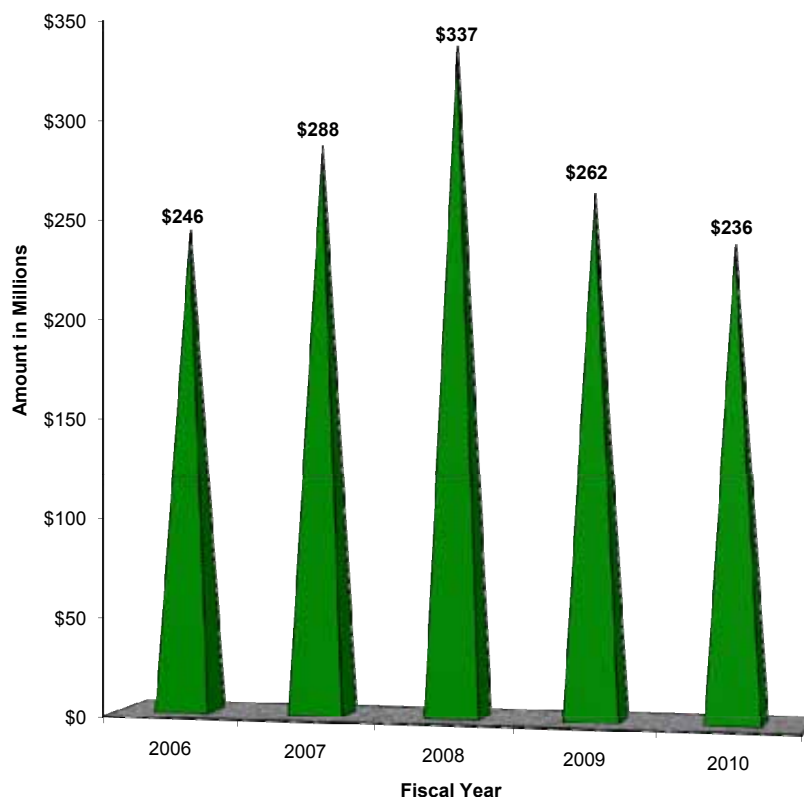
The 2010 Statement of Revenues, Expenses and Changes in Net Assets reflects an increase in net assets at the end of the year of \$110.6 million. Operating revenues increased 7.2% when comparing operating revenues from 2009 to 2010. The majority of this increase is attributable to the increase in student tuition and fee revenue, net of discounts, which increased \$17.9 million. The University also recognized an increase in contract and grant revenues of \$9.9 million. This is primarily due to an increase in federal funds awarded for research. Approximately \$3.1 million of this increase were competitive awards received under the ARRA. Auxiliary revenue increased approximately \$7.0 million due to new revenue generated by the opening of the Village housing.

Operating expenses increased \$5.0 million from 2009 to 2010. The University's compensation and employee benefits experienced a modest increase in fiscal year 2010. The University incurred an additional \$4.0 million related to employer paid benefits. Scholarships and fellowships expense increased \$4.0 million from 2009 to 2010. This was due to the increase in tuition and the additional scholarships that were awarded in fiscal year 2010. Other supplies and services expenses decreased \$6.4 million. This decrease reflects reductions in spending due to reduced State appropriation budgets. Depreciation expense increased \$5.1 million, as a result of recording depreciation beginning in fiscal year 2010 on new projects completed in 2009. The buildings completed include the Village Dorms, infrastructure related to the Village, and West Campus Dining.

Net nonoperating revenues decreased \$8.4 million from 2009 to 2010. The University's State appropriations decreased from \$262.0 million in fiscal year 2009 to \$236.0 million in fiscal year 2010. The \$25.5 million decrease is attributable to a combined 23% permanent reduction in appropriations and proration from the State of Alabama. This decrease was offset by the recognition of ARRA State Fiscal Stabilization funds of \$21.2 million. In addition, the University received an additional \$6.8 million in Pell grants, which were awarded to students in fiscal year 2010. The University saw revenue related to investments continue to decline in fiscal year 2010. The University's endowment, interest income and realized gains decreased \$10.8 million from fiscal year 2009 to 2010, and the University only recognized \$7.9 million in unrealized gains, which was a decrease of \$5.5 million from the \$13.4 million recognized in fiscal year 2009.

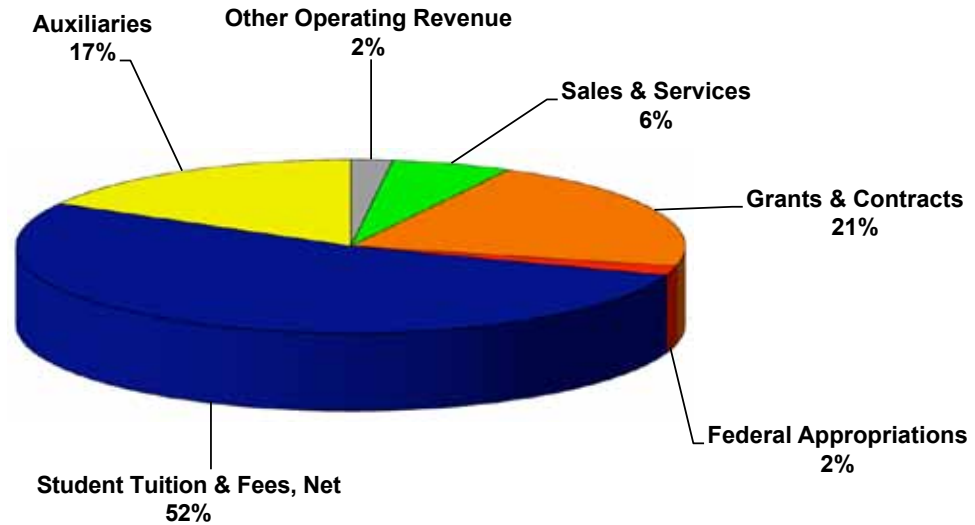
Capital appropriations, capital gifts and grants, and additions to permanent endowments increased \$29.1 million when comparing \$47.8 million recognized in 2010 to \$18.7 million recognized in 2009. In fiscal year 2010, the University received funding from the Alabama Public Schools and Colleges Act and ARRA State Fiscal Stabilization for capital projects of approximately \$14.1 million and \$4.1 million, respectively. These amounts are reflected in capital appropriations. The University expended approximately \$14.0 million dollars for the construction of the new phase of the Technology Transportation building. The corresponding revenue is reflected in the line item capital gifts & grants.

STATE APPROPRIATIONS



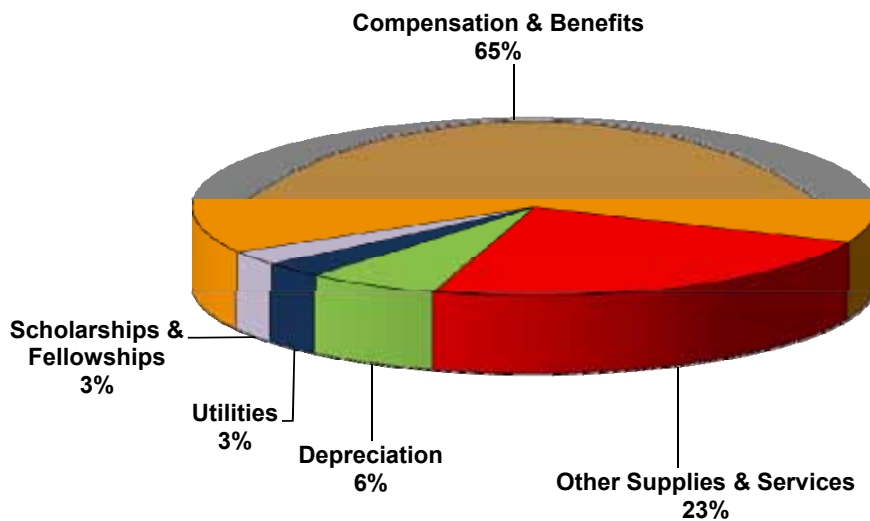
OPERATING REVENUES SUPPORTING CORE ACTIVITIES

For the year ended September 30, 2010



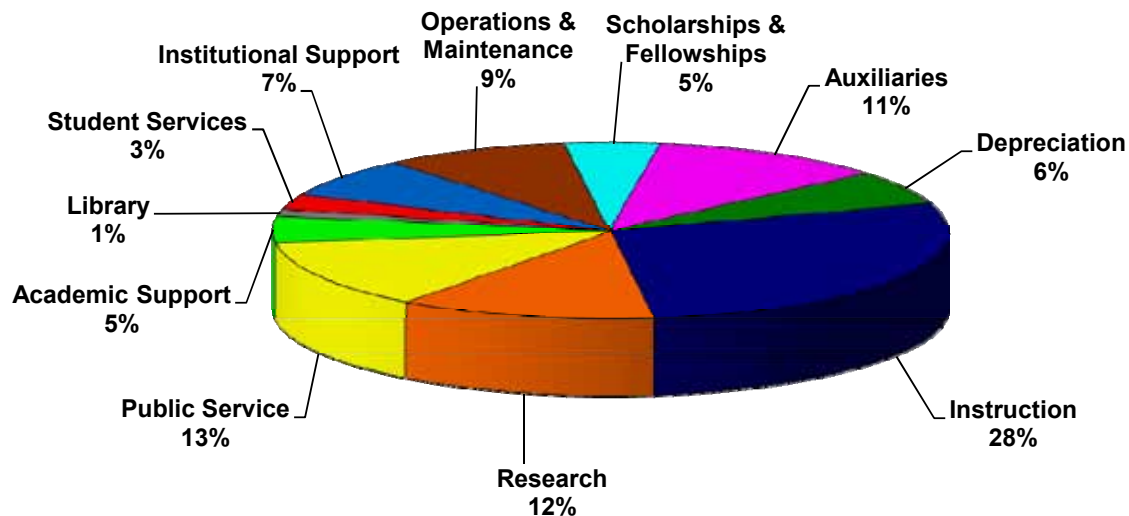
OPERATING EXPENSES BY NATURAL CLASSIFICATION

For the year ended September 30, 2010



OPERATING EXPENSES BY FUNCTION

For the year ended September 30, 2010



Statement of Cash Flows

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

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

The University's cash flows are summarized below:

	2010	2009
Cash provided by (used in):		
Operating activities	\$ (201,394,939)	\$ (248,648,625)
Net noncapital financing activities	310,633,767	310,913,714
Net capital and related financing activities	(132,745,160)	(226,029,888)
Net investing activities	<u>36,085,922</u>	<u>171,637,841</u>
Net increase in cash	12,579,590	7,873,042
Cash and cash equivalents beginning of year	<u>57,096,605</u>	<u>49,223,563</u>
Cash and cash equivalents end of year	<u>\$ 69,676,195</u>	<u>\$ 57,096,605</u>

The excess of uses over sources of cash used for operating activities decreased from 2009 to 2010 by 19.0%. This decrease was the result of the University receiving additional funds from tuition and fees, as well as the University decreasing its payments to suppliers related to operations. The University reduced its expenditures related to operations as a direct result of the reduced appropriations from the State of Alabama.

to mitigate the impact, however, are intended to eliminate the effects of future proration or decreases in state funding. As a labor-intensive organization, the University faces competitive pressures related to attracting and retaining faculty and staff. The rising cost of health care remains a concern, particularly in light of the post-retirement health care benefits offered to retirees.

Cash provided by noncapital financing activities increased \$280,000. Although the University received a decrease in State appropriations of \$25.5 million, the University's net decrease from the State was \$6.2 million, due to the receipt of \$19.3 million of ARRA State Fiscal Stabilization funds. This net decrease was offset by a \$6.7 million increase in gifts and grants received for other than capital purposes. The remaining difference was due to timing differences in the receipt and disbursement of loan funds issued to students in the Direct Loan Program.

The University continues to address aging facilities with significant new construction, as well as modernization and renovation of existing facilities. Although funding of these projects through gifts, federal and state funds, and deferred maintenance budget allocations continues, the costs of operating the new and renovated facilities will continue to place additional resource demands on the operating budget of the institution.

Net cash used in capital and related financing activities decreased \$93.3 million from 2009 to 2010, which is primarily attributable to a reduction of purchases of capital assets.

The University continues to take steps to enhance student recruitment, both in marketing efforts and in providing additional scholarship funding. Applications, acceptances and retention are monitored closely to assess the potential impact of general economic conditions on future enrollment. We are cautiously optimistic that demand will remain strong.

Net cash provided by investing activities decreased \$135.6 million. This decrease is the result of the University utilizing previously invested bond funds for construction projects. In addition, the University received fewer funds from investment income.

The University will continue to employ its long-term investment strategy to maximize total returns at an appropriate level of risk, while utilizing a spending rate policy to insulate the University's operations from temporary market volatility. Preservation of capital is regarded as the highest priority in the investing of the cash pool. Diversification through asset allocation is utilized as a fundamental risk strategy for endowed funds.

Economic factors that will affect the future

While the University is impacted by the general economic conditions, management believes the University will continue its high level of excellence in service to students, sponsors, the State of Alabama, and other constituents. In addition to legislative permanent appropriation reductions for fiscal year 2010, the Governor announced the 9.5% proration of the Special Education Trust Fund, which effectively reduced the appropriations for the University by an additional 9% in the fiscal year ended September 30, 2010. The University's strong financial position and internal financial planning process provides the University some protection against the funding reductions and adverse economic conditions. Nonetheless, a continuation of the economic downturn and future reductions in state support must be anticipated and managed carefully to maintain excellence. Neither external nor internal efforts

Cautionary note regarding forward-looking statements

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

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

UNDERGRADUATE TUITION FOR THE ACADEMIC YEAR

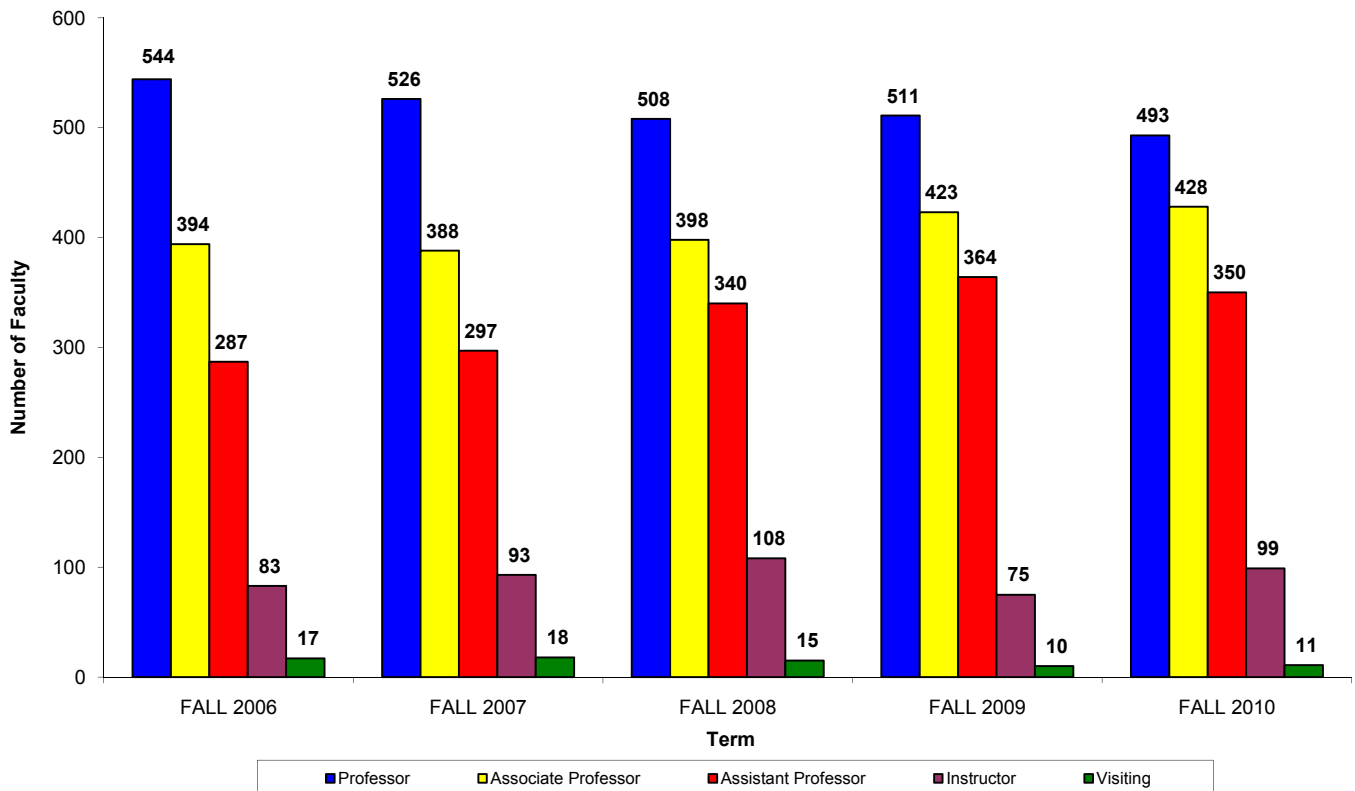
	2006-07	2007-08	2008-09	2009-10	2010-11
Auburn Main Campus and Auburn University at Montgomery					
Full Time Students:					
In-State	\$5,496/\$4,760	\$5,834/\$5,010	\$6,500/\$5,580	\$6,972/\$5,970	\$7,900/\$6,730
Out-of-State	\$15,496/\$13,760	\$16,334/\$14,490	\$18,260/\$16,200	\$19,452/\$17,250	\$21,916/\$19,090

FALL STUDENT ENROLLMENT

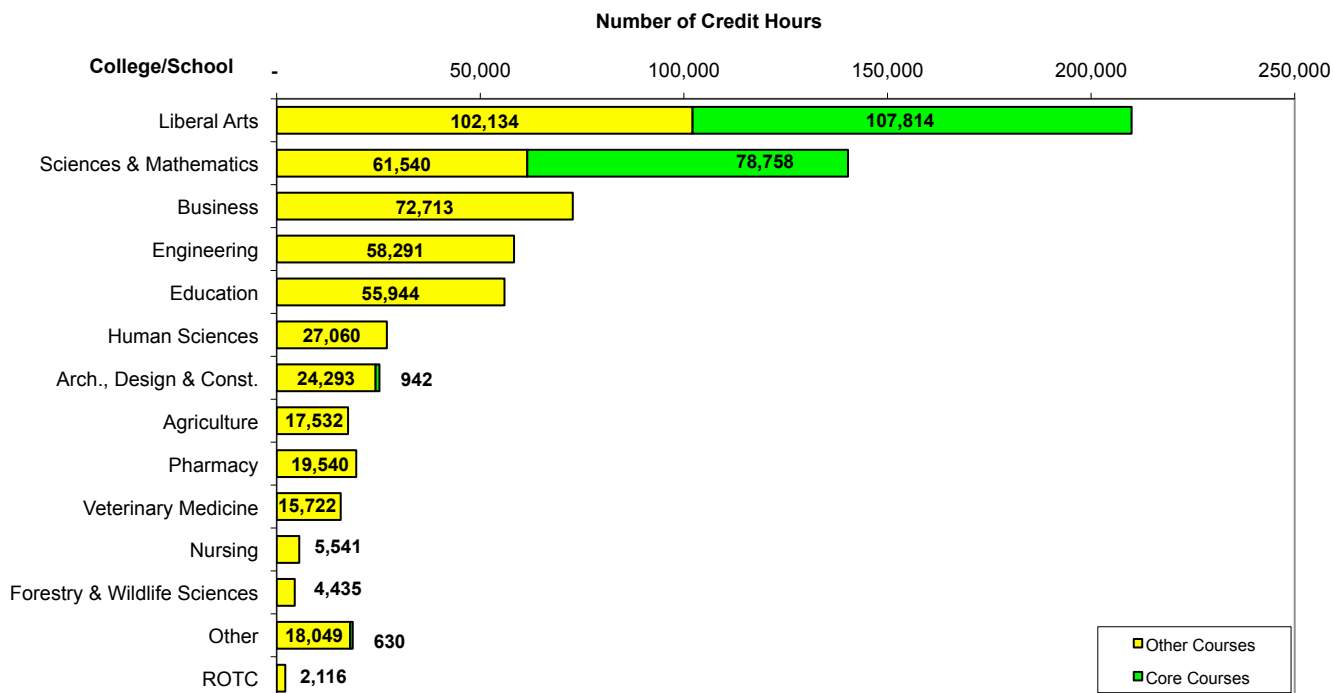
	2006	2007	2008	2009	2010
Auburn Main Campus and Auburn University at Montgomery					
Undergraduate and Professional	24,602	25,115	25,471	25,599	26,025
Graduate	4,024	4,146	4,346	4,558	4,864

DEGREES AWARDED FOR THE ACADEMIC YEAR

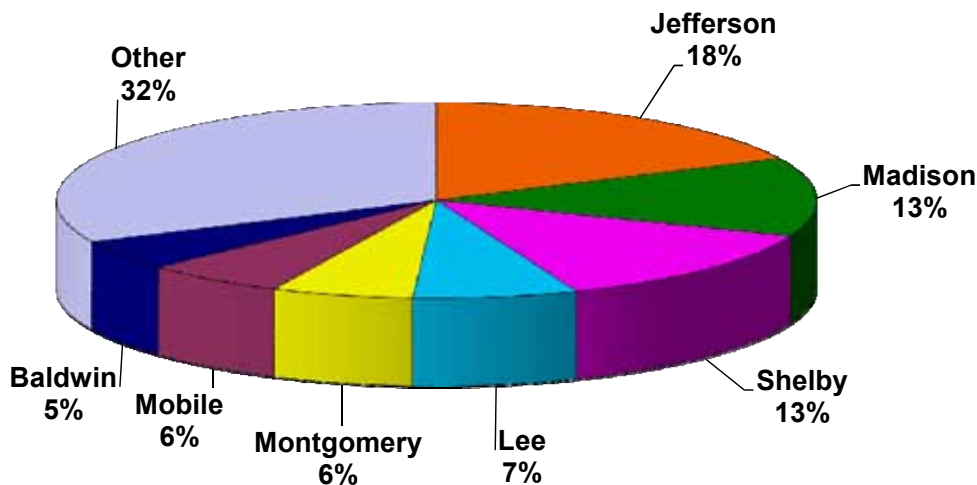
	2005-06	2006-07	2007-08	2008-09	2009-10
Auburn Main Campus and Auburn University at Montgomery					
Bachelor	4,658	4,373	4,441	4,593	4,700
Advanced	1,493	1,465	1,520	1,561	1,670

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

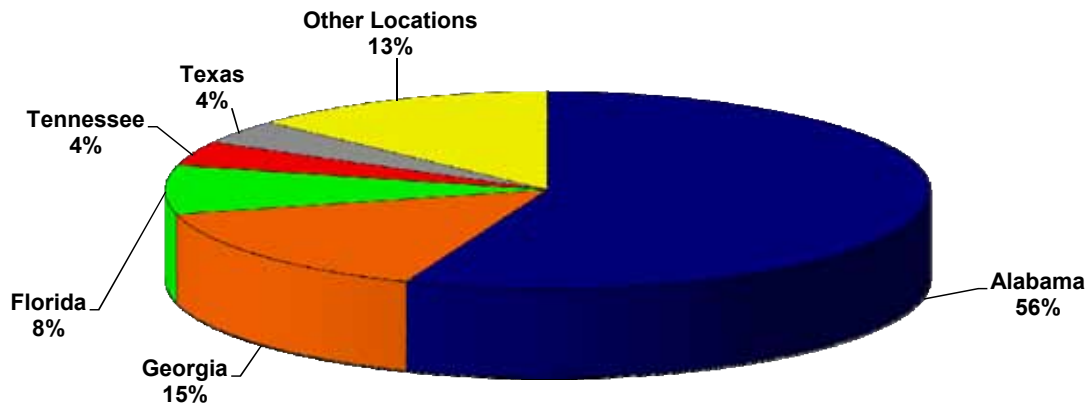
AUBURN UNIVERSITY MAIN CAMPUS TOTAL STUDENT CREDIT HOURS BY COLLEGE/SCHOOL 2009-10



AUBURN UNIVERSITY MAIN CAMPUS FRESHMEN ENROLLMENT BY ALABAMA COUNTIES SUMMER/FALL TERMS 2010



SOURCES OF ENTERING FRESHMEN BY STATE MAIN CAMPUS SUMMER/FALL TERMS 2010



AUBURN UNIVERSITY
FIVE YEAR HIGHLIGHTS (MILLIONS OF DOLLARS)
FOR THE FISCAL YEARS ENDED SEPTEMBER 30

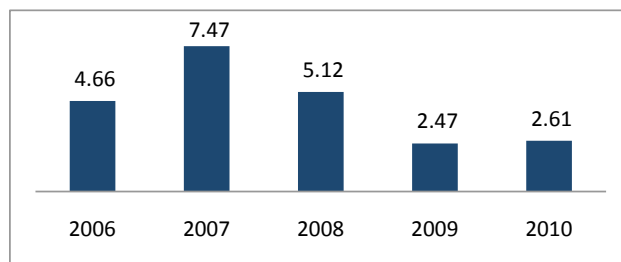
	2006	2007	2008	2009	2010
Revenues by Source					
Tuition and fees	\$ 204.5	\$ 219.5	\$ 235.3	\$ 257.6	\$ 275.5
Federal appropriations	10.2	13.0	15.7	10.9	9.0
State appropriations	245.7	288.3	336.9	261.7	236.2
ARRA state fiscal stabilization funds	-	-	-	-	21.2
Grants & contracts	106.4	127.2	118.9	115.6	132.4
Gifts	22.5	54.8	28.5	29.8	30.2
Sales, services, investments and other income	71.2	98.2	70.6	87.1	107.4
Sales and services of auxiliary enterprises	<u>64.1</u>	<u>65.3</u>	<u>75.5</u>	<u>80.8</u>	<u>87.7</u>
Total Revenues by Source	<u>\$ 724.6</u>	<u>\$ 866.3</u>	<u>\$ 881.4</u>	<u>\$ 843.5</u>	<u>\$ 899.6</u>
Operating Expenses by Function					
Instruction	\$ 181.6	\$ 194.9	\$ 212.6	\$ 215.3	\$ 220.6
Research	80.9	94.7	101.1	99.6	97.5
Public Service	84.1	106.3	108.0	101.3	99.2
Academic Support	33.2	29.1	32.0	34.5	37.5
Library	13.7	7.2	9.4	8.6	10.2
Student Services	15.7	16.3	19.4	20.4	21.8
Institutional Support	51.7	61.5	62.2	71.8	57.4
Operation and Maintenance	49.6	57.9	70.9	74.6	70.2
Scholarships and Fellowships	23.0	26.3	30.9	31.2	36.0
Auxiliary Enterprises	76.7	76.0	78.8	82.5	89.3
Depreciation	<u>34.2</u>	<u>37.1</u>	<u>41.3</u>	<u>44.2</u>	<u>49.3</u>
Total Operating Expenses by Function	<u>\$ 644.4</u>	<u>\$ 707.3</u>	<u>\$ 766.6</u>	<u>\$ 784.0</u>	<u>\$ 789.0</u>
Operating Expenses by Natural Classification					
Salaries and wages	\$ 330.3	\$ 352.0	\$ 374.5	\$ 386.4	\$ 384.8
Employee benefits	88.9	95.7	115.1	121.5	126.1
Scholarships and fellowships	14.2	16.3	18.9	17.9	21.9
Utilities	21.3	20.5	22.9	23.7	22.9
Travel	21.7	21.8	24.5	22.7	22.7
Other operating expenses	<u>168.0</u>	<u>201.0</u>	<u>210.7</u>	<u>211.8</u>	<u>210.6</u>
Total Operating Expenses by Natural Classification	<u>\$ 644.4</u>	<u>\$ 707.3</u>	<u>\$ 766.6</u>	<u>\$ 784.0</u>	<u>\$ 789.0</u>

AUBURN UNIVERSITY FINANCIAL RATIOS* FOR THE FISCAL YEARS ENDED SEPTEMBER 30

Debt Service Coverage Ratio

The debt service coverage ratio measures the ability to cover annual debt service obligations from current year operating cash flows. A ratio of at least 1.0 is desirable.

