

Auburn University

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

For the Year Ended September 30, 2014

EIN: 63-6000724

Auburn University
Report on Federal Awards in Accordance with OMB Circular A-133
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September 30, 2014

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Part I

Financial Statements



Independent Auditor's Report

To the Board of Trustees of Auburn University:

We have audited the accompanying financial statements of Auburn University (the "University"), a component unit of the State of Alabama, as of and for the years ended September 30, 2014 and 2013, and the related notes to the financial statements, which consist of the statements of net position and the related statements of revenues, expenses and changes in net position and statements of cash flows of Auburn University and the statements of financial position and of activities and changes in net assets of the University's discretely presented component units.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on the financial statements based on our audits. We did not audit the financial statements of Auburn Alumni Association (the "Association") and Auburn University Foundation (the "Foundation"), two of the University's discretely presented component units, as of and for the years ended September 30, 2014 and 2013. We did not audit the financial statements of Tigers Unlimited Foundation ("TUF"), one of the University's discretely presented component units, as of and for the years ended June 30, 2014 and 2013. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above mentioned discretely presented component units of the University, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Association, the Foundation, TUF, and Auburn Research and Technology Foundation ("ARTF") were not audited in accordance with *Government Auditing Standards*.



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

Opinions

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the University and its discretely presented component units at September 30, 2014 and 2013, or at June 30, 2014 and 2013, as applicable, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information.

The accompanying management's discussion and analysis and the required supplemental information for the year ended September 30, 2014 on pages 5 through 14 and 65 through 67, respectively, are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in the appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



The University has omitted the management's discussion and analysis for the year ended September 30, 2013 that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in the appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The introductory information on pages 6 to 7 and the supplemental divisional financial statements on pages 55 to 62 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements by us or other auditors, and accordingly, we express no opinion nor provide any assurance on them.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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 financial statements. As described in Note 1 to the schedule of expenditures of federal awards, the accompanying schedule of expenditures of federal awards was prepared on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, on the basis of accounting described in Note 1, in relation to the financial statements as a whole.



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2015 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, grant agreements, and other matters for the year ended September 30, 2014. 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

January 23, 2015

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, 2014, with a comparison to the year ended September 30, 2013. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section. The financial statements, footnotes, and this discussion are the responsibility of University management.

The University is a land-grant institution with two campuses, Auburn (main campus) and Montgomery (AUM). Main campus is classified by the Carnegie Foundation as "Doctoral/Research-Extensive," while AUM is classified as "Master's I." Fall 2014 enrollment totaled 30,969 students at main campus and AUM. The University offers a diverse range of degree programs in 12 colleges and schools and has approximately 5,300 full-time employees, including approximately 1,400 faculty members, who contribute to the University's mission of serving the citizens of the State of Alabama through its instructional, research, and outreach programs.

Using the Annual Report

The University's financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities. The financial report includes three financial statements: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. All references to "2014," "2013," or another year refer to the fiscal year ended September 30, unless otherwise noted.

The University's financial statements are summarized as follows:

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

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

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

In addition to the University's financial statements, related component unit Statements of Financial Position and Statements of Activities and Changes in Net Assets have been included in this annual report. GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement No. 14*, provides criteria for determining which related organizations should be reported as component units based on the nature and significance of their relationship with the primary government, which is the University. GASB Statement No. 39 also clarifies financial reporting requirements for those organizations as amendments to GASB Statement No. 14, *The Financial Reporting Entity*. The University also evaluated GASB Statement 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34* to ensure proper disclosure. The component units report financial results under principles prescribed by the Financial Accounting Standards Board (FASB) and are subject to standards under the Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles and present net assets in three classes: unrestricted, temporarily restricted, and permanently restricted. The four component units of the University reported herein are as follows:

- (1) Auburn University Foundation (AUF)** - AUF was organized on February 9, 1960, and is the fundraising foundation for the University. As of September 30, 2014, AUF holds endowments and distributes earnings from those endowments to the University. AUF is incorporated as a legally separate, tax-exempt nonprofit organization established to solicit individual and corporate donations for the direct benefit of the University. The Auburn University Real Estate Foundation, Inc. (AUREFI) has been consolidated into AUF's financial statements.
- (2) Auburn Alumni Association (the Association)** - The Association is a nonprofit corporation organized on April 14, 1945, which was created to promote mutually beneficial relationships between the University and its alumni, to encourage loyalty among alumni, and to undertake various other actions for the benefit of the University, its alumni, and the State of Alabama. Membership is comprised of alumni, friends, and students of the University. The Association provides monetary support to the University in the form of faculty awards and student scholarships.
- (3) Tigers Unlimited Foundation (TUF)** - TUF is a legally separate nonprofit organization incorporated in December 2002, which began operations on April 21, 2004. TUF was organized exclusively for charitable purposes, pursuant to Sections 501(a) and 501(c)(3) of the Internal Revenue Code to support athletic fundraising and athletic programs. TUF has a June 30 fiscal year end. TUF provides economic resources to the University for athletic scholarships, athletic building maintenance or new construction, and for athletic department programs.
- (4) Auburn Research and Technology Foundation (ARTF)** - ARTF was organized on August 24, 2004, as a separate nonprofit organization to develop and operate the Auburn Research Park and to assist the University with the attraction, development, and commercialization of technology. The vision of ARTF is to establish an entrepreneurial atmosphere for businesses to foster economic diversification and vitality of the local community, state, and region.

Financial Highlights

Statement of Net Position

A summary of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of September 30, 2014 and 2013, is as follows:

	2014	2013
Assets		
Current assets	\$ 301,408,817	\$ 257,011,629
Capital assets	1,550,144,298	1,535,238,933
Other noncurrent assets	<u>861,390,142</u>	<u>865,559,735</u>
Total assets	<u>2,712,943,257</u>	<u>2,657,810,297</u>
Deferred Outflows of Resources		
Loss on refunding of bonds	<u>14,442,185</u>	<u>10,911,474</u>
Liabilities		
Current liabilities	333,782,202	318,508,943
Noncurrent liabilities	<u>751,013,602</u>	<u>772,599,661</u>
Total liabilities	<u>1,084,795,804</u>	<u>1,091,108,604</u>
Deferred Inflows of Resources		
Nonexchange transactions	<u>435,203</u>	<u>346,994</u>
Net Position		
Net investment in capital assets	821,520,355	787,467,398
Restricted-nonexpendable	28,176,521	27,696,563
Restricted-expendable	162,165,880	173,183,733
Unrestricted	<u>630,291,679</u>	<u>588,918,479</u>
Total net position	<u>\$ 1,642,154,435</u>	<u>\$ 1,577,266,173</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 \$44.4 million from 2013 to 2014. Of this increase, cash and cash equivalents and operating investments increased by \$51.2 million. This was the result of the University investing excess additional revenues in highly liquid investments while the low interest rate market environment exists. Student accounts receivable increased \$3.0 million, which was due to the tuition increase approved by the Board of Trustees and changes in enrollment and scholarship strategies. The University saw decreases in accounts receivable of \$10.0 million, which was the result of decreases in federally sponsored projects.

The University's long-term investments, shown in other noncurrent assets, decreased by \$4.4 million from 2013 to 2014. This decrease was due to spending previously-invested bond funds held for construction projects. The University saw increases in capital assets, net of depreciation, shown as "Investment in plant, net" on the Statement of Net Position, of 1.0% from 2013 to 2014. 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 approximately 77.3% of the total net capital asset value. The increase, offset by disposal activity, depreciation, and transfers, was the result of \$88.7 million of new additions to property, plant, and equipment, net of construction in progress transfers. The University expended \$79.9 million in new construction during fiscal year 2014.

The following building construction projects totaling \$117.1 million were either completed and placed into service or additional work was performed on a previously completed project during the current fiscal year:

Bailey Small Animal Teaching Hospital	\$ 72.2 million
South Donahue Residence Halls	\$ 13.9 million
South Donahue Wellness Kitchen	\$ 6.0 million
Olympic Sports Building Renovation	\$ 5.6 million
Telfair Peet Theatre and Dance Studio Addition	\$ 3.9 million
AUM Warhawk Residence Hall	\$ 2.0 million
Facilities Bldg 1 Interior Renovation and Addition	\$ 1.4 million
Facilities Bldg 2 Interior Renovation and Addition	\$ 1.4 million
Equine Research Lab	\$ 1.3 million
Student Recreation and Wellness	\$ 1.3 million
Center for Advanced Science, Innovation & Commerce	\$ 1.1 million
Other Small Projects	\$ 7.0 million

The University's Deferred Outflows of Resources

Deferred outflows of resources are a consumption of net assets that are applicable to a future reporting period. In 2010, 2012, and 2014, the University defeased certain outstanding bonds. These refundings resulted in losses (the difference between the acquisition price of the new debt and the net carrying amount of the old debt). In accordance with GASB Statements No. 63 and No. 65, these losses are presented as deferred outflows of resources.

The increase in the deferred outflows of resources of \$3.5 million is the net of the 2014A Bond loss on refunding of \$5.7 million and current year amortization of the loss on refunding for all the bonds of \$2.1 million. The loss on refunding is amortized over the life of the old or new bonds, whichever is shorter. The University is amortizing over the life of the defeased bonds (see Note 8).

The University's Liabilities

Current liabilities consist of accounts payable, accrued salaries and wages, the current portion of compensation-related liabilities, accrued interest payable, student and other deposits (including Perkins and Health Professions loan liability), unearned revenues, the current portion of noncurrent liabilities, and other accrued liabilities. Current liabilities increased by \$15.3 million from 2013 to 2014. While the University accrued \$2.0 million less in payables at year end, unearned revenues increased \$10.4 million. Unearned revenue is comprised of tuition, room and board revenue that relates to fiscal year 2015, contracts and grants funding received prior to expenditure as well as athletic revenue related to games played subsequent to September 30. For Fall 2014, the Board of Trustees approved approximately a 4% tuition increase for main campus and AUM. Sixty percent of fall tuition is reported as unearned revenue due to the fiscal year end of September 30. The remaining increase is shown as an additional \$5.8 million in the University's current portion of long term liabilities. This increase was the result of the University's debt repayment strategies. Bonds issued in 2011 were structured to begin principal repayments in 2015, aligning payments with generation of corresponding pledged revenue.

Noncurrent liabilities include principal amounts due on University bonds payable, accrued compensated absences and other compensation-related liabilities that are payable beyond September 30, 2015. Noncurrent liabilities decreased \$21.6 million from 2013 to 2014. The majority of the decrease was due to debt payments and amortization of bond premium and discounts in the amount of \$23.1 million. This decrease was offset by an additional accrual of \$1.7 million relating to its obligation for the University's post-employment medical plan.

The University's Deferred Inflows of Resources

Deferred inflows of resources are an acquisition of net assets that are applicable to a future reporting period. The University engages in certain voluntary nonexchange transactions (grants). Grant funds received for which all eligibility requirements have been met, other than time requirements, are presented as deferred inflows of resources in accordance with GASB Statements No. 63 and No. 65.

The University's deferred inflows of resources had virtually no change from 2013 to 2014. The small increase was the result of receiving additional funding for which the time requirement for spending had not occurred at year end (see Note 14).

The University's Net Position

The three major net position categories are discussed below:

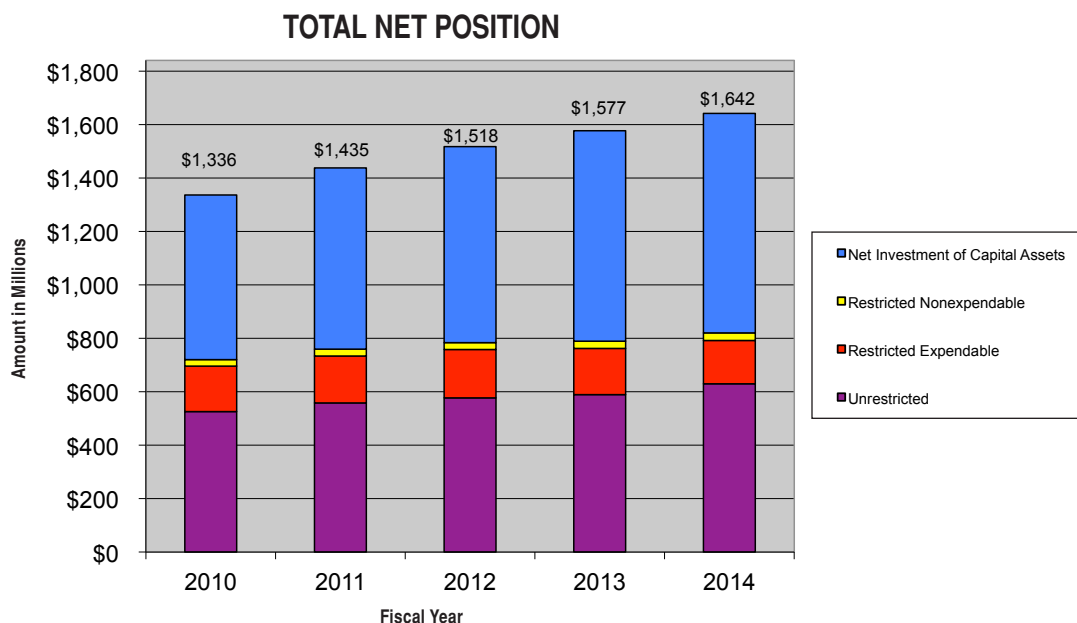
Net investment in capital assets represents the University's capital assets, net of accumulated depreciation and outstanding principal balances of debt as well as any deferred inflows or outflows of resources, attributable to the acquisition, construction, or improvement of those assets. Net investment in capital assets increased 4.3% from 2013 to 2014. This increase was due to capitalization of assets as previously described and payments made on outstanding debt.

Restricted (nonexpendable and expendable) net position:

Restricted-nonexpendable net position is subject to external restrictions governing its use and consists of the University's permanent endowment funds. This net position increased 1.7% from 2013 to 2014. This increase was 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 position is also subject to external restrictions governing its use. Items of this nature include gifts, contracts, and grants restricted by federal, state, local governments, or private sources for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. Restricted funds functioning as endowments, restricted funds available for student loans, and funds restricted for construction purposes are also included in this category. Restricted-expendable net position decreased 6.4% from 2013 to 2014. This decrease was due to expending funds on capital projects that did not have associated outstanding debt as well as utilizing gift funds collected in prior years.

Unrestricted net position is the third major class of net position, and it is not subject to externally imposed stipulations; however, the majority of the University's unrestricted net position has been internally designated for various mission-related purposes. This category includes funds for general operations of the University, auxiliary operations (including athletics, housing, and the bookstores), unrestricted quasi-endowments, and capital projects. Unrestricted net position increased 7.0% from 2013 to 2014. The increase in unrestricted net position was mainly due to holding unrestricted funds for future mission-related priorities and deferred maintenance needs.



Statement of Revenues, Expenses and Changes in Net Position

Changes in total net position are the result of activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of this statement is to present the 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 position.

A condensed statement is provided below:

	2014	2013
Operating revenues	\$ 663,909,152	\$ 626,750,002
Operating expenses	<u>928,297,437</u>	<u>891,283,611</u>
Operating loss	(264,388,285)	(264,533,609)
Net nonoperating revenues and other changes in net position	<u>329,276,547</u>	<u>324,228,114</u>
Increase in net position	64,888,262	59,694,505
Net position - beginning of year	<u>1,577,266,173</u>	<u>1,517,571,668</u>
Net position - end of year	<u>\$ 1,642,154,435</u>	<u>\$ 1,577,266,173</u>

The 2014 Statement of Revenues, Expenses, and Changes in Net Position reflects an increase in net position at the end of the year of \$64.9 million. Operating revenues increased 5.9% from 2013 to 2014. The majority of this increase is attributable to the increase in student tuition and fee revenue, net of discounts. The \$16.5 million tuition and fee increase over 2013 was the result of the Board-approved increase in tuition for both main campus and AUM and changes to the University's enrollment and scholarship strategies. The University also saw increases in other operating revenue of \$5.6 million. This increase was due to revenue generated by new outreach programs. The University saw a net decrease in federal appropriations, federal, state, and nongovernmental contract and grant revenues of \$3.9 million, which was primarily the result of a decrease in spending of federal grant funds appropriated and awarded for research. Auxiliary revenue increased approximately \$18.9 million. The majority of this increase was due to increased athletic ticket sales, radio and television revenues. In addition, the University saw increased revenues from new dorms and wellness centers being placed into service at main campus and at AUM.

Operating expenses increased 4.2% from 2013 to 2014. Multiple factors contributed to this net increase. Compensation and benefit costs increased 3.6%. This was the result of Board-approved salary increases and one-time supplement payments. Other supplies and services expenses increased \$6.8 million. This increase was attributable to additional noncapitalized maintenance projects in fiscal year 2014. Depreciation expense increased 8.7% in 2014.

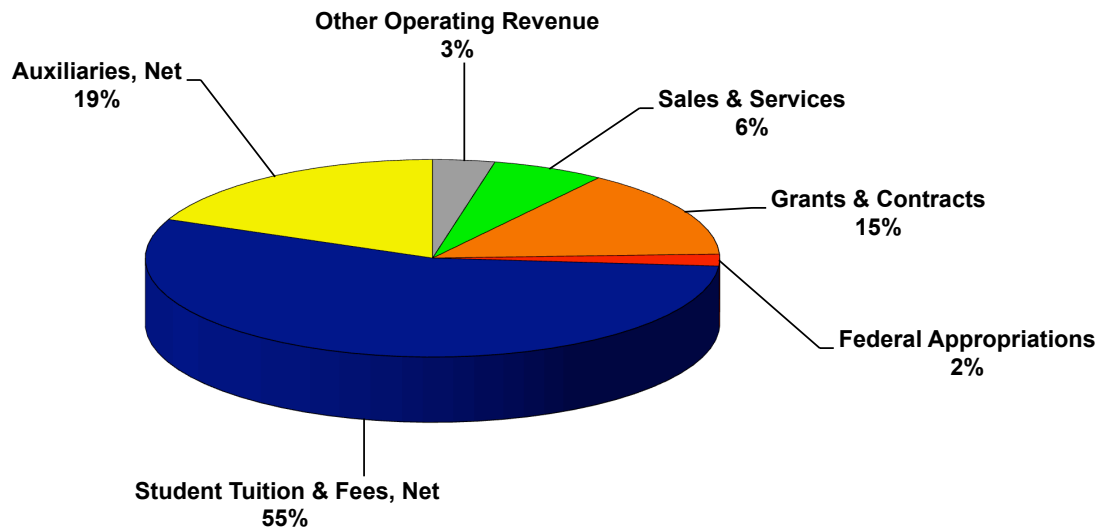
This increase was the result of recording depreciation beginning in fiscal year 2014 on projects completed in 2013. Some of the buildings completed included the Student Recreation and Wellness Center, South Donahue Residence Hall, AUM Warhawk Residence Hall, and the Kinesiology Building.

Net nonoperating revenues increased \$30.7 million from 2013 to 2014. The University received an increase in appropriations from the State of Alabama of \$4.4 million. Revenue recognized on Pell grants awarded to students in fiscal year 2014 increased 5.3%. The University's net investment income increased from \$13.1 million in fiscal year 2013 to \$38.8 million in fiscal year 2014. Due to the improved market environment, the University recognized increases in interest and endowment income of \$5.6 million. The University recognized an increase in realized gains of approximately \$5.0 million, and as of September 30, 2014, had unrealized gains of \$7.9 million, whereas, in fiscal year 2013, the University recognized unrealized losses of \$7.2 million.

Other changes in net position decreased \$25.7 million in fiscal year 2014 from fiscal year 2013. This decrease is the direct result of receiving ARRA and state funding for the Center for Advanced Science, Innovations & Commerce and the renovation of the Corley Annex Biological Engineering Research Lab in fiscal year 2013, which the University did not receive in fiscal year 2014.

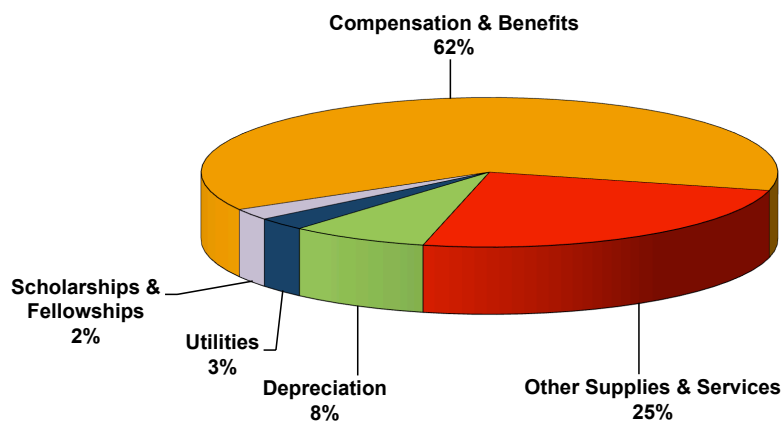
OPERATING REVENUES SUPPORTING CORE ACTIVITIES

For the year ended September 30, 2014



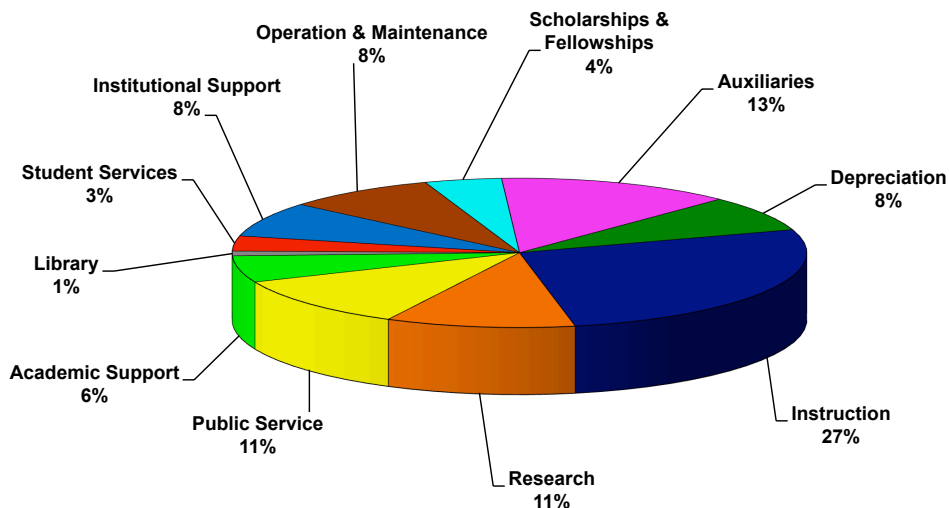
OPERATING EXPENSES BY NATURAL CLASSIFICATION

For the year ended September 30, 2014



OPERATING EXPENSES BY FUNCTION

For the year ended September 30, 2014



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

The University's cash flows are summarized below:

	2014	2013
Net cash provided by (used in):		
Operating activities	\$ (167,488,580)	\$ (182,145,734)
Noncapital financing activities	301,397,720	296,475,856
Capital and related financing activities	(125,797,480)	(220,486,064)
Investing activities	<u>57,846,593</u>	<u>80,230,333</u>
Net increase (decrease) in cash	65,958,253	(25,925,609)
Cash and cash equivalents - beginning of year	<u>71,430,712</u>	<u>97,356,321</u>
Cash and cash equivalents - end of year	<u>\$ 137,388,965</u>	<u>\$ 71,430,712</u>

Net cash used for operating activities decreased from 2013 to 2014 by 8.0%. The majority of this decrease was the result of additional cash provided from tuition and fees of \$29.4 million, auxiliary enterprises of \$15.4 million, other operating revenues of \$8.9 million, and grants and contracts of \$2.1 million. These increases in cash were offset by the following additional uses. During fiscal year 2014, payments for employee compensation and benefits increased \$19.5 million, as a result of Board-approved salary increases and one-time supplement payments. The University had additional payments to suppliers and for utilities of \$5.4 million and \$3.2 million, respectively. The payments to suppliers increased primarily due to the additional accruals at the end of fiscal year 2013. The increase in payments for utilities was a result of additional costs associated with new university buildings. Due to increased awardings of the Spirit of Auburn Scholarship, additional payments of scholarships and fellowships of \$5.0 million occurred in fiscal year 2014.

Net cash provided by noncapital financing activities increased \$4.9 million. This was primarily due to the University's additional allocation of state appropriations of 1.8% over the allocation in fiscal year 2013.

The University saw a reduction in net cash used in capital and related financing activities of \$94.7 million. During fiscal year 2014, the University received \$20.4 million less than in fiscal year 2013 related to capital gifts and grants. The University completed several projects funded by bond issuances, which caused funds expended related to those issuances to decrease by \$117.3 million. During the fiscal year, the University partially refunded two bond issuances causing a net increase in cash flows provided by capital and related financing activity of \$7.6 million. In contrast, payments for interest expense increased \$9.5 million. This increase was a direct result of the completion of the previously mentioned construction projects. In the prior years, some payments relating to interest expense were capitalized. These same costs are now shown as interest expense.

Net cash provided by investing activities decreased by \$22.4 million. Although the University received an additional \$3.2 million in investment income, the proceeds from the sale and maturities of investments and the purchasing of new investments decreased 41.5% and 41.6%, respectively. This is a direct result of completing projects in fiscal year 2013 which were financed with bond issuances. The University invests bond funds until project expenditures occur. During fiscal year 2014, the University did not have additional bond funds to invest, as occurred in previous fiscal years. In addition, since the funds were expended in previous fiscal years, the respective investments were sold or matured in those years.

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

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.

excellence in service to students, sponsors, the State of Alabama, and other constituents. The University's strong financial position and internal planning processes provide the University some protection against funding reductions and adverse economic conditions. Nonetheless, future reductions in state support must be anticipated and managed carefully to maintain excellence. Neither external nor internal efforts to mitigate the impact, however, are intended to eliminate the effects of future proration or decrease in state funding. As a labor intensive organization, the University faces competitive pressures related to attracting and retaining faculty and staff. The rising cost of health care remains a concern, particularly in light of the post-retirement health care benefits offered to retirees.

