

# **Auburn University**

**Report on Federal Awards in Accordance with OMB**

**Circular A-133**

**For the Year Ended September 30, 2015**

**EIN: 63-6000724**

**Auburn University**  
**Report on Federal Awards in Accordance with OMB Circular A-133**  
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**September 30, 2015**

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**Part I**  
**Financial Statements**

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## **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, 2015 and 2014, 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, 2015 and 2014. 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, 2015 and 2014. 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, 2015 and 2014, or at June 30, 2015 and 2014, 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, 2015 on pages 5 through 14 and 58 through 63, 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, 2015 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*

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 20, 2016 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, 2015. 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 20, 2016

# 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, 2015, with a comparison to the year ended September 30, 2014. 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 2015 enrollment totaled 32,206 students at main campus and AUM. The University offers a diverse range of degree programs in 12 colleges and schools and has 5,406 full-time employees, including 1,397 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 "2015," "2014," 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 No. 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, 2015, 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.

During the year, the University implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB Statement No. 68 revises existing standards for employer financial statements and requires the recognition of a liability equal to the net pension obligation for pension plans provided by the University to its employees. The net pension obligation is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. The total pension liability is determined based upon



discounting projected benefit payments based on the benefit terms and legal agreements existing at the pension plan's fiscal year end. Projected benefit payments are required to be discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits, and a tax-exempt, high-quality municipal bond rate when plan assets are not available. This Statement requires that most changes in the net pension liability be included in pension expense in the period of the change. GASB Statement No. 71 is a clarification to GASB Statement No. 68 requiring recognition of a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning

## 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, 2015 and 2014, is as follows:

	2015	2014
<b>Assets</b>		
Current assets	\$ 236,697,624	\$ 301,408,817
Capital assets	1,560,193,650	1,550,144,298
Other noncurrent assets	995,824,011	861,390,142
<b>Total assets</b>	<u>2,792,715,285</u>	<u>2,712,943,257</u>
<b>Deferred Outflows of Resources</b>	<u>80,183,723</u>	<u>14,442,185</u>
<b>Liabilities</b>		
Current liabilities	345,166,861	333,782,202
Noncurrent liabilities	1,309,624,581	751,013,602
<b>Total liabilities</b>	<u>1,654,791,442</u>	<u>1,084,795,804</u>
<b>Deferred Inflows of Resources</b>	<u>39,513,489</u>	<u>435,203</u>
<b>Net Position</b>		
Net investment in capital assets	855,698,812	821,520,355
Restricted-nonexpendable	28,537,859	28,176,521
Restricted-expendable	177,483,201	162,165,880
Unrestricted	116,874,205	630,291,679
<b>Total net position</b>	<u>\$ 1,178,594,077</u>	<u>\$ 1,642,154,435</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 decreased \$64.7 million from 2014 to 2015. Of this decrease, cash and cash equivalents and operating investments decreased by \$78.4 million. During the year, the University decreased the amount of deposits on hold with banks based on revised federal bank regulations. These funds were invested in longer term maturities. Accounts receivable (including loans receivable and interest receivable) increased \$8.7 million. The majority of the accounts receivable increase was due to increased spending prior to year end on federal, state and other sponsored projects, which generated receivables. Student accounts receivable increased \$3.9 million, which was due to the tuition increase approved by the Board of Trustees and changes in enrollment and scholarship strategies. The remaining changes were due to increases in inventories and prepaid expenses of \$1.1 million.

The University's long-term investments, shown in other noncurrent assets, increased by \$134.5 million from 2014 to 2015. As discussed above, this was due partially to changes in federal bank regulations as well as investing the University's increases in net position in longer

term maturities. These statements also enhance accountability and transparency through revised note disclosures and required supplementary information (RSI). September 30, 2014 amounts have not been restated to reflect the impact of GASB Statement No. 68 because the information is not available to calculate the impact on pension expense for the fiscal year ending September 30, 2014. In accordance with the Statement, the University has reported a net pension liability (net of deferred outflows of resources) in the amount of \$558,573,898 as a change in accounting principle adjustment to unrestricted net position as of October 1, 2014.

term maturities. The University saw increases in capital assets, net of depreciation, shown as "Investment in plant, net" on the Statement of Net Position, of \$10.0 million from 2014 to 2015. Capital assets generally represent the historical cost of land, land improvements, buildings, construction in progress, infrastructure, equipment, library books, art and collectibles, software system implementation, and livestock, less applicable accumulated depreciation, with buildings comprising approximately 76.8% of the total net capital asset value. The increase, offset by disposal activity, depreciation, and transfers, was the result of \$86.8 million of new additions to property, plant, and equipment, net of construction in progress transfers. The University expended \$69.5 million in new construction during fiscal year 2015.

The following building construction projects totaling \$37.5 million were either completed and placed into service or additional work was performed on a previously completed project during the current fiscal year:

Jordan Hare Stadium New Score and Video Board System	\$ 13.2 million
Cambridge Apartments	\$ 5.2 million
East Glenn Administrative Support Facility	\$ 3.4 million
Bailey Small Animal Teaching Hospital	\$ 2.6 million
Dudley Envelope and Windows	\$ 2.0 million
South Donahue Residence Halls	\$ 1.5 million
Lowder East Hall Courtyard Student Lounge	\$ 1.3 million
War Hawk Residence Hall	\$ 1.3 million
Pathological Waste Incinerator and Building Improvements	\$ 1.2 million
Jordan Hare Stadium Power System Improvement	\$ 1.1 million
Other Small Projects	\$ 4.7 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, 2014, and 2015, 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. In 2015, the University implemented GASB Statement No. 68 which required the reporting of deferred outflows of resources relating to the accounting and reporting of pensions.

Deferred outflows of resources increased \$65.7 million, which is made up of loss on refunding of bonds and pension activity. During the year, the University partially defeased certain bonds and issued 2015A and 2015B General Fee Bonds. The losses on refunding of these defeasances, which totaled \$15.7 million, were amortized with prior years' losses. The amortized amount of \$3.2 million netted with the current year losses to account for \$12.5 million of the increase. 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). In addition, deferred outflows of resources increased \$53.2 million relating to pension activity in accordance with the implementation of GASB Statement No. 68 (see Note 11).

### The University's Liabilities

Current liabilities consist of accounts payable, accrued salaries and wages, the current portion of compensation-related liabilities, accrued interest payable, other accrued liabilities, student and other deposits (including Perkins and Health Professions loan liability), unearned revenues, and the current portion of noncurrent liabilities. Current liabilities increased \$11.4 million from 2014 to 2015. While the University accrued \$3.0 million less in payables at year end, unearned revenues increased \$15.2 million. Unearned revenue is comprised of tuition, room and board revenue that relates to fiscal year 2016, contracts and grants funding received prior to expenditure as well as athletic revenue related to games played subsequent to September 30. For Fall 2015, the Board of Trustees approved approximately a 2.5% and 3.2% tuition increase for main campus and AUM, respectively. Sixty percent of fall tuition is reported as unearned revenue due to the fiscal year end of September 30. The remaining changes were due to a decrease in the pollution remediation liability of \$2.9 million, which was determined to be due subsequent to fiscal year 2016 and an increase of \$1.4 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 2012 were structured to begin principal repayments in 2016, 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, 2016. Noncurrent liabilities increased \$558.6 million from 2014 to 2015. The majority of the increase was due to the implementation of GASB Statement No. 68 which requires the recognition of a liability equal to the net pension obligation for pension plans provided by the University to its employees. Based on actuarial data, the University's pension obligation was \$570.4 million. An additional \$1.8 million was accrued for the University's post-employment medical plan, in accordance with GASB Statement No. 45. These increases were offset with debt payments and amortization of bond premium and discounts in the amount of \$16.3 million. The remaining increase was due to the University's pollution remediation liability, which did not change significantly in total from 2014; however, it is now determined it will be due subsequent to fiscal year 2016.

### 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. In 2015, the University implemented GASB Statement No. 68 which required the reporting of deferred inflows of resources relating to the accounting and reporting of pensions.

The University's deferred inflows of resources had an increase of \$39.1 million from 2014 to 2015. This increase was the result of the accounting and reporting of pension activity, in accordance with GASB Statement No. 68 (see Note 11).

### 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 4.2% from 2014 to 2015. This increase was due to capitalization of assets as previously described and payments made on outstanding debt.

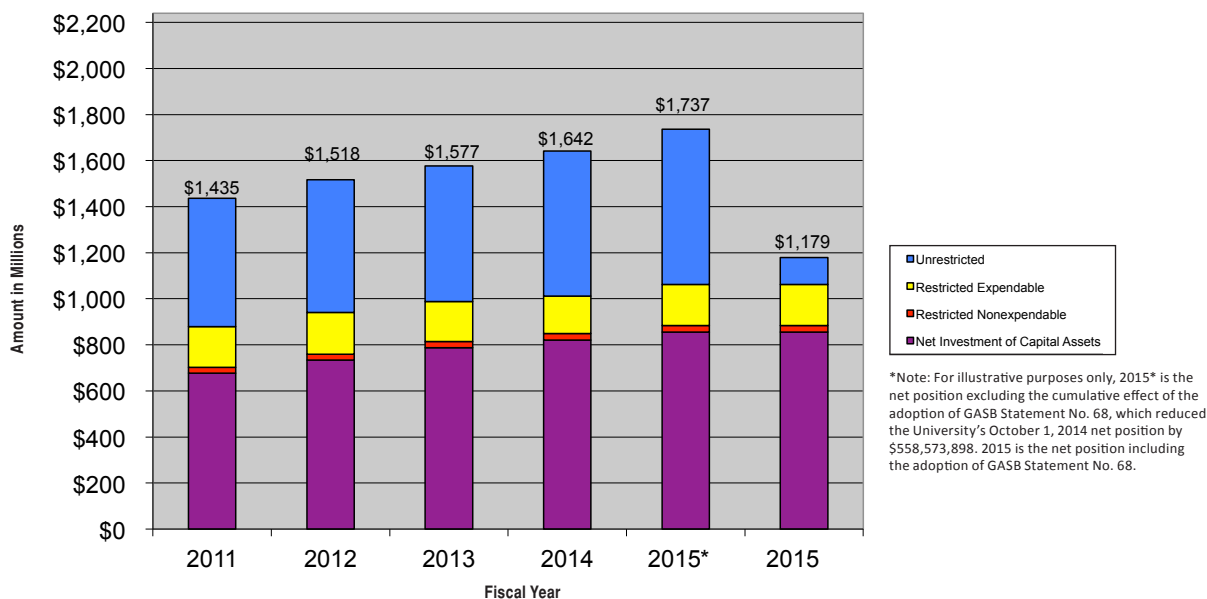
Restricted (nonexpendable and expendable) net position:

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 1.3% from 2014 to 2015. 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 increased 9.4% from 2014 to 2015. This majority of the increase was due to additional gift receipts in fiscal year 2015.

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 decreased 81.5% from 2014 to 2015. The decrease in unrestricted net position was due to the implementation of GASB Statement No. 68. Otherwise, the University would have shown an increase in unrestricted net position of \$45.2 million.

## TOTAL NET POSITION



## 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 operating and nonoperating

revenues, operating and nonoperating expenses, other revenues, expenses, gains, losses, and changes in net position.