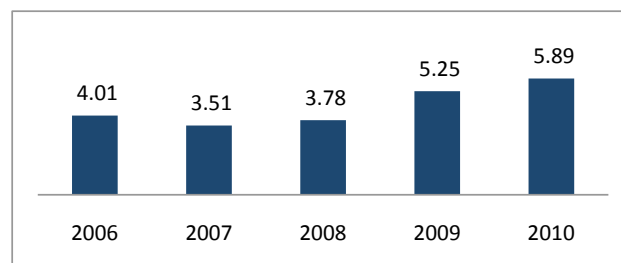
The University's debt service coverage ratio decreased in recent years due to new debt issuances in 2007 and 2008. Still, the ratio remains sufficiently above the desired 1.0 in all years presented.



Debt Service Burden

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

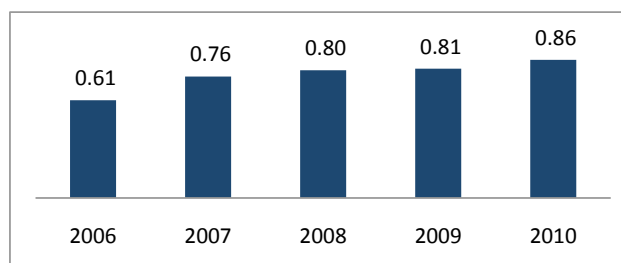
The University's debt service burden increased in recent years due to new debt issuances in 2007 and 2008. Still, the ratio remains sufficiently below the target of 7% in all years presented.



Primary Reserve Ratio

The Primary Reserve Ratio measures the financial strength of the institution by indicating how many years it could operate using expendable net assets without relying on additional revenue. A positive trend over time indicates improving financial condition with reserves.

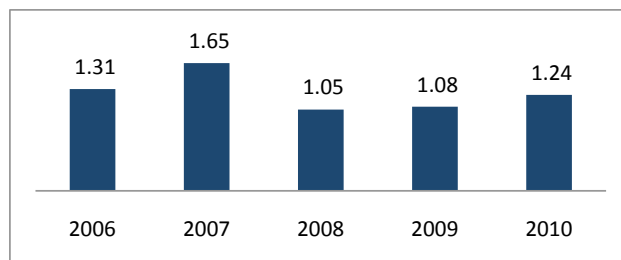
The University's primary reserve ratio has continued to improve over the 5 years presented, indicating a strengthening financial condition.



Viability Ratio

This ratio measures the availability of expendable net assets to cover debt obligations should the institution be required to settle them immediately. A ratio of at least 1.0 is desirable.

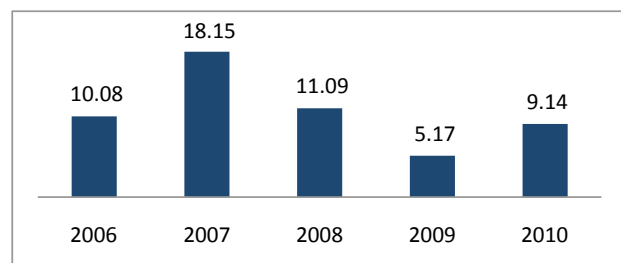
While the University's viability ratio has fluctuated somewhat over the 5 years presented, it remains higher than the desired 1.0, and has increased steadily since 2008.



Return on Net Assets Ratio

This ratio measures total economic return and can be used to indicate whether the institution is financially stronger or weaker over time. A positive trend over time is desirable.

While the University's return on net assets ratio has fluctuated over the 5 years presented, it remains strong, with an increase in 2010 over the previous year.



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

AUBURN UNIVERSITY
STATEMENTS OF NET ASSETS
SEPTEMBER 30, 2010 AND 2009

	2010	2009
ASSETS		
Current assets		
Cash and cash equivalents	\$ 69,676,195	\$ 57,096,605
Operating investments	90,101,995	100,197,782
Accounts receivable, net	49,160,303	40,127,137
Student accounts receivable, net	31,774,743	28,635,482
Loans receivable, net	2,744,742	2,895,997
Accrued interest receivable	2,335,669	3,488,574
Inventories	4,006,169	3,595,380
Prepaid expenses	4,690,560	4,930,115
Total current assets	<u>254,490,376</u>	<u>240,967,072</u>
Noncurrent assets		
Investments	719,777,359	719,525,726
Loans receivable, net	17,502,621	17,028,170
Investment in plant, net	1,133,914,138	1,044,435,194
Total noncurrent assets	<u>1,871,194,118</u>	<u>1,780,989,090</u>
Total assets	<u>2,125,684,494</u>	<u>2,021,956,162</u>
LIABILITIES		
Current liabilities		
Accounts payable	41,853,443	43,492,762
Accrued salaries and wages	5,441,206	5,077,503
Accrued compensated absences	17,466,534	17,029,736
Accrued interest payable	9,123,945	9,006,785
Other accrued liabilities	3,109,966	2,814,171
Student deposits	198,702	816,355
Deposits held in custody	19,097,263	19,848,095
Deferred revenues	131,089,174	117,424,351
Noncurrent liabilities-current portion	19,642,149	20,844,634
Total current liabilities	<u>247,022,382</u>	<u>236,354,392</u>
Noncurrent liabilities		
Accrued compensated absences	-	691,230
Bonds and notes payable	530,768,053	550,080,467
Lease obligations	1,235,379	1,540,660
Other noncurrent liabilities	26,171,076	23,377,221
Total noncurrent liabilities	<u>558,174,508</u>	<u>575,689,578</u>
Total liabilities	<u>805,196,890</u>	<u>812,043,970</u>
NET ASSETS		
Invested in capital assets, net of related debt	616,209,983	553,281,602
Restricted		
Nonexpendable	24,051,577	23,886,049
Expendable:		
Scholarships, research, instruction, other	141,718,010	139,000,957
Loans	5,116,931	5,023,192
Capital projects	16,903,565	18,850,145
Unrestricted	516,487,538	469,870,247
Total net assets	<u>\$ 1,320,487,604</u>	<u>\$ 1,209,912,192</u>

See accompanying notes to financial statements.

AUBURN UNIVERSITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	2010	2009
OPERATING REVENUES		
Tuition & fees, net of scholarship allowances of \$78,469,688 and \$60,575,755, respectively	\$ 275,489,454	\$ 257,628,293
Federal appropriations	9,026,000	10,946,114
Federal grants & contracts, net	77,953,387	69,512,621
State & local grants & contracts, net	19,873,107	18,187,145
Nongovernmental grants & contracts, net	11,297,084	11,516,685
Sales & services of educational departments	30,308,344	27,998,226
Auxiliary revenue, net of scholarship allowances of \$5,002,042 and \$3,125,629, respectively	87,714,612	80,754,997
Other operating revenues	13,405,886	13,106,214
Total operating revenues	<u>525,067,874</u>	<u>489,650,295</u>
OPERATING EXPENSES		
Compensation & benefits	510,919,404	507,894,296
Scholarships & fellowships	21,931,019	17,903,346
Utilities	22,899,217	23,708,155
Other supplies & services	183,965,097	190,348,713
Depreciation	49,328,811	44,187,852
Total operating expenses	<u>789,043,548</u>	<u>784,042,362</u>
Operating loss	<u>(263,975,674)</u>	<u>(294,392,067)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	236,212,711	261,691,096
ARRA state fiscal stabilization funds	21,236,839	-
Gifts	30,218,934	29,786,518
Grants	23,204,820	16,424,734
Net investment income	25,088,863	41,436,581
Interest expense on capital debt	(9,174,150)	(14,150,603)
Nonoperating revenues, net	<u>326,788,017</u>	<u>335,188,326</u>
Income before other changes in net assets	62,812,343	40,796,259
OTHER CHANGES IN NET ASSETS		
Capital appropriations	18,224,230	2,760,396
Capital gifts & grants	29,373,311	15,681,879
Additions to permanent endowments	165,528	255,433
Net increase in net assets	<u>110,575,412</u>	<u>59,493,967</u>
Net assets - beginning of year	<u>1,209,912,192</u>	<u>1,150,418,225</u>
Net assets - end of year	<u>\$ 1,320,487,604</u>	<u>\$ 1,209,912,192</u>

See accompanying notes to financial statements.

AUBURN UNIVERSITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition & fees	\$ 283,673,417	\$ 262,875,230
Federal appropriations	8,870,750	10,601,588
Grants & contracts	104,103,309	98,800,123
Sales & services of educational departments	28,875,686	25,562,933
Auxiliary enterprises	91,974,967	87,337,187
Other operating revenues	13,998,139	14,950,271
Payments to suppliers	(178,861,390)	(202,348,794)
Payments for utilities	(22,899,217)	(23,708,155)
Payments for employee compensation & benefits	(508,477,336)	(504,676,629)
Payments for scholarships & fellowships	(21,902,709)	(17,932,871)
Student loans issued	(2,973,616)	(2,558,526)
Student loans collected	2,223,061	2,449,018
Net cash used in operating activities	<u>(201,394,939)</u>	<u>(248,648,625)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	236,212,711	261,691,096
ARRA state fiscal stabilization funds	19,289,939	-
Gifts and grants for other than capital purposes	56,154,128	49,465,542
Direct loan receipts	158,192,455	142,384,346
Direct loan disbursements	<u>(159,215,466)</u>	<u>(142,627,270)</u>
Net cash provided by noncapital financing activities	<u>310,633,767</u>	<u>310,913,714</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from advanced refunding of debt, net of issuance cost	84,946,185	-
Capital appropriations	18,224,230	2,760,396
Capital grants & gifts received	21,889,138	12,679,929
Purchases of capital assets	(146,662,988)	(221,493,168)
Proceeds received from sale of capital assets	57,270	6,769,654
Principal paid on debt & capital leases	(18,057,271)	(15,268,177)
Interest paid on debt & capital leases	(8,245,820)	(11,478,522)
Payment to escrow on advanced refunding of debt	<u>(84,895,904)</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>(132,745,160)</u>	<u>(226,029,888)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments and reinvestments	795,600,868	804,344,342
Investment income	17,357,295	31,290,907
Purchases of investments	<u>(776,872,241)</u>	<u>(663,997,408)</u>
Net cash provided by investing activities	<u>36,085,922</u>	<u>171,637,841</u>
Net increase in cash and cash equivalents	12,579,590	7,873,042
Cash and cash equivalents, beginning of year	<u>57,096,605</u>	<u>49,223,563</u>
Cash and cash equivalents, end of year	<u>\$ 69,676,195</u>	<u>\$ 57,096,605</u>

See accompanying notes to financial statements.

AUBURN UNIVERSITY
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	2010	2009
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (263,975,674)	\$ (294,392,067)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	48,780,030	43,542,273
Write-off of loans receivable	427,359	297,343
Loss (gain) on sale of net assets	120,032	(2,421,038)
Changes in assets and liabilities:		
Accounts receivable	(3,467,032)	(1,517,742)
Student accounts receivable	(3,139,261)	(3,330,318)
Inventories	(410,789)	129,041
Deferred revenue	13,664,823	14,664,799
Accounts payable	5,074,297	(10,564,048)
Prepaid expenses	239,555	1,051,905
Accrued salaries, wages and compensated absences	109,270	684,963
Student deposits and deposits held in custody	(345,474)	623,306
Loans to students	(750,555)	(109,508)
Other accrued liabilities	295,795	(53,913)
Other noncurrent liabilities	1,982,685	2,746,379
Net cash used in operating activities	<u>\$ (201,394,939)</u>	<u>\$ (248,648,625)</u>

SUPPLEMENTAL NONCASH ACTIVITIES INFORMATION

Capital assets acquired with a liability at year-end	\$ 10,403,689	\$ 19,735,848
Gifts of capital assets	1,300,093	4,467,893
Capital assets acquired through capital leases	354,135	-
Capitalized interest	17,418,054	14,228,375

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2010 AND 2009

	Auburn University Foundation		Auburn Alumni Association	
	2010	2009	2010	2009
ASSETS				
Cash and cash equivalents	\$ 387,622	\$ 615,925	\$ 20,501	\$ 61,520
Investments	287,289,683	250,294,773	4,012,591	3,772,017
Investment in Auburn University Foundation Securities Pool	-	-	7,021,266	6,412,561
Accrued interest receivable	338,476	891,323	26,375	16,230
Contributions receivable, net	23,454,237	31,411,275	576,963	401,240
Notes receivable	115	798,137	-	-
Other assets	146,610	42,733	-	-
Investment in real estate	2,939,847	2,240,356	674,799	674,799
Cash surrender value of life insurance	3,476,136	3,057,945	-	-
Beneficial interest in outside trusts	1,353,116	969,723	-	-
Property and equipment, net	297,014	1,916,801	2,030,490	2,087,765
Prepaid rent	-	-	29	30
Due from Auburn University Foundation	-	-	3,847	178
Total assets	\$ 319,682,856	\$ 292,238,991	\$ 14,366,861	\$ 13,426,340
LIABILITIES				
Accounts payable and accrued liabilities	\$ 290,576	\$ 376,293	\$ 45,784	\$ 86,580
Annuities payable	8,096,784	6,820,790	-	-
Due to Auburn University	9,115	256,417	231,907	159,846
Due to Auburn University Foundation	-	-	-	1,555
Due to Auburn Alumni Association	7,021,866	6,411,182	-	-
Due to Tigers Unlimited Foundation	6,394,967	5,701,268	-	-
Deferred revenue	122,369	-	7,729,229	7,295,068
Total liabilities	21,935,677	19,565,950	8,006,920	7,543,049
NET ASSETS				
Unrestricted	10,661,255	2,679,275	6,359,941	5,883,291
Temporarily restricted	48,779,831	41,988,537	-	-
Permanently restricted	238,306,093	228,005,229	-	-
Total net assets	297,747,179	272,673,041	6,359,941	5,883,291
Total liabilities and net assets	\$ 319,682,856	\$ 292,238,991	\$ 14,366,861	\$ 13,426,340

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	Auburn University Foundation		Auburn Alumni Association	
	2010	2009	2010	2009
REVENUES AND OTHER SUPPORT				
Public support - contributions	\$ 26,234,797	\$ 40,431,304	\$ 1,397,553	\$ 1,471,028
Investment income	2,905,022	3,651,701	277,322	347,211
Other revenues	2,276,151	1,922,900	707,475	830,451
Total operating revenues	<u>31,415,970</u>	<u>46,005,905</u>	<u>2,382,350</u>	<u>2,648,690</u>
EXPENSES, (GAINS) AND LOSSES				
Program services				
Contributions to and support for Auburn University	20,452,280	24,871,876	-	-
Other program services	<u>2,163,967</u>	<u>1,781,213</u>	<u>767,848</u>	<u>804,487</u>
Total program services	<u>22,616,247</u>	<u>26,653,089</u>	<u>767,848</u>	<u>804,487</u>
Support services				
General and administrative	1,370,980	2,027,449	1,369,342	1,565,152
Fund raising	<u>2,837,848</u>	<u>2,850,797</u>	<u>250,730</u>	<u>169,605</u>
Total support services	<u>4,208,828</u>	<u>4,878,246</u>	<u>1,620,072</u>	<u>1,734,757</u>
Total expenses	26,825,075	31,531,335	2,387,920	2,539,244
Unrealized (gains) losses on investments	(20,819,480)	3,388,239	(482,220)	500,844
Realized losses on investments	1,415,028	3,619,719	-	-
Change in valuation of split-interest agreements	(1,116,279)	901,779	-	-
Impairment in real estate	<u>37,488</u>	<u>672,224</u>	<u>-</u>	<u>-</u>
Total expenses, (gains) and losses	<u>6,341,832</u>	<u>40,113,296</u>	<u>1,905,700</u>	<u>3,040,088</u>
 *Change in net assets	 25,074,138	 5,892,609	 476,650	 (391,398)
Net assets - beginning of year	<u>272,673,041</u>	<u>266,780,432</u>	<u>5,883,291</u>	<u>6,274,689</u>
Net assets - end of year	<u>\$ 297,747,179</u>	<u>\$ 272,673,041</u>	<u>\$ 6,359,941</u>	<u>\$ 5,883,291</u>
 *Change in net assets				
Unrestricted	\$ 7,981,980	\$ (1,082,878)	\$ 476,650	\$ (391,398)
Temporarily restricted	6,791,294	(16,551,143)	-	-
Permanently restricted	<u>10,300,864</u>	<u>23,526,630</u>	<u>-</u>	<u>-</u>
Total change in net assets	<u>\$ 25,074,138</u>	<u>\$ 5,892,609</u>	<u>\$ 476,650</u>	<u>\$ (391,398)</u>

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2010 AND 2009

Tigers Unlimited Foundation
2010 **2009**

ASSETS

Cash and cash equivalents	\$ 662,931	\$ 543,077
Investments	32,618,872	32,086,163
Investment in Auburn University Foundation Securities Pool	5,838,464	5,106,545
Accrued interest receivable	119,700	134,472
Contributions receivable, net	8,820,602	14,606,450
Other receivables	-	314
Notes receivable	833,602	800,000
Other assets	458,907	248,792
Property and equipment, net	16,365	2,140
Due from Auburn University Foundation	<u>100,000</u>	<u>100,000</u>
Total assets	<u>\$ 49,469,443</u>	<u>\$ 53,627,953</u>

LIABILITIES

Accounts payable and accrued liabilities	\$ 129,561	\$ 2,525,995
Deferred revenue	1,239,908	1,193,181
Due to Auburn University	<u>2,445,460</u>	<u>2,022,800</u>
Total liabilities	<u>3,814,929</u>	<u>5,741,976</u>

NET ASSETS

Unrestricted	27,975,657	24,748,814
Temporarily restricted	10,787,583	15,608,646
Permanently restricted	<u>6,891,274</u>	<u>7,528,517</u>
Total net assets	<u>45,654,514</u>	<u>47,885,977</u>
Total liabilities and net assets	<u>\$ 49,469,443</u>	<u>\$ 53,627,953</u>

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

Tigers Unlimited Foundation

2010

2009

REVENUES AND OTHER SUPPORT

Public support - contributions	\$ 24,729,864	\$ 28,272,549
Investment income	744,120	1,386,722
Other revenues	<u>4,530,971</u>	<u>3,348,179</u>
Total operating revenues	<u>30,004,955</u>	<u>33,007,450</u>

EXPENSES, (GAINS) AND LOSSES

Program services		
Contributions to and support for Auburn University	12,367,507	17,321,887
Other program services	<u>8,471,741</u>	<u>10,527,120</u>
Total program services	<u>20,839,248</u>	<u>27,849,007</u>

Support services		
General and administrative	1,277,728	1,225,214
Fund raising	<u>5,382,829</u>	<u>4,934,128</u>
Total support services	<u>6,660,557</u>	<u>6,159,342</u>
Total expenses	27,499,805	34,008,349

Unrealized (gains) losses on investments	(817,042)	1,730,351
Realized losses on investments	601	2,057
Loss on write-off of contributions receivable	<u>5,553,054</u>	<u>3,231,315</u>
Total expenses, (gains) and losses	<u>32,236,418</u>	<u>38,972,072</u>

*Change in net assets (2,231,463) (5,964,622)

Net assets - beginning of year 47,885,977 53,850,599

Net assets - end of year \$ 45,654,514 \$ 47,885,977

*Change in net assets		
Unrestricted	\$ 3,226,843	\$ (4,062,203)
Temporarily restricted	(4,821,063)	(1,901,117)
Permanently restricted	<u>(637,243)</u>	<u>(1,302)</u>
Total change in net assets	<u>\$ (2,231,463)</u>	<u>\$ (5,964,622)</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

(1) NATURE OF OPERATIONS

Auburn University (the University) is a land grant university originally chartered on February 1, 1856, as the East Alabama Male College. The Federal Land Grant Act of 1862, by which the University was established as a land grant university, donated public lands to several states and territories with the intent that the states would use these properties for the benefit of agriculture and the mechanical arts. Several pertinent laws dictate specific purposes for which the land may be used. In 1960, the Alabama State Legislature officially changed the name of the University to Auburn University. The University has two campuses, Auburn and Montgomery, with a combined enrollment of 30,889 students for Fall Semester 2010. It serves the State of Alabama, the nation and international business communities through instruction of students and the advancement of research and outreach programs. By statutory laws of the State of Alabama, the University is governed by the Board of Trustees (the Board) appointed by the Governor, a committee consisting of two trustees and two Alumni Association board members and approved by the Alabama State Senate.

The accompanying financial statements of the University have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB) and all Financial Accounting Standards Board (FASB) pronouncements issued before November 30, 1989, unless FASB conflicts with GASB. The accompanying financial statements include the following four divisions of the University:

Auburn University Main Campus
Auburn University at Montgomery
Alabama Agricultural Experiment Station
Alabama Cooperative Extension System

Reporting Entity

The University, a publicly supported, state funded institution, is a component unit of the State of Alabama and is included in the Comprehensive Annual Financial Report of the State. However, the University is considered a separate reporting entity for financial statement purposes.

The University, as a public corporation and instrumentality of the State of Alabama, is exempt from federal income taxes under Section 115 of the Internal Revenue Code. Certain transactions may be taxable as unrelated business income under Internal Revenue Code Sections 511 to 514.

The Auburn University Foundation and the Auburn Alumni Association are exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. Tigers Unlimited Foundation is exempt from federal taxes under section 501(a) as an organization described in section 501(c)(3). Therefore, no provision has been made for income taxes in their respective financial statements.

The Auburn Research and Technology Foundation and the Auburn Spirit Foundation for Scholarships, created in 2004 and 2006, respectively, were organized under Internal Revenue Code 509(a)(3) and Internal Revenue Code 509(a)(2), respectively. They are exempt from Federal income taxes under section 501(c)(3) of the Internal Revenue Code.

The Auburn University Real Estate Foundation, Inc. was organized in 2005 under Internal Revenue Code 170(b)(1)(A)(vi). This real estate holding corporation is a tax-exempt organization under 501(c)(3) of the Internal Revenue Code.

Contributions intended for the University's benefit are primarily received through Auburn University Foundation, Tigers Unlimited Foundation, Auburn Research and Technology Foundation, Auburn Spirit Foundation for Scholarships or Auburn University Real Estate Foundation, Inc. and are deductible by donors as provided under Section 170 of the Internal Revenue Code, consistent with the provisions under Section 501(c)(3) and corresponding state law.

Component Units

The University adheres to GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement No. 14*. This statement clarifies GASB Statement No. 14, *The Financial Reporting Entity*, which provides criteria for determining whether such organizations for which a government is not financially accountable should be reported as component units. Due to the fact that the exclusion of such organizations would render the entity's financial statements misleading or incomplete, the University has included statements for Auburn University Foundation, the Tigers Unlimited Foundation and the Auburn Alumni Association in these financial statements. The Auburn University Real Estate Foundation, Inc. has been consolidated into the Auburn University Foundation's financial statements. These three affiliated organizations' financial statements are presented following the University's statements. The component units are not GASB entities; therefore, their respective financial statements adhere to accounting principles under the Accounting Standards Codification.

Due to the immateriality of the Auburn Research and Technology Foundation and the Auburn Spirit Foundation for Scholarships, presentation and disclosure of their statements are not included.

Auburn University Foundation (AUF) is a qualified charitable organization established in 1960, existing solely for the purpose of receiving and administering funds for the benefit of the University. AUF's activities are governed by its own Board of Directors.

Tigers Unlimited Foundation (TUF) is an independent corporation that began operations on April 21, 2004. It was formed for the sole purpose of obtaining and disbursing funds for the University's Intercollegiate Athletics Department. TUF's activities are governed by its own Board of Directors with transactions being maintained using a June 30 fiscal year end date.

The Auburn Alumni Association (the Association) is an independent corporation organized on April 14, 1945, to promote mutually beneficial relationships between the University and its alumni, to encourage loyalty among alumni and to undertake various other actions for the benefit of the University, its alumni and the State of Alabama. Membership is comprised of alumni, friends and students of the University. The Association's activities are governed by its own Board of Directors.

The Auburn Research and Technology Foundation (ARTF) is an independent corporation organized on August 24, 2004, to facilitate the

acquisition, construction and equipping of a technology and research park on the Auburn University campus. ARTF activities are governed by its own Board of Directors.

The Auburn Spirit Foundation for Scholarships (ASFS) is a qualified charitable organization established on September 29, 2006, organized exclusively to assist the University with the attraction and funding of student scholarships. The ASFS activities are governed by its own Board of Directors.

The Auburn University Real Estate Foundation, Inc. (AUREFI) is a qualified charitable organization created on July 5, 2005, which is owned and controlled by the AUF solely for the purpose of receiving and administering real estate gifts. The AUREFI activities are governed by its own Board of Directors.

The foundations are not-for-profit organizations that report financial results under principles prescribed by the FASB. In June 2009, the FASB issued FASB Statement No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles*. FASB Statement No. 168 establishes the FASB Accounting Standards Codification (ASC) as the single authoritative source for GAAP. The Codification is effective for financial statements that cover interim and annual periods ending after September 15, 2009. Authoritative accounting guidance for the foundations' transactions is found under the ASC topic 958 Not-for-Profit Entities with more specific areas covered under subtopics 20 Financially Interrelated Entities, 30 Split Interest Agreements, 205 Presentation, 210 Balance Sheet, 225 Income Statement, 230 Cash Flow Statement, 310 Receivables and 605 Revenue Recognition.

The financial statements of the foundations have been prepared on the accrual basis of accounting. Net assets, revenues, expenses, gains and losses are classified on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the foundations and changes therein are classified and reported as unrestricted, temporarily restricted or permanently restricted.

Investments in debt securities, equity securities and mutual funds with readily determinable market values are reported at their fair market values based on published market prices.

Contributions received, including unconditional promises to give, are recognized as revenues at their fair values in the period received. For financial reporting purposes, foundations distinguish between contributions of unrestricted assets, temporarily restricted assets and permanently restricted assets. Contributions for which donors have imposed restrictions, which limit the use of the donated assets, are reported as restricted support if the restrictions are not met in the same reporting period. When such donor-imposed restrictions are met in subsequent reporting periods, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions when the purpose or time restrictions are met. Contributions of assets which donors have stipulated must be maintained permanently, with only the income earned thereon available for current use, are classified as permanently restricted assets. Contributions for which donors have not stipulated restrictions are reported as unrestricted support.

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

Financial Statement Presentation

For financial reporting purposes, the University adheres to the provisions of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments* and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis-for Public Colleges and Universities-an amendment of GASB Statement No. 34*. These statements establish standards for external financial reporting for public colleges and universities on an entity-wide perspective and require that resources be classified in three net asset categories.

- **Invested in capital assets, net of related debt:**
Unexpended debt proceeds, capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- **Restricted net assets:**
Nonexpendable – Net assets subject to externally imposed stipulations that they be maintained permanently by the University. Such assets include the University's permanent endowment funds.
Expendable – Net assets whose use by the University are subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations, or that expire by the passage of time.
- **Unrestricted net assets:** Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management or the Board. Substantially all unrestricted net assets are designated for academic and research programs and initiatives, capital programs, and auxiliary units.

GASB Statement No. 35 also requires three statements: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows.