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

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

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

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

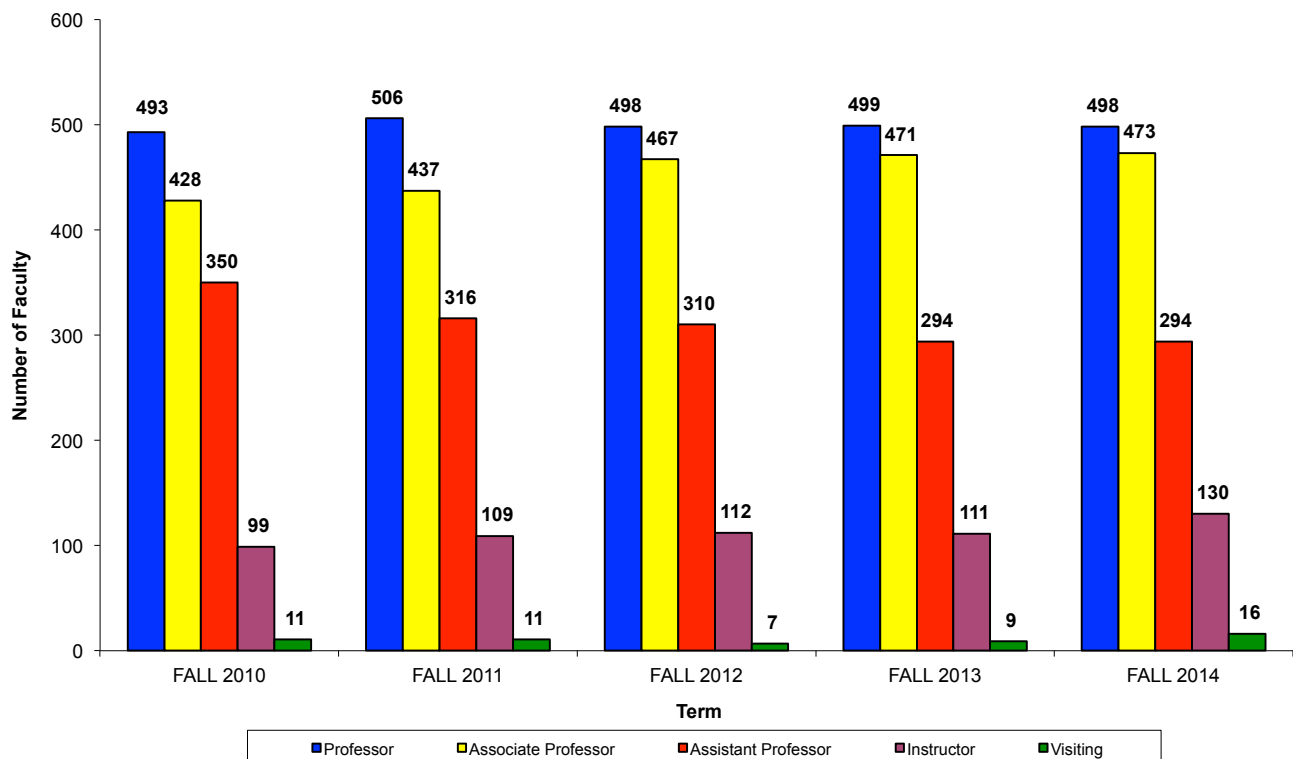
	2010	2011	2012	2013	2014
Auburn Main Campus/ Auburn University at Montgomery					
Full Time Students:					
In-State	\$7,900/\$6,730	\$8,698/\$6,930	\$9,446/\$7,500	\$9,852/\$8,425	\$10,200/\$9,080
Out-of-State	\$21,916/\$19,090	\$23,290/\$20,790	\$25,190/\$22,500	\$26,364/\$24,950	\$27,384/\$19,640

FALL STUDENT ENROLLMENT

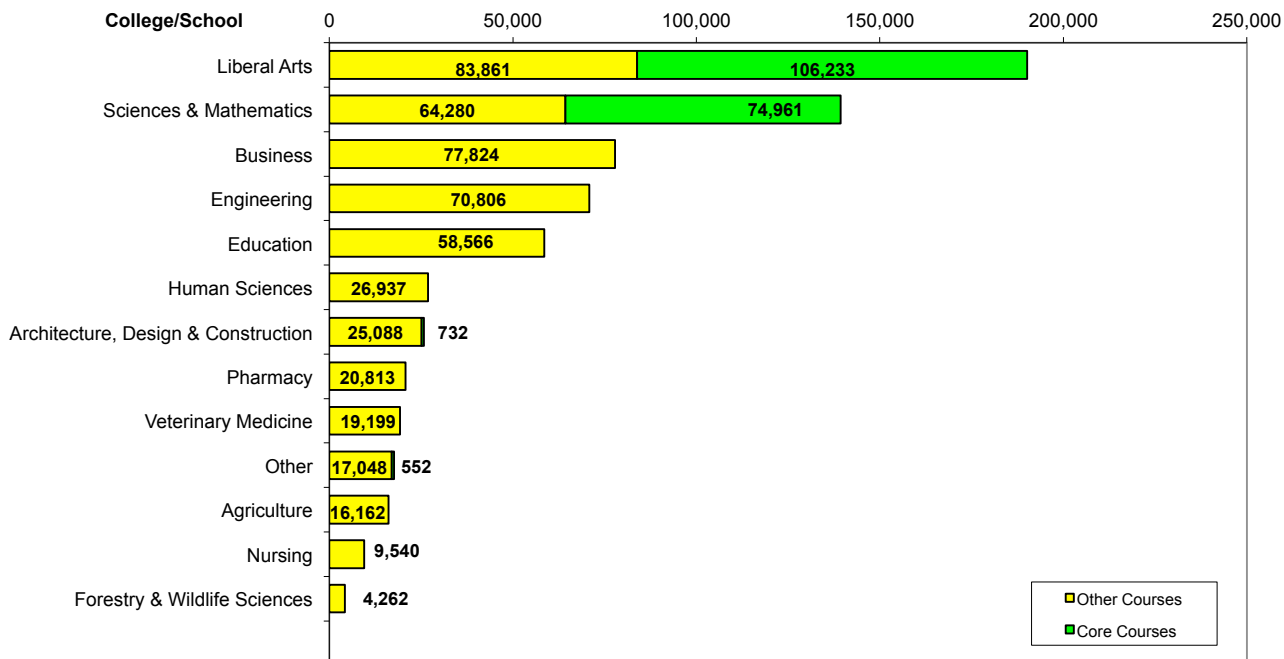
	2010	2011	2012	2013	2014
Auburn Main Campus and Auburn University at Montgomery					
Undergraduate and Professional	26,025	25,868	25,442	24,133	25,006
Graduate	4,864	4,906	4,681	5,827	5,963

DEGREES AWARDED FOR THE ACADEMIC YEAR

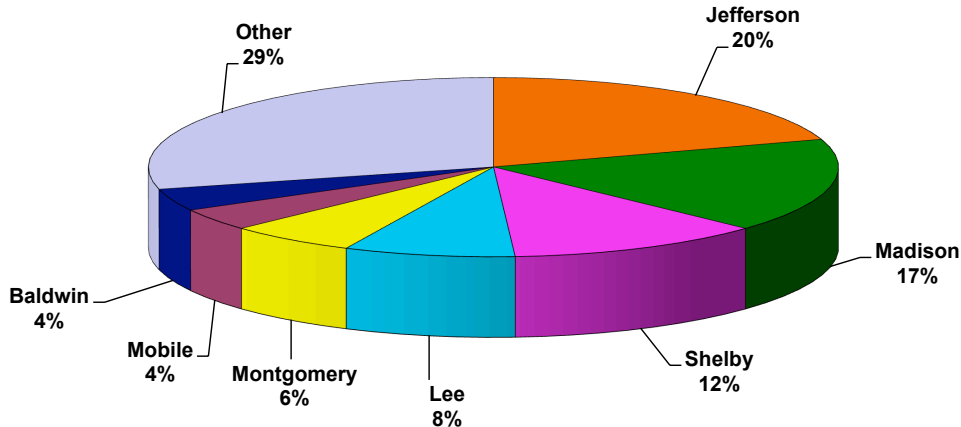
	2010	2011	2012	2013	2014
Auburn Main Campus and Auburn University at Montgomery					
Bachelor	4,700	4,800	4,925	4,834	5,090
Advanced	1,670	1,809	1,827	1,835	1,869

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

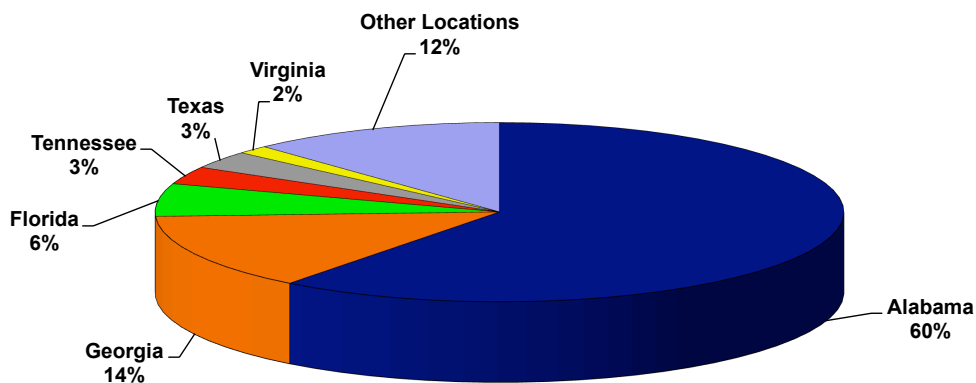
**AUBURN UNIVERSITY MAIN CAMPUS
TOTAL STUDENT CREDIT HOURS BY COLLEGE/SCHOOL 2013-14**



**AUBURN UNIVERSITY MAIN CAMPUS FRESHMEN
ENROLLMENT BY ALABAMA COUNTIES
SUMMER/FALL TERMS 2014**



**SOURCES OF ENTERING FRESHMEN BY STATE
MAIN CAMPUS SUMMER/FALL TERMS 2014**



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

	2010	2011	2012	2013	2014
Revenues by Source					
Tuition & fees, net	\$ 276.2	\$ 294.7	\$ 323.1	\$ 349.2	\$ 365.9
Federal appropriations	30.3*	38.8*	11.8	13.0	12.9
State appropriations	236.2	235.7	247.8	238.6	243.0
Grants & contracts, net	132.3	136.6	134.5	121.1	118.4
Gifts	31.5	32.3	36.6	35.4	36.6
Capital gifts & grants	47.6	48.2	17.2	28.2	3.8
Sales and services, investments and other income, net of interest expense	59.8	58.8	72.8	60.7	89.2
Auxiliary revenue, net	<u>87.5</u>	<u>106.2</u>	<u>101.5</u>	<u>104.8</u>	<u>123.4</u>
Total Revenues by Source	<u>\$ 901.4</u>	<u>\$ 951.3</u>	<u>\$ 945.3</u>	<u>\$ 951.0</u>	<u>\$ 993.2</u>
Expenditures by Function					
Instruction	\$ 220.6	\$ 230.4	\$ 239.5	\$ 242.6	\$ 249.0
Research	97.5	102.8	102.6	97.4	99.2
Public service	99.2	106.0	107.4	104.7	102.5
Academic support	37.5	38.8	38.8	43.7	53.3
Library	10.2	8.3	10.1	8.3	9.7
Student services	21.8	23.6	24.9	27.6	30.2
Institutional support	58.8	74.1	73.3	70.0	70.5
Operation and maintenance	70.1	77.8	66.3	84.5	78.8
Scholarships and fellowships	31.9	33.7	35.0	39.5	40.2
Auxiliary enterprises	89.3	102.5	99.1	106.9	123.1
Depreciation	<u>49.3</u>	<u>53.8</u>	<u>61.1</u>	<u>66.1</u>	<u>71.8</u>
Total Expenditures by Function	<u>\$ 786.2</u>	<u>\$ 851.8</u>	<u>\$ 858.1</u>	<u>\$ 891.3</u>	<u>\$ 928.3</u>
Expenditures by Natural Classification					
Compensation & benefits	\$ 510.9	\$ 536.6	\$ 539.2	\$ 558.0	\$ 578.2
Scholarships & fellowships	17.8	17.3	18.4	21.6	22.7
Utilities	22.9	23.3	23.2	22.8	26.0
Other supplies and services	185.3	220.8	216.2	222.8	229.6
Depreciation	<u>49.3</u>	<u>53.8</u>	<u>61.1</u>	<u>66.1</u>	<u>71.8</u>
Total Expenditures by Natural Classification	<u>\$ 786.2</u>	<u>\$ 851.8</u>	<u>\$ 858.1</u>	<u>\$ 891.3</u>	<u>\$ 928.3</u>

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

AUBURN UNIVERSITY

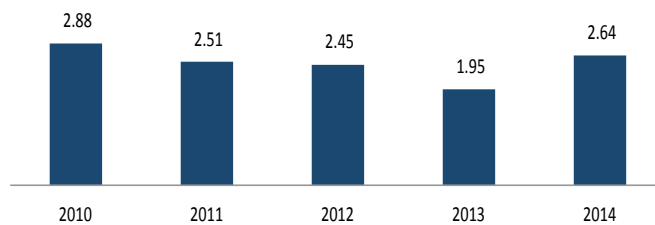
FINANCIAL RATIOS*

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.

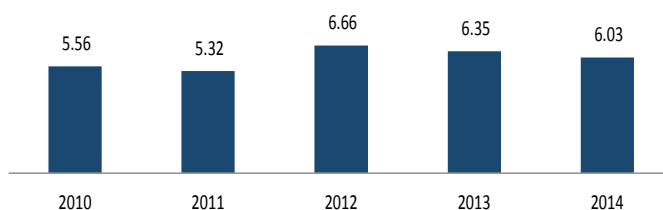
The University's debt service coverage ratio decreased due to new debt issuances in 2011 and 2012. The ratio began rebounding as the University paid down portions of the outstanding amounts. The ratio remains sufficiently above the desired 1.0 in all years presented.



Debt Service Burden

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

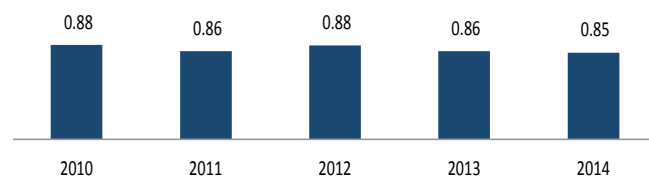
The University's debt service burden increased due to new debt issuances in 2011 and 2012. As the University has been paying down some of the outstanding amounts, the ratio began to decrease.



Primary Reserve Ratio

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

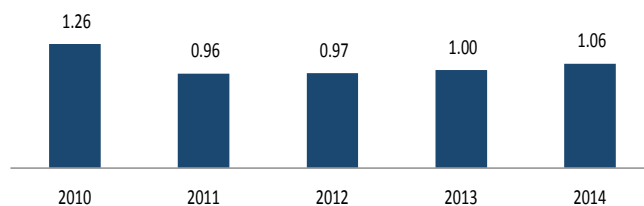
The University's primary reserve ratio has remained relatively unchanged.



Viability Ratio

This ratio measures the availability of expendable net position to cover debt obligations should the institution be required to settle them immediately. A ratio of 1.0 indicates that the institution could pay off all debts.

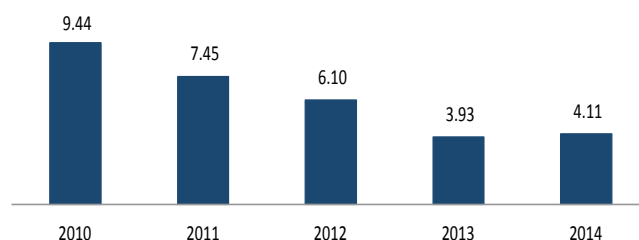
While new debt issuances in 2011 dropped the ratio below 1.0%, the ratio has since rebounded with an increase in the subsequent three years.



Return on Net Position Ratio

This ratio measures total economic return and can be used to indicate whether the institution is financially stronger or weaker over time. It is generally recommended that the goal be a 3.00% - 4.00% return over the long-term.

While the University's return on net position ratio has fluctuated over the 5 years presented, it remains strong, despite the difficult economic climate and significantly reduced income from state appropriations.



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

AUBURN UNIVERSITY
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2014 AND 2013

	2014	2013
ASSETS		
Current assets		
Cash and cash equivalents	\$ 137,388,965	\$ 71,430,712
Operating investments	45,171,928	59,887,580
Accounts receivable, net	37,295,056	47,339,578
Student accounts receivable, net	37,346,662	34,360,176
Loans receivable, net	2,555,991	2,509,024
Accrued interest receivable	1,814,348	1,713,614
Inventories	4,599,906	4,517,492
Prepaid expenses	35,235,961	35,253,453
Total current assets	<u>301,408,817</u>	<u>257,011,629</u>
Noncurrent assets		
Investments	844,273,591	848,661,718
Loans receivable, net	17,116,551	16,898,017
Investment in plant, net	1,550,144,298	1,535,238,933
Total noncurrent assets	<u>2,411,534,440</u>	<u>2,400,798,668</u>
Total assets	<u>2,712,943,257</u>	<u>2,657,810,297</u>
DEFERRED OUTFLOWS OF RESOURCES		
Loss on refunding of bonds	<u>14,442,185</u>	<u>10,911,474</u>
LIABILITIES		
Current liabilities		
Accounts payable	55,670,506	57,643,073
Accrued salaries and wages	3,025,472	2,637,392
Accrued compensated absences	18,347,365	17,532,179
Accrued interest payable	12,298,575	12,460,524
Other accrued liabilities	8,344,327	7,699,964
Student deposits	3,068,492	2,534,320
Deposits held in custody	19,900,249	21,164,453
Unearned revenues	184,309,364	173,863,776
Noncurrent liabilities-current portion	28,817,852	22,973,262
Total current liabilities	<u>333,782,202</u>	<u>318,508,943</u>
Noncurrent liabilities		
Bonds and notes payable	716,188,582	739,255,580
Lease obligations	-	200,000
Other noncurrent liabilities	34,825,020	33,144,081
Total noncurrent liabilities	<u>751,013,602</u>	<u>772,599,661</u>
Total liabilities	<u>1,084,795,804</u>	<u>1,091,108,604</u>
DEFERRED INFLOWS OF RESOURCES		
Nonexchange transactions	<u>435,203</u>	<u>346,994</u>
NET POSITION		
Net investment in capital assets	821,520,355	787,467,398
Restricted		
Nonexpendable	28,176,521	27,696,563
Expendable:		
Scholarships, research, instruction, other	151,931,724	159,887,301
Loans	5,013,550	3,908,694
Capital projects	5,220,606	9,387,738
Unrestricted	630,291,679	588,918,479
Total net position	<u>\$ 1,642,154,435</u>	<u>\$ 1,577,266,173</u>

See accompanying notes to financial statements.

AUBURN UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	2014	2013
OPERATING REVENUES		
Tuition & fees, net of scholarship allowances of \$106,862,517 and \$103,722,389, respectively	\$ 365,946,812	\$ 349,204,106
Federal appropriations	12,888,064	13,003,383
Federal grants & contracts, net	65,480,729	69,712,138
State & local grants & contracts, net	16,025,884	17,457,909
Nongovernmental grants & contracts, net	14,871,312	12,965,576
Sales & services of educational departments	42,072,042	41,965,810
Auxiliary revenue, net of scholarship allowances of \$7,896,817 and \$6,782,033, respectively	123,401,308	104,801,344
Other operating revenues	<u>23,223,001</u>	<u>17,639,736</u>
Total operating revenues	<u>663,909,152</u>	<u>626,750,002</u>
OPERATING EXPENSES		
Compensation & benefits	578,242,854	557,979,424
Scholarships & fellowships	22,651,077	21,583,184
Utilities	26,003,836	22,842,876
Other supplies & services	229,604,057	222,813,203
Depreciation	<u>71,795,613</u>	<u>66,064,924</u>
Total operating expenses	<u>928,297,437</u>	<u>891,283,611</u>
Operating loss	<u>(264,388,285)</u>	<u>(264,533,609)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	242,982,031	238,601,180
Gifts	36,622,346	35,354,346
Grants	22,037,644	20,926,014
Net investment income	38,843,549	13,129,982
Interest expense on capital debt	<u>(15,435,498)</u>	<u>(13,703,285)</u>
Nonoperating revenues, net	<u>325,050,072</u>	<u>294,308,237</u>
Income before other changes in net position	60,661,787	29,774,628
OTHER CHANGES IN NET POSITION		
Capital appropriations	16,585	114,188
Capital gifts & grants	3,729,932	28,086,402
Additions to permanent endowments	<u>479,958</u>	<u>1,719,287</u>
Net increase in net position	64,888,262	59,694,505
Net position - beginning of year	<u>1,577,266,173</u>	<u>1,517,571,668</u>
Net position - end of year	<u>\$ 1,642,154,435</u>	<u>\$ 1,577,266,173</u>

See accompanying notes to financial statements.

AUBURN UNIVERSITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition & fees	\$ 373,885,655	\$ 344,457,719
Federal appropriations	11,822,841	12,930,070
Grants & contracts	107,445,031	105,355,969
Sales & services of educational departments	41,765,348	48,344,842
Auxiliary enterprises	119,881,121	104,480,389
Other operating revenues	23,686,105	14,762,840
Payments to suppliers	(222,067,887)	(216,718,691)
Payments for utilities	(26,003,836)	(22,842,876)
Payments for employee compensation & benefits	(574,905,901)	(555,425,011)
Payments for scholarships & fellowships	(22,507,092)	(17,554,004)
Student loans issued	(3,397,962)	(2,545,519)
Student loans collected	2,907,997	2,608,538
Net cash used in operating activities	<u>(167,488,580)</u>	<u>(182,145,734)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	242,982,031	238,601,180
Gifts and grants for other than capital purposes	59,170,269	58,566,731
Direct loan receipts	177,467,924	177,713,211
Direct loan disbursements	<u>(178,222,504)</u>	<u>(178,405,266)</u>
Net cash provided by noncapital financing activities	<u>301,397,720</u>	<u>296,475,856</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from advanced refunding of debt, net of issuance cost	75,346,556	-
Capital appropriations	16,585	114,188
Capital grants & gifts received	4,611,200	25,014,137
Purchases of capital assets	(93,052,995)	(210,399,545)
Proceeds received from sale of capital assets	81,250	40,280
Principal paid on debt & capital leases	(19,596,314)	(19,260,538)
Interest paid on debt & capital leases	(25,503,762)	(15,994,586)
Payment to escrow on advanced refunding of debt	<u>(67,700,000)</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>(125,797,480)</u>	<u>(220,486,064)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments and reinvestments	363,116,309	620,284,495
Investment income	19,419,490	16,179,986
Purchases of investments	<u>(324,689,206)</u>	<u>(556,234,148)</u>
Net cash provided by investing activities	<u>57,846,593</u>	<u>80,230,333</u>
Net increase (decrease) in cash and cash equivalents	65,958,253	(25,925,609)
Cash and cash equivalents - beginning of year	<u>71,430,712</u>	<u>97,356,321</u>
Cash and cash equivalents - end of year	<u>\$ 137,388,965</u>	<u>\$ 71,430,712</u>

See accompanying notes to financial statements.

AUBURN UNIVERSITY
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	2014	2013
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (264,388,285)	\$ (264,533,609)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	71,795,613	66,064,924
Write-off of loans receivable	224,464	1,210,350
Loss on sale of capital assets	1,894,750	411,103
Changes in assets and liabilities:		
Accounts receivable	6,747,315	2,703,143
Student accounts receivable	(2,986,486)	1,746,381
Inventories	(82,414)	174,054
Unearned revenues	10,445,588	4,271,174
Accounts payable	4,791,721	2,925,207
Prepaid expenses	17,492	(67,287)
Accrued salaries, wages and compensated absences	1,203,266	697,966
Student deposits and deposits held in custody	24,548	970,333
Loans to students	(489,965)	63,019
Other accrued liabilities	644,363	3,454,697
Nonexchange transactions	88,209	167,242
Other noncurrent liabilities	2,581,241	(2,404,431)
Net cash used in operating activities	<u>\$ (167,488,580)</u>	<u>\$ (182,145,734)</u>
SUPPLEMENTAL NONCASH ACTIVITIES INFORMATION		
Capital assets acquired with a liability at year-end	\$ 3,234,671	\$ 9,986,306
Gifts of capital assets	2,385,618	3,774,237
Capitalized interest	18,485,556	21,004,825

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2014 AND 2013

	Auburn University Foundation		Auburn Alumni Association	
	2014	2013	2014	2013
ASSETS				
Cash and cash equivalents	\$ 3,349,824	\$ 1,373,367	\$ 72,071	\$ 58,870
Investments	418,046,081	366,370,535	4,776,518	4,173,764
Investment in Auburn University Foundation Securities Pool	-	-	8,989,525	8,451,707
Accrued interest receivable	79,593	82,936	20,431	15,453
Contributions receivable, net	68,585,013	56,501,674	357,720	467,515
Other assets	6,467	27,471	34	272
Investment in real estate	4,074,251	3,802,131	674,799	674,799
Cash surrender value of life insurance	5,082,046	4,633,863	-	-
Beneficial interest in outside trusts	5,405,637	4,533,281	-	-
Property and equipment, net	218,706	290,175	1,943,453	1,889,526
Prepaid items	-	-	5,025	26
Due from Auburn University	260,860	130,222	-	-
Due from Auburn University Foundation	-	-	-	390
Total assets	<u>\$ 505,108,478</u>	<u>\$ 437,745,655</u>	<u>\$ 16,839,576</u>	<u>\$ 15,732,322</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 423,320	\$ 215,336	\$ 102,396	\$ 31,380
Annuities payable	8,637,277	9,032,840	-	-
Due to Auburn University	168,834	48,270	-	3,211
Due to Auburn University Foundation	-	-	452,369	205,704
Due to Auburn Alumni Association	8,989,525	8,452,093	-	-
Due to Tigers Unlimited Foundation	8,606,643	7,984,570	-	-
Deferred revenue	1,126	52,626	8,391,185	8,297,710
Total liabilities	<u>26,826,725</u>	<u>25,785,735</u>	<u>8,945,950</u>	<u>8,538,005</u>
NET ASSETS				
Unrestricted	23,015,641	20,524,121	7,893,626	7,194,317
Temporarily restricted	123,459,727	93,759,484	-	-
Permanently restricted	331,806,385	297,676,315	-	-
Total net assets	<u>478,281,753</u>	<u>411,959,920</u>	<u>7,893,626</u>	<u>7,194,317</u>
Total liabilities and net assets	<u>\$ 505,108,478</u>	<u>\$ 437,745,655</u>	<u>\$ 16,839,576</u>	<u>\$ 15,732,322</u>

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	Auburn University Foundation		Auburn Alumni Association	
	2014	2013	2014	2013
REVENUES AND OTHER SUPPORT				
Public support - contributions	\$ 65,670,616	\$ 65,656,935	\$ 2,374,133	\$ 1,748,427
Investment income	2,511,539	2,722,858	352,191	333,983
Other revenues	<u>2,037,897</u>	<u>2,063,374</u>	<u>881,262</u>	<u>948,257</u>
Total operating revenues	<u>70,220,052</u>	<u>70,443,167</u>	<u>3,607,586</u>	<u>3,030,667</u>
EXPENSES AND LOSSES				
Program services				
Contributions to and support for Auburn University	31,503,530	27,796,485	-	-
Other program services	<u>3,403,546</u>	<u>2,755,692</u>	<u>1,345,131</u>	<u>732,384</u>
Total program services	<u>34,907,076</u>	<u>30,552,177</u>	<u>1,345,131</u>	<u>732,384</u>
Support services				
General and administrative	1,505,924	1,277,134	1,872,704	1,769,421
Fund raising	<u>2,890,611</u>	<u>2,937,528</u>	<u>259,264</u>	<u>267,158</u>
Total support services	<u>4,396,535</u>	<u>4,214,662</u>	<u>2,131,968</u>	<u>2,036,579</u>
Total expenses	39,303,611	34,766,839	3,477,099	2,768,963
Unrealized gains on investments, net	(17,822,794)	(28,622,499)	(568,822)	(497,790)
Realized gains on investments, net	(16,003,747)	(4,771,963)	-	-
Change in valuation of split-interest agreements	(1,602,085)	(319,601)	-	-
Impairment in real estate	<u>23,234</u>	<u>49,817</u>	<u>-</u>	<u>-</u>
Total expenses, (gains) and losses	<u>3,898,219</u>	<u>1,102,593</u>	<u>2,908,277</u>	<u>2,271,173</u>
 *Change in net assets	 66,321,833	 69,340,574	 699,309	 759,494
Net assets - beginning of year	<u>411,959,920</u>	<u>342,619,346</u>	<u>7,194,317</u>	<u>6,434,823</u>
Net assets - end of year	<u>\$ 478,281,753</u>	<u>\$ 411,959,920</u>	<u>\$ 7,893,626</u>	<u>\$ 7,194,317</u>
 *Change in net assets				
Unrestricted	\$ 2,491,520	\$ 2,904,471	\$ 699,309	\$ 759,494
Temporarily restricted	29,700,243	26,355,661	-	-
Permanently restricted	<u>34,130,070</u>	<u>40,080,442</u>	<u>-</u>	<u>-</u>
Total change in net assets	<u>\$ 66,321,833</u>	<u>\$ 69,340,574</u>	<u>\$ 699,309</u>	<u>\$ 759,494</u>

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2014 AND 2013

Tigers Unlimited Foundation
2014 **2013**

ASSETS

Cash and cash equivalents	\$ 756,174	\$ 1,026,747
Investments	36,013,989	38,714,112
Investment in Auburn University Foundation Securities Pool	8,629,832	7,543,528
Due from Auburn University	-	504,245
Due from Auburn University Foundation	-	143,221
Accrued interest receivable	95,311	101,308
Contributions receivable, net	10,726,457	8,923,837
Other receivables	614,125	923,255
Other assets	175,967	257,364
Property and equipment, net	91,129	164,640
Total assets	\$ 57,102,984	\$ 58,302,257

LIABILITIES

Accounts payable and accrued liabilities	\$ 665,088	\$ 523,711
Contracts payable, net	6,719,759	8,779,544
Deferred revenue	1,872,870	1,514,672
Due to Auburn University	2,943,300	2,508,750
Total liabilities	12,201,017	13,326,677