A condensed statement is provided below:

	2015	2014
Operating revenues	\$ 718,514,949	\$ 663,909,152
Operating expenses	949,522,278	928,297,437
Operating loss	(231,007,329)	(264,388,285)
Net nonoperating revenues and other changes in net position	326,020,869	329,276,547
Increase in net position	95,013,540	64,888,262
Net position - beginning of year	1,642,154,435	1,577,266,173
Cumulative effect of change in accounting principle	(558,573,898)	
Net position, October 1, 2014, as restated	1,083,580,537	
Net position - end of year	\$ 1,178,594,077	\$ 1,642,154,435

The 2015 Statement of Revenues, Expenses, and Changes in Net Position reflects an increase in net position at the end of the year of \$95.0 million. Operating revenues increased 8.2% from 2014 to 2015. The majority of this increase is attributable to the increase in student tuition and fee revenue, net of discounts. The \$29.7 million tuition and fee increase over 2014 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 \$6.8 million. The majority of the increase was due to revenue recognized on a fixed price contract, of which the revenue was previously deferred. The University saw a net increase in federal appropriations, federal, state, and nongovernmental contract and grant revenues of \$2.9 million, which was primarily the result of an increase in spending of federal grant funds appropriated and awarded for research. Auxiliary revenue increased \$12.9 million. The majority of this increase was due to increased athletic ticket sales, radio and television revenues. In addition, the University saw increases in housing revenue at main campus and at AUM.

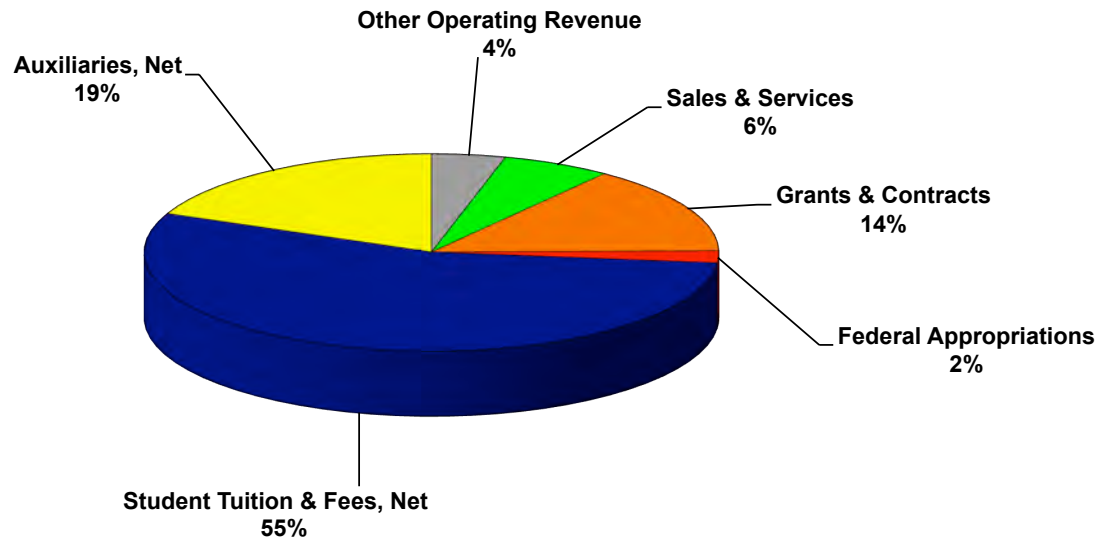
Operating expenses increased \$21.2 million from 2014 to 2015. Multiple factors contributed to this net increase. Compensation and benefit costs increased 3.5%. This was the result of Board-approved salary increases and one-time supplement payments. Scholarship and fellowship

expense decreased \$1.9 million, while other supplies and services expenses had a modest increase of \$2.0 million. Depreciation expense increased 3.5% in 2015. This increase was the result of recording depreciation beginning in fiscal year 2015 on projects completed in 2014. The biggest addition in fiscal year 2014 was the Bailey Small Animal Teaching Hospital.

Net nonoperating revenues and other changes in net position decreased \$3.3 million from 2014 to 2015. The University's net investment income decreased from \$38.8 million in fiscal year 2014 to \$27.4 million in fiscal year 2015. During fiscal year 2015, there were several factors that contributed to this decrease. The University experienced one-year losses of (4.0)%, compared to one-year returns of 10.8% in 2014; this caused a decrease in unrealized gains/losses of \$7.2 million. During fiscal year 2014, the University recognized a gain of approximately \$5.0 million which did not occur in fiscal year 2015. Therefore, the realized gain/losses on investments decreased \$4.0 million. In addition, the University's interest expense increased \$3.2 million. These changes were offset by an increase in appropriations from the State of Alabama of \$2.5 million, additional revenue recognized on Pell grants awarded to students in fiscal year 2015 of \$0.5 million or 2.6%, and an increase in gifts and capital gifts and grants of \$8.3 million.

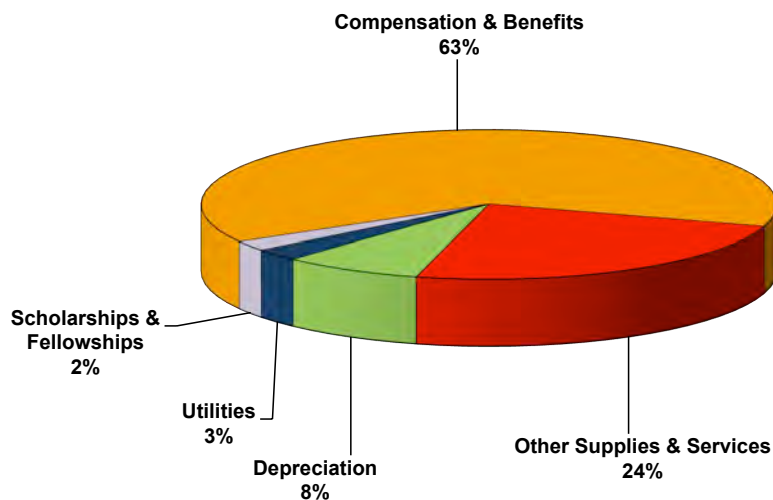
### OPERATING REVENUES SUPPORTING CORE ACTIVITIES

For the year ended September 30, 2015



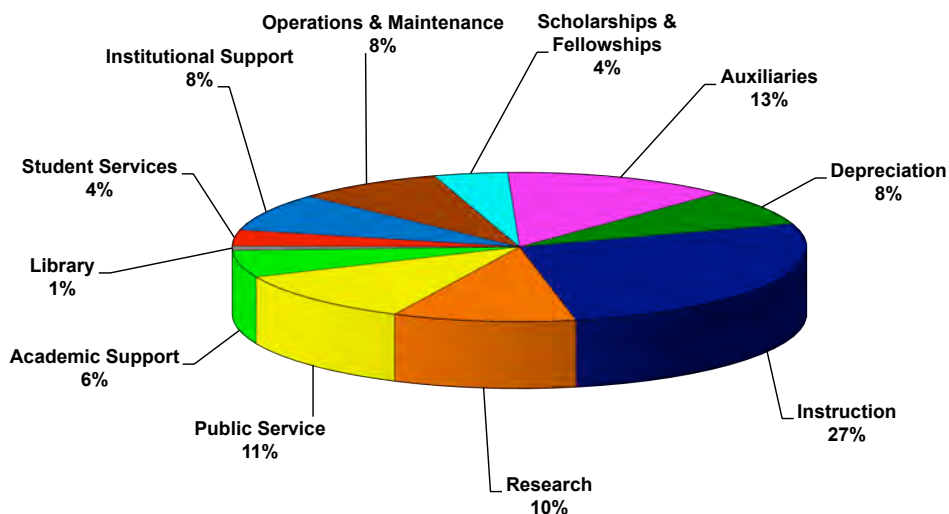
### OPERATING EXPENSES BY NATURAL CLASSIFICATION

For the year ended September 30, 2015



### OPERATING EXPENSES BY FUNCTION

For the year ended September 30, 2015





## Statement of Cash Flows

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

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

The University's cash flows are summarized below:

	2015	2014
Net cash provided by (used in):		
Operating activities	\$ (156,592,736)	\$ (167,488,580)
Noncapital financing activities	313,173,218	301,397,720
Capital and related financing activities	(127,591,944)	(125,797,480)
Investing activities	<u>(91,707,514)</u>	<u>57,846,593</u>
Net (decrease) increase in cash	(62,718,976)	65,958,253
Cash and cash equivalents - beginning of year	<u>137,388,965</u>	<u>71,430,712</u>
Cash and cash equivalents - end of year	<u>\$ 74,669,989</u>	<u>\$ 137,388,965</u>

Net cash used in operating activities decreased from 2014 to 2015 by 6.5%. The majority of this decrease was the result of additional cash provided from tuition and fees of \$28.0 million, auxiliary enterprises of \$23.3 million, other operating revenues of \$7.0 million, and federal appropriations of \$1.6 million. These increases in cash were offset by payments for employee compensation and benefits of an additional \$21.9 million, as a result of Board-approved salary increases and one-time supplement payments, and additional payments to suppliers of \$11.0 million. Although the University received fewer funds from grants and contracts of \$19.3 million, payments for utilities and scholarship & fellowships decreased \$1.5 million and \$1.2 million, respectively.

Net cash provided by noncapital financing activities increased \$11.8 million. This was primarily due to additional gifts of \$7.7 million and additional allocation of state appropriations of \$2.5 million over the allocation in fiscal year 2014. The remaining increase of \$1.6 million was the difference between direct and other loan receipts and disbursements in fiscal year 2015.

The University saw an increase in net cash used in capital and related financing activities of \$1.8 million. During fiscal year 2015, the University received \$2.1 million less than in fiscal year 2014 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 \$10.4 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 \$8.8 million. In contrast, payments for interest expense increased \$13.9 million. This increase was a direct result of the completion of the previously mentioned construction projects. In prior years, some payments relating to interest expense were capitalized. These same costs are now shown as interest expense. In addition, the University increased the principal payments on debt by \$5.3 million. This increase was the result of the University's debt repayment strategies. Bonds issued in 2012 were structured to begin principal repayments in 2016, aligning payments with generation of corresponding pledged revenue.

Net cash used in investing activities increased by \$149.6 million. Although the University received an additional \$237.5 million from the proceeds from the sale and maturities of investments, the University utilized \$388.6 million in the purchasing of new investments. The remaining increase of \$1.5 million was attributable to investment income receipts.