Basis of Accounting

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

GASB Statement No. 35 requires the recording of depreciation on capital assets, accrual or deferral of revenue associated with certain grants and contracts, accrual of interest expense, accounting for certain scholarship allowances as a reduction of revenue, classification of federal refundable loans as a liability, and capitalization and depreciation of equipment with a sponsor reversionary interest.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification

Certain reclassifications have been made to the 2009 financial statements in order to conform them to the 2010 financial statement presentation. The reclassifications had no impact on net assets.

(2) SIGNIFICANT ACCOUNTING POLICIES OF AUBURN UNIVERSITY

Cash & Cash Equivalents

Cash and cash equivalents are defined as highly liquid debt instruments readily convertible into cash and with maturities at date of acquisition of three months or less, whose use is not restricted for long term purposes.

Investments

Investments in equity securities, mutual funds, common trust funds, business trust funds, cash value of life insurance and debt securities are reported at fair value in the Statement of Net Assets, with all net realized and unrealized gains and losses reflected in the Statement of Revenues, Expenses and Changes in Net Assets. Fair value of these investments is based on quoted market prices or dealer quotes where available.

Under GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the University records its initial investment and subsequent contributions in non-readily marketable investments at cost with no adjustments for its share of income/appreciation and losses/depreciation received from the investment (see Note 4). The University performs periodic evaluations in which these investments are monitored for impairment.

Under GASB Statement No. 40, *Deposit and Investment Risk Disclosures-an amendment of GASB Statement No. 3*, common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk are addressed. The Statement defines custodial risk for deposits as "the risk that, in the event of a failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party." As an element of rate risk, this statement requires certain disclosures of investments that have fair values which are highly sensitive to changes in interest rates. Deposit and investment policies related to the risks identified in this statement are also required to be disclosed (see Note 4).

The University employs a custodian to hold, and external investment managers to administer, the majority of its endowed investments and reflects transactions related to these investments based upon the University's review of their records.

Operating investments consist of cash and investments designated for current operations. Investments for capital and student loan activities represent funds that are intended to be used for the related specific activities. Investments recorded as endowment and life income represent funds that are considered by management to be of long

duration. Investments received by gift are recorded at fair market value or appraised value on the date of receipt. Investments in real estate are recorded at fair value. For investments other than non-readily marketable investments, investment income is recorded on the accrual basis of accounting.

Inventories

Units currently holding inventories include Facilities, Chemistry Supply Store, Animal Clinic Pharmacy, Alabama Agricultural Experiment Station, Bookstores, Museum Gift Shop, Copycat Duplicating Service, and Ralph Draughon and AUM Libraries. All inventories are valued at the lower of cost or market, on the first-in, first-out basis, and are considered to be current assets.

Capital Assets

Capital expenditures for and gifts of land, buildings and equipment are carried at cost at date of acquisition or, in the case of gifts, at fair market value at the date of donation. Depreciation is computed on a straight line basis over the estimated useful lives of buildings and building improvements (40 years), land improvements and infrastructure (10 – 40 years), library collection and software costs (10 years) and inventoried equipment (5 – 18 years). Land and construction in progress are not depreciated. The threshold for capitalizing buildings and infrastructure is \$25,000. Expenditures for maintenance, repairs and minor renewals and replacements are expensed as incurred; major renewals and replacements are capitalized if they meet the \$25,000 threshold. Equipment is capitalized if the cost exceeds \$5,000 and has a useful life of more than one year. All buildings are insured through the State of Alabama Property Insurance Fund.

The equipment capitalization threshold was increased from \$2,500, effective October 1, 2009.

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

In accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, the University continues to evaluate prominent events of changes in circumstance to determine whether an impairment loss should be recorded and whether any insurance recoveries should be offset against the impairment loss. The University did not incur any losses related to asset impairment during fiscal year 2010 or 2009.

Deferred Revenues

Deferred revenues include funds received in advance of an event, such as tuition and fees and advance ticket sales for athletic events. Net student tuition and fee revenues and housing revenues for the fall semester are recognized in the fiscal year in which the related revenues are earned. Ticket sale revenues for athletic events are recognized as the related games are played. Deferred revenues also consist of amounts received from grant and contract sponsors that have not yet been earned under the terms of the agreements. All deferred revenue is classified as a current liability (see Note 12).

Classification of Revenues

The University has classified its revenues as either operating or nonoperating according to the following criteria:

- Operating Revenues:** Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most federal, state, local, private grants and contracts and federal appropriations, and (4) interest on institutional student loans.
- Nonoperating Revenues:** Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues. In accordance with GASB Statement No. 35, certain significant revenues on which the University relies to support its operational mission are required by the GASB to be recorded as nonoperating revenues. These revenues include state appropriations, private gifts and investment income, including realized and unrealized gains and losses on investments.

Student Tuition, Fees and Scholarship Discounts and Allowances

Student tuition and fee revenues and certain other revenues from students are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses and Changes in Net Assets. Scholarship discounts and allowances represent the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf. Scholarship allowance to students is reported using the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). The alternative method is an algorithm that computes scholarship allowance on a university-wide basis rather than on an individual student basis.

Auxiliary Enterprises Revenues

Sales and services of auxiliary enterprises primarily consist of revenues generated by Athletics, Bookstore, Housing, Printing and Telecommunications, which are substantially self-supporting activities that primarily provide services to students, faculty, administrative and professional employees and staff.

Compensated Absences

The University reports employees' accrued annual leave and sick leave at varying rates depending upon employee classification and length of service, subject to maximum limitations. Upon termination of employment, employees are paid all unused accrued vacation at their regular rates of pay up to a designated maximum number of days. GASB Statement No. 35 requires the amount of compensated absences that are due within one year of the fiscal year end to be classified as a current liability. Since this amount cannot be known precisely in advance, the current liability is estimated, based on a three-year average cost of annual and sick leave taken by eligible employees.

Pledged Revenue

The University normally does not receive gift pledges. Pledged revenue representing unconditional promises to give is normally received by AUF or TUF and later disbursed in accordance with the donors' wishes for the benefit of the University. Pledges are recorded at their gross, undiscounted amounts. In accordance with the recognition criteria of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the University recorded pledges of approximately \$233,000 and \$409,000 in fiscal years 2010 and 2009, respectively.

(3) CASH AND CASH EQUIVALENTS

Cash consists of petty cash funds and demand deposits held in the name of the University. The Board approves all banks or other institutions as depositories for University funds. GASB Statement No. 40, *Deposit and Investment Risk Disclosures-an amendment of GASB Statement No. 3*, defines custodial risk for deposits as "the risk that, in the event of a failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover securities which are in the possession of an outside party."

Effective January 1, 2001, any depository of University funds must provide annual evidence of its continuing designation as a qualified public depository under the Security for Alabama Fund Enhancement Act (SAFE). The enactment of the SAFE program changed the way all Alabama public deposits are collateralized. In the past, the bank pledged collateral directly to each individual public entity. Under the mandatory SAFE program, each qualified public depository (QPD) is required to hold collateral for all its public deposits on a pooled basis in a custody account established for the State Treasurer as SAFE administrator. In the unlikely event a public entity should suffer a loss due to QPD insolvency or default, a claim form would be filed with the State Treasurer who would use the SAFE pool collateral or other means to reimburse the loss. As a result, the University believes its custodial risk related to cash is remote. In addition, all funds in non-interest bearing accounts are fully guaranteed by the Federal Deposit Insurance Corporation (FDIC) through December 31, 2012, regardless of the amount.

Cash equivalents may consist of commercial paper, repurchase agreements, banker's acceptance, and money market accounts purchased with maturities at date of acquisition of three months or less.

(4) INVESTMENTS

The Board is authorized to invest all available cash and is responsible for the management of the University's investments. The endowment funds and the cash pool assets are invested in accordance with policies established by the Board. The Board has engaged professional investment managers to manage the investment of the endowment funds' assets while maintaining centralized management of the cash pool. The University periodically monitors these investments.

Preservation of capital is regarded as the highest priority in the investing of the cash pool. It is assumed that all investments will be suitable to be held to maturity. The University's investment portfolio is structured in such a manner to help ensure sufficient liquidity to pay obligations as they become due. The portfolio strives to provide a stable return consistent with investment policy. The Cash Pool Investment Policy authorizes investments in the following: money market accounts, repurchase and reverse repurchase agreements, bankers' acceptances, commercial paper, certificates of deposit, municipals, U. S. Treasury obligations, U. S. Agency securities and mortgage-backed securities.

Bond proceeds are invested in accordance with the underlying bond agreements. The University's bond agreements generally permit bond proceeds and debt service funds to be invested in obligations in accordance with University policy in terms maturing on or before the date funds are expected to be required for expenditures or withdrawal. Certain bond indentures require the University to invest amounts held in certain construction funds, redemption funds and bond funds in federal securities or state, local and government series (SLGS) securities.

Diversification through asset allocation is utilized as a fundamental risk strategy for endowed funds. These strategic allocations represent a blend of assets best suited, over the long term, to achieve maximum returns without violating the risk parameters established by the Board. The Endowment Investment Policy, approved June 18, 2010, authorizes investment of the endowment portfolio to include the following: cash and cash equivalents; global fixed income; global equity securities; private capital; absolute return/hedge funds; and real estate assets, collectively referred to as the endowment pool.

The Alabama Uniform Prudent Management of Institutional Funds Act (UPMIFA) has been enacted by the Legislature of the State of Alabama and signed into law effective January 1, 2009. Among its changes, UPMIFA prescribes new guidelines for expenditure of a donor-restricted endowment fund (in the absence of overriding, explicit donor stipulations). Its predecessor, the Uniform Management of Institutional Funds Act (UMIFA), focused on the prudent spending of the net appreciation of the fund. UPMIFA, instead, focuses on the entirety of a donor-restricted endowment fund, that is, both the original gift amount(s) and net appreciation. UPMIFA eliminates UMIFA's historic dollar value threshold, an amount below which an organization could not spend

from the fund, in favor of a more robust set of guidelines about what constitutes prudent spending, explicitly requiring consideration of the duration and preservation of the fund.

The earnings distributions are appropriated for expenditure by the Board in a manner consistent with the standard of prudence prescribed by UPMIFA. In order to conform to the standards for prudent fiduciary management of investments, the Board has adopted a spending plan whose long term objective is to maintain the purchasing power of each endowment and provide a predictable and sustainable level of income to support current operations. In the policy approved on June 18, 2010, spending for a given year equals 80% of spending in the previous year, adjusted for inflation (Consumer Price Index (CPI) within a range of 0% and 6%), plus 20% of the long-term spending rate (4%) applied to the twelve-month rolling average of the market values. For the calendar year 2009, the Board approved a spending distribution equal to 3% of the December 31, 2009 market values. Accumulated net realized and unrealized gains on endowments and funds functioning as endowments total \$28,396,131 and \$24,078,534 at September 30, 2010 and 2009, respectively, and are recorded as restricted expendable net assets.

The components of the accumulated net gains in fair value of investments for the years ended September 30, 2010 and 2009, are as follows:

	2010	2009
Accumulated net realized gains on sale of investments	\$ 21,443,994	\$ 25,278,210
Accumulated net unrealized gains (losses)	6,952,137	(1,199,676)
Net gains in fair value of investments	<u>\$ 28,396,131</u>	<u>\$ 24,078,534</u>

Investment Risks

Investments are subject to certain types of risks, including interest rate risk, custodial credit risk, credit quality risk, concentration of credit risk, and foreign currency risk. The following describes those risks:

- **Interest Rate Risk** – Interest rate or market risk is the potential for changes in the value of financial instruments due to interest rate changes in the market. Certain fixed maturity

investments contain call provisions that could result in shorter maturity periods. As previously stated, it is the University's intent to hold all investments in the Cash Pool until maturity. The Board understands that in order to achieve its objectives, investments can experience fluctuations in fair value. Both the Endowment Investment Policy and the Non-Endowment Cash Pool Investment Policy set forth allowable investments and allocations.



The following segmented time distribution tables provide information as of September 30, 2010 and 2009, covering the fair value of investments by investment type and related maturity:

Auburn University Investments Investment Maturities at Fair Value (in Years) September 30, 2010					
Type of Investments	< 1 year	1-5 years	6-10 years	> 10 years	Total Fair Value
Fixed Maturity					
Commercial Paper	\$ 47,476,865	\$ -	\$ -	\$ -	\$ 47,476,865
Certificates of Deposit	-	3,733,321	-	-	3,733,321
U. S. Treasury Obligations	53,049,927	35,921,583	-	-	88,971,510
U. S. Agency Securities	55,437,118	234,259,973	141,666,245	55,805,291	487,168,627
Mortgage Backed Securities	-	5,187,358	12,258,216	26,921,695	44,367,269
Municipals	-	1,029,580	-	-	1,029,580
	<u>\$ 155,963,910</u>	<u>\$ 280,131,815</u>	<u>\$ 153,924,461</u>	<u>\$ 82,726,986</u>	<u>\$ 672,747,172</u>
Domestic Equities					822,964
Alternative Investments – at cost:					
Hedge Funds					46,987,120
Private Capital					12,254,701
Real Assets					23,225,432
Mutual Funds					79,086,220
Other					3,888,868
Money Market					34,243,741
Total investments					<u>873,256,218</u>
Less cash equivalents held in cash pool					<u>(63,376,864)</u>
Operating and noncurrent investments					<u>\$ 809,879,354</u>

Auburn University Investments Investment Maturities at Fair Value (in Years) September 30, 2009					
Type of Investments	< 1 year	1-5 years	6-10 years	> 10 years	Total Fair Value
Fixed Maturity					
Certificates of Deposit	\$ 1,000,000	\$ 3,711,371	\$ -	\$ -	\$ 4,711,371
U. S. Treasury Obligations	71,758,275	42,374,604	-	-	114,132,879
U. S. Agency Securities	78,487,273	303,376,593	54,586,667	38,847,075	475,297,608
Mortgage Backed Securities	-	7,616,034	2,841,120	35,347,022	45,804,176
Municipals	-	1,016,530	-	-	1,016,530
	<u>\$ 151,245,548</u>	<u>\$ 358,095,132</u>	<u>\$ 57,427,787</u>	<u>\$ 74,194,097</u>	<u>\$ 640,962,564</u>
Domestic Equities					731,148
Alternative Investments – at cost:					
Hedge Funds					42,599,365
Private Capital					10,302,627
Real Assets					13,863,981
Mutual Funds					84,541,223
Other					3,811,708
Money Market					72,510,892
Total investments					<u>869,323,508</u>
Less cash equivalents held in cash pool					<u>(49,600,000)</u>
Operating and noncurrent investments					<u>\$ 819,723,508</u>

- **Custodial Credit Risk** – GASB Statement No. 40 defines investment custodial risk as “the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.” Although no formal policy has been adopted, the University requires its safekeeping agents to hold all securities in the University’s name for both the Cash Pool and the Endowment Pool. Certain limited partnership investments represent ownership interests that do not exist in physical or book-entry form. As a result, custodial credit risk is remote.
- **Credit Quality Risk** – GASB Statement No. 40 defines credit quality risk as “the risk that an issuer or other counterparty to an investment will not fulfill its obligations” as they become due. The University Non-Endowment Cash Pool Investment Policy stipulates that commercial paper be rated P1 by Moody’s or A1 by Standard & Poor’s or a comparable rating by another nationally recognized rating agency. Bankers’ acceptances should hold a long term debt rating of at least AA or short term debt rating of AAA (or comparable ratings) as provided by one of the nationally recognized rating agencies.

The following table provides information as of September 30, 2010 and 2009, concerning credit quality risk:

Auburn University Investments Ratings of Fixed Maturities				
Moody's Rating	Fair Value	Fair Value as a % of Total Fixed Maturity Fair Value	Fair Value	Fair value as a % of Total Fixed Maturity Fair Value
2010			2009	
US Treasury	\$ 88,971,510	13.23%	\$ 114,132,879	17.80%
Aaa	531,535,896	79.01%	521,101,784	81.30%
Aa	1,029,580	.15%	1,016,530	0.16%
P1	47,476,865	7.06%	-	-
Not rated*	3,733,321	.55%	4,711,371	0.74%
	<u>\$ 672,747,172</u>	<u>100.00%</u>	<u>\$ 640,962,564</u>	<u>100.00%</u>

*Certificates of deposit and repurchase agreements are included in the “Not rated” category.

- **Concentration of Credit Risk** – GASB Statement No. 40 defines concentration of credit risk as “the risk of loss attributed to the magnitude of a government’s investment in a single issuer.” The University Non-Endowment Cash Pool Investment Policy does not limit the aggregate amounts that can be invested in U. S. Treasury securities with the explicit guarantee of the U. S. Government or U. S. Agency securities that carry the implicit guarantee of the U. S. Government. As of September 30, 2010 and 2009, the University Cash Pool and the University Endowment Pool were in compliance with their respective policies.

The University Endowment Investment Policy provides for diversification by identifying asset allocation classes and ranges to provide reasonable assurance that no single security, or class of securities, will have a disproportionate impact on the performance of the total Endowment Pool.

- **Foreign Currency Risk** – GASB Statement No. 40 defines foreign currency risk as “the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.” No formal University policy has been adopted addressing foreign currency risk. As of September 30, 2010 and 2009, the University held no investments in foreign currency.

Securities Lending Program

The University’s investment policies allow participation in securities lending, such as Reverse Repurchase Agreements, as authorized by

the State Street Index Fund held by the University Endowment Pool. Effective June 2008, the State Street Index Fund held by the Endowment Pool terminated participation in securities lending. As of September 30, 2010 and 2009, there was no participation in any securities lending program.

Interest Sensitive Securities

As of September 30, 2010 and 2009, the University held \$44,367,269 and \$45,804,176, representing 5.08% and 5.27%, respectively, of its total investments in mortgage-backed securities. As of September 30, 2010 and 2009, the University held no investments in asset backed securities. The mortgage-backed and asset-backed investments have embedded prepayment options that are expected to fluctuate with interest rate changes. Generally, this variance presents itself in variable repayment amounts, such as early or extended principal payments.

Certain fixed maturity investments have call provisions that could result in shorter maturity periods. However, it is the intent that the University’s Cash Pool fixed maturity investments be held to maturity; therefore, the fixed maturity investments are classified in the above table as if they were held to maturity. As of September 30, 2010 and 2009, the University Cash Pool held \$4,000,000 and \$12,496,715, representing 0.46% and 1.44%, respectively, of total investments in continuously callable fixed maturity investments. The University investment policies do not restrict the purchase of mortgage-backed securities, asset-backed securities, or bonds with call provisions.

The University owns shares in ten mutual funds, three common trust funds and four business trust funds. These funds are invested in global marketable securities, commodities and global debt securities. The University owns an interest in a corporation and limited partnership interests in several non-registered investment partnerships. The goal of the corporation and limited partnerships is to invest in readily marketable securities, privately held companies and properties within different industry sectors. At investment inception, the University enters into a separate subscription agreement with a capital commitment to each corporation or limited partnership.

The University has entered into separate subscription agreements with a capital commitment to each alternative investment that expire periodically in the future. The following information pertains to alternative investment capital commitments at September 30, 2010 and 2009:

2010								
Unfunded Commitment by Commitment Expiration								
Type of Alternative Investment	Number of Commitments	Original Commitments	Capital Contributions	< 1 Year	1-5 years	6-10 years	>10 years	Total Unfunded Commitment
Hedge Funds	11	\$ 47,987,120	\$ 47,987,120	\$ -	\$ -	\$ -	\$ -	\$ -
Private Capital	8	17,250,000	12,254,701	-	1,842,795	3,152,504	-	4,995,299
Real Assets	11	33,300,000	26,363,908	-	-	4,726,594	2,209,498	6,936,092
	<u>30</u>	<u>\$ 98,537,120</u>	<u>\$ 86,605,729</u>	<u>\$ -</u>	<u>\$ 1,842,795</u>	<u>\$ 7,879,098</u>	<u>\$ 2,209,498</u>	<u>\$ 11,931,391</u>

2009								
Unfunded Commitment by Commitment Expiration								
Type of Alternative Investment	Number of Commitments	Original Commitments	Capital Contributions	< 1 Year	1-5 years	6-10 years	>10 years	Total Unfunded Commitment
Hedge Funds	7	\$ 42,599,365	\$ 42,599,365	\$ -	\$ -	\$ -	\$ -	\$ -
Private Capital	8	17,250,000	10,302,627	-	1,130,009	4,840,045	977,319	6,947,373
Real Assets	6	25,500,000	15,871,528	-	-	6,280,654	3,347,818	9,628,472
	<u>21</u>	<u>\$ 85,349,365</u>	<u>\$ 68,773,520</u>	<u>\$ -</u>	<u>\$ 1,130,009</u>	<u>\$ 11,120,699</u>	<u>\$ 4,325,137</u>	<u>\$ 16,575,845</u>

Unfunded commitments presented in the tables above are intended to reflect the time of expiration of the commitment, not the timing of future capital calls by the investment. The hedge funds are primarily invested in long/short term equities, fixed income arbitrage, merger arbitrage and other event driven strategies through various investment managers, investment partnerships and offshore funds. The private capital fund commitments are investments in privately held companies in various industries, including alternative fuel technology. The real asset funds include investments in commercial real estate, residential real estate and oil and gas production.

On September 30, 2010 and 2009, the University was not a party to any swap contracts or other derivative instruments.

The table entitled, "Auburn University Investments, Investment Maturities at Fair Value (in Years)", included funds held for pending capital expenditures at September 30, 2010 and 2009 totaling \$101,513,459 and \$154,055,372, respectively. The General Liability Account held investments of \$5,697,020 and \$5,650,670 as of September 30, 2010 and 2009, respectively.

As of September 30, 2010 and 2009, the University's limited partnership investments are carried at cost. As required by GASB Statement No. 31, no adjustment was recorded to recognize net unrealized gains and losses. Limited partnership investments are made in accordance with the University's investment policy, which approves the allocation of funds to various assets classes (i.e., global equity, private capital, hedge funds, real assets, global fixed income and cash) in order to ensure the proper level of diversification within the endowment pool. The limited partnerships (private equity, hedge funds, and real assets) enhance diversification and provide reductions in overall portfolio volatility.

AUF investments at September 30, 2010 and 2009, include the following:

	2010		2009	
	Fair Value	Cost	Fair Value	Cost
Cash and pooled investments	\$ 10,179,335	\$ 10,179,335	\$ 10,580,219	\$ 10,575,371
Government bonds, notes and other securities	25,278,210	23,404,790	29,327,318	28,509,883
Municipal bonds	14,750	14,104	24,296	23,753
Corporate bonds and debentures	12,949,996	9,575,051	10,272,455	9,074,982
Corporate stocks	1,173,383	805,189	1,138,849	835,087
Mutual funds, business trust funds and common trust funds	102,339,501	96,457,747	100,664,111	103,568,997
Hedge funds	80,589,831	70,675,000	64,561,933	60,875,000
Private equity funds	20,181,980	20,268,117	14,628,159	17,088,446
Real asset investment funds	34,582,697	41,667,276	19,097,433	28,586,318
Total investments	\$ <u>287,289,683</u>	\$ <u>273,046,609</u>	\$ <u>250,294,773</u>	\$ <u>259,137,837</u>

AUF owns shares in eight mutual funds, three business trust funds and three common trust funds. These funds are invested in global marketable securities, commodities and global debt securities. AUF owns an interest in a corporation and limited partnership interests of which the goal is to invest in readily marketable securities, privately held companies and properties within different industry sectors. At investment inception, the AUF enters into a separate subscription agreement with a capital commitment to each corporation or limited partnership.

As of September 30, 2010, AUF had entered into subscription agreements with one corporate and twenty-seven limited partnership investments. The aggregate amount of capital committed to these investments is \$135,275,000 of which capital contributions of \$115,145,411 have been invested. A net unrealized loss of \$2,558,603 has been recorded on these investments. Of these twenty-eight commitments, eleven subscriptions relate to hedge funds, ten subscriptions relate to private equity funds, and seven subscriptions relate to real estate asset funds. The hedge funds are primarily invested in long/short equities, fixed income arbitrage, merger arbitrage and other event driven strategies through various investment managers, investment partnerships and offshore funds. The private equity fund commitments are for investments in privately held companies in various industries, including alternative fuel technology. The real assets funds include investments in commercial real estate, residential real estate, and oil and gas production.

Investment income, realized gains and losses, unrealized gains and losses, and changes in values of split-interest agreements are reported on the Consolidated Statements of Activities and Changes in Net Assets net of estimated investment expenses of \$2,791,000 and \$2,347,000 for the fiscal years ended September 30, 2010 and 2009, respectively.

AUF carries its limited partnership investments at fair value. This differs from how the University carries these investments, which is at cost, in accordance with GASB requirements. AUF believes that the carrying amount of its limited partnership investments is a reasonable estimate of fair value as of September 30, 2010. Because limited partnership investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed and such

difference could be material. Limited partnership investments are made in accordance with AUF's investment policy that approves the allocation of funds to various assets classes (i.e., global equity, private capital, hedge funds, real assets, global fixed income and cash) in order to ensure the proper level of diversification within the endowment pool. Investments in limited partnerships (private equity, hedge funds, and real assets) are designed to enhance diversification and provide reductions in overall portfolio volatility. These fair values are estimated by the general partner of each limited partnership using various valuation techniques. The fair values of these investments at September 30, 2010 and 2009, were \$128,662,869 and \$91,900,500, respectively.

The FASB has provided guidance in the ASC relevant to endowments of not-for-profit organizations net asset classification of funds subject to an enacted version of UPMIFA, and enhanced disclosures for all endowment funds. The ASC requires new endowment disclosures, effective for the fiscal year ending September 30, 2009. The combination of the adoption of new ASC disclosure requirements and the enactment of UPMIFA by the State of Alabama, for the year ended September 30, 2010, resulted in AUF recognizing an increase in unrestricted net assets and a decrease in temporarily restricted net assets in the amount of \$10,621,849. Previously, AUF recognized a decrease in unrestricted net assets and an increase in temporarily restricted net assets in the amount of \$17,303,474, related to donor-restricted endowment fund deficits in existence at the time of the enactment of UPMIFA.

(5) FUNDS HELD IN TRUST

In addition to permanently restricted net assets carried on the University's financial statements, the University is the beneficiary of income earned on a number of AUF endowments. The cost of these funds was \$235,635,688 and \$219,752,906 and the market value was \$248,182,214 and \$211,045,198 at September 30, 2010 and 2009, respectively. The portion of endowment income received by the University from these funds was \$5,509,017 and \$8,640,852 for the fiscal years ended September 30, 2010 and 2009, respectively. Endowment earnings are distributed annually in January, based on the AUF endowment distribution spending rate. These amounts are reported as investment income on the Statement of Revenues, Expenses and Changes in Net Assets.

In addition, the University has been named as a beneficiary of a foundation with investments having a cost of \$2,418,022 and \$2,414,034 and a market value of \$2,722,358 and \$2,481,781 at September 30, 2010 and 2009, respectively.

The University is the beneficiary of the income earned on two additional trusts. The cost of investments held by these trusts was \$753,000 as of September 30, 2010 and 2009. The income received from the two trusts was \$59,965 and \$62,615 for the fiscal years ended September 30, 2010 and 2009, respectively.