NET ASSETS

Unrestricted	22,862,847	23,013,931
Temporarily restricted	14,919,083	14,989,563
Permanently restricted	7,120,037	6,972,086
Total net assets	44,901,967	44,975,580
Total liabilities and net assets	\$ 57,102,984	\$ 58,302,257

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

Tigers Unlimited Foundation

2014

2013

REVENUES AND OTHER SUPPORT

Public support - contributions	\$ 37,870,989	\$ 29,882,610
Investment income	714,044	606,399
Other revenues	<u>5,823,499</u>	<u>4,680,650</u>
Total operating revenues	<u>44,408,532</u>	<u>35,169,659</u>

EXPENSES AND LOSSES

Program services		
Contributions to and support for Auburn University	17,217,019	11,212,529
Other program services	<u>17,531,732</u>	<u>23,586,742</u>
Total program services	<u>34,748,751</u>	<u>34,799,271</u>

Support services		
General and administrative	1,235,573	1,015,323
Fund raising	<u>7,847,297</u>	<u>6,696,726</u>
Total support services	<u>9,082,870</u>	<u>7,712,049</u>
Total expenses	43,831,621	42,511,320

Unrealized (gains) losses on investments, net	(1,319,406)	418,852
Realized losses on investments, net	228	1,422
Loss on write-off of contribution receivable	<u>1,969,702</u>	<u>1,303,806</u>
Total expenses, (gains) and losses	<u>44,482,145</u>	<u>44,235,400</u>

*Change in net assets	(73,613)	(9,065,741)
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Net assets - beginning of year	<u>44,975,580</u>	<u>54,041,321</u>
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Net assets - end of year	<u>\$ 44,901,967</u>	<u>\$ 44,975,580</u>
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*Change in net assets		
Unrestricted	\$ (151,084)	\$ (11,201,085)
Temporarily restricted	(70,480)	2,114,115
Permanently restricted	<u>147,951</u>	<u>21,229</u>
Total change in net assets	<u>\$ (73,613)</u>	<u>\$ (9,065,741)</u>

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2014 AND 2013

Auburn Research and Technology Foundation

2014

2013

ASSETS

Cash and cash equivalents	\$ 731,782	\$ 596,616
Deposits	42,143	39,486
Other assets	26,886	25,846
Accounts receivable	349,836	58,091
Contributions receivable, net	1,070,336	1,127,444
Property and equipment, net	<u>8,549,672</u>	<u>8,860,973</u>
Total assets	<u><u>\$ 10,770,655</u></u>	<u><u>\$ 10,708,456</u></u>

LIABILITIES

Accounts payable	\$ 100,529	\$ 58,707
Deferred revenue	184,955	151,507
Deposits held in custody	42,143	39,486
Interest payable	36,478	37,924
Note payable to Auburn University	877,548	912,314
Other payable to Auburn University	<u>77,926</u>	<u>72,018</u>
Total liabilities	<u><u>1,319,579</u></u>	<u><u>1,271,956</u></u>

NET ASSETS

Unrestricted	8,380,699	8,309,016
Temporarily restricted	<u>1,070,377</u>	<u>1,127,484</u>
Total net assets	<u><u>9,451,076</u></u>	<u><u>9,436,500</u></u>
Total liabilities and net assets	<u><u>\$ 10,770,655</u></u>	<u><u>\$ 10,708,456</u></u>

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

Auburn Research and Technology Foundation

2014

2013

REVENUES AND OTHER SUPPORT

Rental income	\$ 982,030	\$ 681,665
Other contracts	266,654	177,469
Contributions	<u>24,702</u>	<u>1,133,185</u>
Total operating revenues	<u>1,273,386</u>	<u>1,992,319</u>

EXPENSES AND LOSSES

Support services		
General and administrative	838,562	787,392
Amortization	65,026	28,313
Depreciation	317,894	284,961
Interest	<u>37,328</u>	<u>38,804</u>
Total support services	<u>1,258,810</u>	<u>1,139,470</u>
Total expenses	1,258,810	1,139,470

*Change in net assets	14,576	852,849
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Net assets - beginning of year	<u>9,436,500</u>	<u>8,583,651</u>
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Net assets - end of year	<u>\$ 9,451,076</u>	<u>\$ 9,436,500</u>
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*Change in net assets		
Unrestricted	\$ 71,683	\$ 82,415
Temporarily restricted	<u>(57,107)</u>	<u>770,434</u>
Total change in net assets	<u>\$ 14,576</u>	<u>\$ 852,849</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

(1) NATURE OF OPERATIONS

Auburn University (the University) is a land grant university originally chartered on February 1, 1856, as the East Alabama Male College. The Federal Land Grant Act of 1862, by which the University was established as a land grant university, donated public lands to several states and territories with the intent that the states would use these properties for the benefit of agriculture and the mechanical arts. Several pertinent laws dictate specific purposes for which the land may be used. In 1960, the Alabama State Legislature officially changed the name to Auburn University. The University has two campuses, Auburn and Montgomery, with a combined enrollment of 30,969 students for Fall semester 2014. The University serves the State of Alabama, the nation and international business communities through instruction of students and the advancement of research and outreach programs. By statutory laws of the State of Alabama, the University is governed by the Board of Trustees (the Board) who are appointed by the Governor of Alabama, a committee consisting of two trustees and two Alumni Association board members and approved by the Alabama State Senate.

The accompanying financial statements of the University have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). The accompanying financial statements include the following four divisions of the University:

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

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

The University, 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.

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

Component Units

The University adheres to GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units—an amendment of GASB Statement No. 14*. This statement clarifies GASB Statement No. 14, *The Financial Reporting Entity*, which provides criteria for determining whether such organizations for which a government is not financially accountable should be reported as component units. In accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an Amendment of GASB Statements No. 14 and No. 34*, the University has included statements for Auburn University Foundation, Auburn Alumni Association, Tigers Unlimited Foundation, and Auburn Research and Technology Foundation in these financial statements, as exclusion

of such organizations would render the entity's financial statements misleading or incomplete. Auburn University Real Estate Foundation, Inc. has been consolidated into Auburn University Foundation's financial statements, as an affiliated supporting organization. The University's component units' financial statements are presented following the University's statements. The component units are not GASB entities; therefore, their respective financial statements adhere to accounting principles under the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

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

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

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

Auburn Research and Technology Foundation (ARTF) is an independent corporation organized on August 24, 2004, to facilitate the acquisition, construction and equipping of a technology and research park on the University's campus. ARTF, created in 2004, was organized under Internal Revenue Code 509(a)(3). ARTF is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision has been made for income taxes in their financial statements. ARTF's activities are governed by its own Board of Directors.

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

The financial statements of the component units have been prepared on the accrual basis of accounting. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the component units and changes therein are classified and reported as 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 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, the component units 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 and the Association may be obtained by writing to the applicable entity at 317 South College Street, Auburn University, AL 36849. Financial statements for TUF may be obtained by writing to Athletic Complex, 392 South Donahue Drive, Auburn University, AL 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*, GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis-for Public Colleges and Universities-an amendment of GASB Statement No. 34*, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These statements establish standards for external financial reporting for public colleges and universities on an entity-wide perspective and require that resources be classified in three net position categories.

- **Net investment in capital assets:**

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

- **Restricted net position:**

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

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

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

- **Unrestricted net position:**

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

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

Basis of Accounting

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

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.

Revision of Previously Issued Financial Statements

The University identified an error in the 2013 calculation for tuition discounting. The original calculation overstated the scholarship allowance amount, and as a result, Tuition & fees revenues, net were understated by \$3,973,094, Auxiliary revenues, net were understated by \$259,078, and Scholarships & fellowships expense was understated by \$4,232,172. In addition, the University identified one other immaterial error in the 2013 Statement of Revenues, Expenses, and Changes in Net Position. All of the identified errors resulted in misclassifications on the 2013 Statement of Revenues, Expenses and Changes in Net Position and had no impact on the previously reported Operating loss or Net increase in net position. In addition, these errors had no impact on the previously issued 2013 Statement of Net Position or Statement of Cash Flows. Accordingly, management has corrected these errors by increasing the aforementioned financial statement line items by the amounts disclosed above and by correcting the other immaterial errors.

(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 Position, with all net realized and unrealized gains and losses reflected in the Statement of Revenues, Expenses and Changes in Net Position. Fair value of these investments is based on quoted market prices or dealer quotes where available.

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. The University did not incur any material losses related to investment impairment during fiscal years 2014 or 2013.

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

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

Art collections and historical treasures are capitalized and valued at cost or fair 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 or changes in circumstance to determine whether an impairment loss should be recorded and whether any insurance recoveries should be offset against the impairment loss. The University did not incur any losses related to capital asset impairment during fiscal year 2014 or 2013.

Unearned Revenues

Unearned revenues include funds received in advance of an event, such as tuition and fees and advance ticket sales for athletic events. Net student tuition and fee revenues and housing revenues for the fall semester are recognized in the fiscal year in which the related revenues are earned. Ticket sale revenues for athletic events are recognized as the related games are played. Unearned revenues also consist of amounts received from grant and contract sponsors that have not yet been earned under the terms of the agreements. Amounts received from grant sponsors for which the only unmet term of the agreement is timing (i.e. funds may not be spent until a certain date) are classified as deferred inflows of resources in accordance with GASB Statement No. 65. All other unearned revenue is classified as a current liability (see Note 13).

Classification of Revenues

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

- **Operating Revenues:** Operating revenues include activities that have the characteristics of exchange transactions, such as (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 to be recorded as nonoperating revenues. These revenues include state appropriations, private gifts, federal Pell grants, and investment income, including realized and unrealized gains and losses on investments.

Student Tuition, Fees and Scholarship Discounts and Allowances

Student tuition and fee revenues and certain other revenues from students are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses and Changes in Net Position. Scholarship discounts and allowances represent the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf. Scholarship allowance to students is 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, bookstores, housing, printing, and telecommunications, which are substantially self supporting activities that primarily provide services to students, faculty, administrative and professional employees, and staff.

Grants and Contracts Revenues

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

Compensated Absences

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

as a current liability. 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.

Donor Pledges

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

(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, the standard Federal Deposit Insurance Corporation (FDIC) coverage is \$250,000 per depositor, per insured bank, for each account ownership category.

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

(4) INVESTMENTS

The Board is authorized to invest all available cash and is responsible for the management of the University's investments. The endowment funds and the cash pool assets are invested in accordance with policies established by the Board. The Board has engaged a custodian and professional investment managers to manage the investment of the endowment funds while maintaining centralized management of the cash pool. The University 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, banker's acceptances, commercial paper, certificates of deposit, municipals, U.S. Treasury obligations, U.S. Agency securities and mortgage-backed securities.

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

Diversification through asset allocation is utilized as a fundamental risk strategy for endowed funds. These strategic allocations represent a blend of assets best suited, over the long term, to achieve maximum returns without violating the risk parameters established by the Board. The Endowment Investment Policy, approved April 11, 2014, authorizes investment of the endowment portfolio to include the following: cash and cash equivalents, global fixed income, global equity securities, global private capital, absolute return/hedge funds, and real 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 April 11, 2014, spending for a given year equals 80% of spending in the previous year, adjusted for inflation (Consumer Price Index (CPI) within a range of 0.0% and 6.0%), plus 20% of the long-term spending rate (4.0%) applied to the twelve-month rolling average of the market values. Under previous approved policies, spending was calculated using different formulas. The net appreciation on endowments and funds functioning as endowments available for authorization for expenditure by the Board amounted to \$30,497,147 and \$27,353,552 at September 30, 2014 and 2013, respectively, and are recorded as restricted expendable net position.

Investment Risks

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

- **Interest Rate Risk** – Interest rate or market risk is the potential for changes in the value of financial instruments due to interest rate changes in the market. Certain fixed maturity investments contain call provisions that could result in shorter maturity periods. As previously stated, it is the University's intent to hold all investments in the Cash Pool until maturity. The Board understands that in order to achieve its objectives, investments can experience fluctuations in fair value. Both the Endowment 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, 2014 and 2013, covering the fair value of investments by investment type and related maturity:

Auburn University Investments Investment Maturities at Fair Value (in Years) September 30, 2014					
Type of Investments	< 1 year	1-5 years	6-10 years	> 10 years	Total Fair Value
Fixed Maturity					
Certificates of Deposit	\$ -	\$ 701,842	\$ -	\$ -	\$ 701,842
U.S. Treasury Obligations	29,440,652	86,260,207	11,751,838	-	127,452,697
U.S. Agency Securities	3,733,652	376,343,093	104,917,904	44,688,481	529,683,130
Mortgage Backed Securities	-	1,719,046	7,300,256	14,220,481	23,239,783
Municipals	-	402,568	1,017,969	-	1,420,537
	\$ 33,174,304	\$ 465,426,756	\$ 124,987,967	\$ 58,908,962	\$ 682,497,989
Domestic Equities					1,319,513
Alternative Investments – at cost:					
Hedge Funds					49,289,826
Private Capital					14,188,576
Real Assets					22,256,369
Real Estate					740,750
Mutual Funds					106,083,788
Other					4,214,711
Money Market					146,603,997
Total investments					1,027,195,519
Less cash equivalents held in cash pool					(137,750,000)
Operating and noncurrent investments					\$ 889,445,519

Auburn University Investments
Investment Maturities at Fair Value (in Years)
September 30, 2013

Type of Investments	< 1 year	1-5 years	6-10 years	> 10 years	Total Fair Value
Fixed Maturity					
Certificates of Deposit	\$ -	\$ 709,668	\$ -	\$ -	\$ 709,668
U.S. Treasury Obligations	31,473,698	67,812,643	34,430,465	-	133,716,806
U.S. Agency Securities	17,302,084	258,813,778	207,955,643	52,159,389	536,230,894
Mortgage Backed Securities	-	3,039,442	13,442,648	22,176,896	38,658,986
Municipals	-	395,568	990,468	-	1,386,036
	<u>\$ 48,775,782</u>	<u>\$ 330,771,099</u>	<u>\$ 256,819,224</u>	<u>\$ 74,336,285</u>	<u>\$ 710,702,390</u>
Domestic Equities					1,106,576
Alternative Investments – at cost:					
Hedge Funds					46,800,191
Private Capital					12,849,926
Real Assets					21,104,614
Real Estate					740,750
Mutual Funds					101,534,844
Other					3,878,734
Money Market					77,781,273
Total investments					<u>976,499,298</u>
Less cash equivalents held in cash pool					<u>(67,950,000)</u>
Operating and noncurrent investments					<u>\$ 908,549,298</u>

- Custodial Credit Risk** – GASB Statement No. 40 defines investment custodial risk as “the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.” Although no formal policy has been adopted, the University requires its safekeeping agents to hold all securities in the University’s name for both the Cash Pool and the Endowment Pool. Certain limited partnership investments in Private Capital and Real Assets represent ownership interests that do not exist in physical or book-entry form. As a result, custodial credit risk is remote.
- Credit Quality Risk** – GASB Statement No. 40 defines credit quality risk as “the risk that an issuer or other counterparty to an investment will not fulfill its obligations” as they become due. The University’s Non-Endowment Cash Pool Investment Policy stipulates that commercial paper be rated at least P1 by Moody’s or A1 by Standard & Poor’s or a comparable rating by another nationally recognized rating agency. Banker’s 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, 2014 and 2013, 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	
	2014		2013		
US Treasury	\$ 127,452,697	18.68%	\$ 133,716,806	18.81%	
Aaa	552,922,913	81.01%	574,889,880	80.89%	
Aa	1,420,537	0.21%	1,386,036	0.20%	
Not rated*	701,842	0.10%	709,668	0.10%	
	<u>\$ 682,497,989</u>	<u>100.00%</u>	<u>\$ 710,702,390</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, 2014 and 2013, 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, 2014 and 2013, the University held no investments in foreign currency.

Securities Lending Program

As of September 30, 2014 and 2013, there was no participation in any securities lending program.

Interest Sensitive Securities

As of September 30, 2014 and 2013, the University held \$23,239,783 and \$38,658,986, representing 2.3% and 4.0%, respectively, of its total investments in mortgage-backed securities. As of September 30, 2014

and 2013, 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, uncertain early or extended payments.

Certain fixed maturity investments have call provisions that could result in shorter maturity periods. However, it is the intent that the University’s Cash Pool fixed maturity investments be held to maturity; therefore, the fixed maturity investments are classified in the above table as if they were held to maturity. As of September 30, 2014 and 2013, the University Cash Pool held \$36,336,000 and \$40,981,220, representing 3.5%, and 4.2%, 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 nine mutual 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, 2014 and 2013:

2014								
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	10	\$ 49,250,000	\$ 49,250,000	\$ -	\$ -	\$ -	\$ -	\$ -
Private Capital	14	33,050,000	24,500,571	65,385	1,543,453	2,284,837	4,655,754	8,549,429
Real Assets	13	42,975,000	36,512,574	-	2,190,378	2,744,988	1,527,060	6,462,426
	<u>37</u>	<u>\$ 125,275,000</u>	<u>\$ 110,263,145</u>	<u>\$ 65,385</u>	<u>\$ 3,733,831</u>	<u>\$ 5,029,825</u>	<u>\$ 6,182,814</u>	<u>\$ 15,011,855</u>

2013								
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	9	\$ 47,750,000	\$ 47,750,000	\$ -	\$ -	\$ -	\$ -	\$ -
Private Capital	12	28,250,000	20,037,628	-	2,657,317	1,976,321	3,578,734	8,212,372
Real Assets	12	45,800,000	35,762,472	-	2,264,031	5,749,909	2,023,588	10,037,528
	<u>33</u>	<u>\$ 121,800,000</u>	<u>\$ 103,550,100</u>	<u>\$ -</u>	<u>\$ 4,921,348</u>	<u>\$ 7,726,230</u>	<u>\$ 5,602,322</u>	<u>\$ 18,249,900</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.

As of September 30, 2014 and 2013, 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.

On September 30, 2014 and 2013, the University was not a party in any swap or other derivative contracts.

The table entitled, "Auburn University Investments, Investment Maturities at Fair Value (in Years)", includes funds held for pending capital expenditures at September 30, 2014, as follows: \$4,392,146, 2006 General Fee Bond proceeds; \$5,287,720, 2011 General Fee Bond proceeds; \$300,000, 2012A General Fee Bond proceeds; and \$28,023,166, Deferred Maintenance Building Fund. The General Liability Account holds investments of \$5,735,301.

At September 30, 2013, funds held for pending capital expenditures were as follows: \$6,176,976, 2006 General Fee Bond proceeds; \$15,562,174, 2011 General Fee Bond proceeds; \$3,995,414, 2012A General Fee Bond proceeds; and \$53,367,625, Deferred Maintenance Building Fund. The General Liability Account holds investments of \$5,728,852.

AUF holds endowments and distributes earnings from those endowments to the University. AUF investments at September 30, 2014 and 2013, include the following:

2014				2013			
Fair Value		Cost		Fair Value		Cost	
Cash and pooled investments	\$ 6,678,108	\$ 6,678,108		\$ 8,362,274		\$ 8,362,274	
Government bonds, notes and other securities	29,375,822	25,933,035		22,324,015		19,365,409	
Corporate stocks	1,887,652	1,006,000		1,582,395		775,666	
Mutual funds, business trust funds and common trust funds	183,034,720	152,982,542		166,040,460		140,809,806	
Hedge funds	122,277,034	83,476,191		106,918,600		75,274,504	
Private equity funds	34,106,675	26,055,081		26,891,437		23,013,712	
Real asset investment funds	40,686,070	37,934,948		34,251,354		34,077,938	
Total investments	<u>\$ 418,046,081</u>	<u>\$ 334,065,905</u>		<u>\$ 366,370,535</u>		<u>\$ 301,679,309</u>	

AUF owns shares in six mutual funds and four business 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, AUF enters into a separate subscription agreement with a capital commitment to each corporation or limited partnership.

As of September 30, 2014, AUF had entered into subscription agreements with one corporate and thirty-nine limited partnership investments. The aggregate amount of capital committed to these investments is \$187,662,200 of which capital contributions of \$163,316,398 have been invested. A net unrealized gain of \$50,681,563 has been recorded on these investments. Of these thirty-nine commitments, eleven subscriptions relate to hedge funds, sixteen subscriptions relate to private equity funds, and twelve 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 AUF's Consolidated Statements of Activities and Changes in Net Assets net of estimated investment expenses of \$3,993,000 and \$3,474,000 for the fiscal years ended September 30, 2014 and 2013, 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, 2014. 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, 2014 and 2013, were \$197,069,779 and \$168,061,391, respectively.

(5) FUNDS HELD IN TRUST

In addition to permanently restricted endowments carried on the University's financial statements, the University is the beneficiary of income earned on a number of AUF endowments. The cost of these funds was \$298,979,591 and \$268,373,168 and the market value was \$378,993,254 and \$330,124,702 at September 30, 2014 and 2013, respectively. The portion of endowment income received by the

University from these funds was \$10,607,752 and \$9,243,002 for the fiscal years ended September 30, 2014 and 2013, 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 Position.

In addition, the University has been named as a beneficiary of a foundation with investments having a cost of \$2,409,462 and \$2,305,701 and a market value of \$3,555,272 and \$3,308,192 at September 30, 2014 and 2013, 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, 2014 and 2013. The income received from the two trusts was \$69,373 and \$70,177 for the fiscal years ended September 30, 2014 and 2013, respectively.

(6) ACCOUNTS RECEIVABLE

Accounts receivable and the allowances for doubtful accounts at September 30, 2014 and 2013, are summarized as follows:

	2014	2013
NONSTUDENT ACCOUNTS RECEIVABLE		
Federal, state & local government, and other restricted expendable	\$ 23,135,440	\$ 31,621,335
Less allowance for doubtful accounts	(2,218,796)	(2,397,992)
Pledged receivables	575,934	597,519
General	16,049,290	16,090,078
Less allowance for doubtful accounts	(13,764,142)	(13,355,752)
Auxiliary	11,190,244	9,190,418
Capital gifts and grants	2,327,086	5,593,972
Total nonstudent accounts receivable	<u>\$ 37,295,056</u>	<u>\$ 47,339,578</u>
	2014	2013
STUDENT ACCOUNTS RECEIVABLE		
Unrestricted general	\$ 35,196,598	\$ 32,962,275
Less allowance for doubtful accounts	(688,433)	(496,853)
Unrestricted auxiliary	3,079,458	2,148,652
Less allowance for doubtful accounts	(240,961)	(253,898)
Total student accounts receivable	<u>\$ 37,346,662</u>	<u>\$ 34,360,176</u>

(7) CAPITAL ASSETS

Capital assets at September 30, 2014 and 2013, are summarized as follows (dollars in thousands):

	September 30, 2013	Additions/Transfers	Deletions/Transfers	September 30, 2014
Capital assets not being depreciated				
Land	\$ 18,243	\$ 280	\$ (338)	\$ 18,185
Art & collectibles	9,334	656	(52)	9,938
Construction in progress	84,631	79,923	(145,838)	18,716
Livestock	1,937	443	(135)	2,245
Total capital assets not being depreciated	114,145	81,302	(146,363)	49,084
Capital assets being depreciated				
Land improvements	107,095	2,539	-	109,634
Buildings	1,515,023	117,061	-	1,632,084
Equipment	240,506	14,603	(16,347)	238,762
Infrastructure	192,527	11,954	-	204,481
Library books	169,646	7,056	(575)	176,127
Software system implementation	14,448	-	-	14,448
Total capital assets being depreciated	2,239,245	153,213	(16,922)	2,375,536
Less accumulated depreciation for				
Land improvements	38,234	6,979	-	45,213
Buildings	399,892	34,681	-	434,573
Equipment	166,739	15,138	(14,897)	166,980
Infrastructure	63,949	7,164	-	71,113
Library books	140,006	6,389	(574)	145,821
Software system implementation	9,331	1,445	-	10,776
Total accumulated depreciation	818,151	71,796	(15,471)	874,476
Total capital assets being depreciated, net	1,421,094	81,417	(1,451)	1,501,060
Capital assets, net	\$ 1,535,239	\$ 162,719	\$ (147,814)	\$ 1,550,144

Capital assets at September 30, 2013 and 2012, are summarized as follows (dollars in thousands):

	September 30, 2012	Additions/Transfers	Deletions/Transfers	September 30, 2013
Capital assets not being depreciated				
Land	\$ 16,983	\$ 1,260	\$ -	\$ 18,243
Art & collectibles	8,971	363	-	9,334
Construction in progress	184,355	205,586	(305,310)	84,631
Livestock	2,050	96	(209)	1,937
Total capital assets not being depreciated	<u>212,359</u>	<u>207,305</u>	<u>(305,519)</u>	<u>114,145</u>
Capital assets being depreciated				
Land improvements	90,792	16,303	-	107,095
Buildings	1,265,451	250,083	(511)	1,515,023
Equipment	228,427	15,342	(3,263)	240,506
Infrastructure	178,819	13,742	(34)	192,527
Library books	163,316	7,201	(871)	169,646
Software system implementation	14,448	-	-	14,448
Total capital assets being depreciated	<u>1,941,253</u>	<u>302,671</u>	<u>(4,679)</u>	<u>2,239,245</u>
Less accumulated depreciation for				
Land improvements	32,092	6,142	-	38,234
Buildings	371,636	28,730	(474)	399,892
Equipment	152,891	16,938	(3,090)	166,739
Infrastructure	57,410	6,541	(2)	63,949
Library books	134,609	6,269	(872)	140,006
Software system implementation	7,886	1,445	-	9,331
Total accumulated depreciation	<u>756,524</u>	<u>66,065</u>	<u>(4,438)</u>	<u>818,151</u>
Total capital assets being depreciated, net	<u>1,184,729</u>	<u>236,606</u>	<u>(241)</u>	<u>1,421,094</u>
Capital assets, net	<u>\$ 1,397,088</u>	<u>\$ 443,911</u>	<u>\$ (305,760)</u>	<u>\$ 1,535,239</u>

During the fiscal years ended September 30, 2014 and 2013, approximately \$17,000 and \$114,000, respectively, was 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 Position.

(8) DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources are a consumption of net assets that are applicable to a future reporting period. In fiscal years 2010, 2012,

and 2014, the University defeased certain outstanding bonds. These refundings resulted in a loss (the difference between the acquisition price of the new debt and the net carrying amount of the old debt). In accordance with GASB Statements No. 63 and No. 65, this loss is presented as a deferred outflow of resources that is amortized over the life of the old or new bonds, whichever is shorter. The University is amortizing each of the deferred losses presented below over the life of the defeased bonds. The components of deferred outflows of resources are summarized below:

	September 30, 2014	September 30, 2013
Loss on refunding		
2009 General Fee refunding	\$ 2,775,220	\$ 3,274,279
2012A General Fee refunding	6,150,409	7,260,353
2012B General Fee refunding	331,212	376,842
2014A General Fee refunding	<u>5,185,344</u>	<u>-</u>
	<u>\$ 14,442,185</u>	<u>\$ 10,911,474</u>

(9) LONG-TERM DEBT

Bonds, notes and lease obligations are collateralized by certain real estate, equipment and pledged revenues (See Note 10).