## Economic factors that will affect the future

While the University is impacted by the general economic conditions, management believes the University will continue its high level of excellence in service to students, sponsors, the State of Alabama, and

other constituents. 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. Management is 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**

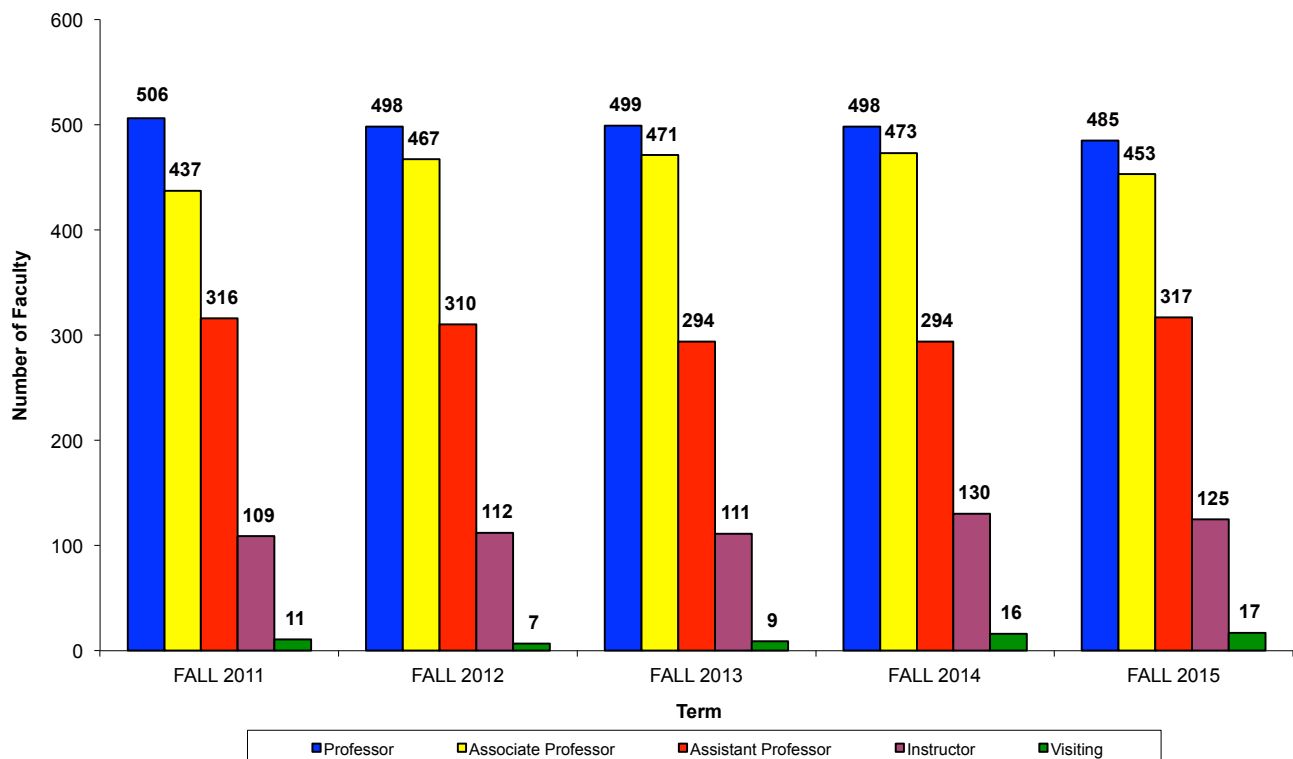
	2011-12	2012-13	2013-14	2014-15	2015-16
Auburn Main Campus/ Auburn University at Montgomery					
Full Time Students:					
In-State	\$8,698/\$7,580	\$9,446/\$8,115	\$9,852/\$8,750	\$10,200/\$9,080	\$10,424/\$9,350
Out-of-State	\$23,290/\$21,440	\$25,190/\$23,115	\$26,364/\$24,950	\$27,384/\$19,640	\$28,040/\$20,210

**FALL STUDENT ENROLLMENT**

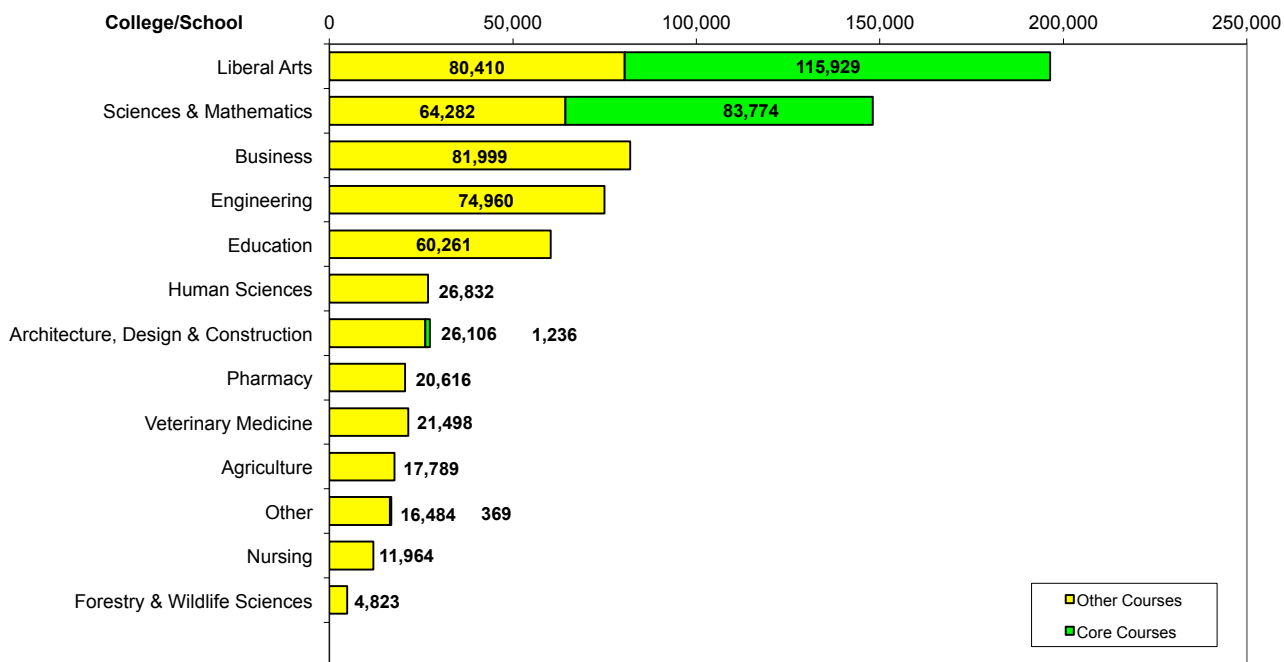
	2011	2012	2013	2014	2015
Auburn Main Campus and Auburn University at Montgomery					
Undergraduate and Professional	24,849	24,400	24,133	25,006	26,043
Graduate	5,925	5,723	5,827	5,963	6,163

**DEGREES AWARDED FOR THE ACADEMIC YEAR**

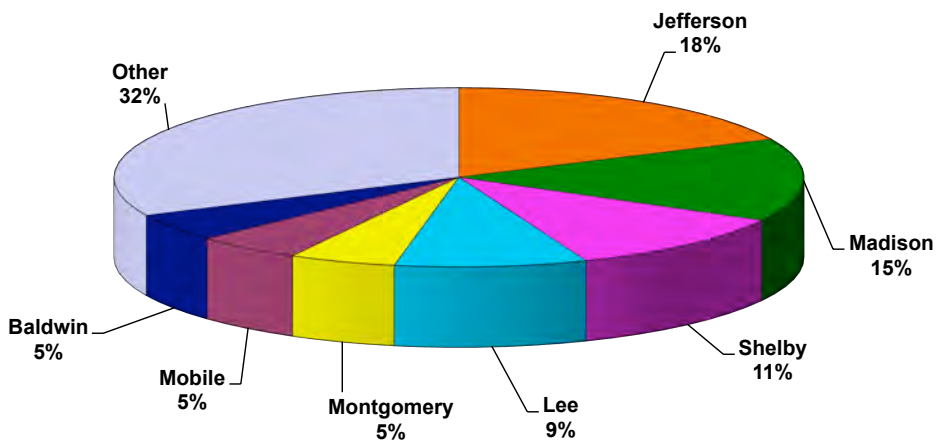
	2010-11	2011-12	2012-13	2013-14	2014-15
Auburn Main Campus and Auburn University at Montgomery					
Bachelor	4,800	4,833	4,834	5,090	5,115
Advanced	1,809	1,922	1,835	1,869	1,905

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

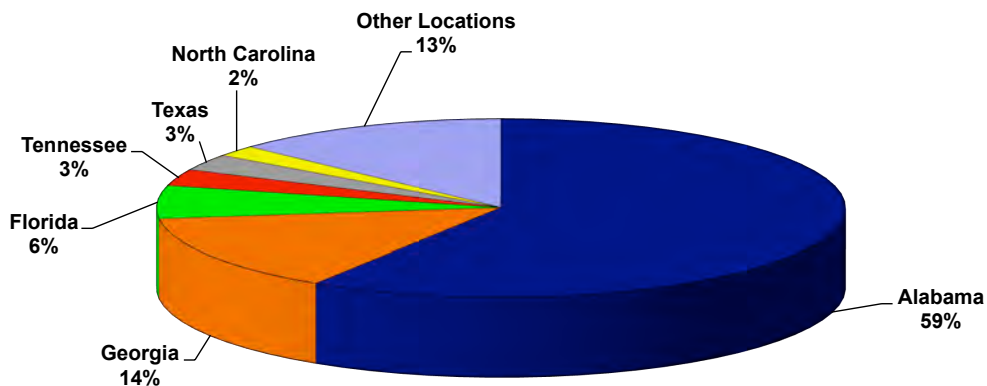
**AUBURN UNIVERSITY MAIN CAMPUS  
TOTAL STUDENT CREDIT HOURS BY COLLEGE/SCHOOL 2014-15**



**AUBURN UNIVERSITY MAIN CAMPUS FRESHMEN  
ENROLLMENT BY ALABAMA COUNTIES  
SUMMER/FALL TERMS 2015**



**SOURCES OF ENTERING FRESHMEN BY STATE  
MAIN CAMPUS SUMMER/FALL TERMS 2015**



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

	2011	2012	2013	2014	2015
<b>Revenues by Source</b>					
Tuition and fees	\$ 294.7	\$ 323.1	\$ 349.2	\$ 365.9	\$ 395.6
Federal appropriations	38.8*	11.8	13.0	12.9	14.3
State appropriations	235.7	247.8	238.6	243.0	245.5
Grants and contracts, net	136.6	134.5	121.1	118.4	120.5
Gifts	32.3	36.6	35.4	36.6	43.9
Capital gifts and grants	48.2	17.2	28.2	3.8	4.8
Sales and services, investments and other income, net of interest expense	58.8	72.8	60.7	89.2	83.6
Sales and services of auxiliary enterprises	<u>106.2</u>	<u>101.5</u>	<u>104.8</u>	<u>123.4</u>	<u>136.3</u>
Total Revenues by Source	<u>\$ 951.3</u>	<u>\$ 945.3</u>	<u>\$ 951.0</u>	<u>\$ 993.2</u>	<u>\$ 1,044.5</u>
<b>Expenditures by Function</b>					
Instruction	\$ 230.4	\$ 239.5	\$ 242.6	\$ 249.0	\$ 254.6
Research	102.8	102.6	97.4	99.2	97.3
Public service	106.0	107.4	104.7	102.5	106.7
Academic support	38.8	38.8	43.7	53.3	55.4
Library	8.3	10.1	8.3	9.7	9.0
Student services	23.6	24.9	27.6	30.2	33.0
Institutional support	74.1	73.3	70.0	70.5	78.5
Operation and maintenance	77.8	66.3	84.5	78.8	78.8
Scholarships and fellowships	33.7	35.0	39.5	40.2	39.3
Auxiliary enterprises	102.5	99.1	106.9	123.1	122.6
Depreciation	<u>53.8</u>	<u>61.1</u>	<u>66.1</u>	<u>71.8</u>	<u>74.3</u>
Total Expenditures by Function	<u>\$ 851.8</u>	<u>\$ 858.1</u>	<u>\$ 891.3</u>	<u>\$ 928.3</u>	<u>\$ 949.5</u>
<b>Expenditures by Natural Classification</b>					
Compensation & benefits	\$ 536.6	\$ 539.2	\$ 558.0	\$ 578.2	\$ 598.4
Scholarships & fellowships	17.3	18.4	21.6	22.7	20.7
Utilities	23.3	23.2	22.8	26.0	24.5
Other supplies and services	220.8	216.2	222.8	229.6	231.6
Depreciation	<u>53.8</u>	<u>61.1</u>	<u>66.1</u>	<u>71.8</u>	<u>74.3</u>
Total Expenditures by Natural Classification	<u>\$ 851.8</u>	<u>\$ 858.1</u>	<u>\$ 891.3</u>	<u>\$ 928.3</u>	<u>\$ 949.5</u>