(6) ACCOUNTS RECEIVABLE

Accounts receivable and the allowances for doubtful accounts at September 30, 2010 and 2009, are summarized as follows:

	2010	2009
NONSTUDENT ACCOUNTS RECEIVABLE		
Federal, state & local government, and other restricted expendable	\$ 32,586,193	\$ 27,849,191
Less allowance for doubtful accounts	(2,321,015)	(3,130,301)
Pledged receivables	1,990,657	4,401,231
General	10,121,993	9,214,566
Less allowance for doubtful accounts	(9,994,252)	(8,628,021)
Auxiliary	8,867,052	9,128,314
Capital gifts and grants	7,909,675	1,292,157
Total	<u>\$ 49,160,303</u>	<u>\$ 40,127,137</u>
	2010	2009
STUDENT ACCOUNTS RECEIVABLE		
Unrestricted general	\$ 30,130,761	\$ 27,551,333
Less allowance for doubtful accounts	(471,670)	(419,786)
Unrestricted auxiliary	2,123,129	1,528,828
Less allowance for doubtful accounts	(7,477)	(24,893)
Total	<u>\$ 31,774,743</u>	<u>\$ 28,635,482</u>



(7) CAPITAL ASSETS

Capital assets at September 30, 2010 and 2009, are summarized as follows (dollars in thousands):

	September 30, 2009	Additions/Transfers	Deletions/Transfers	September 30, 2010
Capital assets not being depreciated				
Land	\$ 15,890	\$ 349	\$ -	\$ 16,239
Art & collectibles	7,738	329	(61)	8,006
Construction in progress	115,174	131,914	(170,585)	76,503
Livestock	1,230	858	(256)	1,832
Total capital assets not being depreciated	140,032	133,450	(170,902)	102,580
Capital assets being depreciated				
Land improvements	45,926	25,440	-	71,366
Buildings	979,447	119,372	-	1,098,819
Equipment	191,410	9,394	(6,785)	194,019
Infrastructure	143,294	14,811	-	158,105
Library books	144,613	5,796	(50)	150,359
Banner system implementation	11,431	1,306	-	12,737
Total capital assets being depreciated	1,516,121	176,119	(6,835)	1,685,405
Less accumulated depreciation for				
Land improvements	18,554	2,942	(5)	21,491
Buildings	308,137	21,487	(3)	329,621
Equipment	123,353	13,022	(6,937)	129,438
Infrastructure	41,074	4,894	-	45,968
Library books	116,786	5,710	(31)	122,465
Banner system implementation	3,814	1,274	-	5,088
Total accumulated depreciation	611,718	49,329	(6,976)	654,071
Total capital assets being depreciated, net	904,403	126,790	141	1,031,334
Capital assets, net	\$ 1,044,435	\$ 260,240	\$ (170,761)	\$ 1,133,914

Capital assets at September 30, 2009 and 2008, are summarized as follows (dollars in thousands):

	September 30, 2008	Additions/Transfers	Deletions/Transfers	September 30, 2009
Capital assets not being depreciated				
Land	\$ 15,890	\$ -	\$ -	\$ 15,890
Art & collectibles	7,203	535	-	7,738
Construction in progress	86,538	203,810	(175,174)	115,174
Livestock	1,361	142	(273)	1,230
Total capital assets not being depreciated	110,992	204,487	(175,447)	140,032
Capital assets being depreciated				
Land improvements	42,944	2,982	-	45,926
Buildings	831,611	147,836	-	979,447
Equipment	187,948	22,849	(19,387)	191,410
Infrastructure	125,285	18,009	-	143,294
Library books	138,188	6,503	(78)	144,613
Banner system implementation	11,212	219	-	11,431
Total capital assets being depreciated	1,337,188	198,398	(19,465)	1,516,121
Less accumulated depreciation for				
Land improvements	15,799	2,755	-	18,554
Buildings	290,453	17,684	-	308,137
Equipment	125,679	13,007	(15,333)	123,353
Infrastructure	36,908	4,166	-	41,074
Library books	111,409	5,433	(56)	116,786
Banner system implementation	2,671	1,143	-	3,814
Total accumulated depreciation	582,919	44,188	(15,389)	611,718
Total capital assets being depreciated, net	754,269	154,210	(4,076)	904,403
Capital assets, net	\$ 865,261	\$ 358,697	\$ (179,523)	\$ 1,044,435

During the fiscal years ended September 30, 2010 and 2009, approximately \$18,000,000 and \$2,760,000, respectively, were received from the State of Alabama to fund construction.

These revenues are classified as capital appropriations on the Statement of Revenues, Expenses and Changes in Net Assets.

(8) LONG-TERM DEBT

Bonds, notes and lease obligations are collateralized by certain real estate, equipment and pledged revenues (see Note 9).

Bonds and notes payable	Balance at September 30, 2009	Principal New Debt	Repayment	Balance at September 30, 2010
1978 Auburn University at Montgomery Dormitory Revenue Bonds, \$3,279,000 face value, 3.0%, due annually through 2018, a reserve of \$146,283 and a \$138,143 contingency fund.	\$ 1,245,000	\$ -	\$ (110,000)	\$ 1,135,000
2001 General Fee Revenue Bonds, \$19,460,000 face value, 3.25% to 5.0%, due annually through 2011.	4,700,000	-	(4,700,000)	-
2001A General Fee Revenue Bonds, \$74,750,000 face value, 5.0% to 6.0%, due annually from 2012 through 2026.	74,750,000	-	(74,750,000)	-
2001A Athletic Revenue Bonds, \$24,412,607 face value, 2.125% to 5.49%, due annually through 2021.	21,375,792	-	(412,020)	20,963,772
2003 General Fee Revenue Bonds, \$49,460,000 face value, 1.45% to 5.25%, due annually through 2016.	30,050,000	-	(3,950,000)	26,100,000
2003 Athletic Revenue Bonds, \$21,900,000 face value, 2.25% to 5.0%, due annually through 2010.	3,060,000	-	(3,060,000)	-
2003 Housing and Dining Revenue Bonds, \$15,645,000 face value, 1.4% to 5.0%, due annually through 2012.	5,445,000	-	(1,760,000)	3,685,000
2004 General Fee Revenue Bonds, \$76,875,000 face value, 3.0% to 5.25%, due annually through 2034.	69,220,000	-	(1,515,000)	67,705,000
2004A Athletic Revenue Bonds, \$24,860,000 face value, 2.0% to 5.0%, due annually from 2006 through 2021 and annually from 2025 through 2034.	22,660,000	-	(590,000)	22,070,000
2004B Athletic Revenue Bonds, \$3,050,000 face value, 5.75%, due annually from 2022 through 2024.	3,050,000	-	-	3,050,000
2006A General Fee Revenue Bonds, \$60,000,000 face value, 3.5% to 5.0%, due annually from 2008 through 2037.	57,970,000	-	(1,075,000)	56,895,000
2007A General Fee Revenue Bonds, \$162,530,000 face value, 3.6% to 5.0%, due annually from 2009 through 2038.	161,910,000	-	(670,000)	161,240,000
2007B General Fee Revenue Bonds, \$14,465,000 face value, 4.625% to 5.125%, due annually from 2010 through 2014.	14,465,000	-	(2,600,000)	11,865,000
2008 General Fee Revenue Bonds, \$82,500,000 face value, 3.0% to 5.0%, due annually from 2010 through 2038.	92,500,000	-	(1,720,000)	90,780,000
2009 General Fee Revenue Bonds, \$79,500,000 face value, 2.0% to 5.0%, due annually from 2011 through 2026.	-	79,500,000	-	79,500,000
Notes payable	2,618,544	-	(2,618,544)	-
Total bonds and notes payable	565,019,336	79,500,000	(99,530,564)	544,988,772
Plus unamortized bond premium	6,819,951	6,166,315	(2,147,380)	10,838,886
Less unamortized bond discount	(990,814)	-	715,508	(275,306)
Less unamortized loss on refunding	(398,413)	(6,121,267)	838,042	(5,681,638)
	570,450,060	\$ 79,545,048	\$ (100,124,394)	549,870,714
Less: current portion				
Bonds payable	(19,747,020)			(18,594,610)
Unamortized bond premium	(832,798)			(1,334,446)
Unamortized bond discount	76,988			29,676
Unamortized loss on refunding	133,237			796,719
Total noncurrent bonds and notes payable	\$ 550,080,467			\$ 530,768,053

Bonds and notes payable	Balance at September 30, 2008	Principal New Debt	Repayment	Balance at September 30, 2009
1978 Auburn University at Montgomery Dormitory Revenue Bonds, \$3,279,000 face value, 3.0%, due annually through 2018, a reserve of \$146,047 and a \$137,926 contingency fund.	\$ 1,350,000	\$ -	\$ (105,000)	\$ 1,245,000
2001 General Fee Revenue Bonds, \$19,460,000 face value, 3.25% to 5.0%, due annually through 2011.	6,880,000	-	(2,180,000)	4,700,000
2001A General Fee Revenue Bonds, \$74,750,000 face value, 5.0% to 6.0%, due annually from 2012 through 2026.	74,750,000	-	-	74,750,000
2001A Athletic Revenue Bonds, \$24,412,607 face value, 2.125% to 5.49%, due annually through 2021.	21,774,086	-	(398,294)	21,375,792
2003 General Fee Revenue Bonds, \$49,460,000 face value, 1.45% to 5.25%, due annually through 2016.	33,860,000	-	(3,810,000)	30,050,000
2003 Athletic Revenue Bonds, \$21,900,000 face value, 2.25% to 5.0%, due annually through 2010.	5,970,000	-	(2,910,000)	3,060,000
2003 Housing and Dining Revenue Bonds, \$15,645,000 face value, 1.4% to 5.0%, due annually through 2012.	7,145,000	-	(1,700,000)	5,445,000
2004 General Fee Revenue Bonds, \$76,875,000 face value, 3.0% to 5.25%, due annually through 2034.	70,690,000	-	(1,470,000)	69,220,000
2004A Athletic Revenue Bonds, \$24,860,000 face value, 2.0% to 5.0%, due annually from 2006 through 2021 and annually from 2025 through 2034.	23,235,000	-	(575,000)	22,660,000
2004B Athletic Revenue Bonds, \$3,050,000 face value, 5.75%, due annually from 2022 through 2024.	3,050,000	-	-	3,050,000
2006A General Fee Revenue Bonds, \$60,000,000 face value, 3.5% to 5.0%, due annually from 2008 through 2037.	59,005,000	-	(1,035,000)	57,970,000
2007A General Fee Revenue Bonds, \$162,530,000 face value, 3.6% to 5.0%, due annually from 2008 through 2038.	162,530,000	-	(620,000)	161,910,000
2007B General Fee Revenue Bonds, \$14,465,000 face value, 4.625% to 5.125%, due annually from 2010 through 2014.	14,465,000	-	-	14,465,000
2008 General Fee Revenue Bonds, \$82,500,000 face value, 3.0% to 5.0%, due annually from 2010 through 2038.	92,500,000	-	-	92,500,000
Notes payable	-	2,618,544	-	2,618,544
Total bonds and notes payable	577,204,086	2,618,544	(14,803,294)	565,019,336
Plus unamortized bond premium	7,724,319	-	(904,368)	6,819,951
Less unamortized bond discount	(1,071,045)	-	80,231	(990,814)
Less unamortized loss on refunding	(576,972)	-	178,559	(398,413)
	583,280,388	\$ 2,618,544	\$ (15,448,872)	570,450,060
Less: current portion				
Bonds payable	(14,803,294)			(19,747,020)
Unamortized bond premium	(840,412)			(832,798)
Unamortized bond discount	80,231			76,988
Unamortized loss on refunding	178,559			133,237
Total noncurrent bonds and notes payable	\$ 567,895,472			\$ 550,080,467

On December 29, 2009, \$79,500,000 in General Fee bonds with interest rates ranging from 2% to 5% were issued to advance refund \$79,450,000 of outstanding bonds with interest rates ranging from 4.45% to 6%. The net proceeds of the new bond issue were deposited in an irrevocable trust with an escrow agent and were used to purchase U.S. Government securities which will provide sufficient funds to pay all future debt service payments on the previously outstanding bonds. As a result, the previously outstanding bonds are considered to be defeased and the liability for those bonds has been removed from

the University's financial statements. This refunding resulted in the University recognizing a loss of \$6,121,267 for the difference between the acquisition price of the new debt and the net carrying amount of the old debt. Although the University recognized an accounting loss, the refunding decreases the University's total debt service payments over the next 16 years by \$4,508,214 and resulted in an economic gain (the difference between the present values of the debt service payments on the old and new bonds) for the University of \$4,352,046.

Future Debt Service

Future debt service payments for each of the five fiscal years subsequent to September 30, 2010, and thereafter, are as follows:

Year Ending September 30	Bonds Payable	
	Principal	Interest
2011	\$ 18,594,610	\$ 22,545,093
2012	20,314,833	22,078,205
2013	19,090,538	21,583,050
2014	19,437,349	21,042,539
2015	19,708,361	20,499,408
2016-2020	93,011,606	95,704,852
2021-2025	102,706,475	73,244,096
2026-2030	94,125,000	52,423,756
2031-2035	103,660,000	28,692,556
2036-2038	54,340,000	5,268,531
Total future debt service	\$ 544,988,772	\$ 363,082,086

The University has not issued any variable interest rate demand bonds.

Capital Lease Obligations

AUM is acquiring a building under a capital lease agreement which provides for the University to purchase the building over a period of 25

years. The University also leases certain items of equipment which are classified as capital leases.

Lease Obligations	Balance at September 30, 2009	New Debt	Principal Repayment	Balance at September 30, 2010
Building	\$ 1,080,000	\$ -	\$ (160,000)	\$ 920,000
Equipment	935,701	354,135	(435,251)	854,585
Total lease obligations	\$ 2,015,701	\$ 354,135	\$ (595,251)	\$ 1,774,585

Minimum lease payments under capital leases together with the present value of the net minimum lease payments are shown in the table below:

	Building	Equipment	Total
2010-2011	\$ 210,053	\$ 429,817	\$ 639,870
2011-2012	212,215	412,517	624,732
2012-2013	213,815	58,829	272,644
2013-2014	214,750	48,105	262,855
2014-2015	210,000	-	210,000
Minimum lease payments	1,060,833	949,268	2,010,101
Less interest	(140,833)	(94,683)	(235,516)
Present value of minimum lease payments	920,000	854,585	1,774,585
Less current portion	(165,000)	(374,206)	(539,206)
Noncurrent obligations	\$ 755,000	\$ 480,379	\$ 1,235,379

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

leases for the years ended September 30, 2010 and 2009, amounted to approximately \$4.4 million for each year.

(9) PLEDGED REVENUES

Pledged revenue for 2010 and 2009 as defined by the **Series 2001, 2001A, 2003, 2004, 2006A, 2007A, 2007B, 2008 and 2009 General Fee Revenue Trust Indentures** is as follows:

	2010	2009
Student fees collected	\$ 310,388,794	\$ 281,903,435
Less AUM fees	(31,844,543)	(27,198,672)
Less fees pledged for specific purposes:		
Athletic fees (\$96 per student per semester)	(5,001,404)	(5,227,908)
Transit fees (\$114/\$105 as of Fall 2010/2009 per student per semester)	(5,945,222)	(5,427,004)
Student activities fees (\$15 per student per semester)	(775,833)	(807,440)
Total general fees pledged	<u>\$ 266,821,792</u>	<u>\$ 243,242,411</u>

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

Athletic program revenues pledged to the 2008 General Fee Revenue bonds are subordinate to the Athletic program revenues previously pledged to the Athletic revenue bonds as described below.

Pledged revenue for 2010 and 2009 as defined by the **Series 2001A, 2003 and 2004 Athletic A & B Revenue Trust Indentures** is as follows:

	2010	2009
Jordan Hare and other revenues:		
Television and broadcast revenues	\$ 4,637,605	\$ 4,900,000
Conference and NCAA distributions	19,096,693	13,202,753
Sales and services revenues	25,600,475	23,207,553
Student fees	5,001,308	5,227,908
Royalties, advertisements and sponsorships	3,188,793	3,396,585
Other income	2,269,895	5,777,724
Total athletic revenues pledged	<u>\$ 59,794,769</u>	<u>\$ 55,712,523</u>

The Series 2004 Athletic Revenue bonds, Series 2003 Athletic Revenue bonds and Series 2001A Athletic Revenue bonds are collateralized by a first-priority pledge of the Athletic program revenues that is senior to, and has priority in all respects over, the subordinate pledge of the Athletic program revenues that is being added to the General Fee Trust Indenture concurrently with the issuance of the Series 2008 bonds.

The pledge of Housing and Dining revenues was added to the General Fee Trust Indenture, contemporaneously with the issuance of the University's General Fee Revenue bonds, Series 2007A and 2007B (taxable) and collateralizes, on a parity basis now or hereafter issued under the General Fee Revenue Indenture.

Pledged revenue for 2010 and 2009 as defined by the **Series 2003 Housing and Dining Revenue Trust Indenture** is as follows:

	2010	2009
Housing revenues:		
Room rental	\$ 18,440,714	\$ 11,312,345
Other income	919,177	595,114
Total housing revenues pledged	19,359,891	11,907,459
Food services revenue	-	-
Total housing and food services revenues pledged	<u>\$ 19,359,891</u>	<u>\$ 11,907,459</u>

The Housing and Dining Revenue Bonds, Series 2003 are collateralized by a pledge of the University's Housing and Dining Revenues. The Housing and Dining Revenue Indenture permits the University to issue additional bonds collateralized by the Housing and Dining Revenues on a parity basis with the Housing and Dining Revenue Bonds Series 2003.

The Auburn University dormitory occupancy rate for Fall Semester 2010 and Fall Semester 2009 was 98.7% and 98.3%, respectively (unaudited).

Pledged revenues and related expenses for 2010 and 2009 as defined by the **1978 Auburn University at Montgomery Trust Indenture** are as follows:

The following summary shows the revenues, expenses and transfers from operations of the dormitories of AUM for the years ended September 30, 2010 and 2009.

	2010	2009
Revenues:		
Room rental	\$ 1,141,122	\$ 623,357
Other income	73,652	57,560
Total revenues	<u>1,214,774</u>	<u>680,917</u>
Expenses and transfers:		
Personnel costs	516,175	538,544
Operating expenses	298,912	254,919
Transfers	<u>148,784</u>	<u>123,686</u>
Total expenses and transfers	<u>963,871</u>	<u>917,149</u>
Surplus (deficit) of revenues over expenses and transfers	250,903	(236,232)
AUM Student Housing net deficit at beginning of year	<u>(1,551,973)</u>	<u>(1,315,741)</u>
AUM Student Housing net deficit at end of year	<u>\$ (1,301,070)</u>	<u>\$ (1,551,973)</u>

The AUM dormitory occupancy rate for Fall Semester 2010 and Fall Semester 2009 was 99.56% and 89.42%, respectively (unaudited).

During fiscal year 2009, West Courtyard Dormitory facility, whose revenues were pledged for the 1978 Auburn University at Montgomery Bond Indenture, was closed for renovation during the Summer Semester and did not generate room rental revenue during that term.

(10) RETIREMENT PROGRAMS

The employees of the University are participants in two defined benefit plans, a 403(b) defined contribution plan and a 457(b) deferred compensation plan as follows:

A. Teachers' Retirement System of Alabama

The University contributes to the Teachers' Retirement System of Alabama (TRS), a cost sharing, multiple-employer, public employee retirement system for the various state-supported educational agencies and institutions. This plan is administered by the Retirement Systems of Alabama.

Substantially all non-student employees are members of the Teachers' Retirement System. Membership is mandatory for eligible employees. Benefits vest after ten years of creditable service. Vested employees may retire with full benefits at age 60 or after 25 years of service. Retirement benefits are calculated by the formula method by which retirees are allowed 2.0125% of their average final salary (best three of the last ten years) for each year of service. Disability retirement benefits are calculated in the same manner. Pre-retirement death benefits are provided to plan members.

The Teachers' Retirement System was established as of October 1, 1941, under the provisions of Act Number 419, of the Acts of Alabama 1939, for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by state-supported educational institutions. The responsibility for general administration and operation of the Teachers' Retirement System is vested in the Board of Control (currently 14 members). Benefit provisions are established by the *Code of Alabama* 1975, Sections 16-25-1 through 16-25-113, as amended, and Sections 36-27B-1 through 36-27B-6, as amended.

The ten year historical trend information showing TRS's progress in accumulating sufficient assets to pay benefits when due and the significant actuarial assumptions used to compute the pension benefit obligation, including the discount rate, projected salary increases and post-retirement benefit increases, are presented in the September 30, 2009, annual financial report of the Teachers' Retirement System of Alabama. The Retirement System of Alabama issues a publicly available financial report that includes financial statements and required supplementary information for the Teachers' Retirement System of Alabama. That report may be obtained by writing to the Retirement System of Alabama, 135 South Union Street, Montgomery, Alabama 36130-2150.

Funding Policy

Employees are required by statute to contribute five percent of their salary to the Teachers' Retirement System. The University is required to contribute the remaining amounts necessary to fund the actuarially determined contributions to ensure sufficient assets will be available to pay benefits when due. Each year the Teachers' Retirement System recommends to the Alabama State Legislature the contribution rate for the following fiscal year, with the Alabama State Legislature setting this rate in the annual appropriations bill. The percentages of the contributions and the amount of contributions made by the University and the University's employees equal the required contributions for each year as follows:

Fiscal year ended September 30,	2010	2009	2008
Total percentage of covered payroll	17.51%	17.07%	16.75%
Contributions:			
Percentage contributed by the employer	12.51%	12.07%	11.75%
Percentage contributed by the employees	5.00%	5.00%	5.00%
Contributed by the employer	\$ 39,951,632	\$ 38,697,899	\$ 36,742,052
Contributed by the employees	<u>15,973,406</u>	<u>16,036,739</u>	<u>15,639,571</u>
Total contributions	<u>\$ 55,925,038</u>	<u>\$ 54,734,638</u>	<u>\$ 52,381,623</u>

B. Employees' Retirement System of Alabama

Federally appointed employees of the Alabama Cooperative Extension System are covered by the Employees' Retirement System of Alabama (ERS). This program is a multi-employer defined benefit plan. Benefits of the ERS plan are similar to those of the TRS plan with the exception that they are based on half of the employee's average final salary. Upon retirement, these employees will also receive pension benefits under the Federal Civil Service Retirement System. ERS is part of the Retirement Systems of Alabama.

Funding Policy

Employees are required by statute to contribute 2.5 percent of their salary to the Employees' Retirement System. The University is required to contribute the remaining amounts necessary to fund the actuarially determined contributions to ensure sufficient assets will be available to pay benefits when due. Each year the Employees' Retirement System recommends to the Legislature the contribution rate for the following fiscal year, with the Legislature setting this rate in the annual appropriation bill. The percentages of the contributions and the amount of contributions made by the University and the University's employees equal the required contributions for each year as follows:

Fiscal year ended September 30,	2010	2009	2008
Total percentage of covered payroll	37.54%	38.48%	33.05%
Contributions:			
Percentage contributed by the employer	35.04%	35.98%	30.55%
Percentage contributed by the employees	2.50%	2.50%	2.50%
Contributed by the employer	\$ 1,910,078	\$ 2,216,747	\$ 1,954,795
Contributed by the employees	<u>136,278</u>	<u>154,026</u>	<u>163,172</u>
Total contributions	<u>\$ 2,046,356</u>	<u>\$ 2,370,773</u>	<u>\$ 2,117,967</u>

C. Tax Deferred Annuity Plans

This plan is a defined contribution plan under section 403(b) of the Internal Revenue Code. Accordingly, benefits depend solely on amounts contributed to the plan plus investment earnings. This is provided as a supplement to the aforementioned programs. All full-time regular or probationary employees are eligible to participate. Full-time temporary employees are also eligible if their employment period is for a minimum of one year. The University will match up to \$1,650 per year of a qualifying employee's contribution. This equates to five percent of gross salary with a maximum covered salary of \$33,000 per year. An employee enrolling in one of the University's tax deferred annuity plans will not vest in the University's matching portion until he/she has completed five years of full-time continuous service. Upon the employee's completion of the five year requirement, the University's matching contribution and interest earned will be vested to the participant. Nonparticipating employees with continuous service will be given credit toward the five year requirement upon joining the tax deferred annuity program. The total investment in the annuities is determined by Section 403(b). There are several investment options including fixed and variable annuities and mutual funds. The University-approved investment firms employees may select are Valic, TIAA-CREF, Fidelity Investments and Lincoln Financial. At September 30, 2010 and 2009, 3,236 employees and

3,264 employees, respectively, participated in the tax deferred annuity program. The contribution for 2010 was \$16,206,000, which includes \$4,705,987 from the University and \$11,500,013 from its employees. The contribution for 2009 was \$16,591,893, which includes \$4,753,976 from the University and \$11,837,917 from its employees. Total salaries and wages during the fiscal year for covered employees participating in the plan were approximately \$207,744,900 and \$208,722,000 for the fiscal years ended September 30, 2010 and 2009, respectively.

D. Deferred Compensation Plans

The University follows the provisions of GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—a rescission of GASB Statement No. 2 and an amendment of GASB Statement No. 31*. As of September 30, 2010 and 2009, 206 and 218 employees, respectively, participated in the plans. Contributions of \$2,051,796 and \$2,047,116 for fiscal years 2010 and 2009, respectively, were funded by employees and no employer contribution was funded. The 457(b) plans include Valic, TIAA-CREF, Fidelity Investments and Lincoln Financial.

(11) OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The University offers postemployment health care benefits to all employees who officially retire from the University. Health care benefits are offered through the State of Alabama Public Education Employees Health Insurance Plan (PEEHIP) with TRS or Auburn University's self-insured Retiree Medical Plan (the Plan), which is available for select employees who are not eligible for PEEHIP or those who were grandfathered in as Civil Service employees. Eligibility for benefits for either option begins at age 60 with at least 10 years of service or at any age with 25 years of service. Retirees must have been enrolled in the active employees' health care plan for the last six of those years in order to be eligible for coverage under the plan.

The University applies GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postretirement Benefits Other than Pensions*. This statement requires governmental entities to recognize and match other postretirement benefit costs with related services received and also to provide information regarding the actuarially calculated liability and funding level of the benefits associated with past services.

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

Alabama Retired Education Employees' Health Care Trust is a cost-sharing multiple-employer defined benefit health care plan administered by the Public Education Employee Health Insurance Board. PEEHIP offers a basic hospital/medical plan that provides basic medical coverage for up to 365 days of care during each hospital confinement. The basic hospital/medical plan also provides for physicians' benefits, outpatient care, prescription drugs, and mental health benefits.

Major medical benefits under the basic hospital/medical plan were subject to a lifetime contract maximum of \$1,000,000 for each covered individual. The *Code of Alabama 1975*, Section 16-25A-8 provides the authority to set the contribution for retirees and employers.

The required contribution rate of the employer was \$382 per employee per month in the years ended September 30, 2010 and 2009. The University paid \$8,999,920 and \$8,719,443 for 2,001 and 1,925 retirees for the years ended September 30, 2010 and 2009, respectively. The required contribution rate is determined by PEEHIP in accordance with state statute.

The required monthly contribution rates for fiscal year 2010 are as follows:
Retired Member Rates

- Individual Coverage/Non-Medicare Eligible - \$97.54
- Family Coverage/Non-Medicare Eligible Retired Member and Non-Medicare Eligible Dependent(s) - \$284.94
- Family Coverage/Non-Medicare Eligible Retired Member and Dependent Medicare Eligible - \$188.54
- Individual Coverage/Medicare Eligible Retired Member - \$1.14
- Family Coverage/Medicare Eligible Retired Member and Non-Medicare Eligible Dependent(s) - \$188.54
- Family Coverage/Non-Medicare Eligible Retired Member and Dependent Medicare Eligible - \$92.14
- For employees that retire other than for disability, for each year under 25 years of service, the retiree pays two percent of the employer premium and for each year over 25 years of service, the retiree premium is reduced by two percent of the employer premium.
- Tobacco surcharge - \$25.00 per month

- PEEHIP Supplemental Plan - \$0
- Optional Plans (Hospital Indemnity, Cancer, Dental, Vision) - up to two optional plans can be taken by retirees at no cost if the retiree is not also taking one of the Hospital Medical Plans or combining allocations. Otherwise, these plans can be purchased for \$38.00 per month per plan.