Bonds and notes payable	Balance at September 30, 2013	Principal New Debt	Repayment	Balance at September 30, 2014
1978 Auburn University at Montgomery Dormitory Revenue Bonds, \$3,279,000 face value, 3.0%, due annually through 2018, a reserve of \$146,563 and a \$138,501 contingency fund.	\$ 790,000	\$ -	\$ (125,000)	\$ 665,000
2001A Athletic Revenue Bonds, \$24,412,607 face value, 2.125% to 5.49%, due annually through 2021.	13,788,791	-	(2,117,349)	11,671,442
2004 General Fee Revenue Bonds, \$76,875,000 face value, 3.0% to 5.25%, due annually through 2014.	1,800,000	-	(1,800,000)	-
2004A Athletic Revenue Bonds, \$24,860,000 face value, 2.0% to 5.0%, due annually through 2014.	670,000	-	(670,000)	-
2006A General Fee Revenue Bonds, \$60,000,000 face value, 3.5% to 5.0%, due annually through 2037.	53,435,000	-	(39,985,000)	13,450,000
2007A General Fee Revenue Bonds, \$162,530,000 face value, 3.6% to 5.0%, due annually from 2015 through 2022 and annually from 2028 through 2038.	159,170,000	-	(29,725,000)	129,445,000
2007B General Fee Revenue Bonds, \$14,465,000 face value, 4.625% to 5.125%, due annually through 2014.	3,175,000	-	(3,175,000)	-
2008 General Fee Revenue Bonds, \$92,500,000 face value, 3.0% to 5.0%, due annually through 2038.	85,310,000	-	(1,965,000)	83,345,000
2009 General Fee Revenue Bonds, \$79,500,000 face value, 2.0% to 5.0%, due annually through 2026.	72,790,000	-	(2,820,000)	69,970,000
2011A General Fee Revenue Bonds, \$226,035,000 face value, 4.0% to 5.0%, due annually from 2015 through 2041.	226,035,000	-	-	226,035,000
2012A General Fee Revenue Bonds, \$120,135,000 face value, 2.0% to 5.0%, due annually from through 2042.	115,410,000	-	(4,560,000)	110,850,000
2012B General Fee Revenue Bonds, \$3,505,000 face value, 2.9%, due annually through 2024.	3,445,000	-	(60,000)	3,385,000
2014A General Fee Revenue Bonds, \$66,415,000 face value, 2.0% to 5.0%, due annually from 2015 through 2035.	-	66,415,000	-	66,415,000
Total bonds payable	<u>735,818,791</u>	<u>66,415,000</u>	<u>(87,002,349)</u>	<u>715,231,442</u>
Plus unamortized bond premium	26,124,255	8,931,556	(5,483,470)	29,572,341
Less unamortized bond discount	<u>(8,169)</u>	<u>-</u>	<u>8,169</u>	<u>-</u>
	<u>761,934,877</u>	<u>\$ 75,346,556</u>	<u>\$ (92,477,650)</u>	<u>744,803,783</u>
Less: current portion				
Bonds payable	(19,302,349)			(24,663,361)
Unamortized bond premium	(3,385,117)			(3,951,840)
Unamortized bond discount	<u>8,169</u>			<u>-</u>
Total noncurrent bonds and notes payable	<u>\$ 739,255,580</u>			<u>\$ 716,188,582</u>

Bonds and notes payable	Balance at September 30, 2012	Principal New Debt	Repayment	Balance at September 30, 2013
1978 Auburn University at Montgomery Dormitory Revenue Bonds, \$3,279,000 face value, 3.0%, due annually through 2018, a reserve of \$146,538 and a \$138,389 contingency fund.	\$ 910,000	\$ -	\$ (120,000)	\$ 790,000
2001A Athletic Revenue Bonds, \$24,412,607 face value, 2.125% to 5.49%, due annually through 2021.	16,039,329	-	(2,250,538)	13,788,791
2004 General Fee Revenue Bonds, \$76,875,000 face value, 3.0% to 5.25%, due annually through 2014.	3,515,000	-	(1,715,000)	1,800,000
2004A Athletic Revenue Bonds, \$24,860,000 face value, 2.0% to 5.0%, due annually through 2014.	1,320,000	-	(650,000)	670,000
2006A General Fee Revenue Bonds, \$60,000,000 face value, 3.5% to 5.0%, due annually through 2037.	54,630,000	-	(1,195,000)	53,435,000
2007A General Fee Revenue Bonds, \$162,530,000 face value, 3.6% to 5.0%, due annually through 2038.	159,895,000	-	(725,000)	159,170,000
2007B General Fee Revenue Bonds, \$14,465,000 face value, 4.625% to 5.125%, due annually through 2014.	6,200,000	-	(3,025,000)	3,175,000
2008 General Fee Revenue Bonds, \$92,500,000 face value, 3.0% to 5.0%, due annually through 2038.	87,185,000	-	(1,875,000)	85,310,000
2009 General Fee Revenue Bonds, \$79,500,000 face value, 2.0% to 5.0%, due annually through 2026.	75,525,000	-	(2,735,000)	72,790,000
2011A General Fee Revenue Bonds, \$226,035,000 face value, 4.0% to 5.0%, due annually from 2015 through 2041.	226,035,000	-	-	226,035,000
2012A General Fee Revenue Bonds, \$120,135,000 face value, 2.0% to 5.0%, due annually through 2042.	120,135,000	-	(4,725,000)	115,410,000
2012B General Fee Revenue Bonds, \$3,505,000 face value, 2.9%, due annually through 2024.	3,505,000	-	(60,000)	3,445,000
Total bonds payable	<u>754,894,329</u>	<u>-</u>	<u>(19,075,538)</u>	<u>735,818,791</u>
Plus unamortized bond premium	29,605,291	-	(3,481,036)	26,124,255
Less unamortized bond discount	<u>(15,864)</u>	<u>-</u>	<u>7,695</u>	<u>(8,169)</u>
	<u>784,483,756</u>	<u>\$ -</u>	<u>\$ (22,548,879)</u>	<u>761,934,877</u>
Less: current portion				
Bonds payable	(19,075,538)			(19,302,349)
Unamortized bond premium	(3,481,036)			(3,385,117)
Unamortized bond discount	<u>7,695</u>			<u>8,169</u>
Total noncurrent bonds and notes payable	<u>\$ 761,934,877</u>			<u>\$ 739,255,580</u>

On July 24, 2014, the University issued the 2014A General Fee bonds with a par value of \$66,415,000 and interest rates ranging from 2.0% to 5.0% to advance refund \$67,700,000 of outstanding 2006A General Fee and 2007A General Fee Bonds with interest rates ranging from 4.0% to 5.0%. The portion of the net proceeds of this new bond issue to be used for refunding 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 deferred outflow of resources of \$5,676,319

for the difference between the acquisition price of the new debt and the net carrying amount of the old debt. The refunding decreases the University's total debt service payments over the next 22 years by \$6,908,048 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 \$4,817,895.

This loss on refunding, combined with previous losses, have been classified as deferred outflows of resources on the Statements of Net Position. The University recognized \$2,145,607 and \$1,902,282 of interest and cost associated with the amortization of these deferred outflows in 2014 and 2013, respectively.

Future Debt Service

Future debt service payments for each of the five fiscal years subsequent to September 30, 2014, and thereafter, are as follows:

Year Ending September 30	Principal	Interest
2015	\$ 24,663,361	\$ 35,362,423
2016	25,083,719	34,757,637
2017	22,128,501	33,840,983
2018	23,237,554	33,016,675
2019	24,074,123	32,194,121
2020-2024	130,849,184	137,403,985
2025-2029	136,680,000	100,408,638
2030-2034	155,990,000	66,330,294
2035-2039	138,960,000	27,568,000
2040-2042	33,565,000	2,666,250
Total future debt service	\$ 715,231,442	\$ 503,549,006

Capital Lease Obligations

AUM acquired 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, 2013	New Lease Obligations	Principal Repayment	Balance at September 30, 2014
Building	\$ 395,000	\$ -	\$ (195,000)	\$ 200,000
Equipment	98,965	-	(98,965)	-
Total lease obligations	\$ 493,965	\$ -	\$ (293,965)	\$ 200,000

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

	Building
2014-2015	\$ 210,000
2015-2016	-
2016-2017	-
2017-2018	-
2018-2019	-
Minimum lease payments	210,000
Less interest	(10,000)
Present value of minimum lease payments	200,000
Less current portion	(200,000)
Noncurrent obligations	\$ -

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, 2014 and 2013, amounted to approximately \$4.1 million and \$4.2 million, respectively.

(10) PLEDGED REVENUES

Pledged revenue for 2014 and 2013 as defined by the **Series 2004, 2006A, 2007A, 2007B, 2008, 2009, 2011A, 2012A, 2012B and 2014A General Fee Revenue Trust Indentures** is as follows:

	2014	2013
Student fees collected	\$ 415,790,651	\$ 398,180,878
Less fees pledged for specific purposes:		
Athletic fees (\$96 per student per semester)	(4,470,048)	(4,320,269)
Transit fees (\$141/\$135 as of Fall 2014/2013 per student per semester)	(6,565,383)	(5,827,995)
Student activities fees (\$15 per student per semester)	(878,139)	(673,987)
Total general fees pledged	<u>\$ 403,877,081</u>	<u>\$ 387,358,627</u>

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

under the General Fee Revenue Indenture will include the University's housing and dining revenues from the operation of housing and dining facilities on both the main campus and AUM.

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

AUM housing and dining revenue pledged for 2014 and 2013 subordinate to prior pledges of such revenues as defined by the **Series 2011A General Fee Revenue Trust Indenture** is as follows:

	2014	2013
AUM housing revenues		
Room rental	\$ 4,712,317	\$ 3,463,967
Other income	369,670	303,578
Total housing	5,081,987	3,767,545
AUM dining revenue	1,798,862	1,606,301
Total AUM housing and dining revenues pledged	<u>\$ 6,880,849</u>	<u>\$ 5,373,846</u>

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

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

Pledged revenue for 2014 and 2013 as defined by the **Series 2001A and 2004 Athletic A & B Revenue Trust Indentures** is as follows:

	2014	2013
Jordan-Hare and other revenues:		
Television and broadcast revenues	\$ 7,909,714	\$ 6,121,751
Conference and NCAA distributions	23,410,336	21,317,678
Sales and services revenues	34,164,211	29,808,653
Student fees	4,470,048	4,320,269
Royalties, advertisements and sponsorships	5,275,554	5,217,605
Other income	2,873,051	2,954,597
Total athletic revenues pledged	<u>\$ 78,102,914</u>	<u>\$ 69,740,553</u>

The Series 2004 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 was added to the General Fee Trust Indenture concurrently with the issuance of the Series 2008 Bonds.

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

Pledged revenues and related expenses for 2014 and 2013 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 West Dormitories of AUM for the years ended September 30, 2014 and 2013:

	2014	2013
Revenues:		
Room rental	\$ 1,074,631	\$ 1,230,943
Other income	70,611	19,244
Total revenues	<u>1,145,242</u>	<u>1,250,187</u>
Expenses and transfers:		
Personnel costs	392,743	304,519
Operating expenses	578,262	332,209
Transfers	<u>599,697</u>	<u>248,567</u>
Total expenses and transfers	<u>1,570,702</u>	<u>885,295</u>
(Deficit) surplus of revenues over expenses and transfers	(425,460)	364,892
AUM student housing net surplus (deficit) at beginning of year	<u>97,938</u>	<u>(266,954)</u>
AUM student housing net (deficit) surplus at end of year	<u>\$ (327,522)</u>	<u>\$ 97,938</u>

The AUM dormitory occupancy rate for Fall semester 2014 and Fall semester 2013 was 97.7% and 93.5%, respectively, (unaudited).

(11) RETIREMENT PROGRAMS

The employees of the University are participants in three benefit plans; a 401(a) defined benefit plan, a 403(b) defined contribution plan, and a 457(b) deferred compensation plan as follows:

A. Teachers' Retirement System of Alabama

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

Substantially all non-student employees are members of TRS. Membership is mandatory for eligible employees. During the 2012 regular session of the Alabama Legislature, Act 2012-377 created a new defined benefit plan tier for employees hired on or after January 1, 2013, with no previous creditable service ("Tier 2"). Employees hired or with creditable service prior to that date are "Tier 1" participants.

Benefits vest after ten years of creditable service. Vested Tier 1 employees may retire with full benefits at age 60 with ten years of service or at any age with 25 years of service. Retirement benefits for Tier 1 employees are calculated by the formula method by which retirees are allowed 2.0125% of their final salary (average of the highest three of the last ten years) for each year of service. Vested Tier 2 employees may retire with full benefits at age 62 with 10 years of service. For Tier 2 employees, the percentage is 1.65% of their final salary (average of the highest five of the last ten years) for each year of service. Disability retirement benefits are calculated in the same manner for both Tier 1 and Tier 2 employees. Pre-retirement death benefits are provided to plan members.

TRS was established 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 TRS is vested in the Board of Control (currently 15 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, 2013, annual financial report of TRS. The Retirement System of Alabama issues a publicly available financial report that includes financial statements and required supplementary information for TRS. That report may be obtained by writing to the Retirement System of Alabama, 135 South Union Street, Montgomery, AL 36130-2150.

Funding Policy

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

Fiscal year ended September 30,	2014	2013	2012
Total percentage of covered payroll	19.21%/17.08%	17.58%/15.44%	17.25%
Contributions:			
Percentage contributed by the employer	11.71%/11.08%	10.08%/9.44%	10.00%
Percentage contributed by the employees	7.50%/6.00%	7.50%/6.00%	7.25%
Contributed by the employer	\$ 42,684,405	\$ 35,742,024	\$ 34,144,425
Contributed by the employees	27,016,081	26,543,214	24,761,049
Total contributions	\$ 69,700,486	\$ 62,285,238	\$ 58,905,474

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

Tier 1 employees are required by statute to contribute 3.75% of their salary to ERS. Tier 2 employees contribute 3.0% of their salary. The University is required to contribute the remaining amounts necessary to fund the actuarially determined contributions to ensure sufficient assets will be available to pay benefits when due. Each year ERS recommends to the Legislature the contribution rate for the following fiscal year, with the Legislature setting this rate in the annual appropriations bill. The percentages of the contributions and the amount of contributions made by the University and the University's employees, for Tier 1 and Tier 2 employees, respectively, equal the required contributions for each year as follows:

Fiscal year ended September 30,	2014	2013	2012
Total percentage of covered payroll	57.52%/56.73%	50.59%/49.80%	39.67%
Contributions:			
Percentage contributed by the employer	53.77%/53.73%	46.84%/46.80%	36.04%
Percentage contributed by the employees	3.75%/3.00%	3.75%/3.00%	3.63%
Contributed by the employer	\$ 1,796,181	\$ 1,807,654	\$ 1,589,969
Contributed by the employees	125,541	144,705	159,923
Total contributions	\$ 1,921,722	\$ 1,952,359	\$ 1,749,892

C. Tax Deferred Annuity Plans

This plan is a defined contribution plan under section 403(b) of the Internal Revenue Code. Accordingly, benefits depend solely on amounts contributed to the plan plus investment earnings. This is provided as a supplement to the aforementioned programs. All full-time regular or probationary employees are eligible to participate. Full-time temporary employees are also eligible if their employment period is for a minimum of one year. The University will match 100.0% of elective deferral contributions up to 5.0% of the employee's plan compensation. The matching contributions cannot exceed \$1,650 for any plan year (calendar year). An employee enrolling in one of the University's tax deferred annuity plans will not vest in the University's matching portion until he/she has completed five years of full-time continuous service. Upon the employee's completion of the five-year requirement, the University's matching contribution and interest earned will be vested to the participant. Nonparticipating employees with continuous service will be given credit toward the five year requirement upon joining the tax deferred annuity program. The total investment in the annuities is determined by Section 403(b). There are several investment options including fixed and variable annuities and mutual funds. The University-approved investment firms employees may select are Valic, TIAA-CREF, Fidelity Investments, and Lincoln Financial. At September 30, 2014 and 2013, 3,299 and 3,264 employees, respectively, participated in the tax deferred annuity program. The contribution for 2014 was \$19,334,331 which includes \$4,845,278 from the University and \$14,489,053 from its employees. The contribution for 2013 was \$18,928,378, which includes \$4,879,216 from the University and \$14,049,162 from its employees. Total salaries and wages during the fiscal year for covered employees

participating in the plan were \$240,856,614 and \$235,219,284 for the fiscal years ended September 30, 2014 and 2013, 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, 2014 and 2013, 212 and 201 employees, respectively, participated in the plans. Contributions of \$2,645,296 and \$2,358,162 for fiscal years 2014 and 2013, respectively, were funded by employees and no employer contribution was funded. The University-approved investment firms for 457(b) plans include Valic, TIAA-CREF and Fidelity Investments.

(12) OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The University offers postemployment healthcare benefits to all employees who officially retire from the University. Healthcare 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 Tier 1 employees begins at age 60 with at least ten years of service or at any age with 25 years of service. For Tier 2 employees, eligibility begins at age 62 with at least ten years of service. Retirees must have been enrolled in the active employees' healthcare 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 post-retirement 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 healthcare plan administered by the Public Education Employees' Health Insurance Board (PEEHIB). 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.

The Code of Alabama 1975, Section 16-25A-4 provides the PEEHIB with the authority to amend the benefit provisions for the plan, and Section 16-25A-8 provides the authority to set the contribution for retirees and employers.

The required contribution rate of the employer was \$356 and \$336 per employee per month in the years ended September 30, 2014 and 2013, respectively. The University paid \$8,614,844 and \$8,633,554 for 2,018 and 2,141 retirees for the years ended September 30, 2014 and 2013, respectively. 100% of the required contributions were paid by PEEHIP. The required contribution rate is determined by PEEHIP in accordance with state statute.

The required monthly contribution rates for fiscal year 2014 are as follows:

Retired Member Rates

- Individual Coverage/Non-Medicare Eligible - \$151.00
- Family Coverage/Non-Medicare Eligible Retired Member and Non-Medicare Eligible Dependent(s) - \$391.00
- Family Coverage/Non-Medicare Eligible Retired Member and Dependent Medicare Eligible - \$250.00
- Individual Coverage/Medicare Eligible Retired Member - \$10.00
- Family Coverage/Medicare Eligible Retired Member and Non-Medicare Eligible Dependent(s) - \$250.00
- Family Coverage/Medicare Eligible Retired Member and Dependent Medicare Eligible - \$109.00
- Tobacco surcharge - \$28.00 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 enrolled in one of the Hospital Medical Plans. Otherwise, they can purchase the Optional Plans at the normal monthly rate of \$38.00 or \$45.00 for family dental.

Members who retired on or after October 1, 2005, and before January 1, 2012, pay two percent of the employer premium for each year under 25 years of service, and for each year over 25 years of service, the retiree premium is reduced by two percent.

Employees who retire on or after January 1, 2012, with less than 25 years of service, are required to pay 4% for each year under 25 years of service. Additionally, non-Medicare eligible employees who retire on or after January 1, 2012, are required to pay 1% more for each year

less than 65 (age premium) and to pay the net difference between the active employee subsidy and the non-Medicare eligible retiree subsidy (subsidy premium). When the retiree becomes Medicare eligible, the age and subsidy premium will no longer apply. However, the years of service premium (if applicable to the retiree) will continue to be applied throughout retirement. These changes are being phased in over a five-year period.

Surviving Spouse Rates

- Surviving Spouse Non-Medicare Eligible - \$679.00
- Surviving Spouse Non-Medicare Eligible and Dependent Non-Medicare Eligible - \$870.00
- Surviving Spouse Non-Medicare Eligible and Dependent Medicare Eligible - \$839.00
- Surviving Spouse Medicare Eligible - \$318.00
- Surviving Spouse Medicare Eligible and Dependent Non-Medicare Eligible - \$516.00
- Surviving Spouse Medicare Eligible and Dependent Medicare Eligible \$485.00

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 and will be available at the end of January 2015.

B. Retiree Medical Plan (the Plan)

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

Employees included in the actuarial valuation include retirees and survivors, active eligible Civil Service employees and those retirees who elected the PEEHIP plan on or prior to October 1, 1997, for whom the University pays a subsidy. 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 \$877,718 and \$933,287 for fiscal years ended September 30, 2014 and 2013, 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 \$1,668,406 and \$1,329,425 in retiree healthcare expense during fiscal years 2014 and 2013, 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, 1550 East Glenn Avenue, Auburn University, AL 36849.

The required schedule of funding progress, contained in the Required Supplemental Information immediately following the divisional financial statements (see page 74), 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 for Retiree Medical Plan

Cost Element	Fiscal Year Ended September 30, 2014	
	Amount	Percent of Payroll ¹
1. Unfunded actuarial accrued liability at Oct. 1, 2013	\$ 64,259,009	2,098.7%
<u>Annual Required Contribution (ARC)</u>		
2. Normal cost	\$ 51,819	
3. Amortization of the unfunded actuarial accrued liability over 15 years using level dollar amortization	4,940,658	
4. Annual Required Contribution (ARC = 2 + 3)	<u>\$ 4,992,477</u>	163.1%
<u>Annual OPEB Cost (Expense)</u>		
5. ARC	\$ 4,992,477	
6. Interest on beginning of year accrual	291,282	
7. Adjustment to ARC	(1,111,234)	
8. Fiscal year 2014 OPEB cost (5 + 6 + 7)	<u>\$ 4,172,525</u>	136.3%
End of Year Accrual (Net OPEB Obligation)²		
9. Beginning of year accrual ¹	\$ 14,564,112	
10. Annual OPEB cost	4,172,525	
11. Employer contribution (benefit payments) ²	(2,504,119)	
12. End of year CAFR accrual (9 + 10 + 11) ²	<u>\$ 16,232,518</u>	530.2%

¹ Annual payroll for 36 participants as of September 30, 2014, was \$3,061,830.

² Actual amounts paid in fiscal year 2014 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
September 30, 2012	\$ 4,044,529	61.2%	\$ 13,234,687
September 30, 2013	\$ 3,810,309	65.1%	\$ 14,564,112
September 30, 2014	\$ 4,172,525	60.0%	\$ 16,232,518

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, 2013 – September 30, 2014
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
Health care cost trend rate for medical and prescription drugs	9.0% in fiscal year 2015, decreasing by one-half percentage point per year to an ultimate of 5.0% in fiscal year 2022 and later.
Valuation Date	October 1, 2013

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

Monthly Per Capita Claim Costs

<u>Age</u>	<u>Medical</u>
55	\$719
60	\$862
65	\$350
70	\$388
75	\$413

Claim costs remained unchanged from last year based on a weighted average of benefit plan premiums. 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 1/1/14</u>	<u>As of 1/1/13</u>
Pre-65 Single	\$472	\$472
Pre-65 Family	\$1,062	\$1,062
Post-65 Single	\$142	\$142
Post-65 Family	\$742	\$742

Note: There are several other categories of premiums.

Administrative Expenses

Included in claim cost.

Assumed Health Care Trend Rate

<u>Fiscal Year</u>	<u>Medical and Rx Combined Rate</u>
2015	9.0%
2016	8.5%
2017	8.0%
2018	7.5%
2019	7.0%
2020	6.5%
2021	6.0%
2022	5.5%
2023+	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 using Projection Scale BB.

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:

Age	Male	Female
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%

(13) SELF INSURANCE PROGRAMS AND OTHER LIABILITIES Self Insurance

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

The Comprehensive General Liability Trust Fund is a self-insured retention program that protects the University, its faculty, staff, and volunteers against claims brought by third parties arising from bodily injury, property damage and personal liability (libel, slander, etc.) Funds are held in a separate trust account with a financial institution to be used to pay claims for which the University may become legally liable. The liability at September 30, 2014 and 2013, was \$476,765 and \$434,682, 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, 2014 and 2013, was \$2,021,882 and \$1,996,978, 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 Statements of Net Position include a self-insurance liability for health insurance as of September 30, 2014 and 2013, of \$8,290,610 and \$10,161,839, respectively.

Other Liabilities

Other liabilities include compensated absences, deposits held in custody and unearned revenues. The University allows employees to accrue and carryover annual and sick leave up to certain maximum amounts depending on years of service. Employees will be compensated for accrued annual leave at time of separation from University employment (termination or retirement) up to a maximum of one month's additional compensation. All eligible employees hired before October 1, 1990, may be compensated for unused sick leave at the rate of 25% of their respective balances, subject to a maximum of one month's additional compensation. The liability for compensated absences was \$18,347,365 and \$17,532,179 at September 30, 2014 and 2013, respectively.

Deposits held in custody include the portion of the Federal Perkins Student Loan funds and Health Professions Student Loans which would be refunded in the event the University ceased operations. The refundable amounts were \$15,920,432 and \$16,763,334 at September 30, 2014 and 2013, respectively. Also included in deposits held in custody of others are the agency funds. These amounts totaled \$3,937,118 and \$4,331,498 for September 30, 2014 and 2013, respectively. The remaining difference relates to immaterial rental deposits.

Unearned revenue includes tuition revenue related to the portion of Fall semester subsequent to September 30, funding received for contracts and grants, which has not been expended as of September 30, as well as athletic revenue related to games played subsequent to September 30.

Unearned revenues at September 30, 2014 and 2013, are as follows:

	2014	2013
Tuition and fees, net	\$ 136,497,793	\$ 127,082,274
Federal, state and local government grants and contracts	13,440,678	11,822,527
Auxiliary, net	33,864,410	34,436,664
Plant	506,483	522,311
Total unearned revenue	<u>\$ 184,309,364</u>	<u>\$ 173,863,776</u>

Pollution Remediation Obligations

The University follows GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which requires recognition of liabilities, recoveries, and related disclosures, as appropriate.

The University conducts groundwater monitoring, monitored natural attenuation and clean-up in accordance with the Resource Conservation and Recovery Act (RCRA) and the Toxic Substances and Control Act. Additionally, asbestos abatement is necessary as older buildings on campus are demolished or renovated. During fiscal year 2011, the University, with the assistance of an outside consultant, prepared a 30-year Post Closure Cost Estimate related to all active and inactive solid waste management units managed through the University RCRA Facility permit.

As of September 30, 2014 and 2013, the total estimated pollution remediation liability (estimated using the expected cash-flow

technique) is \$6,972,856 and \$6,774,397, respectively. The current portion of this amount (\$3,306,421 and \$3,220,087, respectively) is included in other accrued liabilities and the long-term portion (\$3,666,435 and \$3,554,310, respectively) is included in other noncurrent liabilities in the accompanying Statements of Net Position. This estimate may change in future periods as additional information is obtained. The University does not expect to recover any funds from insurance or other third parties related to these obligations.

(14) DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources are an acquisition of net assets that are applicable to a future reporting period. The University engages in certain voluntary non-exchange transactions (grants). Grant funds received for which all eligibility requirements have been met, other than time requirements, are presented as deferred inflows of resources in accordance with GASB Statements No. 63 and No. 65. Deferred outflows of resources are summarized below:

	September 30, 2014	September 30, 2013
Nonexchange transactions	\$ 435,203	\$ 346,994

(15) CONTRACTS AND GRANTS

The University has been awarded approximately \$6.4 million (unaudited) and \$3.9 million (unaudited) in contracts and grants that have not been received or expended as of September 30, 2014 and 2013, respectively. These awards, which represent commitments of sponsors to provide funds for research and training projects, have not been reflected in the financial statements.

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

The portion of revenue recognized for all grants and contracts that represents facilities and administrative cost recovery is recognized on the Statements of Revenues, Expenses and Changes in Net Position within contract and grant operating revenues. The University recognized \$16,220,174 and \$17,624,581 in facilities and administrative cost recovery for the years ended September 30, 2014 and 2013, respectively.

(17) CONSTRUCTION COMMITMENTS AND FINANCING

The University has entered into projects for the construction and renovation of various facilities that are estimated to cost approximately \$320.5 million (unaudited). At September 30, 2014, the estimated remaining cost to complete the projects is approximately \$37.1 million (unaudited) which will be funded from University funds and bond proceeds.