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



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

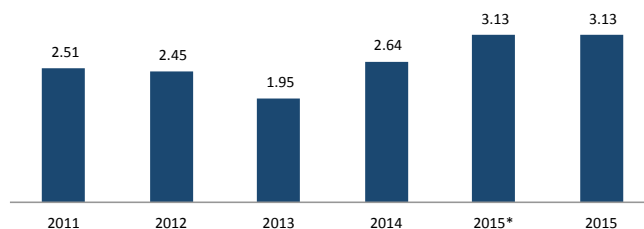
### Financial Ratios

NOTE: For illustrative purposes only, 2015\* uses the net position excluding the cumulative effect of the adoption of GASB Statement No. 68, which reduced the University's October 1, 2014 net position by \$558,573,898. In contrast, 2015 uses the net position including the adoption of GASB Statement No. 68.

### 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.

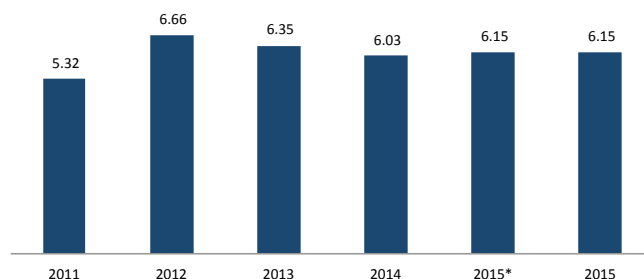
From 2011 through 2013, the University's debt service coverage ratio decreased due to new debt issuances. The ratio began rebounding as the University paid down portions of the outstanding amounts. The ratio remains sufficiently above the desired 1.0 in all years presented and was not affected by the implementation of GASB Statement No. 68.



### Debt Service Burden

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

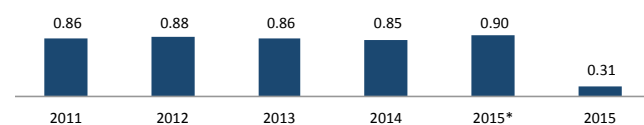
The University's debt service burden increased due to new debt issuances in 2011 and 2012. However, in 2013 and 2014, debt service remained relatively consistent, while operating expenses increased. The ratio increased slightly in fiscal year 2015, as debt service increased. Management strategically planned for debt service to increase as certain projects funded by the debt became revenue-generating. The ratio was not affected by the implementation of GASB Statement No. 68.



### 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.

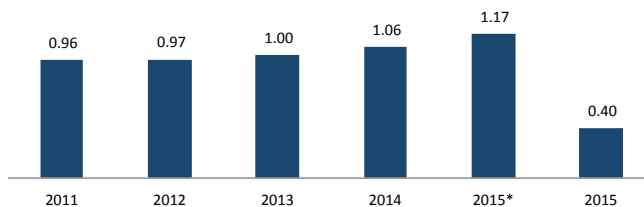
Although the primary reserve ratio is significantly impacted by the implementation of GASB Statement No. 68, management believes the University has sufficient expendable net position to continue to operate.



### 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.

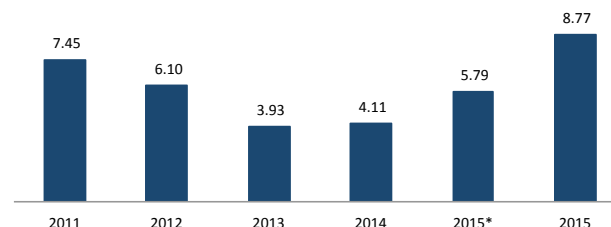
While new debt issuances in 2011 dropped the ratio below 1.0%, the ratio has since rebounded with an increase in the subsequent three years. The viability ratio is significantly impacted by the implementation of GASB Statement No. 68. However, management believes the University has sufficient expendable net position to cover debt obligations.



### 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% - 4% return over the long-term.

The University's return on net position ratio remains strong. The implementation of GASB Statement No. 68 lowered the beginning net position, which resulted in a higher ratio for 2015.



\*\*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, 2015 AND 2014**

	2015	2014
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 74,669,989	\$ 137,388,965
Operating investments	29,488,110	45,171,928
Accounts receivable, net	45,263,204	37,295,056
Student accounts receivable, net	41,267,044	37,346,662
Loans receivable, net	2,969,077	2,555,991
Accrued interest receivable	2,138,158	1,814,348
Inventories	4,861,123	4,599,906
Prepaid expenses	36,040,919	35,235,961
Total current assets	<u>236,697,624</u>	<u>301,408,817</u>
Noncurrent assets		
Investments	978,782,993	844,273,591
Loans receivable, net	17,041,018	17,116,551
Investment in plant, net	1,560,193,650	1,550,144,298
Total noncurrent assets	<u>2,556,017,661</u>	<u>2,411,534,440</u>
<b>Total assets</b>	<u>2,792,715,285</u>	<u>2,712,943,257</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Loss on refunding of bonds	26,953,797	14,442,185
Pension	53,229,926	-
<b>Total deferred outflows</b>	<u>80,183,723</u>	<u>14,442,185</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	52,709,497	55,670,506
Accrued salaries and wages	3,501,872	3,025,472
Accrued compensated absences	19,023,576	18,347,365
Accrued interest payable	11,677,978	12,298,575
Other accrued liabilities	5,449,261	8,344,327
Student deposits	2,866,239	3,068,492
Deposits held in custody	20,133,089	19,900,249
Unearned revenues	199,551,845	184,309,364
Noncurrent liabilities-current portion	30,253,504	28,817,852
Total current liabilities	<u>345,166,861</u>	<u>333,782,202</u>
Noncurrent liabilities		
Bonds and notes payable	699,839,916	716,188,582
Pension and OPEB	588,439,539	16,232,518
Other noncurrent liabilities	21,345,126	18,592,502
Total noncurrent liabilities	<u>1,309,624,581</u>	<u>751,013,602</u>
<b>Total liabilities</b>	<u>1,654,791,442</u>	<u>1,084,795,804</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Nonexchange transactions	206,159	435,203
Pension	39,307,330	-
<b>Total deferred inflows</b>	<u>39,513,489</u>	<u>435,203</u>
<b>NET POSITION</b>		
Net investment in capital assets	855,698,812	821,520,355
Restricted		
Nonexpendable	28,537,859	28,176,521
Expendable:		
Scholarships, research, instruction, other	167,933,215	151,931,724
Loans	5,171,064	5,013,550
Capital projects	4,378,922	5,220,606
Unrestricted	116,874,205	630,291,679
<b>Total net position</b>	<u>\$ 1,178,594,077</u>	<u>\$ 1,642,154,435</u>

See accompanying notes to financial statements.

**AUBURN UNIVERSITY**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

	2015	2014
<b>OPERATING REVENUES</b>		
Tuition & fees, net of scholarship allowances of \$104,855,468 and \$107,695,483, respectively	\$ 395,612,498	\$ 365,946,812
Federal appropriations	14,304,014	12,888,064
Federal grants & contracts, net	65,197,789	65,480,729
State & local grants & contracts, net	18,137,344	16,025,884
Nongovernmental grants & contracts, net	14,533,400	14,871,312
Sales & services of educational departments	44,393,576	42,072,042
Auxiliary revenue, net of scholarship allowances of \$8,113,771 and \$7,041,111, respectively	136,309,769	123,401,308
Other operating revenues	<u>30,026,559</u>	<u>23,223,001</u>
Total operating revenues	<u>718,514,949</u>	<u>663,909,152</u>
<b>OPERATING EXPENSES</b>		
Compensation & benefits	598,404,935	578,242,854
Scholarships & fellowships	20,739,919	22,651,077
Utilities	24,520,336	26,003,836
Other supplies & services	231,559,648	229,604,057
Depreciation	<u>74,297,440</u>	<u>71,795,613</u>
Total operating expenses	<u>949,522,278</u>	<u>928,297,437</u>
Operating loss	<u>(231,007,329)</u>	<u>(264,388,285)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	245,502,175	242,982,031
Gifts	43,862,924	36,622,346
Grants	22,620,365	22,037,644
Net investment income	27,441,880	38,843,549
Interest expense on capital debt	<u>(18,597,132)</u>	<u>(15,435,498)</u>
Nonoperating revenues, net	<u>320,830,212</u>	<u>325,050,072</u>
Income before other changes in net position	89,822,883	60,661,787
<b>OTHER CHANGES IN NET POSITION</b>		
Capital appropriations	-	16,585
Capital gifts & grants	4,829,319	3,729,932
Additions to permanent endowments	<u>361,338</u>	<u>479,958</u>
Net increase in net position	95,013,540	64,888,262
<b>Net position - beginning of year</b>	1,642,154,435	1,577,266,173
Cumulative effect of accounting change	<u>(558,573,898)</u>	
<b>Net position October 1, 2014, as restated</b>	<u>1,083,580,537</u>	
<b>Net position - end of year</b>	<u>\$ 1,178,594,077</u>	<u>\$ 1,642,154,435</u>

*See accompanying notes to financial statements.*

**AUBURN UNIVERSITY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition & fees	\$ 401,863,262	\$ 373,885,655
Federal appropriations	13,398,839	11,822,841
Grants & contracts	88,102,237	107,445,031
Sales & services of educational departments	42,390,578	41,765,348
Auxiliary revenue	144,934,497	119,881,121
Other operating revenues	30,698,728	23,686,105
Payments to suppliers	(234,889,869)	(222,067,887)
Payments for utilities	(24,520,336)	(26,003,836)
Payments for employee compensation & benefits	(596,775,639)	(574,905,901)
Payments for scholarships & fellowships	(21,286,355)	(22,507,092)
Student loans issued	(3,872,655)	(3,397,962)
Student loans collected	3,363,977	2,907,997
Net cash used in operating activities	<u>(156,592,736)</u>	<u>(167,488,580)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	245,502,175	242,982,031
Gifts and grants for other than capital purposes	66,738,081	59,170,269
Direct and other loan receipts	198,010,171	177,467,924
Direct and other loan disbursements	<u>(197,077,209)</u>	<u>(178,222,504)</u>
Net cash provided by noncapital financing activities	<u>313,173,218</u>	<u>301,397,720</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from advanced refunding of debt, net of issuance cost	171,240,220	75,346,556
Capital appropriations	-	16,585
Capital grants & gifts received	2,544,239	4,611,200
Purchases of capital assets	(82,628,205)	(93,052,995)
Proceeds received from sale of capital assets	308,735	81,250
Principal paid on debt & capital leases	(24,863,361)	(19,596,314)
Interest paid on debt & capital leases	(39,373,572)	(25,503,762)
Payment to escrow on advanced refunding of debt	<u>(154,820,000)</u>	<u>(67,700,000)</u>
Net cash used in capital and related financing activities	<u>(127,591,944)</u>	<u>(125,797,480)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments and reinvestments	600,620,269	363,116,309
Investment income	20,924,830	19,419,490
Purchases of investments	<u>(713,252,613)</u>	<u>(324,689,206)</u>
Net cash (used in) provided by investing activities	<u>(91,707,514)</u>	<u>57,846,593</u>
Net (decrease) increase in cash and cash equivalents	<u>(62,718,976)</u>	<u>65,958,253</u>
Cash and cash equivalents - beginning of year	<u>137,388,965</u>	<u>71,430,712</u>
Cash and cash equivalents - end of year	<u>\$ 74,669,989</u>	<u>\$ 137,388,965</u>

See accompanying notes to financial statements.