Surviving Spouse Rates

- Surviving Spouse Non-Medicare Eligible - \$598.00
- Surviving Spouse Non-Medicare Eligible and Dependent Non-Medicare Eligible - \$730.00
- Surviving Spouse Non-Medicare Eligible and Dependent Medicare Eligible - \$689.00
- Surviving Spouse Medicare Eligible - \$313.00
- Surviving Spouse Medicare Eligible and Dependent Non-Medicare Eligible - \$445.00
- Surviving Spouse Medicare Eligible and Dependent Medicare Eligible - \$404.00

The complete financial report for PEEHIP can be obtained on the PEEHIP website at <http://www.rsa-al.gov/PEEHIP/peehip.html> under the Trust Fund Financials tab.

B. Retiree Medical Plan (the Plan)

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

Employees included in the actuarial valuation include retirees and survivors, active Civil Service employees who are eligible to participate in the Plan upon retirement and those employees the University pays a subsidy for who elected the PEEHIP plan on or prior to October 1, 1997. Expenditures for postretirement health care benefits are recognized monthly and financed on a pay-as-you-go basis. The University funds approximately 60% of the postretirement healthcare premiums, which totaled \$861,096 and \$930,648 for fiscal years ended September 30, 2010 and 2009, respectively. The retirees are responsible for funding approximately 40% of the healthcare premiums.

In compliance with the provisions of GASB Statement No. 45, the University accrued an additional \$2,219,838 and \$2,608,604 in retiree healthcare expense during fiscal years 2010 and 2009, respectively.

The Plan does not issue a stand-alone financial report. For inquiries relating to the Plan, please contact Auburn University Payroll and Employee Benefits, 212 Ingram Hall, Auburn University, Alabama 36849.

The required schedule of funding progress contained in the Required Supplemental Information immediately following the divisional financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Determination of Annual Required Contribution (ARC) and End of Year Accrual

Cost Element	Fiscal Year Ended Sept. 30, 2010	
	Amount	Percent of Payroll ¹
1. Unfunded actuarial accrued liability at Oct. 1, 2009	\$ 67,083,414	1,107.5%
<u>Annual Required Contribution (ARC)</u>		
2. Normal cost	\$ 101,058	
3. Amortization of the unfunded actuarial accrued liability over 15 years using level dollar amortization	5,163,772	
4. Annual Required Contribution (ARC = 2 + 3)	\$ 5,264,830	86.9%
<u>Annual OPEB Cost (Expense)</u>		
5. ARC	\$ 5,264,830	
6. Interest on beginning of year accrual	147,204	
7. Adjustment to ARC	561,580	
8. Fiscal year 2010 OPEB cost (5 + 6 - 7)	\$ 4,850,454	80.1%
<u>End of Year Accrual (Net OPEB Obligation)²</u>		
9. Beginning of year accrual ¹	\$ 7,360,204	
10. Annual OPEB cost	4,850,454	
11. Employer contribution (benefit payments) ²	2,630,017	
12. End of year CAFR accrual (9 + 10 - 11) ²	\$ 9,580,641	158.2%

¹ Annual payroll for 77 participants as of October 1, 2009, \$6,057,128.

² Actual amounts paid in fiscal year 2010 include claim costs, administrative fees, and PEEHIP subsidy less participant contributions.

Three Year Schedule of Percentage of OPEB Cost Contributed

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed ³	Net OPEB Obligation
Sept. 30, 2008	\$ 4,258,900	52.7%	\$ 4,751,600
Sept. 30, 2009	\$ 5,162,091	49.4%	\$ 7,360,204
Sept. 30, 2010	\$ 4,850,454	54.2%	\$ 9,580,641

³ Cost Contributed is shown in the "Determination of Annual Required contribution and End of Year Accrual."

Summary of Key Actuarial Methods and Assumptions

Valuation year	October 1, 2009 – September 30, 2010
Actuarial cost method	Unit Credit, Actuarial Cost Method
Amortization method	15 years, level dollar open amortization ⁴
Asset valuation method	Not applicable
Discount rate	2.0%
Projected payroll growth rate	Not applicable

⁴ Open amortization means a fresh-start each year for the cumulative unrecognized amount.

Health care cost trend rate for medical and prescription drugs

9.0% in fiscal year 2010, decreasing by one-half percentage point per year to an ultimate of 5.0% in fiscal year 2019 and later.

Valuation Date

October 1, 2009

Monthly Per Capita Claim Costs

<u>Age</u>	<u>Medical</u>
55	\$628
60	753
65	306
70	339
75	361

Claim costs were increased by 4.5% over last year. Future claim costs are increased by health care cost trend.

Retiree Premiums

Retirees contribute 40% and surviving spouses pay 100% of the monthly premiums shown below:

	<u>As of 1/1/10</u>	<u>As of 1/1/09</u>
Pre-65 Single	\$432	\$413
Pre-65 Family	893	855
Post-65 Single	131	125
Post-65 Family	601	575

Note: There are several other categories of premiums.

Administrative Expenses

Included in claim cost.

Annual Health Care Trend Rate

<u>Fiscal Year</u>	<u>Medical and Rx Combined Rate</u>
2011	9.0%
2012	8.5%
2013	8.0%
2014	7.5%
2015	7.0%
2016	6.5%
2017	6.0%
2018	5.5%
2019+	5.0%

Spouse Age Difference

Husbands are assumed to be three years older than wives for current and future retirees who are married.

Mortality

RP-2000 Combined Mortality Projected to 2015 using Projection Scale AA.

Participation Rates

100% of active employees are assumed to elect postretirement health insurance coverage upon retirement.

Retirement Rates

Employees are assumed to retire according to the following schedule:

<u>Age</u>	<u>Retirement Rate</u>
45 or less	0%
46 - 49	1%
50 - 51	2%
52 - 54	3%
55	10%
56 - 59	8%
60	20%
61	15%
62	25%
63 - 64	20%
65	40%
66 - 69	30%
70 - 74	75%
75+	100%

Withdrawal Rates

None assumed since all are long service Civil Service employees.

Disability Rates

Sample rates are shown below

Percent assumed to terminate within one year

<u>Age</u>	<u>Male</u>	<u>Female</u>
25	0.06%	0.09%
30	0.08%	0.12%
35	0.17%	0.24%
40	0.30%	0.41%
45	0.54%	0.65%
50	0.98%	0.98%
55	1.50%	1.50%

(12) SELF INSURANCE PROGRAMS AND OTHER LIABILITIES

Self Insurance

An actuarially determined rate is used to provide funding for retained risk in the University's self-insurance program. The self-insurance reserves, liabilities and related assets are included in the accompanying financial statements. The estimated liability for general liability and on-the-job injury self-insurance is actuarially determined. These self-insured programs are supplemented with commercial excess insurance.

The Comprehensive General Liability Trust Fund is a self-insured retention program that protects the University, its faculty, staff and volunteers against claims brought by third parties arising from bodily injury, property damage and personal liability (libel, slander, etc.). Funds are held in a separate trust account with a financial institution to be used to pay claims for which the University may become legally liable. The liability at September 30, 2010 and 2009, was \$592,550 and \$651,288, respectively.

The On-The-Job-Injury program provides benefits for job-related injuries or death related from work at the University. This program is designed to cover out-of-pocket expenses of any employee who is not covered by insurance. The program will also pay for medically evidenced disability claims and provide death benefits arising from a job-related death of an employee. This self-funded program is provided to employees since the University is not subject to the workers' compensation laws of the State of Alabama. The liability at September 30, 2010 and 2009, was \$1,720,415 and \$1,903,007, respectively.

The University self-insures its health insurance program for all eligible employees. Assets have been set aside to fund the related claims of this program. Should the assets be insufficient to pay the insurance claims, the University would be liable for such claims. The accompanying Statement of Net Assets includes a self-insurance reserve for health insurance as of September 30, 2010 and 2009, of \$2,641,157 and \$2,814,100, respectively.

Other Liabilities

Other liabilities include compensated absences, deposits held in custody and deferred revenues. The University allows employees to accrue and carryover annual and sick leave up to certain maximum amounts depending on years of service. Employees will be compensated for accrued annual leave at time of separation from University employment (termination or retirement) up to a maximum of one month's additional compensation. All eligible employees hired before October 1, 1990, may be compensated for unused sick leave at the rate of 25% of their respective balances, subject to a maximum of one month's additional compensation. The liability for compensated absences was \$17,466,534 and \$17,720,966 at September 30, 2010 and 2009, respectively.

Deposits held in custody include the portion of the Federal Perkins Student Loan funds and Health Professional Student Loans which would be refunded in the event the University's operations ceased. The refundable amounts were \$16,187,022 and \$16,307,677 at September 30, 2010 and 2009, respectively. Also included in deposits held in custody of others are the agency funds. These amounts totaled \$2,909,441 and \$3,620,840 for September 30, 2010 and 2009, respectively.

Deferred revenue includes tuition revenue related to the portion of Fall Semester subsequent to September 30, funding received for contracts

and grants which has not been expended as of September 30, as well as athletic revenue related to games played subsequent to September 30.

Deferred revenues at September 30, 2010 and September 30, 2009 are as follows:

	2010	2009
Tuition and fees	\$ 92,939,208	\$ 83,119,621
Federal, state and local government grants and contracts	11,363,742	12,087,456
Auxiliary	26,216,430	21,631,653
Plant	569,794	585,621
Total deferred revenue	<u>\$ 131,089,174</u>	<u>\$ 117,424,351</u>

(13) CONTRACTS AND GRANTS

The University has been awarded approximately \$12,734,000 (unaudited) and \$8,438,000 (unaudited) in contracts and grants that have not been received or expended as of September 30, 2010 and 2009, respectively. These awards, which represent commitments of sponsors to provide funds for research and training projects, have not been reflected in the financial statements.

(14) RECOVERY OF FACILITIES AND ADMINISTRATIVE COST FOR SPONSORED PROGRAMS

The portion of revenue recognized for all grants and contracts that represents facilities and administrative cost recovery is recognized on the Statement of Revenues, Expenses and Changes in Net Assets with contract and grant operating revenues. The University recognized \$16,227,246 and \$14,680,214 in facilities and administrative cost recovery for the years ended September 30, 2010 and 2009, respectively.

(15) CONSTRUCTION COMMITMENTS AND FINANCING

The University has entered into projects for the construction and renovation of various facilities that are estimated to cost approximately \$703,000,000 (unaudited). At September 30, 2010, the estimated remaining cost to complete the projects is approximately \$317,000,000 (unaudited) which will be funded from University funds and bond proceeds.

(16) OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the years ended September 30, 2010 and 2009, are listed below. In preparing the financial statements, all significant transactions and balances between auxiliary units and other funds have been eliminated. Some scholarships and fellowships are provided by the instruction or research function and are broken out in the charts below. In addition, the graduate waivers are shown as compensation; however, they are shown functionally as scholarship and fellowship expense. The University is able to capture auxiliary utility expenditures; therefore, those expenditures are shown separately by function.

September 30, 2010

	Compensation and Benefits	Scholarships and Fellowships	Utilities	Other Supplies and Services	Depreciation	Total
Instruction	\$ 193,058,323	\$ 1,206,446	\$ -	\$ 26,375,288	\$ -	\$ 220,640,057
Research	69,223,115	619,250	7,378	27,626,196	-	97,475,939
Public Service	60,215,408	25,239	69,508	38,895,071	-	99,205,226
Academic Support	32,666,269	-	-	4,862,053	-	37,528,322
Library	7,370,765	-	-	2,836,500	-	10,207,265
Student Services	14,885,762	-	-	6,963,947	-	21,849,709
Institutional Support	54,605,061	-	-	2,834,383	-	57,439,444
Operation and Maintenance	24,571,807	-	18,134,800	27,359,855	-	70,066,462
Scholarships and Fellowships	15,890,453	19,874,334	-	201,187	-	35,965,974
Auxiliaries	38,432,441	205,750	4,687,531	46,010,617	-	89,336,339
Depreciation	-	-	-	-	49,328,811	49,328,811
	<u>\$ 510,919,404</u>	<u>\$ 21,931,019</u>	<u>\$ 22,899,217</u>	<u>\$ 183,965,097</u>	<u>\$ 49,328,811</u>	<u>\$ 789,043,548</u>

September 30, 2009

	Compensation and Benefits	Scholarships and Fellowships	Utilities	Other Supplies and Services	Depreciation	Total
Instruction	\$ 188,264,640	\$ 1,247,313	\$ -	\$ 25,789,469	\$ -	\$ 215,301,422
Research	66,612,514	589,783	-	32,413,461	-	99,615,758
Public Service	61,569,279	-	-	39,719,654	-	101,288,933
Academic Support	30,239,964	-	-	4,243,267	-	34,483,231
Library	7,427,274	-	-	1,155,967	-	8,583,241
Student Services	14,661,961	-	-	5,776,332	-	20,438,293
Institutional Support	64,506,152	-	-	7,314,735	-	71,820,887
Operation and Maintenance	24,663,759	-	20,077,040	29,876,802	-	74,617,601
Scholarships and Fellowships	14,605,046	15,927,613	-	696,062	-	31,228,721
Auxiliaries	35,343,707	138,637	3,631,115	43,362,964	-	82,476,423
Depreciation	-	-	-	-	44,187,852	44,187,852
	<u>\$ 507,894,296</u>	<u>\$ 17,903,346</u>	<u>\$ 23,708,155</u>	<u>\$ 190,348,713</u>	<u>\$ 44,187,852</u>	<u>\$ 784,042,362</u>

(17) CONTINGENT LIABILITIES

The University is a party in various legal actions and administrative proceedings arising in the normal course of its operations. Management does not believe that the outcome of these actions will have a material adverse effect on the University's financial position.

(18) RELATED PARTY TRANSACTIONS

Auburn University Foundation

The majority of funds that the AUF raises are donor restricted for specific schools, colleges or programs of the University. These may be transferred to the University for its use, expended by AUF for the benefit of University schools, colleges or programs, or in the case of endowments, invested with only the earnings transferred to or expended on behalf of the University. Amounts transferred to the University or expended on behalf of its programs totaled \$22,616,247 and \$26,653,089 during the years ended September 30, 2010 and 2009, respectively. Net undistributed grants to the University totaled \$9,115 and \$256,417 at September 30, 2010 and 2009, respectively.

The President of the University serves as an ex officio non-voting member of AUF's Board of Directors. The University is the primary recipient of AUF expenditures and maintains AUF's accounting records as a subsystem within the University's accounting system.

AUF and the University entered into an operating agreement (the Agreement), which addresses the general and administrative and development financial relationships between these two entities. In summary, the Agreement states that in return for raising and administering gifts for the benefit of the University, the University will provide certain services and facilities to AUF, which primarily consist of personnel and other administrative support and that AUF will make a quarterly determination of their allocable share of these costs and transfer funds as necessary. AUF and the University review the agreement annually and to provide an estimate of the maximum consideration to be paid for the upcoming year for approval by the respective boards. The actual reimbursement is determined based on the actual costs incurred and is as follows:

- For the years ended September 30, 2010 and 2009, all personnel costs were incurred by the University and AUF reimbursed the University \$1,360,120 and \$1,637,538,

respectively, for its share of these central development services in accordance with the Agreement.

- Non-salary development costs were incurred and paid primarily by AUF. The University provided for its share of Development nonpersonnel operating costs by establishing budgets within the University's budgetary system whereby it paid a portion of the costs, and reimbursed AUF for the balance. The amount directly incurred by the University or reimbursed to AUF was \$1,714,302 and \$2,023,814 for the years ended September 30, 2010 and 2009, respectively.
- Constituency development operations, which are fund raising programs restricted to one school, college or program of the University, are funded jointly by AUF and the University unit involved. While essentially all of the non-salary expenses are paid by AUF from restricted funds, the salaries are incurred by the University and reimbursed by AUF upon request by the head of the related university unit. During the years ended September 30, 2010 and 2009, the constituency salaries reimbursed to the University totaled \$56,250 and \$402,116, respectively.

During 2010 and 2009, AUF granted AUREFI \$1,913,371 and \$2,675,522, respectively, for operations and projects. AUREFI reimbursed AUF \$14,548 and \$12,878 for operating expenses paid on behalf of AUREFI during 2010 and 2009, respectively. AUREFI also reimbursed AUF \$35,284 for construction related disbursements in 2009. These inter-entity transactions are eliminated in consolidation.

For the year ended September 30, 2008, AUREFI and the University entered into a services and facilities agreement which addressed the construction services and facilities. The University provided certain construction services and facilities to AUREFI, which primarily consisted of personnel and other administrative support. For the year ended September 30, 2009, AUREFI reimbursed the University \$16,000 under that agreement upon the completion of the project. AUREFI also reimbursed the University \$148,428 for administrative support services. Both reimbursements are accrued and reflected in the payable due to the University in the Consolidated Statements of Financial Position.

AUREFI granted real estate to the University valued at \$349,500 for an archaeological preserve for the College of Liberal Arts and \$1,260,000 for the perpetual management and use of the School of Forestry and Wildlife Science in the year 2010. During 2009, AUREFI also granted \$200,000 in cash for professorships, \$300,000 in real estate for expanding the property of an existing University center and a constructed asset with a cost basis of \$3,065,906.

The amount due from AUF to the Association consists of funds from the Association's Life Membership program which are invested with AUF's pooled endowment. AUF remits income from the investments directly to the Association on an annual basis. For the years ended September 30, 2010 and 2009, AUF was committed to the Association for \$7,021,866 and \$6,411,182, respectively. Of the amount for the year ended September 30, 2010 and 2009, \$600 and \$641 relates to receivables from the Association to AUF for reimbursement of miscellaneous general and administrative expenses, respectively.

The amount due from AUF to TUF consists of funds which are invested with AUF's pooled endowment. AUF remits income from the investments which are designated by donor restriction for spending directly to the University on behalf of TUF on an annual basis. AUF remits income from investments which are designated by donor restriction for additions to endowment corpus directly to the TUF on an annual basis. As of September 30, 2010 and 2009, AUF was committed to TUF for \$6,394,967 and \$5,701,268, respectively. Of these amounts for both fiscal years, \$100,000 relates to a payable by AUF to TUF upon the termination of a trust. In 2009, AUF owed TUF \$500 for a routine operating transaction.

Tigers Unlimited Foundation

During the year ended June 30, 2010, TUF identified certain errors in the accounting for bad debt expense related to contributions receivable that impacted its fiscal year 2009 and prior Statement of Financial Position and Statement of Activities and Changes in Net Assets. The restatement to correct these errors for periods prior to 2009 resulted in a decrease to the fiscal year 2009 beginning of the year temporarily restricted and permanently restricted net assets, and a corresponding increase to the fiscal year 2009 beginning of the year unrestricted net assets, in the aggregate amount of \$2.5 million. TUF has also restated its fiscal year 2009 financial statements by increasing loss on write-off of contributions receivable in the temporarily restricted and permanently restricted net asset categories, and decreasing fundraising expense in the unrestricted net asset category, in the aggregate amount of \$3.2 million. These adjustments had no impact on total net assets, revenues or cash flows for any period presented.

The funds that TUF raises are restricted for athletic-related programs of the University. These may be transferred to the University for its use, expended for the benefit of athletic programs or, in the case of endowments, invested according to donor restriction and the earnings transferred to, or expended for, the University's benefit. Amounts transferred to the University, or expended on behalf of its programs, totaled \$20,839,248 and \$27,849,007 during the years ended June 30, 2010 and 2009, respectively.

Effective July 1, 2007, TUF and the University entered into an operating agreement (the Agreement), which addresses the general and administrative and development financial relationships between these two entities. In summary, the Agreement states that the University will

provide certain services and facilities to TUF, which primarily consist of personnel and other administrative support. TUF will pay to the University an amount equal to the compensation of the University employees for services performed and reimbursement for space and property utilized by such employees, in an amount to be specifically approved by TUF's Board of Directors each year. The Agreement commenced on July 1, 2007, and expired on July 1, 2008, but remains in force in subsequent years unless cancelled in writing by one of the parties.

For the years ended June 30, 2010 and 2009, TUF reimbursed the University \$293,207 and \$267,857, respectively, for TUF personnel costs incurred by the University.

During the years ended June 30, 2010 and 2009, the University contributed \$499,125 and \$515,588, respectively, to TUF for the use of executive suites at University athletic events. This amount is recorded as public support-contribution revenue on the Statements of Activities and Changes in Net Assets.

During the years ended June 30, 2010 and 2009, TUF paid the University for normal, recurring expense transactions including, but not limited to, purchasing athletic event tickets, reimbursing athletic staff salaries, sponsoring student scholarships, and funding the debt, repair, maintenance and operations of athletic facilities. At June 30, 2010 and 2009, obligations of \$2,445,460 and \$2,022,800 related to these transactions, respectively, were outstanding. These obligations were paid during the subsequent fiscal year.

At June 30, 2010 and 2009, amounts payable from AUF to TUF were \$100,000.

As indicated, the above TUF balances are as of June 30, 2010 and 2009; however, the University believes these figures are not materially different than at September 30, 2010 and 2009, respectively.

Auburn Alumni Association

The Association, AUF, Auburn University Offices of Alumni and Development and their related support units jointly utilize operational facilities, personnel and other assets in order to effectively and efficiently carry out their required activities. All personnel are employed by the University and their services are provided to the other organizations under contractual agreements. Other operational costs are paid from budgets of each organization. The combined expenditures are analyzed periodically and, based on each entity's utilization of the facilities, supplies and services, any necessary reimbursements are made among the organizations. In the Statements of Activities and Changes in Net Assets, amounts received by the Operating Fund from other organizations are used to offset the related expenses. The Executive Director of the Association is an employee of the University, providing services to the Association under a services and facilities contract. The Executive Director also serves as the Vice President for Alumni Affairs for the University. A portion of the Association's investments have been pooled with AUF investments and are invested and managed by AUF. Cash receipts and disbursements records of the Association are maintained within the University accounting system. During the years ended September 30, 2010 and 2009, the Association had a salary reimbursement expense of \$956,909 and \$885,693, respectively, to the University under the service and facilities agreement. Of this amount, \$725,002 and \$725,847 had been paid and \$231,907 and \$159,846

was accrued as an amount payable at September 30, 2010 and 2009, respectively.

Rental income recorded by the Association from the University totaled \$213,116 and \$210,878, respectively, for the years ended September 30, 2010 and 2009. Rental income recorded by the Association from AUF totaled \$112,114 and \$111,374 for the years ended September 30, 2010 and 2009, respectively.

During the year ended September 30, 2010, the University provided for its share of alumni affairs activities costs by establishing a budget within the University's budgetary system; whereby, the University pays a portion of the costs, and reimburses the Association for the balance. The alumni affairs activities costs were \$640,000 and \$740,000 for the years ended September 30, 2010 and 2009, respectively.

During the years ended September 30, 2010 and 2009, the Association contributed \$129,607 and \$347,338, respectively, to the Auburn Alumni Association Endowment for Scholarships held with the AUF.

(19) DIRECT LOAN PROGRAMS

The Federal Direct Loan Program (DL) enables an eligible student or parent to obtain a loan directly through the Department of Education. Main campus returned to DL from the Federal Family Education Loan Program (FFELP) in the summer of 2009. All schools were required to process loans through DL effective July 1, 2010, which is when AUM returned to DL. Under DL, files are transmitted via the federal Common Origination and Disbursement system (COD). Funds are received via G5, a federal web site. The Department of Education is responsible for the collection of these loans.

FFELP was established under the Higher Education Act of 1965, as amended in the Student Loan Reform Act of 1993. The FFELP enabled an eligible student or parent to obtain a loan directly through FFELP lenders. Alabama's designated state guarantor for FFELP loans was Kentucky Higher Education Assistance Authority (KHEAA). KHEAA was responsible for handling the complete loan process, including funds management as well as promissory note functions. Other guarantors were also involved in the process depending on the lender's guarantor of choice. Files were transmitted via the ELM-Electronic Loan Maintenance System which routed loan information to the appropriate lender or guarantor and then routed the response files back to the University. The FFELP lenders, and not the University, are responsible for the collection of these loans.

The University's main campus disbursed approximately \$131,300,000 and \$111,900,000 under these programs during the fiscal years ended September 30, 2010 and 2009, respectively. AUM disbursed approximately \$27,900,000 and \$30,700,000 under these programs during the fiscal years ended September 30, 2010 and 2009, respectively.

(20) IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, was issued in June 2007. Statement No. 51 provides guidelines for the capitalization and amortization of intangible assets to include internally generated intangible assets and to reduce the inconsistencies existing due to the absence of sufficiently specific authoritative guidance that has resulted in inconsistencies in the accounting and financial reporting of intangible assets among states and local governments,

particularly in the areas of recognition, initial measurement, and amortization. Implementation of this standard should enhance the comparability of the accounting and financial reporting of such assets among state and local governments. This Statement is effective for periods beginning after June 15, 2009, and is required to be applied retroactively by phase I and phase II governments for intangible assets acquired or generated in fiscal years ending after June 30, 1980. There was no material impact on the University's financial statements from the adoption of this statement.

Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, was issued in December 2009. Statement No. 57 amends Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, to permit an agent employer that has an individual-employer OPEB plan with fewer than 100 total plan members to use the alternative measurement method. It also amends Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* to permit the actuarial valuation requirement to be satisfied for an agent multiple-employer other postemployment benefit (OPEB) plan by reporting an aggregation of individual-employer valuations or measurements from the alternative measurement method where eligible. Additionally, it clarifies timing and frequency guidelines for agent employers participating in multiple-employer OPEB plans. The provisions applying to the alternative measurement method are effective immediately, while the frequency and timing provisions are effective for valuations first used to report on periods beginning after June 15, 2011. The University does not believe this Statement will impact the University's financial statements, since all University plans have over 100 total plan members.

Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*, was issued in December 2009. This Statement, effective for periods beginning after June 15, 2009, provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for Chapter 9 Bankruptcy, and requires remeasurement of liabilities that are adjusted in bankruptcy. The University does not believe this Statement will impact the University's financial statements, since the University has not filed for Chapter 9 Bankruptcy; however, an evaluation of the impact of this Statement will be completed should such a filing take place.

Statement No. 59, *Financial Instruments Omnibus*, was issued in June 2010. This Statement, which will be effective for periods beginning after June 15, 2010, updates existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools and amends several previous Statements, including No. 25, No. 31, No. 40, No. 43, and No. 53. The University is currently evaluating the financial statement impact of the adoption of this Statement.

Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* was issued November 2010. This Statement addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. This Statement requires disclosures about an SCA including a general description of the arrangement and information about the associated assets, liabilities, and deferred inflows, the rights granted and retained, and guarantees and commitments. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. The provisions of this Statement generally are

required to be applied retroactively for all periods presented. The University is currently evaluating the financial statement impact of the adoption of this Statement.

Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* was issued in November 2010. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. It amends the requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2012. The University is currently evaluating the financial statement impact of the adoption of this Statement.

Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* was issued in December 2010. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the Financial Accounting Standards Board (FASB) Statements and interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The University does not believe the adoption of this Statement will have an effect on the University's financial statements.