(18) OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the years ended September 30, 2014 and 2013, 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, 2014

	Compensation and Benefits	Scholarships and Fellowships	Utilities	Other Supplies and Services	Depreciation	Total
Instruction	\$ 213,531,303	\$ 1,102,162	\$ -	\$ 34,327,058	\$ -	\$ 248,960,523
Research	66,800,529	1,404,987	635	31,006,628	-	99,212,779
Public Service	63,480,429	2,465	74,791	38,918,058	-	102,475,743
Academic Support	43,548,796	-	-	9,778,431	-	53,327,227
Library	7,304,223	-	-	2,401,629	-	9,705,852
Student Services	21,337,008	-	-	8,847,034	-	30,184,042
Institutional Support	61,999,767	-	-	8,541,053	-	70,540,820
Operation and Maintenance	27,312,590	-	21,019,977	30,432,719	-	78,765,286
Scholarships and Fellowships	20,006,300	19,977,514	-	226,335	-	40,210,149
Auxiliaries	52,921,909	163,949	4,908,433	65,125,112	-	123,119,403
Depreciation	-	-	-	-	71,795,613	71,795,613
	<u>\$ 578,242,854</u>	<u>\$ 22,651,077</u>	<u>\$ 26,003,836</u>	<u>\$ 229,604,057</u>	<u>\$ 71,795,613</u>	<u>\$ 928,297,437</u>

September 30, 2013

	Compensation and Benefits	Scholarships and Fellowships	Utilities	Other Supplies and Services	Depreciation	Total
Instruction	\$ 207,837,651	\$ 761,287	\$ -	\$ 34,017,145	\$ -	\$ 242,616,083
Research	67,298,382	1,395,995	10,068	28,715,022	-	97,419,467
Public Service	62,847,491	2,500	102,448	41,770,586	-	104,723,025
Academic Support	37,177,725	-	-	6,475,153	-	43,652,878
Library	7,118,913	-	-	1,218,631	-	8,337,544
Student Services	18,857,371	-	-	8,708,410	-	27,565,781
Institutional Support	63,944,107	-	-	6,120,302	-	70,064,409
Operation and Maintenance	26,866,013	-	18,223,525	39,370,965	-	84,460,503
Scholarships and Fellowships	19,749,940	19,423,402	-	306,108	-	39,479,450
Auxiliaries	46,281,831	-	4,506,835	56,110,881	-	106,899,547
Depreciation	-	-	-	-	66,064,924	66,064,924
	<u>\$ 557,979,424</u>	<u>\$ 21,583,184</u>	<u>\$ 22,842,876</u>	<u>\$ 222,813,203</u>	<u>\$ 66,064,924</u>	<u>\$ 891,283,611</u>

(19) CONTINGENT LIABILITIES

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

\$30,552,177 during the years ended September 30, 2014 and 2013, respectively. Net undistributed grants to the University totaled \$27,531 and \$48,270 at September 30, 2014 and 2013, respectively.

(20) RELATED PARTY TRANSACTIONS

Auburn University Foundation

The majority of funds that 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 \$34,907,076 and

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 AUF Agreement), which addresses the general and administrative and development financial relationships between these two entities. In summary, the AUF 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 the relative allocable share of these costs and transfer funds as necessary. AUF and the University review the AUF Agreement annually and provide an estimate of the maximum consideration to be paid for the upcoming year for approval by the respective boards. The actual reimbursement is determined based on the actual costs incurred and is as follows:

- For the years ended September 30, 2014 and 2013, personnel costs were incurred by the University. AUF's share of these costs due to the University was \$1,473,856 and \$1,376,034, respectively, in accordance with the Agreement. Non-personnel development costs were paid primarily by AUF. The University's share of these costs due to AUF was \$2,940,904 and \$2,480,551 of which \$1,343,367 and \$1,142,128 was unpaid at each year end, respectively, and was netted against the amount due to the University by AUF. For the years 2014 and 2013, AUF paid the University \$130,489 and \$233,906, respectively, as net settlement in accordance with the Agreement.
- Constituency development operations, which are fund raising programs restricted to one school, college or program of the University, are funded jointly by the University unit involved and the AUF gifts restricted to that unit. These costs are the responsibility of the respective constituency's unit.

AUREFI and the University entered into an agreement with the University to provide certain services and facilities. AUREFI reimbursed the University \$56,455 and \$113,851 during the years ended September 30, 2014 and 2013, respectively, for agreement-related services and facilities. AUREFI reimbursed the University \$790 during fiscal year 2013 for general and administrative expenses. AUREFI provided a real property grant to the University of \$3,500 during fiscal year 2014.

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, 2014 and 2013, AUF was committed to the Association for \$8,989,525 and \$8,452,093, respectively. Of these amounts, \$386 relates to payables between the Association and AUF for routine, operating transactions as of September 30, 2013. AUF distributed \$298,677 and \$287,029 during fiscal years 2014 and 2013, respectively.

AUF provided the Association grants of \$4,110 and \$1,650 during fiscal years 2014 and 2013, respectively, for alumni relations. The Association provided endowment grants to AUF of \$240,583 and \$625,892, during the fiscal years 2014 and 2013, respectively. AUF paid \$113,996 and \$62,612 to the Association for general and administrative expenses during fiscal years 2014 and 2013, respectively. The Association paid \$60,376 and \$49,492 to AUF for similar expenses during fiscal years 2014 and 2013, respectively.

The amount due from AUF to TUF consists of funds which are invested with AUF's pooled endowment. Of these amounts, \$7,956 and \$5,195 related to receivables between TUF and AUF for routine, operating transactions as of September 30, 2014 and 2013, respectively. 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 TUF on an annual basis. As of September 30, 2014 and 2013, AUF was committed to TUF for \$8,606,643 and \$7,984,570, respectively. AUF annually remits a distribution to the University on behalf of TUF. AUF distributed \$287,076 and \$233,300 during fiscal years 2014 and 2013, respectively.

AUF provided TUF grants of \$316,516 and \$110,883 during fiscal years 2014 and 2013, respectively, for intercollegiate athletics. AUF paid \$436,737 and \$323,757 to TUF for costs incurred in the cultivation, solicitation and stewardship of contributions during fiscal years 2014 and 2013, respectively. TUF paid \$1,514 and \$7,186 for general and administrative expenses during fiscal years 2014 and 2013, 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, 2014 and 2013, the Association had a salary reimbursement expense of \$1,042,275 and \$989,349, respectively, to the University under the service and facilities agreement. All of these amounts have been paid at September 30, 2014 and September 30, 2013, respectively.

Rental income recorded by the Association from the University totaled \$362,961 and \$368,358, respectively, for the years ended September 30, 2014 and 2013. Rental income recorded by the Association from AUF totaled \$3,160 and \$4,840 for the years ended September 30, 2014 and 2013, respectively.

During the years ended September 30, 2014 and 2013, 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 \$680,190 and \$688,000 for the years ended September 30, 2014 and 2013, respectively.

During the year ended September 30, 2014, the Association contributed \$177,071 to the Auburn Alumni Association Endowment for Scholarships held with AUF. During the year ended September 30, 2013, the Association contributed \$198,200 to the Auburn Alumni Association Endowment for Scholarships held with AUF. As of September 30, 2014, the Association accrued \$250,000 to support alumni scholarships.

Tigers Unlimited Foundation

The funds that TUF raises are restricted for athletic-related programs of the University. These may be transferred to the University for its use, expended for the benefit of athletic programs or, in the case of endowments, invested according to donor restriction 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 \$34,748,751 and \$34,799,271 during the years ended June 30, 2014 and 2013, respectively. Included in these amounts is a current year accrual of severance payments due to terminated employees totaling \$2,620,161 and \$8,779,544, respectively.

Effective July 1, 2007, TUF and the University entered into an operating agreement (the TUF Agreement), which addresses the general and administrative and development financial relationships between these two entities. In summary, the TUF Agreement states that the University will provide certain services and facilities to TUF, which primarily consist of personnel and other administrative support. TUF will pay to the University an amount equal to the compensation of Auburn 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 TUF 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.

During the years ended June 30, 2014 and 2013, the University incurred obligations of \$504,245 each year to TUF for the use of executive suites at University athletic events. Of this amount, \$499,125 is recorded as public support-contributions revenue and \$5,120 is recorded as other revenue on the Statements of Activities and Changes in Net Assets. At June 30, 2013, a receivable of \$504,245 related to these transactions was outstanding. The University paid the 2014 and 2013 obligations during fiscal year 2014.

During the years ended June 30, 2014 and 2013, 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, 2014 and 2013, obligations of \$2,943,300 and \$2,508,750 related to these transactions, respectively, were outstanding. TUF paid the 2013 obligation during fiscal year 2014, and it intends to pay the 2014 obligation during fiscal year 2015.

As indicated, the above TUF balances are as of June 30, 2014 and 2013; however, the University believes these figures are not materially different than September 30, 2014 and 2013, respectively.

Auburn Research and Technology Foundation

ARTF's mission is to facilitate the acquisition, construction, and equipping of a technology and research park on the University's campus in order to create new academic and entrepreneurial

opportunities for the University's faculty and students. Consideration received by the University from ARTF includes the traditional benefits enjoyed by a University from an affiliated research park, including but not limited to increased exposure for development and commercialization of the University's intellectual property and technologies, increased research opportunities for the University's students and professors, and heightened exposure within the commercial world of the technological campus offerings.

The Vice President for Research and Economic Development of the University serves as the President of ARTF and is a member of the ARTF Board of Directors with full voting powers. Contributed services in the amount of approximately \$17,000 and \$15,000 were recognized by ARTF during fiscal years 2014 and 2013, respectively, related to services provided by the Vice President for Research and Economic Development serving as the President of ARTF. Additionally, ARTF's accounting records are maintained as a subsystem within the University's accounting system.

ARTF and the University entered into an Operating Agreement (the ARTF Agreement), which governs the general and administrative and development financial relationships between these two entities. In summary, the ARTF Agreement states that in return for certain services and facilities that are within the capability and control of the University, ARTF will reimburse and compensate the University for the cost of such services and facilities. ARTF will make an annual determination of its allocable share of these costs and transfer the associated funds. ARTF and the University review the ARTF Agreement annually and provide an estimate of the maximum consideration to be paid for the upcoming year for approval by the respective boards. The actual reimbursement is determined based on the actual costs incurred.

In accordance with the ARTF Agreement for fiscal years 2014 and 2013, personnel costs incurred by the University and charged to ARTF were \$61,091 and \$59,611, respectively. These amounts are included in "Other payables to Auburn University" at September 30, 2014 and 2013.

ARTF held lease agreements with three University departments and two University departments in fiscal years 2014 and 2013, respectively, whereby the departments lease office space from ARTF. As leasing tenants, the University departments remit a monthly rental fee to ARTF in accordance with their lease agreements.

ARTF entered into a contract with the University during fiscal year 2011 to develop and manage a full-service business incubator. Revenues of \$142,577 and \$139,969 related to this contract were recognized at September 30, 2014 and 2013, respectively. The remaining amounts of \$7,423 and \$10,031 are shown as deferred revenue and will be recognized when the expenditures are incurred.

(21) DIRECT LOAN PROGRAM

The Federal Direct Loan Program (DL) enables an eligible student or parent to obtain a loan directly through the Department of Education. Under DL, files are transmitted via the Federal Common Originator and Disbursement System (COD). Funds are received via G5, a federal website. The Department of Education is responsible for the collection of these loans.

The University's main campus disbursed approximately \$131.7 million and \$127.2 million under these programs during the fiscal years

ended September 30, 2014 and 2013, respectively. AUM disbursed approximately \$26.7 million and \$34.3 million under these programs during the fiscal years ended September 30, 2014 and 2013, respectively.

(22) IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* was issued in June 2012. This Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans administered through trusts. It establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses. It also identifies methods and assumptions used to project benefit payments, their net present value, and to attribute it to periods of employee service. Additionally, it addresses disclosure requirements regarding pensions. This Statement is effective for periods beginning after June 15, 2014. Earlier application is encouraged. The University is currently evaluating the financial statement impact of this Statement, but expects it will record a material liability and a material reduction of its unrestricted net position upon adoption.

Statement No. 69, *Government Combinations and Disposals of Government Operations* was issued in January 2013. This Statement establishes new accounting and financial reporting standards related to government mergers, acquisitions, and transfers of operations and to disposals of government operations. This Statement is effective for periods beginning after December 15, 2013, and should be applied on a prospective basis. Earlier application is encouraged. The University does not believe the adoption of this Statement will have an effect on the University's financial statements.

Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* was issued in November 2013. This Statement addresses an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The provisions of this Statement are required to be applied simultaneously with Statement No. 68. The University is currently evaluating the financial statement impact of this Statement.





FINANCIAL REPORT 2014

REQUIRED SUPPLEMENTAL INFORMATION

REQUIRED SUPPLEMENTAL INFORMATION

Determination of Annual Required Contribution (ARC) and End of Year Accrual for Retiree Medical Plan

Cost Element	Fiscal Year Ended September 30, 2014	
	Amount	Percent of Payroll ¹
1. Unfunded actuarial accrued liability at Oct. 1, 2013	\$ 64,259,009	2,098.7%
<u>Annual Required Contribution (ARC)</u>		
2. Normal cost	\$ 51,819	
3. Amortization of the unfunded actuarial accrued liability over 15 years using level dollar amortization	4,940,658	
4. Annual Required Contribution (ARC = 2 + 3)	<u>\$ 4,992,477</u>	163.1%
<u>Annual OPEB Cost (Expense)</u>		
5. ARC	\$ 4,992,477	
6. Interest on beginning of year accrual	291,282	
7. Adjustment to ARC	(1,111,234)	
8. Fiscal year 2014 OPEB cost (5 + 6 + 7)	<u>\$ 4,172,525</u>	136.3%
End of Year Accrual (Net OPEB Obligation)²		
9. Beginning of year accrual ¹	\$ 14,564,112	
10. Annual OPEB cost	4,172,525	
11. Employer contribution (benefit payments) ²	(2,504,119)	
12. End of year CAFR accrual (9 + 10 + 11) ²	<u>\$ 16,232,518</u>	530.2%

¹ Annual payroll for 36 participants as of September 30, 2014, was \$3,061,830.

² Actual amounts paid in fiscal year 2014 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
September 30, 2012	\$ 4,044,529	61.2%	\$ 13,234,687
September 30, 2013	\$ 3,810,309	65.1%	\$ 14,564,112
September 30, 2014	\$ 4,172,525	60.0%	\$ 16,232,518

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, 2013 – September 30, 2014
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
Health care cost trend rate for medical and prescription drugs	9.0% in fiscal year 2015, decreasing by one-half percentage point per year to an ultimate of 5.0% in fiscal year 2022 and later.

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

Valuation Date

October 1, 2013

Monthly Per Capita Claim Costs

<u>Age</u>	<u>Medical</u>
55	\$719
60	\$862
65	\$350
70	\$388
75	\$413

Claim costs remained unchanged from last year based on a weighted average of benefit plan premiums. 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 1/1/14</u>	<u>As of 1/1/13</u>
Pre-65 Single	\$472	\$472
Pre-65 Family	\$1,062	\$1,062
Post-65 Single	\$142	\$142
Post-65 Family	\$742	\$742

Note: There are several other categories of premiums.

Administrative Expenses

Included in claim cost.

Assumed Health Care Trend Rate

<u>Fiscal Year</u>	<u>Medical and Rx Combined Rate</u>
2015	9.0%
2016	8.5%
2017	8.0%
2018	7.5%
2019	7.0%
2020	6.5%
2021	6.0%
2022	5.5%
2023+	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 using Projection Scale BB.

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%

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Employer Contribution	Percentage Contributed
September 30, 2012	\$ 4,701,385	\$ 2,477,024	52.7%
September 30, 2013	\$ 4,555,416	\$ 2,480,884	54.5%
September 30, 2014	\$ 4,992,477	\$ 2,504,119	50.2%

Schedule of Funding Progress

Fiscal Year Ended	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)(b)	Unfunded (Overfunded) AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b)-(a)/(c)]
September 30, 2012	-	\$ 59,795,647	\$ 59,795,647	0.0%	\$ 3,866,263	1546.6%
September 30, 2013	-	\$ 58,200,833	\$ 58,200,833	0.0%	\$ 3,942,432	1476.3%
September 30, 2014	-	\$ 64,259,009	\$ 64,259,009	0.0%	\$ 3,061,830	2098.7%

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.



Robert Bentley
Governor of Alabama
President, Montgomery



James W. Rane
Abbeville, Third
Congressional District
President Pro Tempore



Charles D. McCrary
At-Large Member
Vice President Pro Tempore



B.T. Roberts
Mobile, First
Congressional District



Clark Sahlie
Montgomery, Second
Congressional District



Bob Dumas
Auburn, Third
Congressional District



Jimmy Sanford
Prattville, Fourth
Congressional District



D. Gaines Lanier
Lanett, Fifth
Congressional District



Elizabeth Huntley
Clanton, Sixth
Congressional District



Sarah B. Newton
Fayette, Seventh
Congressional District



Michael A. DeMaioribus
Huntsville, Eighth
Congressional District



James Pratt
Birmingham, Ninth
Congressional District



Raymond J. Harbert
At-Large Member



Wayne T. Smith
At-Large Member

Part II

Schedule of Expenditures of Federal Awards

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2014

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
Research and Development Cluster			
Department of Agriculture			
Agricultural Research_Basic and Applied Research			
Department of Agriculture Direct		10.001	\$ 396,554
CFDA 10.001 Total			<u>396,554</u>
Plant and Animal Disease, Pest Control, and Animal Care			
Department of Agriculture Direct		10.025	(847)
CFDA 10.025 Total			<u>(847)</u>
Specialty Crop Block Grant Program - Farm Bill			
Department of Agriculture Pass-through	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 1	10.170	45,850
	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 11-2015	10.170	11,658
	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 4	10.170	5,720
	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 5	10.170	797
CFDA 10.170 Total			<u>64,025</u>
Grants for Agricultural Research, Special Research Grants			
Department of Agriculture Direct		10.200	8,634
Department of Agriculture Pass-through	FLORIDA STATE UNIV-R01318	10.200	(1,876)
	MISSISSIPPI STATE UNIV-ARIAS-15	10.200	6,654
	MISSISSIPPI STATE UNIV-COLLECTIVE ACTION	10.200	3,005
	MISSISSIPPI STATE UNIV-INTENSIVE SYSTEMS	10.200	31,506
	MISSISSIPPI STATE UNIV-LILES	10.200	21,260
	MISSISSIPPI STATE UNIV-SPLIT POND	10.200	53,546
	MISSISSIPPI STATE UNIV-SRAC-CRAWFISH BAITS	10.200	1,295
	MISSISSIPPI STATE UNIV-SRAC-INTENSIVE SYSTEMS	10.200	22,378
	TEXAS AGRICULTURAL EXPERIMENT STATION-06-130604	10.200	17,420
	UNIV OF FLORIDA-PO 1400281506	10.200	10,000
	UNIV OF FLORIDA-PO 1400281682	10.200	3,156
	UNIV OF GEORGIA-RF330-449/4892926	10.200	(48)
	UNIV OF GEORGIA-RF330-468/4944186	10.200	13,841
CFDA 10.200 Total			<u>190,771</u>
Cooperative Forestry Research			
Department of Agriculture Direct		10.202	317,703
CFDA 10.202 Total			<u>317,703</u>
Payments to Agricultural Experiment Stations Under the Hatch Act			
Department of Agriculture Direct		10.203	5,056,182
CFDA 10.203 Total			<u>5,056,182</u>
Grants for Agricultural Research_Competitive Research Grants			
Department of Agriculture Direct		10.206	(2,452)
CFDA 10.206 Total			<u>(2,452)</u>
Animal Health and Disease Research			
Department of Agriculture Direct		10.207	85,103
CFDA 10.207 Total			<u>85,103</u>

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2014

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
Research and Development Cluster			
Sustainable Agriculture Research and Education			
Department of Agriculture Pass-through	UNIV OF GEORGIA-RD309-101/3842748	10.215	(2,038)
	UNIV OF GEORGIA-RD309-109/4892136	10.215	(355)
CFDA 10.215 Total			<u>(2,393)</u>
1890 Institution Capacity Building Grants			
Department of Agriculture Pass-through			
	FT VALLEY STATE UNIV-2013-CANFVSU-13-10	10.216	191
CFDA 10.216 Total			<u>191</u>
Higher Education - Institution Challenge Grants Program			
Department of Agriculture Direct		10.217	103,391
CFDA 10.217 Total			<u>103,391</u>
Biotechnology Risk Assessment Research			
Department of Agriculture Direct		10.219	78,310
CFDA 10.219 Total			<u>78,310</u>
Secondary and Two-Year Postsecondary Agriculture Education Challenge Grants			
Department of Agriculture Direct		10.226	(2)
CFDA 10.226 Total			<u>(2)</u>
1994 Institutions Research Program			
Department of Agriculture Pass-through			
	BLACKFEET COMM COLLEGE-2010-792	10.227	(458)
CFDA 10.227 Total			<u>(458)</u>
Integrated Programs			
Department of Agriculture Pass-through			
	NORTH CAROLINA STATE UNIV-2007-1634-34	10.303	(342)
	NORTH CAROLINA STATE UNIV-2012-0413-01	10.303	(1,595)
	NORTH CAROLINA STATE UNIV-2012-2604-02	10.303	37,660
	NORTH CAROLINA STATE UNIV-2012-2604-05	10.303	9,029
	NORTH CAROLINA STATE UNIV-2012-2604-19	10.303	21,895
	UNIV OF CONNECTICUT-7078	10.303	16,835
	UNIV OF FLORIDA-UF10174	10.303	13,452
	UNIV OF FLORIDA-UFDSP00010045	10.303	5,435
CFDA 10.303 Total			<u>102,369</u>
Homeland Security_Agricultural			
Department of Agriculture Pass-through			
	UNIV OF FLORIDA-12238	10.304	27,596
CFDA 10.304 Total			<u>27,596</u>
International Science and Education Grants			
Department of Agriculture Direct		10.305	18,167
Department of Agriculture Pass-through			
	UNIV OF GEORGIA-RF327-239/4786156	10.305	2,901
CFDA 10.305 Total			<u>21,068</u>

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2014

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
Research and Development Cluster			
Organic Agriculture Research and Extension Initiative			
Department of Agriculture Direct		10.307	110,223
Department of Agriculture Pass-through			
	CORNELL UNIV-67385-9949	10.307	35,103
CFDA 10.307 Total			<u>145,326</u>
Specialty Crop Research Initiative			
Department of Agriculture Direct		10.309	469,288
Department of Agriculture Pass-through			
	UNIV OF FLORIDA-UF09153	10.309	20,692
CFDA 10.309 Total			<u>489,980</u>
Agriculture and Food Research Initiative (AFRI)			
Department of Agriculture Direct		10.310	1,511,093
Department of Agriculture Pass-through			
	MISSISSIPPI STATE UNIV-182020-310011-01	10.310	87,627
	UNIV OF FLORIDA-UF11036	10.310	50,153
	UNIV OF FLORIDA-UF11101	10.310	68,139
	UNIV OF FLORIDA-UF11110	10.310	135,384
	UNIV OF TENNESSEE-8500022698	10.310	716,210
CFDA 10.310 Total			<u>2,568,606</u>
Sun Grant Program			
Department of Agriculture Pass-through			
	UNIV OF TENNESSEE-8500032069	10.320	56,474
CFDA 10.320 Total			<u>56,474</u>
Cooperative Extension Service			
Department of Agriculture Pass-through			
	SOUTH DAKOTA STATE UNIV-3TB465	10.500	11,666
CFDA 10.500 Total			<u>11,666</u>
Emerging Markets Program			
Department of Agriculture Direct		10.603	21,984
CFDA 10.603 Total			<u>21,984</u>
Forestry Research			
Department of Agriculture Direct		10.652	177,903
Department of Agriculture Pass-through			
	UNIV OF FLORIDA-13097	10.652	24,090
	VIRGINIA POLYTECHNIC INSTITUTE-422149-19158	10.652	(527)
CFDA 10.652 Total			<u>201,466</u>
Cooperative Forestry Assistance			
Department of Agriculture Direct		10.664	983
CFDA 10.664 Total			<u>983</u>

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2014

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
Research and Development Cluster			
Urban and Community Forestry Program			
Department of Agriculture Direct		10.675	149,872
CFDA 10.675 Total			<u>149,872</u>
Forest Stewardship Program			
Department of Agriculture Direct		10.678	6,923
CFDA 10.678 Total			<u>6,923</u>
Forest Health Protection			
Department of Agriculture Direct		10.680	61,320
CFDA 10.680 Total			<u>61,320</u>
Rural Business Enterprise Grants			
Department of Agriculture Direct		10.769	128,683
CFDA 10.769 Total			<u>128,683</u>
Environmental Quality Incentives Program			
Department of Agriculture Direct		10.912	80,103
CFDA 10.912 Total			<u>80,103</u>
Other Financial Assistance			
Department of Agriculture Direct			
FS-10-JV-11330144-147		10	(2,135)
FS-14-CR-11330144-024		10	18,901
USDA-13-8130-0073-CA		10	2,837
USDA-AG-32SD-P-13-0033		10	(52)
Department of Agriculture Pass-through			
ASA-IM FEED-BASED POND & CAGE CULTURE PROD	U.S. SOYBEAN EXPORT COUNCIL-12AU01F24A-CR	10	(20,599)
CFDA 10 Total			<u>(1,048)</u>
Department of Agriculture Total			<u>10,359,449</u>
Department of Commerce			
Sea Grant Support			
Department of Commerce Pass-through			
	MISSISSIPPI STATE UNIV-010500-320547-01	11.417	21,511
	TEXAS A&M UNIV-02S140220	11.417	6,143
	UNIV OF PUERTO RICO-R-101-1-8	11.417	(50)
	UNIV OF SOUTHERN MISS-GR03924OMNIBUS-AUBURN-RCCD21	11.417	(245)
	UNIV OF SOUTHERN MISS-GR03924-R/SCD	11.417	68,790
	UNIV OF SOUTHERN MISS-GR03924-R/SSS-02-NSI	11.417	201,982
	UNIV OF SOUTHERN MISS-GR04118/OMNIBUS-AUBURN-R/AT10	11.417	(842)
	UNIV OF SOUTHERN MISS-GR05007-R/SFA-02	11.417	65,358
	UNIV OF SOUTHERN MISS-HEADWATER WETLANDS	11.417	57,004
CFDA 11.417 Total			<u>419,651</u>
Climate and Atmospheric Research			
Department of Commerce Direct		11.431	16,365
Department of Commerce Pass-through			
	UNIV CORP FOR ATMOSPHERIC RESEARCH-Z12-94355	11.431	123,554
	UNIV OF FLORIDA-UF11009	11.431	60,662
CFDA 11.431 Total			<u>200,581</u>

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2014

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
Research and Development Cluster			
Marine Fisheries Initiative			
Department of Commerce Direct		11.433	(2,021)
CFDA 11.433 Total			<u>(2,021)</u>
Unallied Science Program			
Department of Commerce Pass-through	N PACIFIC RESCH BD	11.472	10,689
CFDA 11.472 Total			<u>10,689</u>
Other Financial Assistance			
Department of Commerce Pass-through			
NIST-SB134109SE0595	EAST MOUNTAIN OPTOMECHANICAL INC	11	(9,017)
NOAA-AB133C-11-CQ0051	STRATUS CONSULTING INC-Z200-2S-1813	11	(772)
NOAA-AB133C-11-CQ-0051	STRATUS CONSULTING INC-Z200-2S-1813	11	43,184
CFDA 11 Total			<u>33,395</u>
Department of Commerce Total			<u>662,295</u>
Department of Defense			
Basic and Applied Scientific Research			
Department of Defense Direct		12.300	1,433,325
Department of Defense Pass-through			
CFDA 12.300 Total	UNIV OF MISSISSIPPI-12-10-018	12.300	<u>(1,055)</u>
			<u>1,432,270</u>
Basic Scientific Research - Combating Weapons of Mass Destruction			
Department of Defense Direct		12.351	195,725
Department of Defense Pass-through			
CFDA 12.351 Total	PENNSYLVANIA STATE UNIV-4107-AU-DTRA-0004	12.351	<u>148,758</u>
			<u>344,483</u>
Military Medical Research and Development			
Department of Defense Direct		12.420	212,050
Department of Defense Pass-through			
CFDA 12.420 Total	UNIV OF DENVER-SC37196-01-00	12.420	<u>22,709</u>
			<u>234,759</u>
Basic Scientific Research			
Department of Defense Direct		12.431	315,071
Department of Defense Pass-through			
CFDA 12.431 Total	UNITED SILICON CARBIDE INC-USC001 PO 500	12.431	<u>139,354</u>
			<u>454,425</u>
Basic, Applied, and Advanced Research in Science and Engineering			
Department of Defense Direct		12.630	11,577
CFDA 12.630 Total			<u>11,577</u>