**AUBURN UNIVERSITY**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

	2015	2014
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</b>		
Operating loss	\$ (231,007,329)	\$ (264,388,285)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	74,297,440	71,795,613
Reserve for recovery of loans receivable	171,125	224,464
Loss on sale of capital assets	2,160,182	1,894,750
Changes in assets and liabilities:		
Accounts receivable	(8,326,852)	6,747,315
Student accounts receivable	(3,920,382)	(2,986,486)
Inventories	(261,217)	(82,414)
Unearned revenues	15,242,481	10,445,588
Accounts payable	(4,400,835)	4,791,721
Prepaid expenses	(804,958)	17,492
Accrued salaries, wages and compensated absences	1,152,611	1,203,266
Student deposits and deposits held in custody	(902,375)	24,548
Loans to students	(508,678)	(489,965)
Other accrued liabilities	(2,895,066)	644,363
Nonexchange transactions	(229,044)	88,209
Pension obligation	(2,062,054)	-
Other noncurrent liabilities	5,702,215	2,581,241
Net cash used in operating activities	<u>\$ (156,592,736)</u>	<u>\$ (167,488,580)</u>

**SUPPLEMENTAL NONCASH ACTIVITIES INFORMATION**

Capital assets acquired with a liability at year-end	\$ 4,674,497	\$ 3,234,671
Gifts of capital assets	2,750,330	2,385,618
Capitalized interest	12,535,730	18,485,556

*See accompanying notes to financial statements.*

**AUBURN UNIVERSITY COMPONENT UNITS**  
**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2015 AND 2014**

	<b>Auburn University Foundation</b>		<b>Auburn Alumni Association</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10,226,894	\$ 3,349,824	\$ 20,729	\$ 72,071
Investments	421,516,863	418,046,081	4,357,167	4,776,518
Investment in Auburn University Foundation Securities Pool	-	-	8,210,325	8,989,525
Accrued interest receivable	107,808	79,593	17,423	20,431
Contributions receivable, net	105,082,407	68,585,013	297,820	357,720
Other assets	27,773	6,467	-	34
Investment in real estate	3,200,304	4,074,251	674,799	674,799
Cash surrender value of life insurance	5,588,166	5,082,046	-	-
Beneficial interest in outside trusts	5,205,119	5,405,637	-	-
Property and equipment, net	189,941	218,706	1,885,632	1,943,453
Prepaid items	-	-	270	5,025
Due from Auburn University	545,454	260,860	-	-
Due from Auburn University Foundation	-	-	379	-
Due from Auburn Alumni Association	639,500	-	-	-
<b>Total assets</b>	<b>\$ 552,330,229</b>	<b>\$ 505,108,478</b>	<b>\$ 15,464,544</b>	<b>\$ 16,839,576</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 500,357	\$ 423,320	\$ 63,839	\$ 102,396
Annuities payable	9,424,128	8,637,277	-	-
Due to Auburn University	109,533	168,834	75,559	-
Due to Auburn University Foundation	-	-	641,043	452,369
Due to Auburn Alumni Association	8,210,325	8,989,525	-	-
Due to Tigers Unlimited Foundation	8,047,688	8,606,643	-	-
Deferred revenue	94,151	1,126	8,476,549	8,391,185
<b>Total liabilities</b>	<b>26,386,182</b>	<b>26,826,725</b>	<b>9,256,990</b>	<b>8,945,950</b>
<b>NET ASSETS</b>				
Unrestricted	19,619,387	23,015,641	6,207,554	7,893,626
Temporarily restricted	144,144,939	123,459,727	-	-
Permanently restricted	362,179,721	331,806,385	-	-
<b>Total net assets</b>	<b>525,944,047</b>	<b>478,281,753</b>	<b>6,207,554</b>	<b>7,893,626</b>
<b>Total liabilities and net assets</b>	<b>\$ 552,330,229</b>	<b>\$ 505,108,478</b>	<b>\$ 15,464,544</b>	<b>\$ 16,839,576</b>

*See accompanying notes to financial statements.*

**AUBURN UNIVERSITY COMPONENT UNITS**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

	<b>Auburn University Foundation</b>		<b>Auburn Alumni Association</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>REVENUES AND OTHER SUPPORT</b>				
Public support - contributions	\$ 108,542,846	\$ 65,670,616	\$ 1,578,527	\$ 2,374,133
Investment income	1,768,469	2,511,539	369,014	352,191
Other revenues	<u>2,345,413</u>	<u>2,037,897</u>	<u>897,123</u>	<u>881,262</u>
Total operating revenues	<u>112,656,728</u>	<u>70,220,052</u>	<u>2,844,664</u>	<u>3,607,586</u>
<b>EXPENSES AND LOSSES</b>				
Program services				
Contributions to and support for Auburn University	36,885,661	31,503,530	-	-
Other program services	<u>3,264,551</u>	<u>3,403,546</u>	<u>2,140,300</u>	<u>1,778,184</u>
Total program services	<u>40,150,212</u>	<u>34,907,076</u>	<u>2,140,300</u>	<u>1,778,184</u>
Support services				
General and administrative	1,675,940	1,505,924	1,466,443	1,439,651
Fund raising	<u>3,291,330</u>	<u>2,890,611</u>	<u>202,302</u>	<u>259,264</u>
Total support services	<u>4,967,270</u>	<u>4,396,535</u>	<u>1,668,745</u>	<u>1,698,915</u>
Total expenses	<u>45,117,482</u>	<u>39,303,611</u>	<u>3,809,045</u>	<u>3,477,099</u>
Unrealized losses (gains) on investments	23,590,805	(17,822,794)	721,691	(568,822)
Realized gains on investments	(5,481,835)	(16,003,747)	-	-
Change in valuation of split-interest agreements	1,742,862	(1,602,085)	-	-
Impairment in real estate	<u>25,120</u>	<u>23,234</u>	<u>-</u>	<u>-</u>
Total expenses, (gains) and losses	<u>64,994,434</u>	<u>3,898,219</u>	<u>4,530,736</u>	<u>2,908,277</u>
 *Change in net assets	 47,662,294	 66,321,833	 (1,686,072)	 699,309
<b>Net assets - beginning of year</b>	<u>478,281,753</u>	<u>411,959,920</u>	<u>7,893,626</u>	<u>7,194,317</u>
<b>Net assets - end of year</b>	<u>\$ 525,944,047</u>	<u>\$ 478,281,753</u>	<u>\$ 6,207,554</u>	<u>\$ 7,893,626</u>
 *Change in net assets				
Unrestricted	\$ (3,396,254)	\$ 2,491,520	\$ (1,686,072)	\$ 699,309
Temporarily restricted	20,685,212	29,700,243	-	-
Permanently restricted	<u>30,373,336</u>	<u>34,130,070</u>	<u>-</u>	<u>-</u>
Total change in net assets	<u>\$ 47,662,294</u>	<u>\$ 66,321,833</u>	<u>\$ (1,686,072)</u>	<u>\$ 699,309</u>

See accompanying notes to financial statements.

**AUBURN UNIVERSITY COMPONENT UNITS**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2015 AND 2014**

**Tigers Unlimited Foundation**  
**2015**                      **2014**

**ASSETS**

Cash and cash equivalents	\$ 1,412,961	\$ 756,174
Investments	39,440,159	36,013,989
Investment in Auburn University Foundation Securities Pool	8,542,039	8,629,832
Due from Auburn University	36,800	-
Accrued interest receivable	105,043	95,311
Contributions receivable, net	10,833,485	10,726,457
Other receivables	412,063	614,125
Other assets	195,459	175,967
Property and equipment, net	17,617	91,129
<b>Total assets</b>	<u>\$ 60,995,626</u>	<u>\$ 57,102,984</u>

**LIABILITIES**

Accounts payable and accrued liabilities	\$ 462,449	\$ 665,088
Contracts payable, net	5,467,368	6,719,759
Deferred revenue	2,379,824	1,872,870
Due to Auburn University	5,693,143	2,943,300
Due to Auburn University Foundation	165,000	-
<b>Total liabilities</b>	<u>14,167,784</u>	<u>12,201,017</u>

**NET ASSETS**

Unrestricted	23,614,005	22,862,847
Temporarily restricted	16,060,965	14,919,083
Permanently restricted	7,152,872	7,120,037
<b>Total net assets</b>	<u>46,827,842</u>	<u>44,901,967</u>
<b>Total liabilities and net assets</b>	<u>\$ 60,995,626</u>	<u>\$ 57,102,984</u>

*See accompanying notes to financial statements.*



**AUBURN UNIVERSITY COMPONENT UNITS**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

**Tigers Unlimited Foundation**

**2015**

**2014**

**REVENUES AND OTHER SUPPORT**

Public support - contributions	\$ 40,117,708	\$ 37,870,989
Investment income	765,225	714,044
Other revenues	<u>6,080,997</u>	<u>5,823,499</u>
Total operating revenues	<u>46,963,930</u>	<u>44,408,532</u>

**EXPENSES AND LOSSES**

Program services		
Contributions to and support for Auburn University	16,756,982	17,217,019
Other program services	<u>17,644,565</u>	<u>17,531,732</u>
Total program services	<u>34,401,547</u>	<u>34,748,751</u>

Support services		
General and administrative	1,645,433	1,235,573
Fund raising	<u>8,064,233</u>	<u>7,847,297</u>
Total support services	<u>9,709,666</u>	<u>9,082,870</u>
Total expenses	44,111,213	43,831,621

Unrealized gains on investments, net	(109,901)	(1,319,406)
Realized losses on investments, net	641	228
Loss on write-off of contribution receivable	<u>1,036,102</u>	<u>1,969,702</u>
Total expenses, (gains) and losses	<u>45,038,055</u>	<u>44,482,145</u>