AUBURN UNIVERSITY

2010 Financial Report

Required Supplemental Information

REQUIRED SUPPLEMENTAL INFORMATION

Determination of Annual Required Contribution (ARC) and End of Year Accrual

Cost Element	Fiscal Year Ended Sept. 30, 2010	
	Amount	Percent of Payroll ¹
1. Unfunded actuarial accrued liability at Oct. 1, 2009	\$ 67,083,414	1,107.5%
<u>Annual Required Contribution (ARC)</u>		
2. Normal cost	\$ 101,058	
3. Amortization of the unfunded actuarial accrued liability over 15 years using level dollar amortization	5,163,772	
4. Annual Required Contribution (ARC = 2 + 3)	\$ 5,264,830	86.9%
<u>Annual OPEB Cost (Expense)</u>		
5. ARC	\$ 5,264,830	
6. Interest on beginning of year accrual	147,204	
7. Adjustment to ARC	561,580	
8. Fiscal year 2010 OPEB cost (5 + 6 - 7)	\$ 4,850,454	80.1%
<u>End of Year Accrual (Net OPEB Obligation)²</u>		
9. Beginning of year accrual ¹	\$ 7,360,204	
10. Annual OPEB cost	4,850,454	
11. Employer contribution (benefit payments) ²	2,630,017	
12. End of year CAFR accrual (9 + 10 - 11) ²	\$ 9,580,641	158.2%

¹ Annual payroll for 77 participants as of October 1, 2009, \$6,057,128.

² Actual amounts paid in fiscal year 2010 include claim costs, administrative fees, and PEEHIP subsidy less participant contributions.

Three Year Schedule of Percentage of OPEB Cost Contributed

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed ³	Net OPEB Obligation
Sept. 30, 2008	\$ 4,258,900	52.7%	\$ 4,751,600
Sept. 30, 2009	\$ 5,162,091	49.4%	\$ 7,360,204
Sept. 30, 2010	\$ 4,850,454	54.2%	\$ 9,580,641

³ Cost Contributed is shown in the "Determination of Annual Required contribution and End of Year Accrual."

Summary of Key Actuarial Methods and Assumptions

Valuation year	October 1, 2009 – September 30, 2010
Actuarial cost method	Unit Credit, Actuarial Cost Method
Amortization method	15 years, level dollar open amortization ⁴
Asset valuation method	Not applicable
Discount rate	2.0%
Projected payroll growth rate	Not applicable

⁴ Open amortization means a fresh-start each year for the cumulative unrecognized amount.

Health care cost trend rate for medical and prescription drugs 9.0% in fiscal year 2010, decreasing by one-half percentage point per year to an ultimate of 5.0% in fiscal year 2019 and later.

Valuation Date October 1, 2009

Monthly Per Capita Claim Costs

<u>Age</u>	<u>Medical</u>
55	\$628
60	753
65	306
70	339
75	361

Claim costs were increased by 4.5% over last year. Future claim costs are increased by health care cost trend.

Retiree Premiums

Retirees contribute 40% and surviving spouses pay 100% of the monthly premiums shown below:

	<u>As of 1/1/10</u>	<u>As of 1/1/09</u>
Pre-65 Single	\$432	\$413
Pre-65 Family	893	855
Post-65 Single	131	125
Post-65 Family	601	575

Note: There are several other categories of premiums.

Administrative Expenses

Included in claim cost.

Annual Health Care Trend Rate

<u>Fiscal Year</u>	<u>Medical and Rx Combined Rate</u>
2011	9.0%
2012	8.5%
2013	8.0%
2014	7.5%
2015	7.0%
2016	6.5%
2017	6.0%
2018	5.5%
2019+	5.0%

Spouse Age Difference

Husbands are assumed to be three years older than wives for current and future retirees who are married.

Mortality

RP-2000 Combined Mortality Projected to 2015 using Projection Scale AA.

Participation Rates

100% of active employees are assumed to elect postretirement health insurance coverage upon retirement.

Retirement Rates

Employees are assumed to retire according to the following schedule:

<u>Age</u>	<u>Retirement Rate</u>
45 or less	0%
46 - 49	1%
50 - 51	2%
52 - 54	3%
55	10%
56 - 59	8%
60	20%
61	15%
62	25%
63 - 64	20%
65	40%
66 - 69	30%
70 - 74	75%
75+	100%

Withdrawal Rates

None assumed since all are long service Civil Service employees.

Disability Rates

Sample rates are shown below

Percent assumed to terminate within one year

<u>Age</u>	<u>Male</u>	<u>Female</u>
25	0.06%	0.09%
30	0.08%	0.12%
35	0.17%	0.24%
40	0.30%	0.41%
45	0.54%	0.65%
50	0.98%	0.98%
55	1.50%	1.50%

AUBURN UNIVERSITY BOARD OF TRUSTEES

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



Bob Riley
Governor of Alabama
President, Montgomery



John G. Blackwell
Huntsville, Eighth
Congressional District
President Pro Tempore



Robert E. Lowder
Montgomery, Second
Congressional District



James W. Rane
Abbeville, Third
Congressional District



Virginia N. Thompson
Opelika, Third
Congressional District



Dwight L. Carlisle
Talladega, Fourth
Congressional District



D. Gaines Lanier
Lanett, Fifth
Congressional District



Sarah B. Newton
Fayette, Seventh
Congressional District



Byron P. Franklin, Sr.
Birmingham, Ninth
Congressional District



Samuel L. Ginn
At-Large Member



Raymond J. Harbert
At-Large Member



Charles D. McCrary
At-Large Member

Part II
Schedule of Expenditures of Federal Awards

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2010

Federal Grantor/Program/Cluster Title	Pass-through Entity / Pass-through Number	Federal CFDA Number	Federal Expenditures
RESEARCH AND DEVELOPMENT CLUSTER			
National Science Foundation Direct			
Engineering Grants		47.041	\$ 1,247,305
Mathematical and Physical Sciences		47.049	962,032
Geosciences		47.050	313,034
Computer and Information Science Engineering		47.070	870,977
Biological Sciences		47.074	1,127,584
Social, Behavioral and Economic Sciences		47.075	819,584
Education and Human Resources		47.076	804,379
Polar Programs		47.078	16,764
International Sci and Engineering		47.079	47,715
Office of Cyberinfrastructure		47.080	63,272
ARRA-NSF-DMS-0907752		47.082	58,657
ARRA-NSF-EAR-0929991		47.082	66,466
ARRA-NSF-EEC-0934800		47.082	121,147
ARRA-NSF-CNS-0855182		47.082	55,723
ARRA-NSF-CBET-0854010		47.082	61,506
ARRA-NSF-DMS-0905818		47.082	62,903
ARRA-NSF-ECCS-0947832		47.082	87,383
ARRA-NSF-CBET-0934860		47.082	2,225
ARRA-NSF-DMS-0915045		47.082	48,685
ARRA-NSF-BCS-0921271		47.082	138,392
National Science Foundation Direct Total			6,775,733
National Science Foundation Pass-through			
Engineering Grants	NEW JERSEY INSTITUTE OF TECHNOLOGY-BENIGN MIXING	47.041	14,869
Engineering Grants	NORTH CAROLINA STATE UNIV-2008-1015-05	47.041	10,346
Engineering Grants	ST. OLAF COLLEGE-10-54614	47.041	11,298
Engineering Grants	UNIV OF ARKANSAS-S1107010	47.041	277
Mathematical and Physical Sciences	VANDERBILT UNIV-20726-S1	47.049	92,950
Geosciences	UNIV OF ALABAMA-10-055	47.050	12,931
Computer and Information Science and Engineering	CLEMSON UNIV-1354-206-2097476	47.070	88,436
Computer and Information Science and Engineering	CLEMSON UNIV-1420-206-2007786	47.070	32,880
Computer and Information Science and Engineering	UNIV OF COLORADO-1545867	47.070	23,738
Computer and Information Science and Engineering	UNIV OF COLORADO-SPO 0000063785	47.070	(10,099)
Computer and Information Science and Engineering	UNIV OF NORTH CAROLINA AT CHARLOTTE-2975-05-0520	47.070	20,347
Biological Sciences	UNIV OF NORTH CAROLINA AT CHARLOTTE-2975-07-0580	47.070	15,529
Social, Behavioral, and Economic Sciences	ALABAMA A&M UNIV-SUB-DBI-0703470-AU	47.074	12,734
Education and Human Resources	MIAMI UNIV-NSF JOHNSON G01652	47.075	47,506
Education and Human Resources	ALABAMA SOUTHERN COMMUNITY COLLEGE-ATE0902811	47.076	26,673
Education and Human Resources	ALABAMA SOUTHERN COMMUNITY COLLEGE-CULLINAN	47.076	2,374
Education and Human Resources	TUSKEGEE UNIV-34 21530 075	47.076	12,184
Education and Human Resources	TUSKEGEE UNIV-34 2153003862112	47.076	(91)
Office of Cyberinfrastructure	UNIV OF ALABAMA-NSF-EPSCOR-05026	47.076	(637)
Office of Cyberinfrastructure	ALABAMA A&M UNIV-SUB 2008-EPS-0814103-AU	47.080	833,629
ARRA-Trans-NSF Recovery Act Reasearch Support	TUSKEGEE UNIV-39-21530-081	47.080	45,428
ARRA-Trans-NSF Recovery Act Reasearch Support	INTEGRATED SURFACE TECHNOLOGIES, INC-0911783-AU	47.082	30,542
National Science Foundation Pass-through Total	LUCIGEN CORP-CHANNEL CATFISH	47.082	13,350
National Science Foundation Total			1,337,294
National Aeronautics and Space Administration Direct			
NASA-NCC8-237		43	(6,558)
NASA-NNM07AA04A		43	191,545
NASA-NNX07AC64A		43	184,037
NASA-NNX07AN46G		43	34,697
NASA-NNX08AL73G		43	279,167
NASA-NNX09AD38G		43	(2)
NASA-NNX09AD90G		43	29,679
NASA-NNX09AL63G		43	43,014
NASA-NNX10AD46G		43	31,786
NASA-NNX10AL56H		43	5,645
National Aeronautics and Space Administration Direct Total			793,010
National Aeronautics and Space Administration Pass-through			
NASA-07-060287	RADIANCE TECHNOLOGIES, INC-07S-0548	43	(9,815)
NASA-08-060287-01	RADIANCE TECHNOLOGIES, INC-08S-0615	43	(3,529)
NASA-NNX10RA23C-ARRA FUNDS	SIENNA TECHNOLOGIES, INC-PO 3648	43	22,232
NASA-NNX10CE23P	SIENNA TECHNOLOGIES, INC-PO NO 3778	43	10,000
NASA-NA55-01095	SOUTHWEST RESEARCH INSTITUTE-A99172JD	43	32,602
NASA-NNX09A084G	SOUTHWEST RESEARCH INSTITUTE-B99036LM	43	36,256
NASA-NNM06AA10Z	TELEDYNE BROWN ENGINEERING-PO 955483	43	9,367
NASA-NNL06AA29C	GEORGIA INSTITUTE OF TECH-R7183-S1	43	54,353
NASA-NNH070F371	PRINCETON PLASMA PHYSICS LAB-S007683-F	43	38,500
NASA-NNX07AG09G	UNIV OF ALABAMA IN HUNTSVILLE-2007-297	43	1,221
NASA-NNC07ZA11A	OHIO AEROSPACE INSTITUTE-R-700-257011-40118	43	39,436
Aerospace Education Services Program	UNIV OF ALABAMA IN HUNTSVILLE-SUB2003-230	43.001	200
Aerospace Education Services Program	UNIV OF ALABAMA IN HUNTSVILLE-SUB2005-148	43.001	56,462
Aerospace Education Services Program	UNIV OF ALABAMA IN HUNTSVILLE-SUB2005-149	43.001	22,110
National Aeronautics and Space Administration Pass-through Total			309,395
National Aeronautics and Space Administration Total			1,102,405
National Endowment for the Arts Pass-through			
Promotion- Arts Grants to Orgs and Individuals	ALABAMA STATE COUNCIL ON THE ARTS-2009-15887	45.024	(1,398)
National Endowment for the Arts Pass-through Total			(1,398)
Department of Education Direct			
Graduate Assistance in Areas of National Need		84.200	257,486
Department of Education Direct Total			257,486
Department of Education Pass-through			
Special Education Grants to States	ALA DEPT OF EDUCATION-U000441	84.027	602
Fund for the Improvement of Postsecondary Education	TEXAS ENGINEERING EXPERIMENT STATION-37861	84.116	12,140
Education Research, Development and Dissemination	UNIV OF WISCONSIN MADISON-086K354	84.305	91,331
Department of Education Pass-through Total			104,073
Department of Education Total			361,559
Department of Health and Human Services Direct			
Healthy Marriage Promotion and Responsible Fatherhood Grants		93.086	1,817,900
Environmental Health		93.113	77,911
Mental Health Research Grants		93.242	77,635

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2010

Federal Grantor/Program/Cluster Title	Pass-through Entity / Pass-through Number	Federal CFDA Number	Federal Expenditures
RESEARCH AND DEVELOPMENT CLUSTER			
Discovery and Applied Research for Technological Innovations to Improve Human Health		93.286	87,336
Cancer Treatment Research		93.395	745,229
Welfare Reform Research, Evaluations and National Studies		93.595	195,613
Social Services Research and Demonstration		93.647	2,057
ARRA-Trans-NIH Recovery Act Research Support	NIH-1R21AI083852-01	93.701	160,434
ARRA-Trans-NIH Recovery Act Research Support	NIH-1R03HD058792-01A1	93.701	57,885
ARRA-Trans-NIH Recovery Act Research Support	NIH-1R03AI078154-01	93.701	68,933
ARRA-Trans-NIH Recovery Act Research Support	NIH-3R15ES015886-01A2S1	93.701	8,992
ARRA-Trans-NIH Recovery Act Research Support	NIH-1R21AI076893-01A1	93.701	163,471
ARRA-Trans-NIH Recovery Act Research Support	NIH-1RC1AA019293-01	93.701	474,826
Cardiovascular Diseases Research		93.837	711,129
Diabetes, Digestive, and Kidney Diseases Extramural Research		93.847	162,052
Extramural Research Programs in the Neurosciences and Neurological Disorders		93.853	96,154
Child Health and Human Development Extramural Research		93.865	256,274
Department of Health and Human Services Direct Total			5,163,831
Department of Health and Human Services Pass-through			
Environmental Health	MICHIGAN STATE UNIV-61-0825AU	93.113	270,404
Research and Training in Complementary and Alternative Medicine	PALMER COLLEGE OF CHIROPRACTIC-RAJU	93.213	10,461
Mental Health Research Grants	UNIV OF TEXAS HLTH SCIENCE CTR AT HOUSTON-0005456A	93.242	32,672
Occupational Safety and Health Program	UNIV OF ALABAMA AT BHAM-000286477-014	93.262	6,699
Occupational Safety and Health Program	UNIV OF ALABAMA AT BHAM-OHSERC-OIPRT	93.262	98,872
Occupational Safety and Health Program	UNIV OF ALABAMA AT BHAM-OHSERC-OSE	93.262	180,458
Occupational Safety and Health Program	UNIV OF ALABAMA AT BHAM-TNG GRANT-PIPER	93.262	9,941
Centers for Disease Control and Prevention Investigations and Technical Assistance	UNIV OF ALABAMA AT BHAM-WEST NILE	93.283	(826)
Cancer Biology Research	REGENTS OF THE UNIV OF CALIFORNIA, DAVIS-07-000813-1 AU	93.396	40,384
Child Care and Development Block Grant	ALA DEPT OF HUMAN RESOURCES-832	93.575	1,310,040
ARRA-Trans-NIH Recovery Act Research Support	BRIGHAM AND WOMEN'S HOSPITAL, INC.-104867	93.701	247,583
ARRA-Trans-NIH Recovery Act Research Support	NATIONAL UNIV OF HEALTH SCIENCES-CAVITATION	93.701	60,912
ARRA-Trans-NIH Recovery Act Research Support	PALMER COLLEGE OF CHIROPRACTIC-RAJU	93.701	11,016
Cardiovascular Diseases Research	UNIV OF ALABAMA AT BHAM-CARDIAC DISEASE	93.837	67,633
Cardiovascular Diseases Research	UNIV OF ALABAMA AT BHAM-REMODELING	93.837	126,924
Blood Diseases and Resources Research	MEDICAL COLLEGE OF WISCONSIN-BOUDREAUX	93.839	63,073
Arthritis, Musculoskeletal and Skin Diseases Research	UNIV OF MISSOURI-C00017738-1	93.846	32,165
Arthritis, Musculoskeletal and Skin Diseases Research	UNIV OF MISSOURI-C00020719-1	93.846	37,210
Extramural Research Programs in the Neurosciences and Neurological Disorders	UNIV OF MASSACHUSETTS-6114506/RFS900184	93.853	413,856
Allergy, Immunology and Transplantation Research	LUCIGEN CORP-SOIL METAGENOMES	93.855	43,315
Allergy, Immunology and Transplantation Research	MICROBIOTIX, INC.-SCHNELLER	93.855	60,604
Allergy, Immunology and Transplantation Research	VAXIN INC-TORO	93.855	116,101
Allergy, Immunology and Transplantation Research	UNIV OF ALABAMA AT BHAM-ENCEPHALITIS	93.855	(16,951)
Allergy, Immunology and Transplantation Research	UNIV OF SOUTH FLORIDA-6408-1013-01-A	93.855	249,574
Child Health and Human Development Extramural Research	UNIV OF MASSACHUSETTS-6118839/RFS900298	93.865	114,037
Aging Research	UNIV OF KENTUCKY RESEARCH FOUNDATION-3048105150-09-177	93.866	70,568
DHHS-233-02-0056	MICHIGAN STATE UNIV-61-5665B	93	567
Department of Health and Human Services Pass-through Total			3,657,292
Department of Health and Human Services Total			8,821,123
Department of Agriculture Direct			
Agricultural Research Basic and Applied Research		10.001	359,227
Wildlife Services		10.028	189,852
Forestry Research		10.652	447,363
Cooperative Forestry Assistance		10.664	7,937
Forest Legacy Program		10.676	(355)
Forest Health Protection		10.680	12,393
ARRA - Recovery Act of 2009: Capital Improvement and Maintenance		10.687	28,254
Community Facilities Loans and Grants		10.766	6,612
ARRA - Rural Business Enterprise Grants		10.769	102,776
Soil Survey		10.903	6,482
Environmental Quality Incentives Program		10.912	3,143
Technical Agricultural Assistance		10.960	7,549
Scientific Cooperation and Research		10.961	5,811
Cochran Fellowship Program-International Training-Foreign Participant		10.962	44
Agricultural Research Basic and Applied Research		10.001	1,450,260
Grants for Agricultural Research, Special Research Grants		10.200	2,068,728
Grants for Agricultural Research Competitive Research Grants		10.206	691,430
Higher Education Challenge Grants		10.217	(195)
Biotechnology Risk Assessment Research		10.219	23,274
Secondary and Two-Year Postsecondary Agriculture Education			
Challenge Grants		10.226	3,191
Integrated Programs		10.303	(1,454)
International Science and Education Grants		10.305	26,867
Organic Agriculture Research and Extension Initiative		10.307	62,035
Agriculture and Food Research Initiative (AFRI)		10.310	86,600
Cooperative Extension Service		10.500	10,000
Cooperative Forestry Research-McIntire Stennis		10.202	591,535
Payments to Agricultural Experiment Stations Under the Hatch Act		10.203	1,911,151
Payments to Agricultural Experiment Stations Under the Hatch Act-Regional			
Animal Health and Disease Research		10.203	1,001,091
Animal Health and Disease Research		10.207	17,894
FS-07-CS-11330132-169		10.207	44,516
FS-09-JV-11111122-158		10	1,263
FS-09-JV-11242305-090		10	61,732
FS-09-JV-11242305-090		10	19,025
FS-PNW 09-JV-11261935-001		10	17,527
USDA-58-6420-9-116		10	(12,749)
USDA-58-6420-9-117		10	3,746
USDA-AG-4463-P-09-0002		10	(7,622)
Department of Agriculture Direct Total			9,246,933

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2010

Federal Grantor/Program/Cluster Title	Pass-through Entity / Pass-through Number	Federal CFDA Number	Federal Expenditures
RESEARCH AND DEVELOPMENT CLUSTER			
Department of Agriculture Pass-through			
Restoration of Montane Longleaf Forest	NATIONAL FISH AND WILDLIFE FOUNDATION-2007-0011-000-FED	10	20,857
Agricultural Research Basic and Applied Research	MISSISSIPPI STATE UNIV-015900-321862-01	10.001	44,498
Agricultural Research Basic and Applied Research	PURDUE UNIV-596-0823-01	10.001	(324)
	MISSISSIPPI DEPT OF AGRICULTURE &		
Federal-State Marketing Improvement Program	COMMERCE-FRESHWATER PRAWN	10.156	12,711
Specialty Crop Block Grant Program - Farm Bill	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 10	10.170	9,735
Specialty Crop Block Grant Program - Farm Bill	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 13	10.170	8,975
Grants for Agricultural Research, Special Research Grants	FLORIDA STATE UNIV-00668	10.200	(187)
Grants for Agricultural Research, Special Research Grants	FLORIDA STATE UNIV-R01042	10.200	19,820
Grants for Agricultural Research, Special Research Grants	FLORIDA STATE UNIV-R01220	10.200	103,729
Grants for Agricultural Research, Special Research Grants	FLORIDA STATE UNIV-R01318-A	10.200	2,717
Grants for Agricultural Research, Special Research Grants	MISSISSIPPI STATE UNIV-BLU-HYBRID-2B	10.200	(232)
Grants for Agricultural Research, Special Research Grants	MISSISSIPPI STATE UNIV-CULTURED FINFISH	10.200	29,256
Grants for Agricultural Research, Special Research Grants	MISSISSIPPI STATE UNIV-ECON FORECASTING	10.200	(242)
Grants for Agricultural Research, Special Research Grants	MISSISSIPPI STATE UNIV-MARKET TRENDS	10.200	9,496
Grants for Agricultural Research, Special Research Grants	MISSISSIPPI STATE UNIV-PUBLICATIONS PROJ	10.200	1,001
Grants for Agricultural Research, Special Research Grants	RUTGERS UNIV-2007-AL001BDP	10.200	(1,880)
Grants for Agricultural Research, Special Research Grants	TEXAS A&M UNIV-570503	10.200	39,402
Grants for Agricultural Research, Special Research Grants	TEXAS A&M UNIV-570601	10.200	19,905
Grants for Agricultural Research, Special Research Grants	UNIV OF FLORIDA-PO 1000018183	10.200	3,000
Grants for Agricultural Research, Special Research Grants	UNIV OF FLORIDA-PO 1000018193	10.200	18,903
Grants for Agricultural Research, Special Research Grants	UNIV OF FLORIDA-PO 1000036272	10.200	6,064
Grants for Agricultural Research, Special Research Grants	UNIV OF FLORIDA-PO 6015-0000000952	10.200	(987)
Grants for Agricultural Research, Special Research Grants	UNIV OF GEORGIA-RD309061/9039917	10.200	2,429
Grants for Agricultural Research, Special Research Grants	UNIV OF GEORGIA-RD318-215/4689718	10.200	290
Grants for Agricultural Research Competitive Research Grants	UNIV OF MARYLAND-Z507216	10.206	(142)
Grants for Agricultural Research Competitive Research Grants	UNIV OF MARYLAND-Z521913	10.206	76,377
Sustainable Agriculture Research and Education	UNIV OF GEORGIA-RD309-097/3841698	10.215	11,606
Sustainable Agriculture Research and Education	UNIV OF GEORGIA-RD309-097/4688048	10.215	(4,141)
Sustainable Agriculture Research and Education	UNIV OF GEORGIA-RD309-101/3842748	10.215	34,866
Sustainable Agriculture Research and Education	UNIV OF GEORGIA-RD309-105/4690148	10.215	78,573
1890 Institution Capacity Building Grants	FORT VALLEY STATE UNIV-CANFVSU-06-011	10.216	(1,734)
1890 Institution Capacity Building Grants	FORT VALLEY STATE UNIV-SCUTELLARIA	10.216	24,196
1890 Institution Capacity Building Grants	TUSKEGEE UNIV-36-22091-255	10.216	38,948
1994 Institutions Research Program	BLACKFEET COMMUNITY COLLEGE-2010-792	10.227	13,654
Agricultural and Rural Economic Research	MISSISSIPPI STATE UNIV-018000-321104-01	10.250	582
Integrated Programs	FORT VALLEY STATE UNIV-CANFVSU-08-014	10.303	1,327
Integrated Programs	NORTH CAROLINA STATE UNIV-2007-1634-02	10.303	45,271
Integrated Programs	UNIV OF GEORGIA-RR188-221/3504808	10.303	9,138
Specialty Crop Research Initiative	UNIV OF FLORIDA-UF09153	10.309	31,108
Specialty Crop Research Initiative	UNIV OF GEORGIA RESEARCH FOUNDATION-RF327-193/4692308	10.309	7,505
Trade Adjustment Assistance for Farmers Training			
Coordination Program (TAAF)-ARRA	UNIV OF MINNESOTA-H001344205	10.315	28
Cooperative Extension Service	NORTH CAROLINA STATE UNIV-2008-0590-01	10.500	27,259
Cooperative Extension Service	NORTH CAROLINA STATE UNIV-2008-1004-01	10.500	11,422
Urban and Community Forestry Program	WEST VIRGINIA UNIV RESEARCH CORPORATION-07-286-AU	10.675	1,496
Environmental Quality Incentives Program	TUSKEGEE UNIV-39-22091-262	10.912	3,032
USDA-RFA-0180	UNIV OF FLORIDA-UF09206	10	11,361
Department of Agriculture Pass-through Total			770,668
Department of Agriculture Total			10,017,601
Department of Commerce Direct			
ITA Special Projects		11.113	843,585
Economic Adjustment Assistance		11.307	202,852
Sea Grant Support		11.417	254,248
Coastal Zone Management Estuarine Research Reserves		11.420	5,322
Unallied Science Program		11.472	400,407
Department of Commerce Direct Total			1,706,414
Department of Commerce Pass-through			
ITA Special Projects	NATIONAL TEXTILE CENTER	11.113	73,130
Sea Grant Support	LOUISIANA STATE UNIV-33354	11.417	29,992
Sea Grant Support	UNIV OF PUERTO RICO-MAYAGUEZ-R-101-1-08	11.417	45,596
Sea Grant Support	UNIV OF SOUTHERN MISS-GR02638/OMNIBUS-R/CCD-14	11.417	46,256
Sea Grant Support	UNIV OF SOUTHERN MISS-GR02638/OMNIBUS-R/SP-20	11.417	60,249
Sea Grant Support	UNIV OF SOUTHERN MISS-GR02639/OMNIBUS-R/CCD-11	11.417	7,467
Sea Grant Support	UNIV OF SOUTHERN MISS-GR03091-R/MG/CSP-10	11.417	68,478
Sea Grant Support	UNIV OF SOUTHERN MISS-GR03924OMNIBUS-AUBURN-RCC	11.417	31,154
Sea Grant Support	MOTE MARINE LABORATORY-MML 185-566	11.417	9,324
Coastal Zone Management Administration Awards	SMITHSONIAN INSTITUTION-08-SUBC-440-0000138010	11.419	2,086
National Oceanic and Atmospheric Administration (NOAA)			
Cooperative Institutes	UNIV OF MIAMI-PO P151841	11.432	25,986
Habitat Conservation	MISSISSIPPI STATE UNIV-015900 320528	11.463	(36,673)
NIST-SB134109SE0595	E M OPTOMECHANICAL, INC.	11	(4,576)
Department of Commerce Pass-through Total			358,469
Department of Commerce Total			2,064,883