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2014

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
Research and Development Cluster			
Air Force Defense Research Sciences Program			
Department of Defense Direct		12.800	23,113
Department of Defense Pass-through			
	FLORIDA A&M UNIV-SUB C-3614	12.800	59,903
	FLORIDA STATE UNIV-R01558	12.800	70,827
	FLORIDA STATE UNIV-R01746	12.800	2,273
	GEORGE MASON UNIV-E2028571	12.800	5,000
CFDA 12.800 Total			<u>161,116</u>
Information Security Grant Program			
Department of Defense Direct		12.902	(1,991)
CFDA 12.902 Total			<u>(1,991)</u>
Other Financial Assistance			
Department of Defense Direct			
ARMY-W912DY-06-20102		12	(110)
ARMY-W912HQ-11-C-0008		12	380,616
DOD-H98230-08-C-0795		12	110,989
DOD-H98230-10-C-1055		12	16,611
DOD-H98230-12-C-1102		12	1,828,302
HHM402-13-C-0029		12	17,530
MDA-HQ0147-11-C-6008		12	111,807
MDA-HQ0147-13-C-6024		12	156,857
NAVY-N00014-10-C-0190		12	52,604
Department of Defense Pass-through			
AF-FA8650-09-D-5223	UNIV OF DAYTON-RSC10038	12	(17)
AF-FA8650-11-D-5800	UNIVERSAL TECHNOLOGY CORP-11-S7401-01-C1	12	(8,912)
AF-FA8650-13-D-2343	INNOVATIVE SCIENCE SOLUTIONS INC-PO SB20144	12	3,078
AF-FA8651-11-D-0056	INTEGRATED SOLUTIONS FOR SYSTEMS INC-POS-2011-006	12	(974)
AF-FA8750-13-C-7321	LEIDOS INC-P010153433	12	36,497
ARMY-HQ0034-10-C-0031	OMNIVOX LLC, INC	12	(9,479)
ARMY-W31P4Q-05-A-0027	AVIATION & MISSILE SOLUTIONS LLC-SC-05-018-TO 47-4KY	12	1,838
ARMY-W31P4Q-09-A-0023	AVIATION & MISSILE SOLUTIONS LLC-SC-05-018-TO 47-4MF	12	12,321
ARMY-W31P4Q-10-A-0017	GLEASON RESCH ASSOC INC-AE-10-A-0017-AUB	12	9,601
ARMY-W31P4Q-12-C-0251	TORCH TECHNOLOGIES INC-T12S025-CR	12	3,584
ARMY-W56HZV-11-C-0073	DCS CORP-PO 141616	12	79,564
ARMY-W56KGU-14-C-0031	INTEGRATED SOLUTIONS FOR SYSTEMS INC-POS-C-2014-009-001	12	2,272
ARMY-W81XWH-10-C-0211	CFD RESEARCH CORP-SUB NO 1504	12	(4,803)
ARMY-W9113M-13-D-0003	INTREPID LLC-SC-13-051 TO1	12	13,615
ARMY-W911NF-11-D-0001	BATTELLE MEMORIAL INSTITUTE-US001-0000294468	12	79,163
ARMY-W911NF-11-D-0001	BATTELLE MEMORIAL INSTITUTE-US001-351561	12	5,569
ARMY-W911NF-14-C-0076	IK9 LLC-DESHPANDE	12	92,600
DARPA-W31P4Q-10-C-0030	STREAMLINE AUTOMATION LLC-1064-SC-03R0	12	(5,287)
DOD-H98230-08-D-0171	STEVENS INSTITUTE OF TECH-RESCH TOPIC 0030A	12	(32,990)
DOD-H98230-08-D-0171	STEVENS INSTITUTE OF TECH-RESCH TOPIC-0031A	12	13,040
EQUIPMNT FOR WILD PIG RESEARCH AT LOWNDES WMA	ALA DEPT OF CONS & NAT RESOURCES-WILD PIG EQUIPMENT	12	139,833
GPS STUDY & REPORT	MILTEC CORP-13-C-0006	12	113,356
GPS STUDY II-WBS 1.3.1.5.4 (LABOR) & 1.3.7.1.5 (TRAVEL)	MILTEC CORP-14-C-0008	12	38,852
MSIC-09-D-0012	SPARTA INC-13-2442-128-TRAV	12	556
MSIC-09-D-0012	SPARTA INC-13-2442-182-TRV	12	1,111
NAVY-N00014-12-C-0323	CUBRC INC-07875S3	12	67,869
NAVY-N00014-14-C-0360	INTRAMICRON INC-AU140001	12	12,924
NAVY-N00024-12-C-4509	PROMETHEUS INC-4509-01	12	168,857
UNIVERSAL TECHNOLOGY CORP-13-S2604-04-C7	UNIVERSAL TECHNOLOGY CORP-13-S2604-04-C7	12	36,775
CFDA 12 Total			<u>3,545,619</u>
Department of Defense Total			<u>6,182,258</u>

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2014

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
Research and Development Cluster			
Department of the Interior			
Fish, Wildlife and Plant Conservation Resource Management			
Department of The Interior Direct		15.231	5,035
CFDA 15.231 Total			<u>5,035</u>
Bureau of Ocean Energy Management (BOEM) Environmental Studies Program (ESP)			
Department of The Interior Direct		15.423	133,295
CFDA 15.423 Total			<u>133,295</u>
Cooperative Endangered Species Conservation Fund			
Department of The Interior Pass-through			
	ALA DEPT OF CONS & NAT RESOURCES-AMPHIBIAN SURVEY	15.615	30,296
	ALA DEPT OF CONS & NAT RESOURCES-APEX PREDATORS	15.615	98,885
	ALA DEPT OF CONS & NAT RESOURCES-BLACK WARRIOR WTRDOG	15.615	32,933
	ALA DEPT OF CONS & NAT RESOURCES-CAVEFISH	15.615	(2,978)
	ALA DEPT OF CONS & NAT RESOURCES-CRAYFISH POPS	15.615	(633)
	ALA DEPT OF CONS & NAT RESOURCES-eDNA TECHNIQUE	15.615	24,511
	ALA DEPT OF CONS & NAT RESOURCES-GOPHER TORTOISE	15.615	89,401
	ALA DEPT OF CONS & NAT RESOURCES-LMOUTH BASS GEN	15.615	53,953
	ALA DEPT OF CONS & NAT RESOURCES-MORTALITY RATES	15.615	82,663
	ALA DEPT OF CONS & NAT RESOURCES-MUSK TURTLE	15.615	2,617
	ALA DEPT OF CONS & NAT RESOURCES-POCKET GOPHER	15.615	20,139
	ALA DEPT OF CONS & NAT RESOURCES-RED BELLIED TURTLE	15.615	25,112
	ALA DEPT OF CONS & NAT RESOURCES-RED-COCKADED WOODPECKER	15.615	10,000
CFDA 15.615 Total			<u>466,899</u>
State Wildlife Grants			
Department of The Interior Pass-through			
	ALA DEPT OF CONS & NAT RESOURCES-EASTERN INDIGO	15.634	53,176
	GEORGIA DEPT OF NATURAL RESOURCES-IMPERILED FISH	15.634	2,039
	STETSON UNIV-BOND	15.634	7,871
CFDA 15.634 Total			<u>63,086</u>
Migratory Bird Joint Ventures			
Department of The Interior Pass-through			
	MISSISSIPPI STATE UNIV-191000-331290-12	15.637	2,448
CFDA 15.637 Total			<u>2,448</u>
Research Grants (Generic)			
Department of The Interior Direct		15.650	101,427
CFDA 15.650 Total			<u>101,427</u>
Endangered Species Conservation – Recovery Implementation Funds			
Department of The Interior Direct		15.657	43,461
	ALA DEPT OF CONS & NAT RESOURCES-MUSSEL HOST FISH	15.657	(78)
CFDA 15.657 Total			<u>43,383</u>
Endangered Species - Candidate Conservation Action Funds			
Department of The Interior Direct		15.660	3,207
CFDA 15.660 Total			<u>3,207</u>

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Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2014

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
Research and Development Cluster			
National Wetlands Inventory			
Department of The Interior Pass-through			
	ALA DEPT OF CONS & NAT RESOURCES-RED BELLIED TURTLE	15.665	(102)
CFDA 15.665 Total			(102)
Coastal Impact Assistance Program			
Department of The Interior Pass-through			
	ALA DEPT OF CONS & NAT RESOURCES-CONTRACT #AL-30	15.668	38,029
CFDA 15.668 Total			38,029
Assistance to State Water Resources Research Institutes			
Department of The Interior Direct		15.805	183,165
CFDA 15.805 Total			183,165
Earthquake Hazards Research Grants			
Department of The Interior Direct		15.807	(4,837)
CFDA 15.807 Total			(4,837)
U.S. Geological Survey_ Research and Data Collection			
Department of The Interior Direct		15.808	3,615
CFDA 15.808 Total			3,615
National Cooperative Geologic Mapping Program			
Department of The Interior Direct		15.810	12,460
CFDA 15.810 Total			12,460
Cooperative Research Units Program			
Department of The Interior Direct		15.812	158,569
CFDA 15.812 Total			158,569
Cooperative Research and Training Programs – Resources of the National Park System			
Department of The Interior Direct		15.945	38,772
Department of The Interior Pass-through			
	UNIV OF MISSOURI-C00035589-1	15.945	(53)
CFDA 15.945 Total			38,719
Other Financial Assistance			
Department of The Interior Direct			
FWS-F12AC01606		15	8,258
NPS-P13AC01275		15	7,378
Department of The Interior Pass-through			
ALA COOP FISHERY UNIT	ALA DEPT OF CONS & NAT RESOURCES-FAA OPERATION	15	13,212
CLIMATE CHANGE & PERSISTENCE of FISH ASSEMBLAGES	ALA DEPT OF CONS & NAT RESOURCES-FISH ASSEMBLAGES	15	97,072
SPAWNING POP SIZE &UPSTREAM PASSAGE of ALA SHAD AT JIM WOODRUFF LOCK&DAM	GEORGIA DEPT OF NATURAL RESOURCES-ALABAMA SHAD	15	46,176
CFDA 15 Total			172,096
Department of the Interior Total			1,420,494

The accompanying notes are an integral part of this schedule.

Auburn University

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<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
Research and Development Cluster			
Department of Justice			
National Institute of Justice Research, Evaluation, and Development Project Grants			
Department of Justice Direct		16.560	428,139
CFDA 16.560 Total			428,139
Department of Justice Total			428,139
Department of State			
Other Financial Assistance			
Department of State Pass-through			
US DEPT STATE-S-NEAIR-07-CA-105	INSTITUTE OF INTERNATIONAL EDUCATION-SCHOLAR RESCUE	19	5,417
CFDA 19 Total			5,417
Department of State Total			5,417
Department of Transportation			
Air Transportation Centers of Excellence			
Department of Transportation Direct		20.109	369,126
CFDA 20.109 Total			369,126
Highway Research and Development Program			
Department of Transportation Direct		20.200	491,279
Department of Transportation Pass-through			
	WESTERN RESEARCH INST-211031	20.200	329,699
CFDA 20.200 Total			820,978
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research			
Department of Transportation Pass-through			
	ALA DEPT OF TRANSPORTATION-930-737	20.505	23,136
	ALA DEPT OF TRANSPORTATION-930-761	20.505	3,606
	ALA DEPT OF TRANSPORTATION-930-762	20.505	18,166
	ALA DEPT OF TRANSPORTATION-930-764	20.505	28,618
	ALA DEPT OF TRANSPORTATION-930-777	20.505	1,230
	ALA DEPT OF TRANSPORTATION-930-786	20.505	11,110
	ALA DEPT OF TRANSPORTATION-930-789	20.505	11,401
	ALA DEPT OF TRANSPORTATION-930-790	20.505	(382)
	ALA DEPT OF TRANSPORTATION-930-795	20.505	4,565
	ALA DEPT OF TRANSPORTATION-930-799	20.505	32,857
	ALA DEPT OF TRANSPORTATION-930-802	20.505	10,317
	ALA DEPT OF TRANSPORTATION-930-816R	20.505	17,066
	ALA DEPT OF TRANSPORTATION-930-822P TPF-5(267)	20.505	2,910,250
	ALA DEPT OF TRANSPORTATION-930-826R	20.505	54,104
	ALA DEPT OF TRANSPORTATION-930-827	20.505	21,859
	ALA DEPT OF TRANSPORTATION-930-828	20.505	135,119
	ALA DEPT OF TRANSPORTATION-930-860R	20.505	42,304
	ALA DEPT OF TRANSPORTATION-930-862	20.505	78
	ALA DEPT OF TRANSPORTATION-930-863	20.505	24,632
	ALA DEPT OF TRANSPORTATION-930-866R	20.505	49,815
	ALA DEPT OF TRANSPORTATION-930-870	20.505	254
CFDA 20.505 Total			3,400,105

The accompanying notes are an integral part of this schedule.

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<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
Research and Development Cluster			
Biobased Transportation Research			
Department of Transportation Pass-through			
	UNIV OF TENNESSEE-8500014160	20.761	28,610
	UNIV OF TENNESSEE-8500022311	20.761	43,100
CFDA 20.761 Total			<u>71,710</u>
Other Financial Assistance			
Department of Transportation Direct			
DTFH61-13-C-00006		20	176,540
Department of Transportation Pass-through			
CHARACTERIZATION of ALA WORK ZONE CRASHES	ALA DEPT OF TRANSPORTATION-BELT-SP7(906)	20	96,105
DTFH61-08-H-000035	MICHIGAN STATE UNIV-RC103537B	20	1,923
DTFH61-12-C-00016	IOWA STATE UNIV-436-17-04	20	90,404
DTFH61-13-RA-00015	NATIONAL ASPHALT PAVEMENT ASSOC-INNOVATIVE TECH-TO 001	20	19,915
DVLMT of HIGHWAY SAFETY WORKFORCE IN ALA	ALA DEPT OF TRANSPORTATION-BELT-SP07(906)-RT	20	70,911
EFFECTIVENESS of ANTI-STRIP AGENTS IN HMA MIXTURES	GEORGIA DEPART OF TRANSPORTATION-PROJ#06-23	20	(4,124)
EVAL of ASPHALT MIXTURES CONTAINING RECYCLED ASPHALT SHINGLES PHASE 1	ALA DEPT OF TRANSPORTATION-930-805	20	(5,674)
EVAL of INLET PROTECTION PRACTICES USING LARGE-SCALE TESTING TECHNIQUES	ALA DEPT OF TRANSPORTATION-930-853R	20	145,290
EXPERIMENTAL VALIDATION of ANALYSIS METHODS AND DESIGN			
PROCEDURES FOR STEEL PILE BRIDGE BENTS	ALA DEPT OF TRANSPORTATION-930-859	20	104,809
FHA-DTFH61-11-C-00015	RESOURCE SYSTEMS GROUP INC-LAMONDIA	20	(14,809)
FRP STRENGTHENING of CONTINUOUS RC BRIDGE-LETOHATCHEE	ALA DEPT OF TRANSPORTATION-930-745S	20	15,946
IMPROVING CAMBER PREDICTION FOR PRE-STRESSED CONCRETE GIRDERS	ALA DEPT OF TRANSPORTATION-930-832	20	143,311
LIFE CYCLE COST ANALYSIS FOR PAVEMENT TYPE SELECTION	ALA DEPT OF TRANSPORTATION-930-846	20	(1,133)
MECHANISTIC DESIGN DATA FROM ODOT INSTRUMENTED PAVEMENT SITES	OREGON DEPT OF TRANSPORTATION-30012	20	12,738
MONITOR EFFECTS of BHAM NORTHERN BELTLINE CONSTRUCTION IN LITTLE CAHABA CREEK WTRSHED	ALA DEPT OF TRANSPORTATION-930-837R	20	104,829
PAVEMENT CONDITION MODEL BASED ON AUTOMATED PAVEMENT DISTRESS SURVEYS	ALA DEPT OF TRANSPORTATION-930-758	20	8,870
SHORT-TERM LAB CONDITIONING of ASPHALT MIXTURES	TEXAS A&M RESEARCH FND-99-S120207	20	81,777
STUDY of WRONG WAY DRIVING CRASHES IN ALA	ALA DEPT OF TRANSPORTATION-BELT-SP07(906)-WRONG WAY	20	9,792
UPDATE of BRIDGE DESIGN STANDARDS FOR AASHTO LRFD SEISMIC DESIGN REQUIREMENTS	ALA DEPT OF TRANSPORTATION-930-803	20	7,428
US DOT-DTRT12-G-UTC04	UNIV OF FLORIDA-EIES-1200010-AUB	20	46,497
CFDA 20 Total			<u>1,111,345</u>
Department of Transportation Total			<u>5,773,264</u>
Office of Personnel Management			
Intergovernmental Personnel Act (IPA) Mobility Program			
office of Personnel Management Pass-through			
	ARMY-IPA-CAHILL	27.011	164,567
	NATIONAL INSTITUTE OF HEALTH-IPA-WANG	27.011	50,042
	NATIONAL SCIENCE FOUNDATION-CBET-1152046	27.011	37,001
	NATIONAL SCIENCE FOUNDATION-DEB-1445774	27.011	22,862
	NATIONAL SCIENCE FOUNDATION-DMS-1352905	27.011	170,695
	NATIONAL SCIENCE FOUNDATION-IOS-1353666	27.011	195,522
CFDA 27.011 Total			<u>640,689</u>
Office of Personnel Management Total			<u>640,689</u>

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<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
Research and Development Cluster			
National Aeronautics and Space Administration			
Science			
National Aeronautics And Space Administration Direct		43.001	433,063
National Aeronautics And Space Administration Pass-through			
	JOHNS HOPKINS UNIV-113915	43.001	19,550
	PENNSYLVANIA STATE UNIV-5022-AU-NASA-F93G	43.001	21,219
	PLANETARY SCIENCE INSTITUTE-REF NUMBER 1266	43.001	8,078
	PLANETARY SCIENCE INSTITUTE-REF NUMBER 693	43.001	8,382
	SOUTHWEST RESEARCH INSTITUTE-1415GC0053	43.001	24,765
	SPACE SCIENCE INSTITUTE-SUBAWARD 00568	43.001	7,786
	UNIV OF ALABAMA IN HUNTSVILLE-SUB2010-175	43.001	55,489
	UNIV OF ARKANSAS-SA1302027	43.001	51,376
	UNIV OF ILLINOIS-2013-02991-01-00	43.001	9,689
	UNIV OF MASSACHUSETTS-13305	43.001	12,476
	UNIV OF SOUTHERN MISS-GR04146-002	43.001	29,499
	VIRGINIA INSTITUTE OF MARINE SCIENCE-715673-712683	43.001	86,702
CFDA 43.001 Total			<u>768,074</u>
Aeronautics			
National Aeronautics And Space Administration Pass-through			
	UNIV OF ALABAMA-UA13-30	43.002	7,532
	UNIV OF ALABAMA-UA14-035	43.002	61,036
CFDA 43.002 Total			<u>68,568</u>
Exploration			
National Aeronautics And Space Administration Direct		43.003	102,037
CFDA 43.003 Total			<u>102,037</u>
Education			
National Aeronautics And Space Administration Direct		43.008	(374)
CFDA 43.008 Total			<u>(374)</u>
Cross Agency Support			
National Aeronautics And Space Administration Direct		43.009	189,241
National Aeronautics And Space Administration Pass-through			
	OREGON STATE UNIV-N244A-A	43.009	108,671
CFDA 43.009 Total			<u>297,912</u>
Other Financial Assistance			
National Aeronautics And Space Administration Direct		43	247,721
NASA-NNM13AA10G		43	(4,932)
NASA-NNX10AR53G			
National Aeronautics And Space Administration Pass-through			
NASA-NNX10AN26A	UNIV OF SOUTH ALABAMA-11-100113-01	43	74,272
CFDA 43 Total			<u>317,061</u>
National Aeronautics and Space Administration Total			<u>1,553,278</u>

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<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
Research and Development Cluster			
National Science Foundation			
Engineering Grants			
National Science Foundation Direct		47.041	3,274,481
National Science Foundation Pass-through			
	ENGENIUSMICRO LLC-DEAN	47.041	69,333
	INTEGRATED SURFACE TECHNOLOGIES, INC-10-26571	47.041	60,563
	LUCIGEN CORP-NSF-IIP-1058238	47.041	(2,378)
	MONOLITH SEMICONDUCTOR	47.041	62,439
	UNIV OF ARKANSAS-S1107010	47.041	(5,175)
CFDA 47.041 Total			<u>3,459,263</u>
Mathematical and Physical Sciences			
National Science Foundation Direct		47.049	925,934
National Science Foundation Pass-through			
	VANDERBILT UNIV-20726-S1	47.049	40,253
	WESTERN MICH UNIV-7966-1-AUB	47.049	<u>32,498</u>
CFDA 47.049 Total			<u>998,685</u>
Geosciences			
National Science Foundation Direct		47.050	340,537
National Science Foundation Pass-through			
	TOLEDO UNIV-F-2014-10	47.050	<u>77,328</u>
CFDA 47.050 Total			<u>417,865</u>
Computer and Information Science and Engineering			
National Science Foundation Direct		47.070	1,207,301
National Science Foundation Pass-through			
	CLEMSON UNIV-1683-206-2009520	47.070	21,592
	UNIV OF NORTH CAROLINA AT CHARLOTTE-20100715-04-AUB	47.070	18,278
	UNIV OF WISCONSIN-437K710	47.070	<u>24,170</u>
CFDA 47.070 Total			<u>1,271,341</u>
Biological Sciences			
National Science Foundation Direct		47.074	<u>967,409</u>
CFDA 47.074 Total			<u>967,409</u>
Social, Behavioral, and Economic Sciences			
National Science Foundation Direct		47.075	200,345
National Science Foundation Pass-through			
	WEST VIRGINIA UNIV RESEARCH CORP-12-285-AU	47.075	<u>40,548</u>
CFDA 47.075 Total			<u>240,893</u>
Education and Human Resources			
National Science Foundation Direct		47.076	1,480,938
National Science Foundation Pass-through			
	NATIONAL CTR SCI&CIVIC ENGAGEMENT-KNIPSCHILD	47.076	3,000
	ROCHESTER INSTITUTE TECH-31242-01	47.076	10,366
	TUSKEGEE UNIV-34-11530-201-76190	47.076	361,759
	TUSKEGEE UNIV-34-21530-198-76190	47.076	70,162
	TUSKEGEE UNIV-34-21530-199-76190	47.076	69,074
	TUSKEGEE UNIV-34-22460-075	47.076	21,144
	UNIV OF ALABAMA AT BIRMINGHAM-000398033-011	47.076	66,396
	UNIV OF ALABAMA AT BIRMINGHAM-000401937-001	47.076	(10,998)
	UNIV OF ALABAMA AT BIRMINGHAM-000500324-001	47.076	429,336
	UNIV OF ALABAMA AT BIRMINGHAM-LSAMP-PHASE IV	47.076	<u>(225)</u>
CFDA 47.076 Total			<u>2,500,952</u>

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<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
Research and Development Cluster			
Polar Programs			
National Science Foundation Direct		47.078	121,938
CFDA 47.078 Total			<u>121,938</u>
Office of International and Integrative Activities			
National Science Foundation Direct		47.079	90,772
CFDA 47.079 Total			<u>90,772</u>
Office of Cyberinfrastructure			
National Science Foundation Direct		47.080	(3,888)
CFDA 47.080 Total			<u>(3,888)</u>
Office of Experimental Program to Stimulate Competitive Research			
National Science Foundation Pass-through			
	TUSKEGEE UNIV-34-21530-200-76190	47.081	483,249
CFDA 47.081 Total			<u>483,249</u>
ARRA-Trans-NSF Recovery Act Research Support			
National Science Foundation Direct			
NSF-BCS-0921271		47.082	(3,740)
NSF-CNS-0855182		47.082	(694)
NSF-DUE-0934821		47.082	216,676
NSF-EAR-0929991		47.082	9,506
NSF-OIA-0963407		47.082	(41,303)
National Science Foundation Pass-through			
	UNIV OF MINNESOTA-D0033616101	47.082	864
CFDA 47.082 Total			<u>181,309</u>
National Science Foundation Total			<u>10,729,788</u>
Environmental Protection Agency			
Water Pollution Control State, Interstate, and Tribal Program Support			
Environmental Protection Agency Pass-through			
	ALA DEPT OF ENVIRON MGMT-C10595050	66.419	11,367
CFDA 66.419 Total			<u>11,367</u>
Regional Wetland Program Development Grants			
Environmental Protection Agency Direct		66.461	170,452
CFDA 66.461 Total			<u>170,452</u>
Gulf of Mexico Program			
Environmental Protection Agency Direct		66.475	47,974
CFDA 66.475 Total			<u>47,974</u>
Science To Achieve Results (STAR) Fellowship Program			
Environmental Protection Agency Direct		66.514	8,971
CFDA 66.514 Total			<u>8,971</u>
Performance Partnership Grants			
Environmental Protection Agency Pass-through			
	ALA DEPT OF ENVIRON MGMT-C20596056	66.605	59,528
CFDA 66.605 Total			<u>59,528</u>

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<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
Research and Development Cluster			
Regional Agricultural IPM Grants			
Environmental Protection Agency Direct		66.714	30,642
Environmental Protection Agency Pass-through			
	ALA DEPT OF AGRICULT & INDUSTRIES-IPM PRACTICES	66.714	2,191
CFDA 66.714 Total			32,833
Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies			
Environmental Protection Agency Pass-through			
	TEXAS COOPERATIVE EXTENSION-07-S140739	66.716	4,160
CFDA 66.716 Total			4,160
Environmental Education Grants			
Environmental Protection Agency Direct		66.951	125
CFDA 66.951 Total			125
Other Financial Assistance			
Environmental Protection Agency Pass-through			
EPA-EP-C-11-006	PEGASUS TECHNICAL SERVICES INC-PO AUB-12-001	66	(3,761)
EPA-EP-C-11-006	PEGASUS TECHNICAL SERVICES INC-PO AUB-13-001	66	(81)
EPA-EP-C-11-006	PEGASUS TECHNICAL SERVICES INC-PO AUB-14-001	66	60,710
MILL CREEK WATERSHED PROJECT	ALA DEPT OF ENVIRON MGMT-C20596049	66	54,023
MILL CREEK WATERSHED PROJECT	ALA DEPT OF ENVIRON MGMT-C40598001	66	70,436
PUBLIC PARTICIPATION GIS MAPPING & ANALYSIS	DAUPHIN ISLAND SEA LAB-MBNEP-GIS MAPPING	66	(704)
CFDA 66 Total			180,623
Environmental Protection Agency Total			516,033
Nuclear Regulatory Commission			
U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program			
Nuclear Regulatory Commission Direct		77.008	47,741
CFDA 77.008 Total			47,741
Other Financial Assistance			
Nuclear Regulatory Commission Pass-through			
NRC-HQ-11-C-04-0041	M TUTTLE & ASSOC-MTA-SC2011-AU-1	77	(441)
CFDA 77 Total			(441)
Nuclear Regulatory Commission Total			47,300
Department of Energy			
Office of Science Financial Assistance Program			
Department of Energy Direct		81.049	1,088,823
Department of Energy Pass-through			
	ADVANCED THERMAL TECHNOLOGIES LLC-AU0004703	81.049	(17,042)
	PURDUE UNIV-4105-60703	81.049	10,970
	UNIV OF ALABAMA-EPSCOR-09-075	81.049	107,616
CFDA 81.049 Total			1,190,367
University Coal Research			
Department of Energy Direct		81.057	91,454
CFDA 81.057 Total			91,454

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<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
Research and Development Cluster			
Regional Biomass Energy Programs			
Department of Energy Pass-through			
	SOUTH DAKOTA STATE UNIV-3TC154	81.079	45,723
CFDA 81.079 Total			45,723
Conservation Research and Development			
Department of Energy Pass-through			
	RESEARCH TRIANGLE INSTITUTE INTERNATIONAL-1-340-0213159	81.086	64,816
CFDA 81.086 Total			64,816
Renewable Energy Research and Development			
Department of Energy Direct		81.087	491,325
Department of Energy Pass-through			
	UNIV OF MINNESOTA-D187661602	81.087	25,919
CFDA 81.087 Total			517,244
Defense Nuclear Nonproliferation Research			
Department of Energy Direct		81.113	56,520
CFDA 81.113 Total			56,520
Other Financial Assistance			
Department of Energy Pass-through			
DE-AC05-00OR22725	UT-BATTELLE LLC-B-4000116826	81	(5,855)
DE-AC05-00OR22725	UT-BATTELLE LLC-B-4000120967	81	55,845
DE-AC09-08SR22470	SAVANNAH RIVER NUCLEAR SOLUTIONS LLC-AC 70067 O	81	(36,543)
DE-AC09-08SR22470	SAVANNAH RIVER NUCLEAR SOLUTIONS LLC-SUB 0000120995	81	18,924
DE-AC09-08SR22470	SAVANNAH RIVER NUCLEAR SOLUTIONS LLC-SUB 0000143605	81	26,108
DEVELOPMENT OF A PEER-TO-PEER STORAGE SYSTEM	SANDIA NATL LABORATORIES-PO 1479660	81	70,698
FAULT-AWARE MPI R&D	SANDIA NATL LABORATORIES-PO 1472481	81	23,914
CFDA 81 Total			153,091
Department of Energy Total			2,119,215
Department of Education			
Overseas Programs - Group Projects Abroad			
Department of Education Direct		84.021	69,977
CFDA 84.021 Total			69,977
Graduate Assistance in Areas of National Need			
Department of Education Direct		84.200	241,545
CFDA 84.200 Total			241,545
Department of Education Total			311,522
Department of Health and Human Services			
Healthy Marriage Promotion and Responsible Fatherhood Grants			
Department of Health And Human Services Direct		93.086	2,256,800
CFDA 93.086 Total			2,256,800
Food and Drug Administration_Research			
Department of Health And Human Services Direct		93.103	1,255,473
CFDA 93.103 Total			1,255,473