*Change in net assets	1,925,875	(73,613)
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<b>Net assets - beginning of year</b>	<u>44,901,967</u>	<u>44,975,580</u>
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<b>Net assets - end of year</b>	<u>\$ 46,827,842</u>	<u>\$ 44,901,967</u>
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*Change in net assets		
Unrestricted	\$ 751,158	\$ (151,084)
Temporarily restricted	1,141,882	(70,480)
Permanently restricted	<u>32,835</u>	<u>147,951</u>
Total change in net assets	<u>\$ 1,925,875</u>	<u>\$ (73,613)</u>

*See accompanying notes to financial statements.*

**AUBURN UNIVERSITY COMPONENT UNITS**  
**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2015 AND 2014**

**Auburn Research and Technology Foundation**

	2015	2014
<b>ASSETS</b>		
Cash and cash equivalents	\$ 898,777	\$ 731,782
Deposits	40,836	42,143
Other assets	22,051	26,886
Accounts receivable	788,789	349,836
Contributions receivable, net	1,015,948	1,070,336
Property and equipment, net	<u>8,242,346</u>	<u>8,549,672</u>
<b>Total assets</b>	<u>\$ 11,008,747</u>	<u>\$ 10,770,655</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 134,590	\$ 68,353
Deferred revenue	201,375	184,955
Deposits held in custody	40,836	42,143
Interest payable	34,972	36,478
Loan payable to Auburn University	841,305	877,548
Other payable to Auburn University	<u>225,705</u>	<u>110,102</u>
<b>Total liabilities</b>	<u>1,478,783</u>	<u>1,319,579</u>
<b>NET ASSETS</b>		
Unrestricted	8,513,975	8,380,699
Temporarily restricted	<u>1,015,989</u>	<u>1,070,377</u>
<b>Total net assets</b>	<u>9,529,964</u>	<u>9,451,076</u>
<b>Total liabilities and net assets</b>	<u>\$ 11,008,747</u>	<u>\$ 10,770,655</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, 2015 AND 2014**

**Auburn Research and Technology Foundation**

**2015**

**2014**

**REVENUES AND OTHER SUPPORT**

Rental income	\$ 1,044,682	\$ 982,030
Interest income	20,855	-
Other contracts	536,735	266,654
Contributions	<u>27,639</u>	<u>24,702</u>
Total operating revenues	<u>1,629,911</u>	<u>1,273,386</u>

**EXPENSES**

Support services		
General and administrative	1,133,438	838,562
Amortization	65,026	65,026
Depreciation	316,769	317,894
Interest	<u>35,790</u>	<u>37,328</u>
Total support services	<u>1,551,023</u>	<u>1,258,810</u>
Total expenses	1,551,023	1,258,810

*Change in net assets	78,888	14,576
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<b>Net assets - beginning of year</b>	<u>9,451,076</u>	<u>9,436,500</u>
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<b>Net assets - end of year</b>	<u>\$ 9,529,964</u>	<u>\$ 9,451,076</u>
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*Change in net assets		
Unrestricted	\$ 133,276	\$ 71,683
Temporarily restricted	<u>(54,388)</u>	<u>(57,107)</u>
Total change in net assets	<u>\$ 78,888</u>	<u>\$ 14,576</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 32,206 students for Fall semester 2015. 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 respective 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 respective 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. TUF is exempt from federal income taxes under Section 501(a) as an organization described in Section 501(c)(3). Therefore, no provision has been made for income taxes in their respective financial statements. 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 was organized under Internal Revenue Code 501(a)(3). ARTF is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. 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 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, Alabama 36849. Financial statements for TUF may be obtained by writing to Athletic Complex, 392 South Donahue Drive, Auburn University, Alabama 36849. Financial statements for ARTF may be obtained by writing to 570 Devall Drive, Suite 101, Auburn, Alabama 36832.

### Financial Statement Presentation

For financial reporting purposes, the University adheres to the provisions of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments* and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis-for Public Colleges and Universities-an amendment of GASB Statement No. 34*, 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 and 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 are subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations, or that expire by the passage of time.

- **Unrestricted net 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.

During fiscal year 2015, the University implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB Statement No. 68 revises existing standards for employer financial statements and requires the recognition of a liability equal to the net pension obligation for pension plans provided by the University to its employees. The net pension obligation is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. The total pension liability is determined based upon discounting projected benefit payments based on the benefit terms and legal agreements existing at the pension plan's fiscal year end. Projected benefit payments are required to be discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits, and a tax-exempt, high-quality municipal bond rate when plan assets are not available. This Statement requires that most changes in the net pension liability be included in pension expense in the period of the change.

GASB Statement No. 71 is a clarification to GASB Statement No. 68 requiring recognition of a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. These statements also enhance accountability and transparency through revised note disclosures and required supplementary information (RSI). September 30, 2014 amounts have not been restated to reflect the impact of GASB Statement No. 68 because the information is not available to calculate the impact on pension expense for the fiscal year ending September 30, 2014. In accordance with the Statement, the University has reported a net pension liability (net of deferred outflows of resources) in the amount of \$558,573,898 as a change in accounting principle adjustment to unrestricted net position as of October 1, 2014.



## **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.

## **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.

## **(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 record any significant losses related to investment impairment during fiscal years 2015 or 2014.

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. For non-readily marketable investments, investment income is recorded as received.

## **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 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.

Livestock is capitalized and valued at cost or fair value at the date of purchase or gift, respectively, but not depreciated. Annually, livestock inventories are adjusted to actual livestock counts, valued in various manners depending on the type and purpose of the livestock.

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 record any losses related to asset impairment during fiscal year 2015 or 2014.

## 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 student tuition and fees, net of scholarship discounts and allowances, sales and services of auxiliary enterprises, net of scholarship discounts and allowances, most federal, state, local, private grants and contracts and federal appropriations, and 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 Revenues

Sales and services of auxiliary enterprises primarily consist of revenues generated by athletics, bookstore, housing, dining, 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) 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 monitors these investments through an on-going review of investment strategy, performance, valuation, risk management practices and operational activities.

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 17, 2015, 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) was 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 17, 2015, 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. The net appreciation on endowments and funds functioning as endowments available for authorization for expenditure by the Board amounted to \$16,529,670 and \$30,497,147 at September 30, 2015 and 2014, 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, 2015 and 2014, covering the fair value of investments by investment type and related maturity, with the exception of alternative investments, which are carried at cost:

<b>Auburn University Investments</b> <b>Investment Maturities at Fair Value (in Years)</b> <b>September 30, 2015</b>					
<b>Type of Investments</b>	<b>&lt; 1 year</b>	<b>1-5 years</b>	<b>6-10 years</b>	<b>&gt; 10 years</b>	<b>Total Fair Value</b>
Fixed Maturity					
Certificates of Deposit	\$ -	\$ 676,922	\$ -	\$ -	\$ 676,922
U.S. Treasury Obligations	21,345,204	76,639,713	5,457,723	-	103,442,640
U.S. Agency Securities	2,763,674	588,864,160	76,936,985	32,214,317	700,779,136
Mortgage Backed Securities	-	-	1,972,528	4,882,546	6,855,074
Municipals	-	1,447,001	976,490	-	2,423,491
	<u>\$ 24,108,878</u>	<u>\$ 667,627,796</u>	<u>\$ 85,343,726</u>	<u>\$ 37,096,863</u>	<u>\$ 814,177,263</u>
Domestic Equities					1,055,388
Alternative Investments – at cost:					
Hedge Funds					48,827,879
Private Capital					15,533,227
Real Assets					16,812,936
Real Estate					740,750
Mutual Funds					99,799,131
Other					679,358
Money Market					70,844,695
Total investments					<u>1,068,470,627</u>
Less cash equivalents held in cash pool					<u>(60,199,524)</u>
Operating and noncurrent investments					<u>\$ 1,008,271,103</u>

<b>Auburn University Investments</b> <b>Investment Maturities at Fair Value (in Years)</b> <b>September 30, 2014</b>					
<b>Type of Investments</b>	<b>&lt; 1 year</b>	<b>1-5 years</b>	<b>6-10 years</b>	<b>&gt; 10 years</b>	<b>Total Fair Value</b>
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
	<u>\$ 33,174,304</u>	<u>\$ 465,426,756</u>	<u>\$ 124,987,967</u>	<u>\$ 58,908,962</u>	<u>\$ 682,497,989</u>
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					<u>1,027,195,519</u>
Less cash equivalents held in cash pool					<u>(137,750,000)</u>
Operating and noncurrent investments					<u>\$ 889,445,519</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, 2015 and 2014, concerning credit quality risk:

Auburn University Investments Ratings of Fixed Maturities					
Moody’s Rating	2015		2014		
	Fair Value	Fair Value as a % of Total Fixed Maturity	Fair Value	Fair Value as a % of Total Fixed Maturity	
US Treasury	\$ 103,442,640	12.71%	\$ 127,452,697	18.68%	
Aaa	707,634,210	86.91%	552,922,913	81.01%	
Aa	2,423,491	0.30%	1,420,537	0.21%	
Not rated*	676,922	0.08%	701,842	0.10%	
	<u>\$ 814,177,263</u>	<u>100.00%</u>	<u>\$ 682,497,989</u>	<u>100.00%</u>	

\*Certificates of deposit 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, 2015 and 2014, 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, 2015 and 2014, the University held no investments in foreign currency.

#### Securities Lending Program

As of September 30, 2015 and 2014, there was no participation in any securities lending program.

#### Interest Sensitive Securities

As of September 30, 2015 and 2014, the University held \$6,855,074 and \$23,239,783, representing 0.6% and 2.3%, respectively, of its total investments in mortgage-backed securities. As of September 30, 2015 and 2014, 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, 2015 and 2014, the University Cash Pool held \$52,483,818 and \$36,336,000, representing 4.9% and 3.5%, 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 eight mutual funds, one common trust fund, 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, 2015 and 2014:

2015								
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	\$ 50,250,000	\$ 50,250,000	\$ -	\$ -	\$ -	\$ -	\$ -
Private Capital	18	41,550,000	27,391,955	97,960	1,129,979	5,576,565	7,353,541	14,158,045
Real Assets	13	31,175,000	22,019,985	-	1,811,477	7,343,538	-	9,155,015
	<u>41</u>	<u>\$ 122,975,000</u>	<u>\$ 99,661,940</u>	<u>\$ 97,960</u>	<u>\$ 2,941,456</u>	<u>\$ 12,920,103</u>	<u>\$ 7,353,541</u>	<u>\$ 23,313,060</u>

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>

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, 2015 and 2014, 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, 2015 and 2014, 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, 2015, as follows: \$3,751,967, 2011 General Fee Bond proceeds, and \$26,810,876, Deferred Maintenance Building Fund. The General Liability Account holds investments of \$5,749,582.

At September 30, 2014, funds held for pending capital expenditures were 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 held investments of \$5,735,301.