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2010

Federal Grantor/Program/Cluster Title	Pass-through Entity / Pass-through Number	Federal CFDA Number	Federal Expenditures
RESEARCH AND DEVELOPMENT CLUSTER			
Department of Defense Direct			
Basic and Applied Scientific Research		12.300	176,310
Basic and Applied Scientific Research		12.300	103,757
Basic Scientific Research - Combating Weapons of Mass Destruction		12.351	182,540
Basic Scientific Research		12.431	119,862
Air Force Defense Research Sciences Program		12.800	372,304
Information Security Grant Program		12.902	109,633
Research and Technology Development		12.910	79,256
USDA-AG-4463-P-10-0002		12	20,000
DARPA-HR0011-10-C-0023		12	110,967
DOD-H98230-08-C-0795		12	421,081
DOD-H98230-09-C-0774		12	139,551
DOD-H98230-10-C-1055		12	52,579
HDTRA1-07-1-0014		12	58,173
HDTRA1-07-C-0063		12	114,637
HHM402-09-C-0059		12	364,894
HHM402-10-C-0017		12	150,926
HHM402-10-P-0155		12	58,034
MDA-HQ0147-09-C-0011		12	185,181
ARMY-IPA-CAHILL		12	59,936
ARMY-W31P4Q05CR1384		12	(13,487)
ARMY-W31P4Q05CR1385		12	299,316
ARMY-W31P4Q05CR1386		12	247,797
ARMY-W56HZV-05-C0686		12	1,793,104
ARMY-W5J9CG-10-C-0006-TRAV		12	3,251
ARMY-W911NF-07-2-0046		12	234,288
ARMY-W912DY-06-20102		12	135,347
ARMY-W912DY-08-2-0001		12	14,941
ARMY-W912DY-08-2-0038		12	39,085
ARMY-W912HZ-10-C-0023		12	43,573
DASG60-00-C0070		12	152,395
FT BENNING-DITCHKOFF		12	(214)
FT BENNING-MIPR 088 137 0001		12	73,820
FT BENNING-MIPR5000547987		12	76,060
NAVY-N00014-10-C-0190		12	55,068
Department of Defense Direct Total			6,033,965
Department of Defense Pass-through			
Procurement Technical Assistance For Business Firms	KENNON AIRCRAFT COVERS-0023-10	12.002	18,796
Basic Scientific Research - Combating Weapons of Mass Destruction	PENNSYLVANIA STATE UNIV-4107-AU-DTRA-0004	12.351	95,719
Air Force Defense Research Sciences Program	FLORIDA A&M UNIV-SUB C-2367	12.800	(329)
Air Force Defense Research Sciences Program	FLORIDA A&M UNIV-SUB C-2742	12.800	71,905
Self Healing Mixed-Signal Integrated Circuits	BAE SYSTEMS, INC.-LS NO 660637	12	356,189
UV-VUV &Proton Irradiation of Cover Glasses	DR TECHNOLOGIES, INC-PO NO. 100-1309	12	(5,529)
DARPA-HR0011-09-C-0036	LOCKHEED MARTIN CORP-LC 8100002872	12	201,880
DOD-H98230-08-D-0171	STEVENS INST OF TECH-RESCH TOPIC 0019	12	30,625
DOD-H98230-08-D-0171	STEVENS INST OF TECH-SECURITY ENGINEERING	12	27,564
Roadside Explosive Hazard Indicator & Deterrent System	CONCURRENT TECHNOLOGIES CORP-091200030	12	86,583
Custom Integrated Circuit Project	ERC, INCORPORATED-PO NO FL90252	12	97,793
Continue Drk Support-Line 002	GENERAL DYNAMICS ROBOTIC SYSTS-S-80001JR	12	98,189
Modeling & Simulation Support-Line 3	GENERAL DYNAMICS ROBOTIC SYSTS-S-80001JR	12	56,327
Free Piston Stirling Engine Controller	RADIANCE TECHNOLOGIES, INC-08S-0783	12	(24,977)
ARMY-W911NR-07-D-0001	BATTELLE MEMORIAL INSTITUTE-TCN 08062	12	161,359
ARMY-W56HZV-07-C-0577	CERAMATEC, INC.	12	10,465
ARMY-W31P4Q-10-D-0009	ERC, INCORPORATED-PO NO MSM100104	12	10,626
ARMY-W56HZV-09-C-0635	FRONTIER TECH, INC.-AU-09-207665-036	12	162,256
ARMY-DAAD19-01-C-0066	GENERAL DYNAMICS ROBOTIC SYSTS-90022J	12	60,229
ARMY-W56HZV-07-C-0055	GLOBAL TECH CONNECTION, INC-UGV-0002	12	27,654
ARMY-W9113M-09-C-0126	KYMA TECHNOLOGIES, INC.-09	12	(2,965)
ARMY-W56HZV-04-C-0745	LOCKHEED MARTIN CORP-PO 4300338218	12	30,879
ARMY-DAAD05-99-D-7015	SCIENCE APPLICATION INTERNATIONAL CORP-4400040131	12	577
ARMY-W91C8B-04-D-0015 DO 0019	SCIENCE APPLICATION INTERNATIONAL CORP-4400118038	12	(3,300)
ARMY-W9113M-10-C-0007	LAMAR UNIV-DAVIS	12	15,751
ARMY-W56HZV-07-C-0721	UNIV OF KENTUCKY RESEARCH FOUNDATION-3048103876-08-161	12	143,164
ARMY-W911NF-07-2-0062	UNIV OF MISSOURI-C00022047-1	12	43,742
Materials Characterization & Device Process Dvlmt For 4H-Sic	DOW CORNING CORP	12	17,567
Chamberlain's Challenge	ISHPI INFORMATION TECHNOLOGIES, INC.-AUN65236-09-D-6043	12	9,234
Capacity Enhancement for Ceramic Matrix Composites	GOODRICH CORP-SUB NO 08-025	12	(11,141)
AF-FA8903-08-D-8768	BLACK & VEATCH CORP-09	12	49,160
AF-F33615-02-D-2299	UNIVERSAL TECH CORP-06-S530-0024-01-C3	12	(2,007)
AF-FA8650-07-D-5800	UNIVERSAL TECH CORP-09-S587-044-01-C1	12	41,020
Department of Defense Pass-through Total			1,875,005
Department of Defense Total			7,908,970
Department of Interior Direct			
Fish, Wildlife and Plant Conservation Resource Management		15.231	41,035
Fish and Wildlife Management Assistance		15.608	64,466
Cooperative Endangered Species Conservation Fund		15.615	(2,565)
Coastal Program		15.630	1,905
Conservation Grants Private Stewardship for Imperiled Species		15.632	44,854
ARRA-Recovery Act Funds - Habitat Enhancement, Restoration and Improvement.	FWS-40181AJ015	15.656	11,795
ARRA-Recovery Act Funds - Habitat Enhancement, Restoration and Improvement.	FWS-40181AJ046	15.656	4,729
ARRA-Recovery Act Funds - Habitat Enhancement, Restoration and Improvement.	USFWS-40181AJ025	15.656	37,805
Endangered Species - Candidate Conservation Action Funds		15.660	351
Assistance to State Water Resources Research Institutes		15.805	94,118
Earthquake Hazards Reduction Program		15.807	2,790
U.S. Geological Survey Research and Data Collection		15.808	22,596
National Cooperative Geologic Mapping Program		15.810	13,337
Cooperative Research Units Program		15.812	209,410
USDA-687482239		15	12,932
NRCS-GCCESU-68-7482-8-434		15	(30)
FWS-4242-05-M-166		15	583
FWS-435509M244		15	468
FWS-4391-07-M-006		15	4,015
Department of Interior Direct Total			564,594

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2010

Federal Grantor/Program/Cluster Title	Pass-through Entity / Pass-through Number	Federal CFDA Number	Federal Expenditures
RESEARCH AND DEVELOPMENT CLUSTER			
Department of Interior Pass-through			
Sport Fish Restoration Program	ALA DEPT OF CONS&NAT RES-AGING CATFISH	15.605	6,902
Sport Fish Restoration Program	ALA DEPT OF CONS&NAT RES-ARTIFICIAL REEFS	15.605	130,725
Sport Fish Restoration Program	ALA DEPT OF CONS&NAT RES-CATONOTUS DARTERS	15.605	17,493
Sport Fish Restoration Program	ALA DEPT OF CONS&NAT RES-CFISH-WILSON4	15.605	5
Sport Fish Restoration Program	ALA DEPT OF CONS&NAT RES-FISH ASSEMBLAGE	15.605	17,897
Sport Fish Restoration Program	ALA DEPT OF CONS&NAT RES-LMOUTH BASS	15.605	(45)
Sport Fish Restoration Program	ALA DEPT OF CONS&NAT RES-SPORT FISH	15.605	68,307
Sport Fish Restoration Program	ALA DEPT OF CONS&NAT RES-STRIPED BASS	15.605	78,507
Sport Fish Restoration Program	ALA DEPT OF CONS&NAT RES-STRIPED BASS HABITAT	15.605	26,135
Sport Fish Restoration Program	ALA DEPT OF CONS&NAT RES-YELLOW PERCH	15.605	63,772
Sport Fish Restoration Program	STATE OF TENNESSEE-FISH DISEASE	15.605	(23,860)
Sport Fish Restoration Program	STATE OF TENNESSEE-GRIZZLE	15.605	49
Fish and Wildlife Management Assistance	ALA DEPT OF CONS&NAT RES-PYGMY SCULPIN	15.608	1,587
Fish and Wildlife Management Assistance	ALA DEPT OF CONS&NAT RES-RED AND BLUE SHINER	15.608	(495)
Fish and Wildlife Management Assistance	NATIONAL FISH AND WILDLIFE FOUNDATION-2004-0162-000-FED	15.608	(400)
Wildlife Restoration	ALA DEPT OF CONS&NAT RES-HUNTING SURVEY	15.611	4,781
Cooperative Endangered Species Conservation Fund	ALA DEPT OF CONS&NAT RES-RED BELLIED TURTLE	15.615	20,997
Cooperative Endangered Species Conservation Fund	ALA DEPT OF CONS&NAT RES-WOODPECKER	15.615	15,280
Cooperative Endangered Species Conservation Fund	STATE OF TENNESSEE-HARPER'S UMBRELLA	15.615	(1)
North American Wetlands Conservation Fund	NORTH CAROLINA STATE UNIV-2007-2093-01	15.623	49,296
Conservation Grants Private Stewardship for Imperiled Species	ALA DEPT OF CONS&NAT RES-MUSSEL ATLAS	15.632	21,806
Landowner Incentive	ALA DEPT OF CONS&NAT RES-EAST GULF COAS	15.633	31,292
State Wildlife Grants	ALA DEPT OF CONS&NAT RES-ECO ASSESSMENT	15.634	(8,445)
State Wildlife Grants	ALA DEPT OF CONS&NAT RES-FAUNAL RECOLONIZATION	15.634	45,318
State Wildlife Grants	ALA DEPT OF CONS&NAT RES-GOPHER TORTOISE	15.634	48,176
State Wildlife Grants	ALA DEPT OF CONS&NAT RES-INDIGO SNAKE	15.634	73,432
State Wildlife Grants	ALA DEPT OF CONS&NAT RES-INV & CONS PLAN	15.634	347,869
State Wildlife Grants	ALA DEPT OF CONS&NAT RES-INV & CONS PLAN 08	15.634	(54)
State Wildlife Grants	ALA DEPT OF CONS&NAT RES-RED BELLIED TURTLE	15.634	(1,892)
State Wildlife Grants	ALA DEPT OF CONS&NAT RES-SHOAL BASS	15.634	12,469
State Wildlife Grants	ALA DEPT OF CONS&NAT RES-SHOAL HABITATS	15.634	(10,354)
State Wildlife Grants	ALA DEPT OF CONS&NAT RES-WOODPECKER	15.634	(295)
Marine Turtle Conservation Fund	GEORGIA DEPT OF NATURAL RESOURCES-RARE PLANT	15.645	555
Research Grants (Generic)	ALA DEPT OF CONS&NAT RES-AL RIVER FISH	15.650	5,761
Vascular Plant Survey	CANE RIVER NATIONAL AREA COMM-2009-003 001	15	5,181
Vascular Plant Survey	CANE RIVER NATIONAL AREA COMM-PLANT SURVEY	15	10,359
ALA COOP Fishery Unit	ALA DEPT OF CONS&NAT RES-FAA OPERATION	15	11,927
AL COOP FWS Unit	ALA DEPT OF CONS&NAT RES-SFWS OPERATION	15	27,873
Department of Interior Pass-through Total			1,097,910
Department of Interior Total			1,662,504
Department of Transportation Direct			
Aviation Research Grants		20.108	387,511
Air Transportation Centers of Excellence		20.109	1,228,951
Highway Research and Development Program		20.200	857,775
Highway Training and Education		20.215	(4,711)
Department of Transportation Direct Total			2,469,526
Department of Transportation Pass-through			
Highway Research and Development Program	PURDUE UNIV-4108-30884	20.200	52,882
Highway Planning and Construction	ALA DEPT OF TRANSPORTATION-930-601	20.205	2,473
Highway Planning and Construction	ALA DEPT OF TRANSPORTATION-930-688S	20.205	36,754
Highway Planning and Construction	ALA DEPT OF TRANSPORTATION-930-745S	20.205	71,422
Highway Planning and Construction	APPLIED RESEARCH ASSOC, INC.-18082	20.205	406
Highway Planning and Construction	APPLIED RESEARCH ASSOC, INC.-L00028.09003	20.205	4,946
Highway Planning and Construction	BRIGHTMAN YOUNG UNIV-06-0201	20.205	(27,493)
Highway Planning and Construction	NATIONAL ACADEMY OF SCIENCES-HR 04-35	20.205	67,165
Highway Planning and Construction	NATIONAL ACADEMY OF SCIENCES-HR 09-38	20.205	39,825
Highway Planning and Construction	NATIONAL ACADEMY OF SCIENCES-HR 09-46	20.205	118,735
Highway Planning and Construction	NATIONAL ACADEMY OF SCIENCES-HR 09-47A	20.205	250,690
Highway Planning and Construction	NATIONAL ACADEMY OF SCIENCES-SHRP R-06(D)	20.205	217,232
State Planning and Research	ALA DEPT OF TRANSPORTATION-761	20.515	88,573
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-637P TPF-5(124)-OP	20.515	(1)
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-644	20.515	(36)
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-655	20.515	61,768
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-678	20.515	101,940
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-685	20.515	(68)
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-715	20.515	134,516
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-718	20.515	48,650
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-725	20.515	100,960
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-726	20.515	12,864
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-737	20.515	27,036
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-738	20.515	131,988
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-749	20.515	52,558
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-751	20.515	8,111
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-754P	20.515	1,776,005
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-754P-CONST	20.515	150,738
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-755-1	20.515	26,170
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-758	20.515	32,133
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-762	20.515	161,239
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-764	20.515	38,943
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-766	20.515	218,576
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-767	20.515	18,634
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-777	20.515	23,771
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-784	20.515	17,176
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-790	20.515	492
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-791	20.515	1,778
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-794	20.515	942
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-795	20.515	5,881
State Planning and Research	GEORGIA DEPT OF TRANSPORTATION-PROJ# 06-23	20.515	30,062
Biobased Transportation Research	UNIV OF TENNESSEE-8500014159	20.761	56,525
Biobased Transportation Research	UNIV OF TENNESSEE-SUB 101565	20.761	33,431
Reclaimed Asphalt Pavement Characterization Procedures & Dvmt of Optimal Virgin Binder Selection for Rap Mixes	ALA DEPT OF TRANSPORTATION-930-710	20	103,504
Department of Transportation Pass-through Total			4,299,896
Department of Transportation Total			6,769,422

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2010

Federal Grantor/Program/Cluster Title	Pass-through Entity / Pass-through Number	Federal CFDA Number	Federal Expenditures
RESEARCH AND DEVELOPMENT CLUSTER			
Environmental Protection Agency Direct			
Gulf of Mexico Program		66.475	78,405
Science To Achieve Results (STAR) Research Program		66.509	(25)
Greater Opportunities: Research Program		66.515	(7,352)
Environmental Protection Agency Direct Total			71,028
Environmental Protection Agency Pass-through			
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	UNIV OF MINNESOTA-R3969069101	66.034	17,075
Water Pollution Control State, Interstate, and Tribal Program Support	ALA DEPT OF ENVIRON MGMT-C70591009	66.419	151,937
	DAUPHIN ISLAND SEA LAB-MOBILE BAY NAT ESTUARY PROG-MBNEP-BAYOU LA BATRE	66.456	(68)
National Estuary Program	DAUPHIN ISLAND SEA LAB-MOBILE BAY NAT ESTUARY PROG-MBNEP-PO NO. 28723	66.456	221
National Estuary Program	DAUPHIN ISLAND SEA LAB-MOBILE BAY NAT ESTUARY PROG-MBNEP-PO NO. 29216	66.456	9,077
National Estuary Program	MARINE ENVIRONMENTAL SCIENCES CONSORTIUM-MBNEP-WTRSHED PLAN	66.456	32,108
Capitalization Grants for Clean Water State Revolving Funds	ALA DEPT OF ENVIRON MGMT-C00594013	66.458	22,773
Capitalization Grants for Clean Water State Revolving Funds	ALA DEPT OF ENVIRON MGMT-C00594040	66.458	9,832
Capitalization Grants for Clean Water State Revolving Funds	ALA DEPT OF ENVIRON MGMT-C00594051	66.458	288
Nonpoint Source Implementation Grants	ALA DEPT OF ENVIRON MGMT-C00594025	66.460	254
Nonpoint Source Implementation Grants	ALA DEPT OF ENVIRON MGMT-C60590025	66.460	(197)
Nonpoint Source Implementation Grants	ALA DEPT OF ENVIRON MGMT-C80592035	66.460	28,680
Nonpoint Source Implementation Grants	ALA DEPT OF ENVIRON MGMT-C90593028	66.460	109,497
Nonpoint Source Implementation Grants	ALA DEPT OF ENVIRON MGMT-C90593061	66.460	10,304
Nonpoint Source Implementation Grants	ALA DEPT OF ENVIRON MGMT-C90593062	66.460	38,568
Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies	IPM INSTITUTE OF NORTH AMERICA, INC.	66.716	2,285
Environmental Protection Agency Pass-through Total			432,634
Environmental Protection Agency Total			503,662
Agency for International Development Direct			
AID-617-A00050000300		98	(8,983)
Agency for International Development Direct Total			(8,983)
Agency for International Development Pass-through			
USAID Foreign Assistance for Programs Overseas	OREGON STATE UNIV-RD011G-G	98.001	183,876
USAID Development Partnerships for University Cooperation and Development	UNIV OF GEORGIA-RC710-025/3842028	98.012	23,968
Agency for International Development Pass-through Total			207,844
Agency for International Development Total			198,861
Department of Energy Direct			
Office of Science Financial Assistance Program		81.049	1,762,732
Office of Science Financial Assistance Program-ARRA	DE-FG02-00ER54577-ARRA	81.049	45,840
Renewable Energy Research and Development		81.087	1,427,231
Electricity Delivery and Energy Reliability, Research, Development and Analysis		81.122	560,355
Department of Energy Direct Total			3,796,158
Department of Energy Pass-through			
Weatherization Assistance for Low-Income Persons	ALA DEPT OF ECON & COMM AFF-1STR 07 TX	81.042	190
Office of Science Financial Assistance Program	CHEMAT TECHNOLOGY, INC.-PO#-57-01	81.049	819
Office of Science Financial Assistance Program	AWWA RESEARCH FOUNDATION-PFA 4057	81.049	(567)
Office of Science Financial Assistance Program	DUKE UNIV-07-SC-NICCR-1016	81.049	127,003
Office of Science Financial Assistance Program	UNIV OF ALABAMA-EPSCOR-09-075	81.049	271,685
Regional Biomass Energy Programs	SOUTH DAKOTA STATE UNIV-3TC154	81.079	31,048
Renewable Energy Research and Development-ARRA FUNDS	GE HEALTHCARE SYSTEM-PO 400005926	81.087	40,211
Renewable Energy Research and Development	GE HEALTHCARE SYSTEM-PO 400041371	81.087	10,356
Renewable Energy Research and Development	REGENTS OF THE UNIV OF CALIFORNIA - RIVERSIDE-S-00000307	81.087	18,778
Fossil Energy Research and Development	UNIV OF KENTUCKY-469001-05-502	81.089	156,268
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	ALA DEPT OF ECON & COMM AFF-1STR 07 TX	81.117	75
Faculty Improvement Leave	UCHICAGO ARGONNE-DE-AC02-06CH11357	81	47,734
Dvmt of Target Materials for Radioactive Ion Beams	OAK RIDGE ASSOCIATED UNIVERSITIES-PO# 8-16806	81	(904)
ERROR EST FOR PARTIAL DIFF EQU	SANDIA NATIONAL LABORATORIES-PO #224968	81	14
DE-AC36-08GO28308	ALLIANCE FOR SUSTAINABLE ENERGY, LLC-LGC-9-99147-01	81	45,209
DE-AC36-08GO28308	ALLIANCE FOR SUSTAINABLE ENERGY, LLC-XCO-9-99343-01	81	86,589
DE-AC09-08SR22470	SAVANNAH RIVER NUCLEAR SOLUTIONS, LLC-AC 70067 O	81	139,247
DE-AC05-00OR22725	UT-BATTELLE LLC-B-4000054640	81	16,141
DE-AC05-00OR22725	UT-BATTELLE LLC-B-4000059060	81	(473)
DE-AC05-00OR22725	UT-BATTELLE LLC-B-4000076336	81	70,350
DE-AC05-00OR22726	UT-BATTELLE LLC-B-4000086682	81	56,356
DE-AC05-00OR22725	UT-BATTELLE LLC-B-4000087151	81	36,663
Department of Energy Pass-through Total			1,152,792
Department of Energy Total			4,948,950
Department of Justice Direct			
National Institute of Justice Research, Evaluation, and Development Project Grants		16.560	34,281
Department of Justice Total			34,281
Appalachian Regional Commission Direct			
ARC-AL-14638-C5-08		23.001	16,316
ARC-AL-14638-C6-2009		23.001	80,534
Appalachian Regional Commission Total			96,850
Department of Homeland Security Pass-through			
Aviation Research Grants		97.069	239,867
Department of Homeland Security Total			239,867
RESEARCH AND DEVELOPMENT CLUSTER TOTAL			52,842,567

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2010

Federal Grantor/Program/Cluster Title	Pass-through Entity / Pass-through Number	Federal CFDA Number	Federal Expenditures
STUDENT FINANCIAL AID			
Department of Education Direct			
Federal Supplemental Educational Opportunity Grants		84.007	685,779
Federal Work-Study Program		84.033	1,010,981
Federal Pell Grant Program		84.063	23,455,363
Academic Competitiveness Grants		84.375	428,902
National Science and Mathematics Access to Retain Talent (SMART) Grants		84.376	882,524
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)		84.379	230,473
Department of Education Total			26,694,022
STUDENT FINANCIAL AID CLUSTER TOTAL			26,694,022
OTHER PROGRAMS			
Cooperative Extension Service			
US Department of Agriculture		10.500	8,833,653
Cooperative Extension Service			8,833,653
Cooperative Extension Service Total			
Transportation Technology Building Construction			
Department of Transportation			
FHWA-AUCTT(1)		20.205	1,003,840
FHWA-PROJ NO-DESTP-AL(099)		20.205	18,269,229
Transportation Technology Building Construction Total			19,273,069
State Fiscal Stabilization Funds			
Recovery Act-Education State Grants		84.394	25,324,135
State Fiscal Stabilization Funds Total			25,324,135
Department of Defense			
U.S. Army Reserve Officers' Training Corps ("ROTC")		12	1,503,148
U.S. Air Force Reserve Officers' Training Corps ("ROTC")		12	948,423
U.S. Navy/Marines Reserve Officers' Training Corps ("ROTC")		12	1,553,181
Department of Defense Total			4,004,752
National Science Foundation Direct			
Engineering Grants		47.041	220,176
Mathematical and Physical Sciences		47.049	91,401
Biological Sciences		47.074	5,439
Social, Behavioral, and Economic Sciences		47.075	8,804
Education and Human Resources		47.076	681,441
ARRA-Trans-NSF Recovery Act Research Support	NSF-DUE-0934821	47.082	277,269
National Science Foundation Direct Total			1,284,530
National Science Foundation Pass-through			
Education and Human Resources	UNIV OF ALABAMA AT BHAM-332659	47.076	(73,045)
Education and Human Resources	UNIV OF ALABAMA AT BHAM-LSAMP-PHASE IV	47.076	20,424
Education and Human Resources	UNIV OF ALABAMA AT BHAM-SUBAWARD 000332659	47.076	479,508
National Science Foundation - Pass-through Total			426,887
National Science Foundation TOTAL			1,711,417
National Aeronautics and Space Administration Direct			
NASA-IPA-CASAS		43	189,241
NASA-NNX09AL73G		43	88,682
National Aeronautics and Space Administration Direct Total			277,923
National Aeronautics and Space Administration Pass-through			
Aerospace Education Services Program	UNIV OF ALABAMA IN HUNTSVILLE-SUB2005-148	43.001	4,385
National Aeronautics and Space Administration Pass-through Total			4,385
National Aeronautics and Space Administration Total			282,308
National Endowments for the Arts Direct			
Promotion of the Arts Grants to Organizations and Individuals		45.024	3,178
ARRA-Promotion of the Arts Grants to Organizations and Individuals	NEA-09-4188-7113	45.024	17,776
National Endowments for the Arts Direct Total			20,954
National Endowment for the Arts Pass-through			
Promotion of the Arts Partnership Agreements	ALABAMA STATE COUNCIL ON THE ARTS-2009-16362	45.025	159
Promotion of the Arts Partnership Agreements	ALABAMA STATE COUNCIL ON THE ARTS-2010-16702	45.025	915
Promotion of the Arts Partnership Agreements	SOUTHERN ARTS FEDERATION-GRANT T103	45.025	5,000
Promotion of the Humanities Federal/State Partnership	ALA HUMANITIES FOUNDATION-0209-1916 PD	45.129	8,579
Promotion of the Humanities Federal/State Partnership	ALA HUMANITIES FOUNDATION-0308-1876 PD	45.129	(7)
Promotion of the Humanities Federal/State Partnership	ALA HUMANITIES FOUNDATION-0310-1976 PD	45.129	120
Promotion of the Humanities Federal/State Partnership	ALA HUMANITIES FOUNDATION-0509-1923 MN	45.129	1,807
Promotion of the Humanities Federal/State Partnership	ALA HUMANITIES FOUNDATION-0908-1895 PD	45.129	792
Promotion of the Humanities Federal/State Partnership	ALA HUMANITIES FOUNDATION-0909-1940 PD	45.129	3,397
Tradition & Innovation	ALABAMA STATE COUNCIL ON THE ARTS-2010-16949	45	4,982
National Endowment for the Arts Pass-through Total			25,744
National Endowment for the Arts Total			46,698
Department of Education Direct			
Rehabilitation Long-Term Training		84.129	816,226
Business and International Education Projects		84.153	69,771
Safe and Drug-Free Schools and Communities National Programs		84.184	92,648
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities		84.325	290,910
Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities		84.326	461,474
College Access Challenge Grant Program		84.378	30,740
Special Education - State Personnel Development		84.323	5,995
Department of Education Direct Total			1,767,764