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Research and Development Cluster			
Environmental Health			
Department of Health And Human Services Direct		93.113	4,452
Department of Health And Human Services Pass-through			
	MICHIGAN STATE UNIV-61-0825AU	93.113	112,120
	MICHIGAN STATE UNIV-RC060825SUPP2AU	93.113	33,244
CFDA 93.113 Total			<u>149,816</u>
Research Related to Deafness and Communication Disorders			
Department of Health And Human Services Direct		93.173	1,993
Department of Health And Human Services Pass-through			
	VANDERBILT UNIV-VUMC43086	93.173	3,746
CFDA 93.173 Total			<u>5,739</u>
Research and Training in Complementary and Alternative Medicine			
Department of Health And Human Services Pass-through			
	LUCIGEN CORP-NIH-1R43AT008295-01	93.213	5,291
	PALMER COLLEGE OF CHIROPRACTIC-RAJU	93.213	10,490
CFDA 93.213 Total			<u>15,781</u>
Research on Healthcare Costs, Quality and Outcomes			
Department of Health And Human Services Pass-through			
	UNIV OF NORTH CAROLINA-5-50002	93.226	14,060
CFDA 93.226 Total			<u>14,060</u>
Mental Health Research Grants			
Department of Health And Human Services Direct		93.242	4,371
CFDA 93.242 Total			<u>4,371</u>
Occupational Safety and Health Program			
Department of Health And Human Services Pass-through			
	UNIV OF ALABAMA AT BIRMINGHAM-000286477-019	93.262	(5,318)
	UNIV OF ALABAMA AT BIRMINGHAM-000500836	93.262	840
	UNIV OF ALABAMA AT BIRMINGHAM-000500836-001	93.262	3,617
	UNIV OF ALABAMA AT BIRMINGHAM-000500836-002	93.262	258,664
	UNIV OF ALABAMA AT BIRMINGHAM-000500836-004	93.262	107,892
	UNIV OF ALABAMA AT BIRMINGHAM-000500836-006	93.262	5,318
	UNIV OF ALABAMA AT BIRMINGHAM-000500836-014	93.262	297
	UNIV OF ALABAMA AT BIRMINGHAM-000500836-SC007	93.262	7,368
	UNIV OF ALABAMA AT BIRMINGHAM-000500836-SC008	93.262	18,964
	UNIV OF ALABAMA AT BIRMINGHAM-000500836-SC009	93.262	15,214
CFDA 93.262 Total			<u>412,856</u>
Discovery and Applied Research for Technological Innovations to Improve Human Health			
Department of Health And Human Services Direct		93.286	314,576
CFDA 93.286 Total			<u>314,576</u>
Research Infrastructure Programs			
Department of Health And Human Services Pass-through			
	UNIV OF SOUTH ALABAMA-13-130138-01	93.351	20,442
CFDA 93.351 Total			<u>20,442</u>

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<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
Research and Development Cluster			
Cancer Cause and Prevention Research			
Department of Health And Human Services Pass-through	NORTHEASTERN UNIV-500225	93.393	(2,817)
	NORTHEASTERN UNIV-500268-78051	93.393	(26,894)
	NORTHEASTERN UNIV-500335-78051	93.393	317,173
CFDA 93.393 Total			<u>287,462</u>
Developmental Disabilities Basic Support and Advocacy Grants			
Department of Health And Human Services Pass-through	MONTGOMERY CTR FOR INDEPENDENT LIVING-HEALTH & FITNESS	93.630	15,414
CFDA 93.630 Total			<u>15,414</u>
ARRA-Trans-NIH Recovery Act Research Support			
Department of Health And Human Services Direct			
NIH-1R21AI083852-01		93.701	386
CFDA 93.701 Total			<u>386</u>
Cardiovascular Diseases Research			
Department of Health And Human Services Direct		93.837	646,021
Department of Health And Human Services Pass-through	MASSACHUSETTS GENERAL HOSP-222589	93.837	85,626
	UNIV OF ALABAMA AT BIRMINGHAM-000374790-001	93.837	136,162
	UNIV OF ALABAMA AT BIRMINGHAM-374790-001	93.837	(54,763)
CFDA 93.837 Total			<u>813,046</u>
Blood Diseases and Resources Research			
Department of Health And Human Services Pass-through	VANDERBILT UNIV-VUMC41814	93.839	43,841
CFDA 93.839 Total			<u>43,841</u>
Arthritis, Musculoskeletal and Skin Diseases Research			
Department of Health And Human Services Pass-through	UNIV OF MISSOURI-C00039231-1	93.846	2,592
CFDA 93.846 Total			<u>2,592</u>
Diabetes, Digestive, and Kidney Diseases Extramural Research			
Department of Health And Human Services Direct		93.847	235,230
CFDA 93.847 Total			<u>235,230</u>
Extramural Research Programs in the Neurosciences and Neurological Disorders			
Department of Health And Human Services Direct		93.853	271,597
CFDA 93.853 Total			<u>271,597</u>
Allergy, Immunology and Transplantation Research			
Department of Health And Human Services Direct		93.855	167,152
Department of Health And Human Services Pass-through	LUCIGEN CORP-NIH-1R43AI100383-01A1	93.855	9,869
	LUCIGEN CORP-NIH-2R44AI085840-02	93.855	233,503
	UNIV OF SOUTH FLA-6408-1071-00-B	93.855	6,571
CFDA 93.855 Total			<u>417,095</u>

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2014

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
Research and Development Cluster			
Child Health and Human Development Extramural Research			
Department of Health And Human Services Pass-through	UNIV OF ILLINOIS-VAUGHN	93.865	6,889
	UNIV OF MASSACHUSETTS-6118839/RFS900298	93.865	103,774
CFDA 93.865 Total			110,663
Vision Research			
Department of Health And Human Services Direct		93.867	49,816
CFDA 93.867 Total			49,816
Department of Health and Human Services Total			6,697,056
Department of Homeland Security			
Other Financial Assistance			
Department of Homeland Security Direct			
DHS-HSHQDC-13-C-B0004		97	42,017
CFDA 97 Total			42,017
Department of Homeland Security Total			42,017
Agency for International Development			
USAID Foreign Assistance for Programs Overseas			
Agency For International Development Pass-through			
	OREGON STATE UNIV-RD011G-G	98.001	157,023
CFDA 98.001 Total			157,023
Agency for International Development Total			157,023
Research and Development Cluster Total			47,645,237
Supplemental Nutrition Assistance Program (SNAP) Cluster			
Department of Agriculture			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			
Department of Agriculture Pass-through			
	ALA DEPT HUMAN RESOURCES-AGREEMENT NO 4153	10.561	2,768,637
CFDA 10.561 Total			2,768,637
Department of Agriculture Total			2,768,637
Supplemental Nutrition Assistance Program (SNAP) Cluster Total			2,768,637
Community Facilities Loans and Grants Cluster			
Department of Agriculture			
Community Facilities Loans and Grants			
Department of Agriculture Direct		10.766	(1,703)
CFDA 10.766 Total			(1,703)
Department of Agriculture Total			(1,703)
Community Facilities Loans and Grants Cluster Total			(1,703)

The accompanying notes are an integral part of this schedule.

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<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
Fish and Wildlife Cluster			
Department of the Interior			
Sport Fish Restoration Program			
Department of The Interior Pass-through			
	ALA DEPT OF CONS & NAT RESOURCES-AL SHAD	15.605	62,712
	ALA DEPT OF CONS & NAT RESOURCES-ALA ANGLERS	15.605	21,282
	ALA DEPT OF CONS & NAT RESOURCES-ANGLING EFFORT	15.605	2,807
	ALA DEPT OF CONS & NAT RESOURCES-APEX PREDATORS	15.605	57,097
	ALA DEPT OF CONS & NAT RESOURCES-BLACK BEARS	15.605	53,703
	ALA DEPT OF CONS & NAT RESOURCES-BLUEBACK HERRING	15.605	89,404
	ALA DEPT OF CONS & NAT RESOURCES-CHANNEL CFISH	15.605	68,413
	ALA DEPT OF CONS & NAT RESOURCES-HALLOWEEN DARTER	15.605	(121)
	ALA DEPT OF CONS & NAT RESOURCES-LMOUTH BASS	15.605	71,273
	ALA DEPT OF CONS & NAT RESOURCES-MOLLUSK DISEASES	15.605	(5,716)
	ALA DEPT OF CONS & NAT RESOURCES-REC FISHING	15.605	84,640
	ALA DEPT OF CONS & NAT RESOURCES-SLACKWTR DARTER	15.605	201
	ALA DEPT OF CONS & NAT RESOURCES-SOUTHERN WALLEYE	15.605	12,666
	ALA DEPT OF CONS & NAT RESOURCES-STANDARDIZED SAMPLING	15.605	(2,168)
	ALA DEPT OF CONS & NAT RESOURCES-WOOD STORKS	15.605	4
	GEORGIA DEPT OF NATURAL RESOURCES-FISH DISEASES	15.605	923
	HAWAII DEPT OF LAND & NAT RESOURCES-PO C21927	15.605	3,444
	MISSOURI DEPT CONSERVATION-FISH DISEASES	15.605	923
	N CAROLINA WILDLIFE RESOURCE CTR-FISH DISEASE	15.605	19,335
CFDA 15.605 Total			<u>540,822</u>
Wildlife Restoration and Basic Hunter Education			
Department of The Interior Pass-through			
	ALA DEPT OF CONS & NAT RESOURCES-B BEAR ECOLOGY	15.611	109,640
	ALA DEPT OF CONS & NAT RESOURCES-HUNTING SURVEY	15.611	39,848
	ALA DEPT OF CONS & NAT RESOURCES-WHITE TAILED DEER	15.611	119,840
CFDA 15.611 Total			<u>269,328</u>
Department of the Interior Total			<u>810,150</u>
Fish and Wildlife Cluster Total			<u>810,150</u>
Edward Byrne Memorial Justice Assistance Grant (JAG) Program Cluster			
Department of Justice			
Edward Byrne Memorial Justice Assistance Grant Program			
Department of Justice Direct		16.738	145,512
CFDA 16.738 Total			<u>145,512</u>
Department of Justice Total			<u>145,512</u>
Edward Byrne Memorial Justice Assistance Grant (JAG) Program Cluster Total			<u>145,512</u>

The accompanying notes are an integral part of this schedule.

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Schedule of Expenditures of Federal Awards

Year Ended September 30, 2013

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
Workforce Investment Act (WIA) Cluster			
Department of Labor			
WIA Adult Program			
Department of Labor Pass-through			
	ALA DEPT OF ECON&COMM AFFAIRS-WORKFORCE INVESTMENT	17.258	21,159
CFDA 17.258 Total			21,159
WIA Youth Activities			
Department of Labor Pass-through			
	ALA DEPT OF ECON&COMM AFFAIRS-34220011	17.259	71,205
	ALA DEPT OF ECON&COMM AFFAIRS-44220011	17.259	11,943
CFDA 17.259 Total			83,148
Department of Labor Total			104,307
Workforce Investment Act (WIA) Cluster Total			104,307
Highway Planning and Construction Cluster			
Department of Transportation			
Highway Planning and Construction			
Department of Transportation Direct		20.205	187,481
Department of Transportation Pass-through			
	NATIONAL ACADEMY OF SCIENCES-HR 04-35	20.205	169,266
	NATIONAL ACADEMY OF SCIENCES-HR 09-47A	20.205	28,830
	NEVADA DEPT OF TRANSPORTATION-P557-13-803	20.205	17,671
	SOUTH DAKOTA DEPT OF TRANSPORTATION-311159	20.205	18,920
	UNIV OF ILLINOIS-2011-05776-31	20.205	75,499
CFDA 20.205 Total			497,667
Department of Transportation Total			497,667
Highway Planning and Construction Cluster Total			497,667
Federal Transit Cluster			
Department of Transportation			
ARRA-Federal Transit_Capital Investment Grants			
Department of Transportation Pass-through			
	ALA DEPT OF TRANSPORTATION-K-13-542	20.500	42,404
Federal Transit_Capital Investment Grants			
Department of Transportation Pass-through			
	CTR FOR TRANSPORTATION & THE ENVIRONMENT-FUEL CELL BUS DEMO	20.500	19,963
CFDA 20.500 Total			62,367
Department of Transportation Total			62,367
Federal Transit Cluster Total			62,367
Clean Water State Revolving Fund Cluster			
Environmental Protection Agency			
Capitalization Grants for Clean Water State Revolving Funds			
Environmental Protection Agency Pass-through			
	ALA DEPT OF ENVIRON MGMT-C10595083	66.458	58,937
CFDA 66.458 Total			58,937
Environmental Protection Agency Total			58,937
Clean Water State Revolving Fund Cluster Total			58,937

The accompanying notes are an integral part of this schedule.

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<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
Special Education (IDEA) Cluster			
Department of Education			
Special Education_Grants to States			
Department of Education Pass-through			
	ALA DEPT OF EDUCATION-C4U0067	84.027	70,021
	ALA DEPT OF EDUCATION-C4U0068	84.027	45,888
	ALA DEPT OF EDUCATION-C4U0070	84.027	116,454
	ALA DEPT OF EDUCATION-U400066	84.027	139,972
CFDA 84.027 Total			<u>372,335</u>
Special Education_Preschool Grants			
Department of Education Pass-through			
	ALA DEPT OF EDUCATION-C4U0069	84.173	<u>88,280</u>
CFDA 84.173 Total			<u>88,280</u>
Department of Education Total			<u>460,615</u>
Special Education (IDEA) Cluster Total			<u>460,615</u>
Student Financial Assistance Cluster			
Department of Education			
Federal Supplemental Educational Opportunity Grants (FSEOG)			
Department of Education Direct		84.007	<u>573,930</u>
CFDA 84.007 Total			<u>573,930</u>
Federal Work-Study Program (FWS)			
Department of Education Direct		84.033	<u>829,124</u>
CFDA 84.033 Total			<u>829,124</u>
Perkins Loan Cancellations			
Department of Education Direct		84.370	<u>154,699</u>
CFDA 84.037			<u>154,699</u>
Federal Perkins Loan (FPL) - Federal Capital Contributions			
Department of Education Direct		84.038	<u>15,644,135</u>
CFDA 84.038 Total			<u>15,644,135</u>
Federal Pell Grant Program			
Department of Education Direct		84.063	<u>22,172,035</u>
CFDA 84.063 Total			<u>22,172,035</u>
Federal Direct Student Loans			
Department of Education Direct		84.268	<u>152,388,144</u>
CFDA 84.268 Total			<u>152,388,144</u>
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)			
Department of Education Direct		84.379	<u>87,459</u>
CFDA 84.379 Total			<u>87,459</u>
Department of Education Total			<u>191,849,526</u>
Department of Health and Human Services			
Health Professions Student Loans, Including Primary Care Loans and Loans For Disadvantaged Students (Hpsl/Pcl/Lds)			
Department of Health and Human Services Direct		93.342	<u>2,010,458</u>
CFDA 93.342 Total			<u>2,010,458</u>
Department of Health and Human Services Total			<u>2,010,458</u>
Student Financial Assistance Cluster Total			<u>193,859,984</u>

The accompanying notes are an integral part of this schedule.

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<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
Child Care and Development Fund Cluster (CCDF)			
Department of Health and Human Services			
Health Professions Student Loans, Including Primary Care Loans and Loans For Disadvantaged Students (Hpsl/Pcl/Lds)			
Department of Health and Human Services Direct	ALA DEPT HUMAN RESOURCES-832	93.575	<u>1,221,152</u>
CFDA 93.342 Total			<u>1,221,152</u>
Department of Health and Human Services Total			<u>1,221,152</u>
Child Care and Development Fund (CCDF) Cluster Total			<u>1,221,152</u>
Other Programs			
Department of Agriculture			
Plant and Animal Disease, Pest Control, and Animal Care			
Department of Agriculture Direct		10.025	<u>3,437</u>
CFDA 10.025 Total			<u>3,437</u>
Specialty Crop Block Grant Program - Farm Bill			
Department of Agriculture Pass-through			
	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 10	10.170	12,026
	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 11	10.170	9,676
	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 2	10.170	281
	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 3	10.170	1,552
	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 7	10.170	5,553
	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 9	10.170	545
	ALA FRUIT & VEG GROWERS ASSOC-CES 13-582	10.170	<u>10,332</u>
CFDA 10.170 Total			<u>39,965</u>
Grants for Agricultural Research, Special Research Grants			
Department of Agriculture Pass-through			
	MISSISSIPPI STATE UNIV-SRAC-SPLIT POND SYSTEM	10.200	2,843
	UNIV OF TENNESSEE-8500035966	10.200	<u>1,774</u>
CFDA 10.200 Total			<u>4,617</u>
1890 Institution Capacity Building Grants			
Department of Agriculture Pass-through			
	ALABAMA A&M UNIV-SUB-2011-38821-30831-AU	10.216	(5,541)
	SOUTHERN UNIV AGRICULTURAL RESEARCH & EXTENSION	10.216	(2,278)
	CENTER-SUAGCENTER-2011-02-0011	10.216	<u>15,934</u>
	TUSKEGEE UNIV-36-32091-318	10.216	<u>8,115</u>
CFDA 10.216 Total			
Higher Education - Institution Challenge Grants Program			
Department of Agriculture Pass-through			
	UNIV OF GEORGIA-RH150-127/3840038	10.217	<u>(1,715)</u>
CFDA 10.217 Total			<u>(1,715)</u>
Higher Education - Multicultural Scholars Grant Program			
Department of Agriculture Direct		10.220	<u>1,527</u>
CFDA 10.220 Total			<u>1,527</u>

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Schedule of Expenditures of Federal Awards

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<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
Other Programs			
Integrated Programs			
Department of Agriculture Pass-through			
	NORTH CAROLINA STATE UNIV-2012-2604-08	10.303	15,094
	TEXAS COOPERATIVE EXTENSION-451001	10.303	(3,538)
	UNIV OF WISCONSIN-386K540	10.303	(23)
CFDA 10.303 Total			<u>11,533</u>
Homeland Security_Agricultural			
Department of Agriculture Pass-through			
	PURDUE UNIV-8000053483-AG	10.304	24,392
	UNIV OF FLORIDA-IFAS 00069553	10.304	(2,151)
CFDA 10.304 Total			<u>22,241</u>
Organic Agriculture Research and Extension Initiative			
Department of Agriculture Direct		10.307	<u>15,570</u>
CFDA 10.307 Total			<u>15,570</u>
Agriculture and Food Research Initiative (AFRI)			
Department of Agriculture Direct		10.310	<u>12,576</u>
CFDA 10.310 Total			<u>12,576</u>
Farm Business Management and Benchmarking Competitive Grants Program			
Department of Agriculture Pass-through			
	NORTH DAKOTA STATE UNIV-FAR-20958	10.319	14,544
	UNIV OF GEORGIA-RE670-421/4943136	10.319	(1,141)
CFDA 10.319 Total			<u>13,403</u>
Cooperative Extension Service			
Department of Agriculture Direct		10.500	8,119,658
Department of Agriculture Pass-through			
	KANSAS STATE UNIV-S13075	10.500	116
	KANSAS STATE UNIV-S13120	10.500	(316)
	KANSAS STATE UNIV-S14060	10.500	24,183
	PENNSYLVANIA STATE UNIV-5029-ACES-UM-9802	10.500	10,182
	TUSKEGEE UNIV-35 31243 044 62112	10.500	19,843
	UNIV OF ARKANSAS AT LITTLE ROCK-21662-2	10.500	14,997
	UNIV OF GEORGIA-RE675-167/4940468	10.500	701
	UNIV OF GEORGIA-RE684-168/4943556	10.500	3,217
	UNIV OF NEBRASKA-25-6365-0040-114	10.500	8,009
	UNIV OF NEBRASKA-25-6365-0040-116	10.500	9,502
	UNIV OF NEBRASKA-25-6365-0040-133	10.500	5,647
	UNIV OF NEBRASKA-25-6365-50-41	10.500	212,421
	UNIV OF NEW HAMPSHIRE-13-72	10.500	7,122
CFDA 10.500 Total			<u>8,435,282</u>
Supplemental Nutrition Assistance Program, Process and Technology Improvement Grants			
Department of Agriculture Direct		10.580	<u>42,712</u>
CFDA 10.580 Total			<u>42,712</u>
Forestry Research			
Department of Agriculture Direct		10.652	<u>1,002</u>
CFDA 10.652 Total			<u>1,002</u>
Forest Stewardship Program			
Department of Agriculture Direct		10.678	<u>500</u>
CFDA 10.678 Total			<u>500</u>

The accompanying notes are an integral part of this schedule.

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Schedule of Expenditures of Federal Awards

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<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
Other Programs			
Forest Health Protection			
Department of Agriculture Direct		10.680	15,877
CFDA 10.680 Total			<u>15,877</u>
Rural Business Enterprise Grants			
Department of Agriculture Direct		10.769	36,592
CFDA 10.769 Total			<u>36,592</u>
Environmental Quality Incentives Program			
Department of Agriculture Direct		10.912	44,844
CFDA 10.912 Total			<u>44,844</u>
Cochran Fellowship Program-International Training-Foreign Participant			
Department of Agriculture Direct		10.962	7,439
CFDA 10.962 Total			<u>7,439</u>
Other Financial Assistance			
Department of Agriculture Direct			
FS-12-CR-11074200-071		10	(27)
FS-12-CS-11080104-001		10	1,500
CFDA 10 Total			<u>1,473</u>
Department of Agriculture Total			<u>8,716,990</u>
Department of Commerce			
Economic Development_Technical Assistance			
Department of Commerce Direct		11.303	123,058
CFDA 11.303 Total			<u>123,058</u>
Sea Grant Support			
Department of Commerce Pass-through			
	LOUISIANA STATE UNIV-73832	11.417	3,025
	UNIV OF SOUTHERN MISS-GR03924/OMNIBUS-A/O-32	11.417	115,515
	UNIV OF SOUTHERN MISS-GR04072/OMNIBUS-NSI-A/O-34	11.417	20,317
	UNIV OF SOUTHERN MISS-GR04114/OMNIBUS-CSP II-A/O-33	11.417	42,731
CFDA 11.417 Total			<u>181,588</u>
Fisheries Disaster Relief			
Department of Commerce Pass-through			
	GULF STATES MARINE FISHERIES COMMISSION-MM-925-050-2011-AL/SG	11.477	37,504
CFDA 11.477 Total			<u>37,504</u>
ARRA-Broadband Technology Opportunities Program (BTOP)			
Department of Commerce Direct		11.557	15,879
NIST-01-42-B10580			
Department of Commerce Pass-through			
	ALA DEPT OF ECON&COMM AFFAIRS-BB-SBA-002-10	11.557	57,840
CFDA 11.557 Total			<u>73,719</u>

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<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
Other Programs			
Manufacturing Extension Partnership			
Department of Commerce Pass-through			
	ALA TECH NETWORK-2010-MEP-SDCC-01	11.611	9,170
	ALA TECH NETWORK-MEP ECAR 13-14	11.611	14,795
	ALA TECH NETWORK-MEP-NIST-70NANB10H299	11.611	187,211
CFDA 11.611 Total			<u>211,176</u>
ARRA-National Institute of Standards and Technology Construction Grant Program			
Department of Commerce Direct			
NIST-60NANB9D9140		11.618	507,351
CFDA 11.618 Total			<u>507,351</u>
Department of Commerce Total			<u>1,134,396</u>
Department of Defense			
Other Financial Assistance			
Department of Defense Direct			
ARMY-NAFBA1-13-M-0172		12	2,699
ARMY-NAFBA1-13-M-0305		12	92,468
ARMY-W911SF-09-C-0024		12	(3,291)
ARMY-W911SF-13-C-0020		12	903,546
Department of Defense Pass-through			
4H MILITARY PARTNERSHIPS: ARMY YOUTH DEVELOPMENT PROJECT	BOYS & GIRLS CLUB-AYDP-10651	12	665,772
CFDA 12 Total			<u>1,661,194</u>
Department of Defense Total			<u>1,661,194</u>
Department of the Interior			
Research Grants (Generic)			
Department of The Interior Direct			
CFDA 15.650 Total		15.650	<u>20,920</u>
			<u>20,920</u>
National Land Remote Sensing_Education Outreach and Research			
Department of The Interior Pass-through			
	AMERICA VIEW INC-AV08-AL01-008	15.815	(1,174)
	AMERICA VIEW INC-AV13-AL01	15.815	23,764
CFDA 15.815 Total			<u>22,590</u>
Department of the Interior Total			<u>43,510</u>
Department of Justice			
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program			
Department of Justice Pass-through			
	MONTG COUNTY COMM-FJC-PROTECTION ORDER DB	16.590	13,877
CFDA 16.590 Total			<u>13,877</u>
Juvenile Mentoring Program			
Department of Justice Pass-through			
	ALABAMA A&M UNIV-2012-JU-FX-0016	16.726	10,233
	ALABAMA A&M UNIV-2013-JU-FX-22-AU	16.726	14,971
CFDA 16.726 Total			<u>25,204</u>

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<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
Other Programs			
Congressionally Recommended Awards			
Department of Justice Direct		16.753	280
CFDA 16.753 Total			280
Department of Justice Total			39,361
Department of State			
Other Financial Assistance			
Department of State Pass-through			
US DEPT STATE-S-LMAQM-10-CA-384	UNIV OF FLORIDA-UF10265	19	12,362
CFDA 19 Total			12,362
Department of State Total			12,362
Department of Transportation			
Airport Improvement Program			
Department of Transportation Pass-through			
	ALA DEPT OF TRANSPORTATION-PARALLEL TAXIWAY	20.106	22,758
	ALA DEPT OF TRANSPORTATION-T-HANGAR TAXIWAYS-FED	20.106	469,280
			492,038
	ALA DEPT OF TRANSPORTATION-LTAP	20.509	256,683
	ALA DEPT OF TRANSPORTATION-RTAP	20.509	155,280
ARRA-Airport Improvement Program			
Department of Transportation Pass-through			
	ALA DEPT OF TRANSPORTATION-RTAP-ARRA	20.509	(5,815)
CFDA 20.509 Total			406,148
Other Financial Assistance			
Department of Transportation Direct			
FAA-DTFWA-11-A-80000		20	(3,937)
CFDA 20 Total			(3,937)
Department of Transportation Total			894,249
Department of the Treasury			
Volunteer Income Tax Assistance (VITA) Matching Grant Program			
Department of The Treasury Pass-through			
	ALA ASSET BUILDING COALITION-VOLUNTEER INCOME TAX ASSIST PROG	21.009	1,500
CFDA 21.009 Total			1,500
Department of the Treasury Total			1,500
Appalachian Regional Commission			
Appalachian Regional Development (See individual Appalachian Programs)			
Appalachian Regional Commission Pass-through			
	ALA GREEN INDUSTRY TRAINING CTR-GREEN INDUSTRY WEBSITE	23.001	39,153
CFDA 23.001 Total			39,153