AUF holds endowments and distributes earnings from those endowments to the University. AUF investments at September 30, 2015 and 2014, include the following:

		2015		2014	
		Fair Value	Cost	Fair Value	Cost
Cash and pooled investments	\$	4,446,913	\$ 4,446,913	\$ 6,678,108	\$ 6,678,108
Government bonds, notes and other securities		33,028,474	30,759,053	29,375,822	25,933,035
Corporate stocks		1,178,973	278,417	1,887,652	1,006,000
Mutual funds, business trust funds and common trust funds		187,386,931	176,220,120	183,034,720	152,982,542
Hedge funds		124,792,151	89,697,649	122,277,034	83,476,191
Private equity funds		31,951,732	27,755,905	34,106,675	26,055,081
Real asset investment funds		38,731,689	34,662,675	40,686,070	37,934,948
Total investments	\$	<u>421,516,863</u>	<u>\$ 363,820,732</u>	<u>\$ 418,046,081</u>	<u>\$ 334,065,905</u>

AUF owns shares in five mutual funds, four business trust funds, one common trust fund and two family limited partnerships. 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, 2015, AUF had entered into subscription agreements with one corporate and forty-five limited partnership investments. The aggregate amount of capital committed to these investments is \$209,962,200 of which capital contributions of \$172,037,511 have been invested. A cumulative net unrealized gain of \$43,388,660 has been recorded on these investments. Of these forty-five commitments, twelve subscriptions relate to hedge funds, twenty subscriptions relate to private equity funds, and thirteen 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 \$4,384,000 and \$3,993,000 for the fiscal years ended September 30, 2015 and 2014, 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, 2015. 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, 2015 and 2014, were \$196,410,031 and \$197,069,779, 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 \$327,177,712 and \$298,979,591 and the market value was \$382,439,328 and \$378,993,254 at September 30, 2015 and 2014, respectively. The portion of endowment income received by the University from these funds was \$11,939,752 and \$10,607,752 for the fiscal years ended September 30, 2015 and 2014, respectively.

Endowment earnings are distributed annually in March, 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 \$2,582,437 and \$2,409,462 and a market value of \$3,400,476 and \$3,555,272 at September 30, 2015 and 2014, 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, 2015 and 2014. The income received from the two trusts was \$70,542 and \$69,373 for the fiscal years ended September 30, 2015 and 2014, respectively.

## (6) ACCOUNTS RECEIVABLE

Accounts receivable and the allowances for doubtful accounts at September 30, 2015 and 2014, are summarized as follows:

	2015	2014
<b>NONSTUDENT ACCOUNTS RECEIVABLE</b>		
Federal, state & local government, and other restricted expendable	\$ 28,262,990	\$ 23,135,440
Less allowance for doubtful accounts	(1,303,687)	(2,218,796)
Pledged receivables	534,056	575,934
General	14,707,046	16,049,290
Less allowance for doubtful accounts	(13,257,468)	(13,764,142)
Auxiliary	14,458,432	11,190,244
Capital gifts and grants	1,861,835	2,327,086
Total nonstudent accounts receivable	<u>\$ 45,263,204</u>	<u>\$ 37,295,056</u>

	2015	2014
<b>STUDENT ACCOUNTS RECEIVABLE</b>		
Unrestricted general	\$ 39,903,223	\$ 35,196,598
Less allowance for doubtful accounts	(1,179,619)	(873,161)
Unrestricted auxiliary	2,600,817	3,079,458
Less allowance for doubtful accounts	(57,377)	(56,233)
Total student accounts receivable	<u>\$ 41,267,044</u>	<u>\$ 37,346,662</u>





**(7) CAPITAL ASSETS**

Capital assets at September 30, 2015 and 2014, are summarized as follows (dollars in thousands):

	September 30, 2014	Additions/Transfers	Deletions/Transfers	September 30, 2015
Capital assets not being depreciated				
Land	\$ 18,185	\$ 1,275	\$ -	\$ 19,460
Art & collectibles	9,938	725	-	10,663
Construction in progress	18,716	69,531	(55,257)	32,990
Livestock	2,245	941	(591)	2,595
Total capital assets not being depreciated	49,084	72,472	(55,848)	65,708
Capital assets being depreciated				
Land improvements	109,634	2,738	-	112,372
Buildings	1,632,084	37,462	(400)	1,669,146
Equipment	238,762	15,261	(31,967)	222,056
Infrastructure	204,481	6,277	-	210,758
Library books	176,127	7,516	(1,373)	182,270
Software system implementation	14,448	348	-	14,796
Total capital assets being depreciated	2,375,536	69,602	(33,740)	2,411,398
Less accumulated depreciation for				
Land improvements	45,213	6,797	-	52,010
Buildings	434,573	37,378	(396)	471,555
Equipment	166,980	15,564	(30,093)	152,451
Infrastructure	71,113	7,660	-	78,773
Library books	145,821	5,783	(1,372)	150,232
Software system implementation	10,776	1,115	-	11,891
Total accumulated depreciation	874,476	74,297	(31,861)	916,912
Total capital assets being depreciated, net	1,501,060	(4,695)	(1,879)	1,494,486
Capital assets, net	\$ 1,550,144	\$ 67,777	\$ (57,727)	\$ 1,560,194

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

During the fiscal years ended September 30, 2015 and 2014, approximately \$0 and \$17,000, respectively, was received from the State of Alabama to fund construction. These revenues are classified as capital appropriations on the Statements of Revenues, Expenses and Changes in Net Position.

#### (8) DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources are a consumption of net assets that is applicable to a future reporting period. In 2010, 2012, 2014 and 2015, 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. Additionally, in accordance with GASB Statement No. 68, which the University adopted in fiscal year 2015, the University's proportionate share of the net difference between projected and actual earnings on pension plan investments is presented as a deferred outflow of resources. The components of deferred outflows of resources are summarized below.

	September 30, 2015	September 30, 2014
<b>Loss on refunding</b>		
2009 General Fee refunding	\$ 2,317,000	\$ 2,775,220
2012A General Fee refunding	5,165,323	6,150,409
2012B General Fee refunding	288,300	331,212
2014A General Fee refunding	4,694,370	5,185,344
2015A General Fee refunding	10,287,870	-
2015B General Fee refunding	4,200,934	-
<b>Pension</b>	53,229,926	-
Total deferred outflows of resources	\$ 80,183,723	\$ 14,442,185

## (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, 2014	Principal New Debt	Repayment	Balance at September 30, 2015
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.	\$ 665,000	\$ -	\$ (125,000)	\$ 540,000
2001A Athletic Revenue Bonds, \$24,412,607 face value, 2.125% to 5.49%, due annually through 2021.	11,671,442	-	(1,993,361)	9,678,081
2006A General Fee Revenue Bonds, \$60,000,000 face value, 3.5% to 5.0%, due annually through 2037.	13,450,000	-	(4,960,000)	8,490,000
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.	129,445,000	-	(117,180,000)	12,265,000
2008 General Fee Revenue Bonds, \$92,500,000 face value, 3.0% to 5.0%, due annually through 2038.	83,345,000	-	(39,750,000)	43,595,000
2009 General Fee Revenue Bonds, \$79,500,000 face value, 2.0% to 5.0%, due annually through 2026.	69,970,000	-	(4,140,000)	65,830,000
2011A General Fee Revenue Bonds, \$226,035,000 face value, 4.0% to 5.0%, due annually through 2041.	226,035,000	-	(4,255,000)	221,780,000
2012A General Fee Revenue Bonds, \$120,135,000 face value, 2.0% to 5.0%, due annually through 2042.	110,850,000	-	(6,465,000)	104,385,000
2012B General Fee Revenue Bonds, \$3,505,000 face value, 2.9%, due annually through 2024.	3,385,000	-	(60,000)	3,325,000
2014A General Fee Revenue Bonds, \$66,415,000 face value, 2.0% to 5.0%, due annually through 2035.	66,415,000	-	(555,000)	65,860,000
2015A General Fee Revenue Bonds, \$116,190,000 face value, 2.0% to 5.0%, due annually from 2016 through 2038.	-	116,190,000	-	116,190,000
2015B General Fee Revenue Bonds, \$38,700,000 face value, 2.0% to 5.0%, due annually from 2016 through 2035.	-	38,700,000	-	38,700,000
Total bonds payable	<u>715,231,442</u>	<u>154,890,000</u>	<u>(179,483,361)</u>	<u>690,638,081</u>
Plus unamortized bond premium	29,572,341	16,350,220	(6,467,222)	39,455,339
	<u>744,803,783</u>	<u>\$ 171,240,220</u>	<u>\$ (185,950,583)</u>	<u>730,093,420</u>
Less: current portion				
Bonds payable	(24,663,361)			(25,403,719)
Unamortized bond premium	<u>(3,951,840)</u>			<u>(4,849,785)</u>
Total noncurrent bonds and notes payable	<u>\$ 716,188,582</u>			<u>\$ 699,839,916</u>



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>

On March 18, 2015, the University issued the 2015A General Fee bonds with a par value of \$116,190,000 and interest rates ranging from 2.0% to 5.0% to advance refund \$117,095,000 of outstanding 2006A General Fee and 2007A General Fee Bonds with interest rates ranging from 4.25% to 5.0%. The portion of the net proceeds of this new bond issue to be used for refunding was deposited in an irrevocable trust with an escrow agent and was 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 \$11,126,551 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 23 years by \$14,782,269 and resulted in an economic gain (the difference between the present value of the debt service payments on the old and new bonds) for the University of \$10,918,145.

On September 10, 2015, the University issued the 2015B General Fee bonds with a par value of \$38,700,000 and interest rates ranging from 2.0% to 5.0% to advance refund \$37,725,000 of outstanding 2008 General

Fee Bonds with an interest rate of 5.0%. The portion of the net proceeds of this new bond issue to be used for refunding was deposited in an irrevocable trust with an escrow agent and was 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 \$4,539,080 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 20 years by \$4,605,961 and resulted in an economic gain (the difference between the present value of the debt service payments on the old and new bonds) for the University of \$3,394,409.

These losses on refunding, combined with previous losses, have been classified as deferred outflows of resources on the Statements of Net Position. The University recognized \$3,154,019 and \$2,145,607 of interest and cost associated with the amortization of these deferred outflows in 2015 and 2014, respectively.

### Future Debt Service

Future debt service payments for each of the five fiscal years subsequent to September 30, 2015, and thereafter, are as follows:

Year Ending September 30	Bonds Payable	
	Principal	Interest
2016	\$ 25,403,719	\$ 33,440,811
2017	22,398,501	32,957,408
2018	23,612,554	32,154,600
2019	24,159,123	31,320,796
2020	24,972,709	30,364,280
2021-2025	136,526,475	124,265,745
2026-2030	136,185,000	88,814,735
2031-2035	155,960,000	55,090,162
2036-2040	123,385,000	19,948,381
2041-2044	18,035,000	988,000
<b>Total future debt service</b>	<b>\$ 690,638,081</b>	<b>\$ 449,344,918</b>

### 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.

Lease Obligations	Balance at September 30, 2014	New Lease Obligations	Principal Repayment	Balance at September 30, 2015
Building	\$ 200,000	\$ -	\$ (200,000)	\$ -
Total lease obligations	\$ 200,000	\$ -	\$ (200,000)	\$ -

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, 2015 and 2014, amounted to approximately \$3.8 million and \$4.1 million, respectively.