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2010

Federal Grantor/Program/Cluster Title	Pass-through Entity / Pass-through Number	Federal CFDA Number	Federal Expenditures
OTHER PROGRAMS			
Department of Education Pass-through			
Special Education Grants to States	ALA DEPT OF EDUCATION-U000495	84.027	7,616
Special Education Grants to States	ALA DEPT OF EDUCATION-AL POSITIVE BEHAVIORIAL SUPPORT	84.027	11,892
Special Education Grants to States	OPELIKA CITY SCHOOLS-PSY	84.027	3,866
Career and Technical Education -- Basic Grants to States	ALA DEPT OF EDUCATION-U000166	84.048	1,880
Career and Technical Education -- Basic Grants to States	ALA DEPT OF EDUCATION-U900138	84.048	851
	ALA DEPT OF EDUCATION - SPECIAL EDUCATION - COLLABORATIVE GRANT	84.069	116,696
Leveraging Educational Assistance Partnership	ALA DEPT OF REHAB SERVICES-AE0087UN01	84.126	100
Rehabilitation Services Vocational Rehabilitation Grants to States	ALA DEPT OF REHAB SERVICES-AE9087UN01	84.126	5
Rehabilitation Services Vocational Rehabilitation Grants to States	MONTGOMERY PUBLIC SCHOOLS-BEHAVIOR ANALYST	84.184	475
Safe and Drug-Free Schools and Communities National Programs	LEE CO BD OF ED-TAH-1	84.215	189,092
Fund for the Improvement of Education	ELBA CITY SCHOOLS-21ST	84.257	772
National Institute for Literacy	ALA DEPT OF EDUCATION-HELPING HAND	84.287	(6,817)
Twenty-First Century Community Learning Centers	COFFEE CO BD OF ED	84.287	4,239
Twenty-First Century Community Learning Centers	CRENSHAW CO BD OF ED-21ST CCLC	84.287	24,056
Twenty-First Century Community Learning Centers	WALKER CO BD OF ED-21ST CENTURY FARM	84.287	12,575
Twenty-First Century Community Learning Centers	WINSTON CO BD OF ED-21ST	84.287	10,693
Twenty-First Century Community Learning Centers	BREWTON CITY SCHOOLS-21ST	84.287	29,184
Twenty-First Century Community Learning Centers	ELBA CITY SCHOOLS-21ST	84.287	10,001
Special Education - State Personnel Development	ALA DEPT OF EDUCATION-C7U0132	84.323	(1,332)
Special Education - State Personnel Development	ALA COMM OF HIGHER ED - STATE STUDENT INCENTIVE GRANT	84.323	10,366
Mathematics and Science Partnerships	ALA DEPT OF EDUCATION-U800104-FED	84.366	(6,398)
Mathematics and Science Partnerships	ALA DEPT OF EDUCATION-U900133-FED	84.366	66,907
Mathematics and Science Partnerships	ALA DEPT OF EDUCATION-X900640-FED	84.366	198,436
Improving Teacher Quality State Grants	ALA DEPT OF EDUCATION-LEARN	84.367	8,657
Improving Teacher Quality State Grants	ALA COMM OF HIGHER ED-TIPS IN READING	84.367	77,891
College Access Challenge Grant Program	ALA DEPT OF EDUCATION-COLLEGE ACCESS GRANT	84.378	42,431
College Access Challenge Grant Program	ALA DEPT OF EDUCATION-AUMazing Race: Reality College	84.378	18,818
Rehabilitation Services-Vocational Rehabilitation Grants to States, Recovery Act	ALA DEPT OF REHAB SERVICES-AE0087MS24	84.393	6,540
Rehabilitation Services-Vocational Rehabilitation Grants to States, Recovery Act	STATE OF ALABAMA-C00870035	84.393	88,689
Rehabilitation Services-Vocational Rehabilitation Grants to States, Recovery Act	STATE OF ALABAMA-ADRS - VR	84.393	31,493
Conduct Natl Writing Project	NATIONAL WRITING PROJECT CORP-92-AL02	84.928	22,910
Department of Education Pass-through Total			982,584
Department of Education Total			2,750,348
Department of Health and Human Services Direct			
Healthy Marriage Promotion and Responsible Fatherhood Grants		93.086	72,590
Advanced Nursing Education Traineeships		93.358	17,797
CDC-IPA-SMIDT		93	13,882
Department of Health and Human Services Direct Total			104,269
Department of Health and Human Services Pass-through			
Centers for Research and Demonstration for Health Promotion and Disease Prevention	ALA DEPT OF PUBLIC HEALTH-C00113155	93.135	57,698
Disabilities Prevention	CHRISTOPHER & DANA REEVE FOUNDATION-QUAL OF LIFE	93.184	3,192
Abstinence Education Program	ALA DEPT OF PUBLIC HEALTH-C70119041	93.235	(5)
Abstinence Education Program	ALA DEPT OF PUBLIC HEALTH-C80117057	93.235	(920)
Universal Newborn Hearing Screening	ALA DEPT OF PUBLIC HEALTH-C00113131	93.251	8,818
Universal Newborn Hearing Screening	ALA DEPT OF PUBLIC HEALTH-C90118133	93.251	4,354
Head Start	MONTGOMERY COMMUNITY ACTION COMMITTEE, INC.-HEAD START	93.600	21,301
	ELMORE/AUTAUGA COMMUNITY ACTION COMMITTEE-		
Head Start	HEAD START-SERVICE AGREE	93.600	(123)
Healthy Marriage Promotion and Responsible Fatherhood Grants	CHILDREN'S TRUST FUND OF ALA-HMI-FCR 2009-101	93.086	24,025
Healthy Marriage Promotion and Responsible Fatherhood Grants	CHILDREN'S TRUST FUND OF ALA-HMI-FRC08-101	93.086	(923)
Community-Based Child Abuse Prevention Grants	CHILDREN'S TRUST FUND OF ALA-CBCAP 2009-101	93.590	(15,583)
Community-Based Child Abuse Prevention Grants	CHILDREN'S TRUST FUND OF ALA-CBCAP 2010-101	93.590	39,700
Department of Health and Human Services Pass-through total			141,534
Department of Health and Human Services Total			245,803
Department of Agriculture Direct			
Plant and Animal Disease, Pest Control, and Animal Care		10.025	31,740
Forestry Research		10.652	21,748
Cooperative Forestry Assistance		10.664	(230)
Urban and Community Forestry Program		10.675	(282)
Environmental Quality Incentives Program		10.912	5,693
Grants for Agricultural Research, Special Research Grants		10.200	(189)
Higher Education Multicultural Scholars Program		10.220	19,530
Secondary and Two-Year Postsecondary Agriculture Education Challenge Grants		10.226	4,796
Agriculture and Food Research Initiative (AFRI)		10.310	125,162
FS-08-PA-11080100-005		10	1,086
Department of Agriculture Direct Total			209,054
Department of Agriculture Pass-through			
Wildlife Services	MISSISSIPPI STATE UNIV-080300-330301-07	10.028	384
Specialty Crop Block Grant Program - Farm Bill	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 9	10.170	2,830
Higher Education Challenge Grants	UNIV OF GEORGIA-RH150-127/3840038	10.217	49,355
Integrated Programs	TEXAS COOPERATIVE EXTENSION-451001	10.303	18,194
Homeland Security Agricultural	PURDUE UNIV-8000028464AG	10.304	29,818
Homeland Security Agricultural	PURDUE UNIV-8000037046-AG	10.304	7,314
Homeland Security Agricultural	UNIV OF FLORIDA-IFAS 00069553	10.304	49,118
Homeland Security Agricultural	UNIV OF FLORIDA-SC02062150-1-1	10.304	790
Specialty Crop Research Initiative	LOUISIANA STATE UNIV-42958	10.309	14,933

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2010

Federal Grantor/Program/Cluster Title	Pass-through Entity / Pass-through Number	Federal CFDA Number	Federal Expenditures
OTHER PROGRAMS			
Cooperative Extension Service	KANSAS STATE UNIV-MILITARY KIDS	10.500	44
Cooperative Extension Service	KANSAS STATE UNIV-S08096	10.500	449
Cooperative Extension Service	KANSAS STATE UNIV-S10089	10.500	16,246
Cooperative Extension Service	KANSAS STATE UNIV-S10143	10.500	33,915
Cooperative Extension Service	LOUISIANA STATE UNIV-24708	10.500	(64)
Cooperative Extension Service	LOUISIANA STATE UNIV-49212	10.500	5,163
Cooperative Extension Service	MISSISSIPPI STATE UNIV-018000-340362-07	10.500	1,710
Cooperative Extension Service	NORTH CAROLINA STATE UNIV-2007-0376-03	10.500	(2,643)
Cooperative Extension Service	TEXAS COOPERATIVE EXTENSION-TCE 633003	10.500	(1,032)
Cooperative Extension Service	TUSKEGEE UNIV-30-31243-044-76190	10.500	24,643
Cooperative Extension Service	TUSKEGEE UNIV-35-31243-044-62112	10.500	1,056
Cooperative Extension Service	U OF A COOPERATIVE EXTENSION SERVICE-UACES 23481-02	10.500	13,126
Cooperative Extension Service	UNIV OF ARKANSAS AT PINE BLUFF-AQUACULTURE COP	10.500	1,773
Cooperative Extension Service	UNIV OF NEBRASKA-25-6365-0023-101	10.500	22,382
Cooperative Extension Service	UNIV OF NEBRASKA-25-6365-0023-250	10.500	13,053
Cooperative Extension Service	UNIV OF NEBRASKA-25-6365-0023-252	10.500	18,088
Cooperative Extension Service	UNIV OF NEBRASKA-25-6365-0023-352	10.500	7,491
Cooperative Extension Service	UNIV OF NEBRASKA-25-6365-0030-017	10.500	56,162
Cooperative Extension Service	UNIV OF NEBRASKA-26-6365-0001-320	10.500	(490)
Cooperative Extension Service	UNIV OF NEBRASKA-26-6365-0001-339	10.500	31,470
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	ALA DEPT OF HUMAN RESOURCES-FOOD STAMP	10.661	2,751,247
Cooperative Forestry Assistance	ALA FORESTRY COMMISSION-09-24-9524	10.664	16,271
Urban and Community Forestry Program	ALA FORESTRY COMMISSION-09-30-9524	10.675	31,939
Urban and Community Forestry Program	ALA FORESTRY COMMISSION-10-04-9524	10.675	30,233
Department of Agriculture Pass-through Total			3,244,968
Department of Agriculture Total			3,454,022
Department of Commerce Direct			
Congressionally Identified Awards and Projects		11.469	1,720,517
Economic Development Technical Assistance		11.303	143,832
National Institute of Standards and Technology Construction Grant Program		11.618	4,075
Department of Commerce Direct Total			1,868,424
Department of Commerce Pass-through			
Sea Grant Support	UNIV OF MISSISSIPPI-09-05-069	11.417	2,640
Sea Grant Support	UNIV OF SOUTHERN MISS-GR02638/OMNIBUS-AUBURN-O	11.417	121,944
Sea Grant Support	UNIV OF SOUTHERN MISS-GR03924/OMNIBUS-A/O-32	11.417	2,141
Coastal Zone Management Administration Awards	ALA DEPT OF CONS&NAT RES-AUMERC-CZM-306-08-1	11.419	(4,071)
Environmental Sciences, Applications, Data, and Education	UNIV OF ALABAMA IN HUNTSVILLE-2007-010	11.440	37,128
Environmental Sciences, Applications, Data, and Education	UNIV OF ALABAMA IN HUNTSVILLE-2009-005	11.440	63,719
	MARINE ENVIRONMENTAL SCIENCES		
Congressionally Identified Awards and Projects	CONSORTIUM-DISL-PIPELINE PROJ	11.469	150,978
Manufacturing Extension Partnership	ALA TECH NETWORK-MEP-NIST-09-10	11.611	190,376
Department of Commerce Pass-through Total			564,855
Department of Commerce Total			2,433,279
Department of Defense Direct			
ARMY-W911SF-09-C-0024		12	248,346
FT RUCKER-FAM PROG		12	123,916
ACSC-IPA-ELSTON		12	71,145
AWC-IPA-SEROKA		12	(8,446)
Department of Defense Direct Total			434,961
Department of Defense Pass-through			
USMC-M00264-04-D-0005/0005	POTOMAC INST FOR POLICY STUDIES-S07-05	12	(11,178)
USMC-M00264-04-D-0005/0006	POTOMAC INST FOR POLICY STUDIES-S08-02	12	(118)
Department of Defense Pass-through Total			(11,296)
Department of Defense Total			423,665
Department of the Interior Direct			
Partners for Fish and Wildlife		15.631	23,687
Conservation Grants Private Stewardship for Imperiled Species		15.632	53,585
NRCS-GCCESU-68-7482-B-423		15	11
NPS-CREEK WAR		15	12,916
Department of the Interior Direct Total			90,199
Department of the Interior Pass-through			
U.S. Geological Survey Research and Data Collection	AMERICAVIEW, INC.-AV08-AL01	15.808	1,118
National Land Remote Sensing Education Outreach and Research	AMERICAVIEW, INC.-AV08-AL01	15.815	23,152
Department of the Interior Pass-through Total			24,270
Department of the Interior Total			114,469
Department of Transportation Direct			
Highway Planning and Construction-ARRA FUNDS		20.205	11,120
Public Transportation Research		20.514	62,914
FTA-AL-04-0031-00		20	178,367
Department of Transportation Direct Total			252,401
Department of Transportation Pass-through			
Airport Improvement Program	ALA DEPT OF TRANSPORTATION-ACCESS RD-FED	20.106	116,505
Airport Improvement Program	ALA DEPT OF TRANSPORTATION-APRON PHASE III-FED	20.106	197,642
Airport Improvement Program	ALA DEPT OF TRANSPORTATION-APRON PHASE IV-FED	20.106	1,202,568
Airport Improvement Program	ALA DEPT OF TRANSPORTATION-HANGAR ACCESS-FED	20.106	48,693
Airport Improvement Program	ALA DEPT OF TRANSPORTATION-HANGAR TAXIWAY-FED	20.106	460,305
Highway Training and Education	ALA DEPT OF TRANSPORTATION-07-0648	20.215	(49,155)
Highway Training and Education	ALA DEPT OF TRANSPORTATION-LTAP-930-765	20.215	131,820
Highway Training and Education	ALA DEPT OF TRANSPORTATION-RTAP 2010	20.215	41,310
Formula Grants for Other Than Urbanized Areas-ARRA	ALA DEPT OF TRANSPORTATION-K-10-0119	20.509	132,964
State Planning and Research	ALA DEPT OF TRANSPORTATION-LTAP-930-781	20.515	191,894
Department of Transportation Pass-through Total			2,474,446
Department of Transportation Total			2,726,847
Environmental Protection Agency Direct			
Regional Wetland Program Development Grants		66.461	20,142
Environmental Protection Agency Direct Total			20,142

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2010

Federal Grantor/Program/Cluster Title	Pass-through Entity / Pass-through Number	Federal CFDA Number	Federal Expenditures
OTHER PROGRAMS			
Environmental Protection Agency Pass-through			
State Indoor Radon Grants	ALA DEPT OF PUBLIC HEALTH-C00113146	66.032	99,574
State Indoor Radon Grants	ALA DEPT OF PUBLIC HEALTH-C50113007	66.032	(3,387)
State Indoor Radon Grants	ALA DEPT OF PUBLIC HEALTH-C90118037	66.032	160,653
Water Pollution Control State, Interstate, and Tribal Program Support	ALA DEPT OF ENVIRON MGMT-C70591009	66.419	11,372
Targeted Watersheds Grants	UNIV OF NORTH CAROLINA CHAPEL HILL-ACCT NO. 5-35202	66.439	53,564
Nonpoint Source Implementation Grants	ALA DEPT OF ENVIRON MGMT-C80592037	66.460	5,652
Nonpoint Source Implementation Grants	ALA DEPT OF ENVIRON MGMT-C90593025	66.460	183,838
Nonpoint Source Implementation Grants	FLINT CREEK WATERSHED PROJECT-21-01	66.460	29,163
Environmental Protection Agency Pass-through Total			<u>540,429</u>
Environmental Protection Agency Total			<u>560,571</u>
Department of Energy Direct			
Renewable Energy Research and Development		81.087	272,214
Department of Energy Direct Total			<u>272,214</u>
Department of Energy Pass-through			
State Energy Program	ALA DEPT OF ECON & COMM AFF-1SEP08 DOE 04	81.041	(279)
State Energy Program	ALA DEPT OF ECON & COMM AFF-1STR 07 TX	81.041	1,436
Department of Energy Pass-through Total			<u>1,157</u>
Department of Energy Total			<u>273,371</u>
Small Business Administration Pass-through			
Small Business Development Centers	UNIV OF ALABAMA-SBA-AU-09-045	59.037	509
Small Business Development Centers	UNIV OF ALABAMA-SBA-AU-10-022	59.037	63,036
Small Business Administration Total			<u>63,545</u>
Appalachian Regional Commission Direct			
Appalachian Area Development		23.002	182,229
Appalachian Local Development District Assistance		23.009	1,500
Appalachian Regional Commission Total			<u>183,729</u>
Nuclear Regulatory Commission Direct			
NRC-IPA-RQASL09303		77	51,725
Nuclear Regulatory Commission Total			<u>51,725</u>
Department of Justice Direct			
Congressionally Recommended Awards		16.753	902,775
Department of Justice Direct Total			<u>902,775</u>
Department of Justice Pass-through			
Juvenile Justice and Delinquency Prevention Allocation to States	ALA DEPT OF ECON & COMM AFF-JF-CM-001	16.540	13,985
Juvenile Justice and Delinquency Prevention Allocation to States	ALA DEPT OF ECON & COMM AFF-08-J-CM-001	16.540	102,259
Public Safety Partnership and Community Policing Grants	ALA DEPT OF ECON & COMM AFF-06-CK-TR-003	16.710	17,562
Public Safety Partnership and Community Policing Grants	ALA DEPT OF ECON & COMM AFF-06-CK-TR-004	16.710	130,004
Department of Justice Pass-through Total			<u>263,810</u>
Department of Justice Total			<u>1,166,585</u>
Department of Labor Pass-through			
DOL-24003R	GEORGIA INSTITUTE OF TECH-R9712-S1	17	22,369
Department of Labor Total			<u>22,369</u>
Library of Congress Pass-through			
NDIIPP:METAARCHIVE-South Culture	EMORY UNIV-NDIIPP529915C1	42	22,292
Library of Congress Total			<u>22,292</u>
Department of Veterans Affairs Direct			
VAMC-VA247P-1122		64	36,644
Department of Veterans Affairs Total			<u>36,644</u>
OTHER PROGRAMS TOTAL			<u>74,005,296</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 153,541,885</u>

The accompanying notes are an integral part of this schedule.

Auburn University

Notes to Schedule of Expenditures of Federal Awards

Year Ended September 30, 2010

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal expenditures of Auburn University (the "University") under programs of the federal government for the year ended September 30, 2010. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget ("OMB") Circular A-133. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements of the University. Negative amounts represent adjustments or credits to amounts reported as expenditures in prior years. This results in accurate reporting on a cumulative basis over multiple periods. Catalog of Federal Domestic Assistance ("CFDA") numbers and pass-through numbers are provided when available.

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

The University has obtained CFDA numbers when available. CFDA numbers for applicable programs have been appropriately listed by those programs. Certain contracts and grants are not assigned CFDA numbers and, therefore, CFDA numbers are not listed by these programs. Pass-through entity numbers have also been included for pass-through awards when available.

2. Subrecipient

Certain funds are passed through to subrecipient organizations by the University. Expenditures incurred by the subrecipient and reimbursed by the University are included in the Schedule. The University provided \$4,532,519 of federal awards to subrecipients during the year ended September 30, 2010, as follows:

Agency	Programs			Total
	R&D	Cooperative Extension	Other Programs	
Department of Health and Human Services	\$ 1,011,135	\$ -	\$ -	\$ 1,011,135
Environmental Protection Agency	10,500	-	-	10,500
National Aeronautics and Space Administration (NASA)	107,776	-	-	107,776
National Institutes of Health	135,765	-	-	135,765
National Science Foundation	119,654	-	73,960	193,614
Office of Naval Research	1,236	-	-	1,236
United States Army	324,727	-	-	324,727
United States Department of Agriculture	198,321	1,116,724	3,684	1,318,729
United States Department of Commerce	88,560	-	-	88,560
United States Department of Defense	191,838	-	-	191,838
United States Department of Energy	281,504	-	242,158	523,662
United States Department of Transportation	582,184	-	-	582,184
United States Geological Survey	42,864	-	-	42,864
United States Department of Agriculture-Forest Service	(71)	-	-	(71)
	<u>\$ 3,095,993</u>	<u>\$ 1,116,724</u>	<u>\$ 319,802</u>	<u>\$ 4,532,519</u>

Auburn University

Notes to Schedule of Expenditures of Federal Awards

Year Ended September 30, 2010

3. Summary of Significant Accounting Policies

For purposes of the Schedule, expenditures for federal award programs are recognized on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-21, Cost Principles for Educational Institutions, wherein certain types of expenditures are not allowable or are limited to reimbursement. Expenditures for federal student financial aid programs include Federal Pell program grants to students, the federal share of students' federal supplemental educational opportunity grants ("FSEOG"), and federal work-study ("FWS") program earnings and administrative cost allowances where applicable.

4. Facilities and Administrative Costs

The University operates under predetermined facilities and administrative cost rates, which were effective beginning September 9, 2009. The base rate for on-campus research is 46%. Base rates for other facilities and administrative cost recoveries range from 40% to 51%.

5. Federal Student Loan Programs

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

The balances of loans outstanding at September 30, 2010, and funds advanced by the University to eligible students during the year ended September 30, 2010, under the federal student loan programs can be summarized as follows:

	Perkins (CFDA#84.038)	HPSL (CFDA#93.342)
Funds advanced to students during fiscal year 2010	\$ 2,094,751	\$ 372,250
Loan balances outstanding, September 30, 2010	15,833,621	1,791,016

6. Federal Family Education Loans (CFDA #84.032)

The University is only responsible for the performance of certain administrative duties with respect to the Federal Family Education Loans ("FFEL") program and, accordingly, balances and transactions relating to this loan program are not included in the University's basic financial statements.

As of the year ended September 30, 2010, the University's issued loans under the FFEL program are as follows:

	CFDA#	Total 2010
Federal Family Education Loans	84.032	\$ 14,439,661

Auburn University

Notes to Schedule of Expenditures of Federal Awards

Year Ended September 30, 2010

7. Federal Direct Loans (CFDA #84.268)

The Federal Direct Student Loan Program ("FDSLP") was established under the Higher Education Act of 1965, as amended in the Student Loan Reform Act of 1993. The FDSLP enables an eligible student or parent to obtain a loan to pay for the student's cost of attendance directly through the University rather than through private lenders. The University began participation in the FDSLP on June 1, 2009, whereas Auburn University at Montgomery ("AUM") began participating in the program July 1, 2010. As a university qualified to originate loans, the University is responsible for handling the complete loan origination process, including funds management and promissory note functions. The University is not responsible for collection of these loans.

During the year ended September 30, 2010, the University processed the following amount of student loans under FDSLP:

	CFDA#	Total 2010
Federal Direct Loans	84.268	\$ 134,303,306

8. Administrative Cost Allowance

During the program year ended June 30, 2010, the University and AUM charged \$0 and \$22,665, respectively to the Federal Work-Study program for administrative cost allowance. In addition, the University and AUM charged \$0 and \$25,179, respectively, to the Federal Perkins Loan Program. No administrative cost allowance was charged to the FSEOG.

Part III
Reports on Internal Control and Compliance



Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees of Auburn University and the President of Auburn University:

We have audited the financial statements of Auburn University (the "University"), which is a component unit of the State of Alabama, and its discretely presented component units as of and for the year ended September 30, 2010 and 2009 (June 30, 2010 and 2009 for Tigers Unlimited Foundation), and have issued our report thereon dated January 21, 2011. Our report was modified to include a reference other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the University's discretely presented component units were not audited in accordance with *Government Auditing Standards*. Other auditors audited the financial statements of the Auburn Alumni Association (the "Association") and Auburn University Foundation (the "Foundation"), which represent 85 percent and 84 percent of assets, 87 percent and 85 percent of net assets and 53 percent and 60 percent of revenues of the discretely presented component units at September 30, 2010 and 2009 (at June 30, 2010 and 2009 for Tigers Unlimited Foundation) and for the years then ended (for the years ended June 30, 2010 and 2009 for Tigers Unlimited Foundation), respectively. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Association and the Foundation is based on the reports of other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Compliance and Other Matters

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

This report is intended solely for the information and use of the University's Board of Trustees, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers LLP

January 21, 2011



**Report of Independent Auditors on Compliance with Requirements
That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over
Compliance in Accordance with OMB Circular A-133**

To the Board of Trustees of Auburn University and the President of Auburn University:

Compliance

We have audited the compliance of Auburn University (the "University"), a component unit of the State of Alabama, with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010, except as described in the second paragraph of this report. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

We did not audit the University's compliance with the requirements governing maintaining repayment records, monitoring the timing and amount of collections and the performance of due diligence related to campus-based student loans, compliance requirements specified by the Federal Perkins and Health Professional Student Loan Programs and described in the OMB *Circular A-133 Compliance Supplement*. Compliance with these requirements was audited by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to the University's compliance with those requirements, is based solely on the report of the other auditors.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the University's compliance with those requirements. In our opinion, based on our audit and the report of other auditors, the University complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010.



Internal Control over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, except as noted below, we considered the University's internal control over compliance with the requirements that could have a direct and material effect on a major program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

We did not consider internal control over compliance with the requirements governing maintaining repayment records, monitoring the timing and amount of collections and the performance of due diligence compliance requirements specified by the Federal Perkins and Health Professional Student Loan Programs and described in the OMB Circular A-133 *Compliance Supplement*. Internal control over these compliance requirements was considered by the other auditors referred to above; and our report, insofar as it relates to the University's internal control over those compliance requirements, is based solely upon the report of the other auditors.

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

Our consideration and the other auditor's consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the University's Board of Trustees, Audit Committee, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

PricewaterhouseCoopers LLP

June 30, 2011

Part IV
Findings

Auburn University
Schedule of Findings and Questioned Costs
Year Ended September 30, 2010

I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of OMB Circular A-133?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
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Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
Various	Research and Development Cluster
Various	Student Financial Aid Cluster
10.500	Cooperative Extension Service
20.205	Transportation Technology Building Construction
84.394	State Fiscal Stabilization Fund
12	U.S. Army Reserve Officers' Training Corps
12	U.S. Air Force Reserve Officers' Training Corps
12	U.S. Navy/Marines Reserve Officers' Training Corps

Dollar threshold used to distinguish between type A and type B programs?	\$3,000,000
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Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
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Auburn University
Schedule of Findings and Questioned Costs
Year Ended September 30, 2010

II – Financial Statements Findings

No matters were noted.

Auburn University
Schedule of Findings and Questioned Costs
Year Ended September 30, 2010

III – Federal Awards Findings and Questioned Costs

No findings were noted.

Auburn University

Summary of Prior Year Findings and Questioned Costs

Year Ended September 30, 2010

I – Federal Awards Prior Audit Findings

2009-1

Per A-110, Section_.34 (f) (4), a control system shall be in effect to ensure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented; if the equipment was owned by the Federal Government, the recipient shall promptly notify the Federal awarding agency.

During the review of equipment controls and compliance, it was determined that the University's process and related controls regarding transferred equipment monitoring do not adequately ensure that appropriate safeguards are in place to prevent or detect loss of federally purchased equipment as a result of transfers. Specifically, a subsequent review of the transferred property was not consistently performed to ensure that transferred equipment is physically located at the transferred location.

Status: The University is in the process of implementing its corrective action plan.

To improve the University's controls surrounding transferred equipment, Property Services implemented procedures to verify the items moved between units. Subsequent to the equipment transfer request and adjusting the asset location in the fixed asset system, the transferred items are verified during the follow-up audits or inventory verifications.

After exploring various electronic equipment transfer programs, Property Services is currently working with Information System Support to create an on-line application for transfer, which will require electronic approvals from both the unit requesting the transfer and the unit receiving the asset. We are approximately 70% complete and anticipate implementing the system by the end of fiscal year 2011.

There were no similar issues noted during fiscal 2010.