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<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
Other Programs			
Appalachian Area Development			
Appalachian Regional Commission Direct		23.002	43,469
Appalachian Regional Commission Pass-through			
	UNIV OF ALABAMA-WAHP-FAYETTE	23.002	152
	UNIV OF ALABAMA-WAHP-PICKENS	23.002	(461)
CFDA 23.002 Total			<u>43,160</u>
	EAST TENNESSEE STATE UNIV-220013-16	23.011	<u>4,000</u>
CFDA 23.011 Total			<u>4,000</u>
Appalachian Regional Commission Total			<u>86,313</u>
National Aeronautics and Space Administration			
Science			
National Aeronautics And Space Administration Direct		43.001	<u>12,333</u>
CFDA 43.001 Total			<u>12,333</u>
Aeronautics			
National Aeronautics And Space Administration Pass-through			
	UNIV OF ALABAMA-UA14-035	43.002	<u>4,691</u>
CFDA 43.002 Total			<u>4,691</u>
National Aeronautics and Space Administration Total			<u>17,024</u>
National Endowment for the Arts			
Promotion of the Arts_Grants to Organizations and Individuals			
National Endowment For The Arts Direct		45.024	68,929
National Endowment For The Arts Pass-through			
	UNIV OF GEORGIA-RE021-147/4785256	45.024	<u>5,422</u>
CFDA 45.024 Total			<u>74,351</u>
Promotion of the Arts_Partnership Agreements			
National Endowment For The Arts Pass-through			
	SOUTH ARTS-SOUTHERN CIRCUIT	45.025	2,400
	SOUTH ARTS-SOUTHERN CIRCUIT-15	45.025	<u>400</u>
CFDA 45.025 Total			<u>2,800</u>
National Endowment for the Arts Total			<u>77,151</u>
National Endowment for the Humanities			
Promotion of the Humanities_Federal/State Partnership			
National Endowment For The Humanities Pass-through			
	ALA HUMANITIES FDN-0214-2170PD	45.129	324
	ALA HUMANITIES FDN-0214-2172MN	45.129	467
	ALA HUMANITIES FDN-0911-0313-2112PD	45.129	<u>6,606</u>
CFDA 45.129 Total			<u>7,397</u>
National Endowment for the Humanities Total			<u>7,397</u>

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2014

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
Other Programs			
Small Business Administration			
Small Business Development Centers			
Small Business Administration Pass-through			
	UNIV OF ALABAMA-AU-11-048	59.037	(1,189)
CFDA 59.037 Total			(1,189)
Small Business Administration Total			(1,189)
Environmental Protection Agency			
State Indoor Radon Grants			
Environmental Protection Agency Pass-through			
	ALA DEPT PUBLIC HEALTH-C00113146	66.032	(662)
CFDA 66.032 Total			(662)
Nonpoint Source Implementation Grants			
Environmental Protection Agency Pass-through			
	ALA DEPT OF ENVIRON MGMT-C20596011	66.460	287
CFDA 66.460 Total			287
Regional Wetland Program Development Grants			
Environmental Protection Agency Direct			
CFDA 66.461 Total		66.461	153,380
			153,380
Performance Partnership Grants			
Environmental Protection Agency Pass-through			
	ALA DEPT OF ENVIRON MGMT-C20596056	66.605	70,000
CFDA 66.605 Total			70,000
Environmental Education Grants			
Environmental Protection Agency Pass-through			
	KENTUCKY ASSOC OF ENVIRONMENTAL ED-ALABAMA RIVER	66.951	4,009
CFDA 66.951 Total			4,009
Environmental Protection Agency Total			227,014
Department of Energy			
Renewable Energy Research and Development			
Department of Energy Direct			
Department of Energy Pass-through			
	UNIV OF CENTRAL FLA-UCF01-0000283788	81.087	85,485
CFDA 81.087 Total		81.087	38,592
			124,077
Other Financial Assistance			
Department of Energy Pass-through			
PLENOPTIC CAMERA			
CFDA 81 Total		81	63,078
	SANDIA NATL LABORATORIES-PO 1485742		63,078
Department of Energy Total			187,155
Department of Education			
Title I Grants to Local Educational Agencies			
Department of Education Pass-through			
	ALA DEPT OF EDUCATION-FOCUS SCHOOLS	84.010	13,897
CFDA 84.010 Total			13,897

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2014

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
Other Programs			
Career and Technical Education -- Basic Grants to States			
Department of Education Pass-through	ALA DEPT OF EDUCATION-U300167	84.048	653
	ALA DEPT OF EDUCATION-U400132	84.048	1,616
CFDA 84.048 Total			<u>2,269</u>
Leveraging Educational Assistance Partnership			
Department of Education Pass-through	ALA COMM OF HIGHER ED-SSIG 2012	84.069	54,892
CFDA 84.069 Total			<u>54,892</u>
Fund for the Improvement of Postsecondary Education			
Department of Education Pass-through	INDIANA UNIV-BL-4240318-AU	84.116	29,420
CFDA 84.116 Total			<u>29,420</u>
Rehabilitation Services_Vocational Rehabilitation Grants to States			
Department of Education Pass-through	ALA DEPT REHAB SERVICES-AE4087SG03	84.126	9,500
	ALA DEPT REHAB SERVICES-MOBILE	84.126	286
	ALA DEPT REHAB SERVICES-STATEWIDE NEEDS ASSESSMENT	84.126	11,917
	ALA DEPT REHAB SERVICES-SUPERVISORS TRAINING	84.126	2,451
CFDA 84.126 Total			<u>24,154</u>
Rehabilitation Long-Term Training			
Department of Education Direct		84.129	221,728
CFDA 84.129 Total			<u>221,728</u>
Fund for the Improvement of Education			
Department of Education Pass-through	MONTGOMERY PUBLIC SCHOOLS-ELEM COUNSELING SUPPORT	84.215	31,650
CFDA 84.215 Total			<u>31,650</u>
Rehabilitation Training_State Vocational Rehabilitation Unit In-Service Training			
Department of Education Pass-through	ALA DEPT REHAB SERVICES-VOCATIONAL REHAB CUSTOMER SVC	84.265	3,896
CFDA 84.265 Total			<u>3,896</u>
Twenty-First Century Community Learning Centers			
Department of Education Pass-through	ALA DEPT OF EDUCATION-3RD PTY-244509	84.287	47,585
	ALA DEPT OF EDUCATION-C3U0086	84.287	246,967
	BREWTON CITY SCHOOLS-21ST	84.287	95,057
CFDA 84.287 Total			<u>389,609</u>
Special Education - State Personnel Development			
Department of Education Pass-through	ALA DEPT OF EDUCATION-U300681	84.323	39,133
	ALA DEPT OF EDUCATION-U300683	84.323	46,004
CFDA 84.323 Total			<u>85,137</u>

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2014

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
Other Programs			
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities			
Department of Education Direct		84.325	367,562
CFDA 84.325 Total			367,562
Special Education_Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities			
Department of Education Direct		84.326	1,024,645
CFDA 84.326 Total			1,024,645
Mathematics and Science Partnerships			
Department of Education Pass-through			
	ALA DEPT OF EDUCATION-AMSTI-U300472	84.366	30,270
	ALA DEPT OF EDUCATION-U100569	84.366	(5,930)
	ALA DEPT OF EDUCATION-U300144	84.366	50,291
	ALA DEPT OF EDUCATION-U400266	84.366	152,576
	ALA DEPT OF EDUCATION-U400267	84.366	161,983
CFDA 84.366 Total			389,190
Department of Education Total			2,638,049
Department of Health and Human Services			
Environmental Public Health and Emergency Response			
Department of Health And Human Services Pass-through			
	ALA DEPT PUBLIC HEALTH-CG 14-131 C40118088	93.070	3,446
CFDA 93.070 Total			3,446
Healthy Marriage Promotion and Responsible Fatherhood Grants			
Department of Health And Human Services Direct		93.086	223,807
Department of Health And Human Services Pass-through			
	CHILDREN'S TRUST FUND OF ALA-HMI-FCR 2009-101	93.086	(20,951)
CFDA 93.086 Total			202,856
Affordable Care Act (ACA) Personal Responsibility Education Program			
Department of Health And Human Services Pass-through			
	ALA DEPT PUBLIC HEALTH-CONFERENCE MGMT SERVICES	93.092	13,200
CFDA 93.092 Total			13,200
Food and Drug Administration_Research			
Department of Health And Human Services Direct		93.103	(1,179)
CFDA 93.103 Total			(1,179)
Affordable Care Act (ACA) Abstinence Education Program			
Department of Health And Human Services Pass-through			
	ALA DEPT PUBLIC HEALTH-C20119069	93.235	3
	ALA DEPT PUBLIC HEALTH-GC 13-404 C30117253	93.235	310,172
	ALA DEPT PUBLIC HEALTH-GC-13-103 C30117007	93.235	327,219
CFDA 93.235 Total			637,394
Substance Abuse and Mental Health Services_Projects of Regional and National Significance			
Department of Health And Human Services Pass-through			
	LIGHTHOUSE-NEWDIRECTIONS	93.243	27,157
CFDA 93.243 Total			27,157

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2014

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
Other Programs			
Centers for Disease Control and Prevention_Investigations and Technical Assistance Department of Health And Human Services Pass-through	ALA DEPT PUBLIC HEALTH-GC 13-367 C30117229	93.283	14,637
	ALA DEPT PUBLIC HEALTH-GC 14-266 C40118149	93.283	4,628
CFDA 93.283 Total			<u>19,265</u>
Cancer Treatment Research Department of Health And Human Services Pass-through	UNIV OF ALABAMA AT BIRMINGHAM-000502446-001	93.395	11,880
CFDA 93.395 Total			<u>11,880</u>
Community-Based Child Abuse Prevention Grants Department of Health And Human Services Pass-through	CHILDREN'S TRUST FUND OF ALA-CBCAP 2013-203	93.590	(1,908)
	CHILDREN'S TRUST FUND OF ALA-CBCAP 2014-203	93.590	24,136
CFDA 93.590 Total			<u>22,228</u>
Head Start Department of Health And Human Services Pass-through	MONTGOMERY COMMUNITY ACTION COMMITTEE INC-HEAD START	93.600	(4,982)
CFDA 93.600 Total			<u>(4,982)</u>
The Affordable Care Act – Medicaid Adult Quality Grants Department of Health And Human Services Pass-through	ALA MEDICAID-MEDICAID ADULT QUALITY	93.609	84,724
CFDA 93.609 Total			<u>84,724</u>
Foster Care_Title IV-E Department of Health And Human Services Pass-through	UNIV OF ALABAMA-UA14-022	93.658	42,707
CFDA 93.658 Total			<u>42,707</u>
PPHF Cooperative Agreement to Support Navigators in Federally-facilitated and State Partnership Exchanges Department of Health And Human Services Pass-through	TOMBIGBEE HLTHCARE AUTHORITY-CAN-BULLOCK	93.750	24,491
	TOMBIGBEE HLTHCARE AUTHORITY-CAN-DALLAS	93.750	30,462
	TOMBIGBEE HLTHCARE AUTHORITY-CAN-WASHINGTON	93.750	12,515
	TOMBIGBEE HLTHCARE AUTHORITY-CAN-WILCOX	93.750	24,855
CFDA 93.750 Total			<u>92,323</u>
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program Department of Health And Human Services Pass-through	CAHABA CTR OF MENTAL HLTH MENTAL RETARDATION-DRAP 2010	93.912	8,500
	SYLACAUGA ALLIANCE FOR FAMILY ENHANCEMENT-RURAL HEALTH DEV GRNT EVAL	93.912	74
	TOMBIGBEE HLTHCARE AUTHORITY-DRAP 13-WILCOX	93.912	14,945
CFDA 93.912 Total			<u>23,519</u>
Department of Health and Human Services Total			<u>1,174,538</u>
Department of Homeland Security			
Hazard Mitigation Grant Department of Homeland Security Pass-through	ALA EMERG MGMT ASSOC-HMG 1971-586	97.039	43,826
CFDA 97.039 Total			<u>43,826</u>
Department of Homeland Security Total			<u>43,826</u>
Other Programs Total			<u>16,960,840</u>
Schedule of Expenditures of Federal Awards Total			<u>\$ 264,593,702</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, 2014

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, 2014. This schedule has been prepared using the cash basis of accounting.

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.

2. Summary of Significant Accounting Policies

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

3. Subrecipients

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 \$5,643,885 of federal awards to subrecipients during the year ended September 30, 2014, as follows:

Agency	Programs				Total
	R&D Cluster	Highway Planning & Construction Cluster	SNAP Cluster	Other Programs	
Agency For International Development	\$ 77,266	\$ -	\$ -	\$ -	\$ 77,266
Department Of Agriculture	233,222	-	656,225	134,010	1,023,457
Department Of Commerce	158,150	-	-	58,554	216,704
Department Of Defense	1,001,646	-	-	571,230	1,572,876
Department Of Energy	49,451	-	-	31,690	81,141
Department Of Health And Human Services	1,489,734	-	-	-	1,489,734
Department Of The Interior	42,604	-	-	-	42,604
Department Of Transportation	135,077	179,754	-	22,758	337,589
Environmental Protection Agency	4,361	-	-	61,613	65,974
National Aeronautics And Space Administration	78,950	-	-	-	78,950
National Science Foundation	657,590	-	-	-	657,590
	<u>\$ 3,928,051</u>	<u>\$ 179,754</u>	<u>\$ 656,225</u>	<u>\$ 879,855</u>	<u>\$ 5,643,885</u>

Auburn University

Notes to Schedule of Expenditures of Federal Awards

Year Ended September 30, 2014

4. Facilities and Administrative Costs

The University operates under predetermined facilities and administrative cost rates, which were effective beginning October 1, 2009 and are effective through September 30, 2014. The base rate for on-campus research is 48%. 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. Balances and transactions relating to these programs are included in the University's basic financial statements.

The balances of loans outstanding at September 30, 2014, and funds advanced by the University to eligible students during the year ended September 30, 2014, under the Federal student loan programs are summarized as follows:

	Perkins (CFDA#84.038)	Perkins Cancellations (CFDA#84.037)	HPSL (CFDA#93.342)
Funds advanced to students during fiscal year 2014	\$ 2,646,809	\$ -	\$ 397,500
Loan balances outstanding at September 30, 2014	15,644,135	-	2,010,458
Loan cancellations during fiscal year 2014	-	154,699	6,476

6. Federal Direct Student Loans (CFDA# 84.268)

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

During the program year ended June 30, 2014, the University processed the following amount of student loans under the Direct Loan program:

	CFDA#	Total 2012
Federal Direct Student Loans	84.268	\$ 152,388,144

7. Administrative Cost Allowance

During the program year ended June 30, 2014, the University charged \$161,229 and AUM charged \$0 to the Federal Work-Study program for administrative cost allowance. In addition, AUM charged \$37,773 and the University charged \$0 to the Federal Perkins Loan Program. No administrative cost allowance was charged to the FSEOG for either campus.

Part III

Reports on Internal Control and Compliance and Major Programs



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

To the Board of Trustees of Auburn University:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Auburn University (the "University"), which is a component unit of the State of Alabama, and of Auburn Alumni Association (the "Association"), Auburn University Foundation (the "Foundation"), and Auburn Research and Technology Foundation ("ARTF"), the University's discretely presented component units as of and for the year ended September 30, 2014, and Tigers Unlimited Foundation ("TUF"), another of the University's discretely presented component units, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Auburn University's basic financial statements, and have issued our report thereon dated January 23, 2015. Other auditors audited the financial statements of the Association, the Foundation, and TUF, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Association, the Foundation, TUF, and ARTF were not audited in accordance with *Government Auditing Standards* and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these component units

Internal Control Over Financial Reporting

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



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

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

Compliance and Other Matters

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

Purpose of this Report

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

PricewaterhouseCoopers LLP

January 23, 2015



**Independent Auditor's Report 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:

Report on Compliance for Each Major Federal Program

We have audited Auburn University's (the "University") compliance 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 the University's major federal programs for the year ended September 30, 2014. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2014-001, 2014-002, and 2014-003. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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.



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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

PricewaterhouseCoopers LLP

June 23, 2015

Part IV

Findings

Auburn University
Schedule of Findings and Questioned Costs
Year Ended September 30, 2014

I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? ☒ yes ☐ no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
Various	Research and Development Cluster
Various	Student Financial Aid Cluster
84.326	Special Education_Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities

Dollar threshold used to distinguish between type A and type B programs? \$ 2,119,027

Auditee qualified as low-risk auditee? ☒ yes ☐ no

Auburn University
Schedule of Findings and Questioned Costs
Year Ended September 30, 2014

II – Financial Statements Findings and Questioned Costs

None.

Auburn University

Schedule of Findings and Questioned Costs

Year Ended September 30, 2014

III – Federal Award Findings and Questioned Costs

Finding 2014-001: Verification Process

Federal Agency: Department of Education

Program: Student Financial Aid Cluster

CFDA #: 84.063

Award #: Federal Pell Grant Program (“Pell”)

Award year: October 1, 2013 – September 30, 2014

Criteria

34 CFR section 668.53 - “An institution shall establish and use written policies and procedures for verifying information contained in a student aid application in accordance with the provisions of this subpart.”

Condition

During student file testing at the Auburn Campus, we tested 60 verification compliance cases out of 2,663 students verified by the University. A total of 6,559 students were selected by the Department of Education. For one out of the 60 students tested the Adjusted Gross Income (“AGI”) was verified, but not appropriately updated.

The calculation of the student’s Estimated Family Contribution (“EFC”), which determined the level of aid that the student was eligible to receive, contained an error that understated the EFC and resulted in an over-award of \$2,100 of Pell funding.

Questioned Costs

The condition resulted in the over-award of financial aid in the total amount of \$2,100 of Pell funding.

Cause

The University’s internal controls over verification did not result in complete and accurate verification of the information used to calculate the EFC for all verification cases selected. The employee performing the verification process failed to demonstrate adequate scrutiny as he verified the criteria correctly and identified that the AGI needed to be changed, but neglected to process the change and amend the EFC.

Effect

The effect of these errors is that the University over-awarded federal aid.

Recommendation

We recommend the University examine its controls over student financial aid verification and enhance the process by which the verification worksheets are prepared and reviewed.

Management’s View and Corrective Action Plan

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

Auburn University
Schedule of Findings and Questioned Costs
Year Ended September 30, 2014

Finding 2014-002: Schedule of Expenditure of Federal Awards Accuracy

Federal Agency	Program	CFDA#	Award#	Impact
Department of Health and Human Services	Affordable Care Act (ACA) Abstinence Education Program	93.235	ALA DEPT PUBLIC HEALTH-GC-13-103 C30117007	\$317,641 Inappropriately excluded

Federal Agency	Program	CFDA#	Award#	Impact
Department of Education	College Access Challenge Grant Program	84.378	ALA DEPT OF EDUCATION-COLLEGE ACCESS GRANT	\$1,083 Inappropriately included
Department of Education	Rehabilitation Training_State Vocational Rehabilitation Unit In-Service Training	84.265	ALA DEPT REHAB SERVICES-LTI CLOSING RETREAT	\$932 Inappropriately included
Department of Health and Human Services	Money Follows the Person Rebalancing Demonstration	93.791	ALA MEDICAID AGENCY-MONEY FOLLOWS PERSON	\$160,485 Inappropriately included
Department of Homeland Security	Homeland Security Grant Program	97.067	ALA DEPT OF HOMELAND SECURITY-VIRTUAL AL SAFE SCHOOLS GIP MAPPING	\$55,658 Inappropriately included

Award year: October 1, 2012 – September 30, 2013 and October 1, 2013 – September 30, 2014

Criteria

“Recipients’ financial management systems shall provide for....accurate, current and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements set forth in § 215.52.”

Condition

During the 2014 fiscal year, Management discovered that a \$317,641 federal grant funded through the Department of Health and Human Services (CFDA# 93.235) was inadvertently omitted from the 2013 Schedule of Expenditures of Federal Awards (“SEFA”). The University is a sub-recipient of this funding, which flows through the Alabama Department of Public Health as the prime recipient.

Auburn University

Schedule of Findings and Questioned Costs

Year Ended September 30, 2014

In addition, while testing key personnel changes for awards monitored by the AUM campus, 3 awards were determined to be fixed price contracts (CFDA# 84.378, 93.791, and 97.067) that should not be reflected on the SEFA. One other award (CFDA# 84.265) was identified by the University as being a fixed price contract as well.

Questioned Costs

None.

Cause

The University's internal controls over award maintenance failed to properly identify CFDA# 93.235 as a Federal pass-through grant.

The AUM employee entering grant award identification elements into the University's accounting system failed to identify these awards (CFDA# 84.265, 84.378, 93.791, and 97.067) as fixed price contracts when they were initially recorded in the University's accounting system due to insufficient training on how to record federal awards.

Effect

The 2013 SEFA was understated by \$317,641 due to the exclusion of expenditures under CFDA# 93.235. The University has included this amount, along with \$9,578 of 2014 expenditures, on the 2014 SEFA, which overstates the total expenditures reported on the 2014 SEFA. The University appropriately removed all fixed price contracts from the 2014 SEFA.

Recommendation

We recommend that the University ensure accurate reporting of federal awards by examining their control process and modifying the process such that all federal awards will be reported appropriately.

Management's View and Corrective Action Plan

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

Auburn University
Schedule of Findings and Questioned Costs
Year Ended September 30, 2014

Finding 2014-003: Notification of Key Personnel changes

Federal Agency	Program	CFDA#	Award#
Department of Education	Fund for the Improvement of Education	84.215	MONTGOMERY PUBLIC SCHOOLS-ELEM COUNSELING SUPPORT
Department of Health and Human Services	The Affordable Care Act – Medicaid Adult Quality Grants	93.609	ALA MEDICAID-MEDICAID ADULT QUALITY
Department of Health and Human Services	Money Follows the Person Rebalancing Demonstration	93.791	ALA MEDICAID AGENCY-MONEY FOLLOWS PERSON

Award year: October 1, 2013 – September 30, 2014

Criteria

48 CFR section 352.242-70 - “The key personnel specified in this contract are considered to be essential to work performance. At least 30 days prior to diverting any of the specified individuals to other programs or contracts (or as soon as possible, if an individual must be replaced, for example, as a result of leaving the employ of the Contractor), the Contractor shall notify the Contracting Officer and shall submit comprehensive justification for the diversion or replacement request (including proposed substitutions for key personnel) to permit evaluation by the Government of the impact on performance under this contract. The Contractor shall not divert or otherwise replace any key personnel without the written consent of the Contracting Officer. The Government may modify the contract to add or delete key personnel at the request of the contractor or Government.”

Condition

During testing over Special Tests & Provisions- Key Personnel, we tested 4 out of 28 grants that had changes in Principal Investigators (“PI”) in 2014. 19 of these grants are monitored by the Auburn Main Campus and nine by the AUM campus. Of these 4 grants tested, three were from Auburn Main Campus and one from AUM.

The award that was tested from AUM did not have evidence that the awarding agency had been notified in a timely manner.

In response, the remaining 8 AUM awards with PI changes were reviewed and there was no evidence of notification or approval for 2 additional awards.

Questioned Costs

None.

Cause

The University’s Contracts & Grants department at the AUM campus did not maintain adequate documentation that these changes in key personnel were communicated and approved by the awarding agency.

Auburn University
Schedule of Findings and Questioned Costs
Year Ended September 30, 2014

Effect

The lack of documentation of awarding agency approval of changing in the staffing mix of key personnel could result in a loss of funding for these awards.

Recommendation

We recommend the University examine its controls and make changes to ensure that the Contracts & Grants department is notified when a Principal Investigator on an AUM grant is changed, so that they may seek approval from the awarding agency in a timely manner.

Management's View and Corrective Action Plan

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

Auburn University

Summary Schedule of Prior Audit Findings

Year Ended September 30, 2014

Condition

As part of the PwC student file testing for the 2013 audit, PwC tested a sample of verification compliance cases at Auburn University's main campus and its Montgomery campus ("AUM"). PwC selected 40 cases from the main campus's total population of 6,316 and 60 cases from AUM's total population of 904. Of these 100 students, six had verification criteria that were either unverified or verified but not updated within the student's file.

Each of these errors contributed to the calculation of the respective students' Estimated Family Contribution ("EFC"), which determined the level of aid that they were eligible to receive. The change to the appropriate EFC for each student's calculation resulted in an over-award for four of the six students, totaling \$3,800.

These errors impacted the calculation of the student's Estimated Family Contribution ("EFC"), which determines the level of aid they are eligible to receive.

Status

Management's status of the prior year finding, and the current year corrective action plan, are on the following pages.



AUBURN UNIVERSITY

OFFICE OF THE VICE PRESIDENT
FOR BUSINESS AND FINANCE AND CFO

June 23, 2015

Management Update on Prior Year Finding and Questioned Costs

Finding 2013-001: Verification Process:

To improve Auburn University's (the University) controls surrounding the verification process, the main campus Student Financial Services (SFS) office began utilizing an additional employee to assist with verification during peak processing and to serve as the verifier's backup. Throughout the year, this backup employee also reviewed files, on a sample basis, to ensure all criteria was being verified and corrected. In addition, SFS continues to encourage students and/or parents to complete the IRS Data Retrieval Process when completing the FAFSA, which minimizes the number of items that must be reviewed for verification. The Auburn University Montgomery (AUM) Financial Aid office continues their training efforts they established during fiscal year 2013. Since the verification process occurs at both campus locations, the University enhanced the communication between the two offices by sharing revisions to the verification processes, training materials as well as discussing outstanding issues as any arise. The offices continue to emphasize the importance of adequate scrutiny when verifying student information to ensure appropriate awarding.

The University reimbursed the Federal Pell Grant program for the over awards of \$3,800. The University's and AUM's implemented review procedures are ongoing.

Contact:

Amy Douglas, Controller



AUBURN UNIVERSITY

OFFICE OF THE VICE PRESIDENT
FOR BUSINESS AND FINANCE AND CFO

June 23, 2015

MANAGEMENT VIEWS AND CORRECTIVE ACTION PLAN REPORT ON FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133 FOR THE YEAR ENDED SEPTEMBER 30, 2014

Finding 2014-001: Verification Process

In response to the prior year finding 2013-001, Auburn University (the University) implemented the following corrective action plan in June 2014:

The main campus Student Financial Services (SFS) office began utilizing an additional employee to assist with verification during peak processing and to serve as the verifier's backup. Throughout the year, this backup employee also reviewed files, on a sample basis, to ensure all criteria are being verified and corrected. In addition, SFS continued to encourage students and/or parents to complete the IRS Data Retrieval Process when completing the FAFSA, which minimizes the number of items that must be reviewed for verification.

The current year error occurred prior to the implementation of our action plan. SFS will continue to utilize the additional employee and perform sample reviews to ensure the University is in compliance with Department of Education regulations and to continue to improve the controls surrounding the Student Financial Aid verification process.

The University reimbursed the Federal Pell Grant program for the over awards of \$2,100. There have not been any additional over awards identified as a result of follow-up reviews performed by SFS.

Finding 2014-002: Schedule of Expenditure of Federal Awards Accuracy

Although the University's initial review of CFDA # 93.235 did not identify the funding as federal, the University's control procedures subsequently discovered the award was misclassified in our financial system. The University immediately corrected the mistake and will continue to review documentation prior to set-up to ensure awards are properly classified as federal or non-federal.

The University understands fixed-price contracts are not identified as Federal awards under OMB Circular A-133; therefore, should not be included in the Schedule of Expenditures of Federal Awards (SEFA). The classification errors occurred in the initial set-up of CFDA # 84.265, 84.378, 93.791, and 97.067. Contract and Grant Accounting at main campus will work with Auburn University Montgomery (AUM) to properly identify fixed-price contracts and ensure they are not included on the SEFA.

Finding 2014-003: Key Personnel Changes Not Properly Documented

Although AUM notified the respective agencies verbally or via e-mail, to ensure AUM is in compliance with the Code of Federal Regulations, AUM implemented the following corrective action plan.

AUM will notify the applicable governmental agency in writing, when key personnel changes occur. The procedures will include submitting to the Contracting Officer comprehensive justification for the diversion or replacement request (including proposed substitutions for key personnel) to permit evaluation by the Government of the impact on performance under this contract. AUM will not divert or otherwise replace any key personnel without the written consent of the Contracting Officer.

Contact:	Amy Douglas, Controller
Anticipated implementation date:	June 23, 2015