**(10) PLEDGED REVENUES**

Pledged revenue for 2015 and 2014 as defined by the **Series 2004, 2006A, 2007A, 2007B, 2008, 2009, 2011A, 2012A, 2012B, 2014A, 2015A and 2015B General Fee Revenue Trust Indentures** is as follows:

	2015	2014
Student fees collected	\$ 445,535,019	\$ 415,790,651
Less fees pledged for specific purposes:		
Athletic fees (\$96 per student per semester)	(4,799,903)	(4,470,048)
Transit fees (\$145/\$141 per semester)	(7,007,982)	(6,565,383)
Student activities fees (\$15 per student per semester)	(747,404)	(878,139)
Total general fees pledged	<u>\$ 432,979,730</u>	<u>\$ 403,877,081</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 the 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 2015 and 2014 subordinate to prior pledges of such revenues as defined by the **Series 2011A General Fee Revenue Trust Indenture** is as follows:

	2015	2014
AUM housing revenues		
Room rental	\$ 5,071,716	\$ 4,712,317
Other income	329,796	369,670
Total housing	5,401,512	5,081,987
AUM dining revenue	2,048,293	1,798,862
Total AUM housing and dining revenues pledged	<u>\$ 7,449,805</u>	<u>\$ 6,880,849</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 2015 and 2014 as defined by the **Series 2001A and 2004 Athletic A & B Revenue Trust Indentures** is as follows:

	2015	2014
Jordan-Hare and other revenues:		
Television and broadcast revenues	\$ 24,945,871	\$ 7,909,714
Conference and NCAA distributions	16,493,869	23,410,336
Sales and services revenues	27,506,023	34,164,211
Student fees	4,799,903	4,470,048
Royalties, advertisements and sponsorships	6,062,826	5,275,554
Other income	8,545,966	2,873,051
Total athletic revenues pledged	<u>\$ 88,354,458</u>	<u>\$ 78,102,914</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.

The following summary shows the pledged revenues and related expenses and transfers from operations of the West Dormitories of AUM for the years ended September 30, 2015 and 2014, as defined by the **1978 Auburn University at Montgomery Trust Indenture**:

	2015	2014
Revenues:		
Room rental	\$ 1,241,852	\$ 1,074,631
Other income	54,506	70,611
Total revenues	<u>1,296,358</u>	<u>1,145,242</u>
Expenses and transfers:		
Personnel costs	306,897	392,743
Operating expenses	345,133	578,262
Transfers	<u>146,787</u>	<u>599,697</u>
Total expenses and transfers	<u>798,817</u>	<u>1,570,702</u>
Surplus (deficit) of revenues over expenses and transfers	497,541	(425,460)
AUM student housing net (deficit) surplus at beginning of year	<u>(327,522)</u>	<u>97,938</u>
AUM student housing net surplus (deficit) at end of year	<u>\$ 170,019</u>	<u>\$ (327,522)</u>

The AUM dormitory occupancy rate for Fall semester 2015 and Fall semester 2014 was 99.2% and 97.7%, 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 September 15, 1939, 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 trustees). 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 Retirement Systems of Alabama issues a publicly available financial report that includes financial statements and required supplementary information for TRS. The TRS financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenue when earned, pursuant to plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the GASB. Under these requirements, the TRS plan is considered a component unit of the State of Alabama and is included in the State's Comprehensive Annual Financial Report. That report may be obtained by writing to the Retirement Systems of Alabama, 135 South Union Street, Montgomery, Alabama 36130-2150 or at [www.rsa-al.gov](http://www.rsa-al.gov).

### 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,	2015	2014	2013
Total percentage of covered payroll	19.21%/17.05%	19.21%/17.08%	17.58%/15.44%
Contributions:			
Percentage contributed by the employer	11.71%/11.05%	11.71%/11.08%	10.08%/9.44%
Percentage contributed by the employees	7.50%/6.00%	7.50%/6.00%	7.50%/6.00%
Contributed by the employer	\$ 43,894,444	\$ 42,684,405	\$ 35,742,024
Contributed by the employees	27,572,040	27,016,081	26,543,214
Total contributions	<u>\$ 71,466,484</u>	<u>\$ 69,700,486</u>	<u>\$ 62,285,238</u>

At September 30, 2015, the University reported a liability of \$523,080,000 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2013. The University's proportion of the collective net pension liability was based on employers' shares of contributions to the pension plan relative to the total employer contributions of all

participating TRS employers. At September 30, 2014, the University's proportion was 5.757899%, which was an increase of 0.081384% from its proportion measured as of September 30, 2013.

For the year ended September 30, 2015, the University recognized pension expense of \$41,089,000. At September 30, 2015, the University reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	39,219,000
Changes in proportion and differences between Employer contributions and proportionate share of contributions	6,543,000	-
Employer contributions subsequent to the measurement date	<u>42,535,000</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 49,078,000</u></b>	<b><u>\$ 39,219,000</u></b>

\$42,535,000 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in compensation and benefits expense as follows:

#### Year Ending September 30:

2016	\$ (8,283,000)
2017	(8,283,000)
2018	(8,283,000)
2019	(8,283,000)
2020	456,000
Thereafter	-

#### Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of September 30, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

#### Actuarial Assumptions

Inflation	3.00%
Investment rate of return*	8.00%
Projected salary increases	3.50-8.25%

\*Net of pension plan investment expense

The actuarial assumptions used in the actuarial valuation as of September 30, 2013, were based on the results of an investigation of economic and demographic experience for the TRS based upon participant data as of September 30, 2010. The Board of Control accepted and approved these changes on January 27, 2012, which became effective at the beginning of fiscal year 2012.

Mortality rates for TRS were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA projected to 2015 and set back one year for females.

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	25.00%	5.00%
U.S. Large Stocks	34.00%	9.00%
U.S. Mid Stocks	8.00%	12.00%
U.S. Small Stocks	3.00%	15.00%
International Developed Market Stocks	15.00%	11.00%
International Emerging Market Stocks	3.00%	16.00%
Real Estate	10.00%	7.50%
Cash	2.00%	1.50%
<b>Total</b>	<b>100.00%</b>	

\*Includes assumed rate of inflation of 2.50%

#### Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### Sensitivity of the System's proportionate share of the net pension liability to changes in the discount rate

The following table presents the University's proportionate share of the net pension liability calculated using the discount rate of 8.00% as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00%) or one percentage point higher (9.00%) than the current rate:

	1.00% Decrease (7.00%)	Current Discount Rate (8.00%)	1.00% Increase (9.00%)
Employers' proportionate share of the collective net pension liability	\$ 712,597,000	\$ 523,080,000	\$ 362,451,000

#### 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.

ERS was established October 1, 1945, under the provisions of Act 515 of the Legislature of 1945 for the purpose of providing retirement allowances and other specified benefits for state employees. The responsibility for the general administration and operation of ERS is vested in its Board of Control (currently 13 trustees).

The ERS financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenue when earned, pursuant to

plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the GASB. Under these requirements, the ERS plan is considered a component unit of the State of Alabama and is included in the State's Comprehensive Annual Financial Report. The Plan issues a publically available report that can be obtained at [www.rsa-al.gov](http://www.rsa-al.gov).

#### Funding Policy

Tier 1 employees are required by statute to contribute 3.75% of their salary to the ERS. Tier 2 employees contribute 3.00% 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 the 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,	2015	2014	2013
Total percentage of covered payroll	153.70%/152.88%	57.52%/56.73%	50.59%/49.80%
Contributions:			
Percentage contributed by the employer	149.95%/149.88%	53.77%/53.73%	46.84%/46.80%
Percentage contributed by the employees	3.75%/3.00%	3.75%/3.00%	3.75%/3.00%
Contributed by the employer	\$ 4,162,196	\$ 1,796,181	\$ 1,807,654
Contributed by the employees	104,090	125,541	144,705
Total contributions	\$ 4,266,286	\$ 1,921,722	\$ 1,952,359

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2015, the University's active employee contribution rate was 149.95% of covered employee payroll, and the University's average contribution rate to fund the normal and accrued liability costs was 149.85%.

The University's contractually required contribution rate for the year ended September 30, 2015, was 149.76% of pensionable pay. These required contribution rates are based upon the actuarial valuation dated September 30, 2013, a percent of annual pensionable payroll, and

actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the University were \$4,151,926 for the year ended September 30, 2015.

#### Net Pension Liability

The University's net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2013 and rolled forward to September 30, 2014, using standard roll-forward techniques as shown in the following table:

Total Pension Liability	
Total Pension Liability	
as of September 30, 2013 (a)	\$ 50,168,786
Entry Age Normal Cost for the period	
October 1, 2013 - September 30, 2014 (b)	\$ 104,069
Actual Benefit Payments and Refunds for the period	
October 1, 2013 - September 30, 2014 (c)	\$ (5,334,993)
Total Pension Liability	
as of September 30, 2013	
$[(a) \times (1.08)] + (b) - [(c) \times (1.04)]$	\$ 48,737,965

The total pension liability in the September 30, 2013, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions	
Inflation	3.00%
Salary increases	3.75-7.25%
Investment rate of return*	8.00%

\*Net of pension plan investment expense

Mortality rates for ERS were based on the RP-2000 Combined Mortality Table Projected with a Scale AA to 2015 set forward three years for males and two years for females. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disability Mortality Table.

The actuarial assumptions used in the actuarial valuation as of September 30, 2013, were based on the results of an investigation of economic and demographic experience for the ERS based upon

participant data as of September 30, 2010. The Board of Control accepted and approved these changes on January 27, 2012, which became effective at the beginning of fiscal year 2012.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the



long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding

expected inflation. The target asset allocation and best estimate of geometric real rates of return for each major asset class are as follows:

	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	25.00%	5.00%
U.S. Large Stocks	34.00%	9.00%
U.S. Mid Stocks	8.00%	12.00%
U.S. Small Stocks	3.00%	15.00%
International Developed Market Stocks	15.00%	11.00%
International Emerging Market Stocks	3.00%	16.00%
Real Estate	10.00%	7.50%
Cash	2.00%	1.50%
<b>Total</b>	<b>100.00%</b>	

\*Includes assumed rate of inflation of 2.50%

### Discount Rate

The discount rate used to measure the total pension liability was the long term rate of return, 8.00%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those

assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### Changes in Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
<b>Balance at September 30, 2013</b>	\$ 50,168,786	\$ 4,471,552	\$ 45,697,234
Changes for the year:			
Service cost	104,069	-	104,069
Interest	3,800,103	-	3,800,103
Differences between expected and actual experience			
Contributions - employer	-	1,790,336	(1,790,336)
Contributions - employees	-	125,268	(125,268)
Net Investment Income	-	331,362	(331,362)
Benefit payments, including refunds of employee contributions	(5,334,993)	(5,334,993)	-
Administrative expense	-	-	-
Transfers among employers	-	-	-
Net changes	(1,430,821)	(3,088,027)	1,657,206
<b>Balance at September 30, 2014</b>	<b>\$ 48,737,965</b>	<b>\$ 1,383,525</b>	<b>\$ 47,354,440</b>

### Sensitivity of the System's proportionate share of the net pension liability to changes in the discount rate

The following table presents the University's proportionate share of the net pension liability calculated using the discount rate of 8.00% as well as what the University's proportionate share of the net pension

liability would be if it were calculated using a discount rate that is one percentage point lower (7.00%) or one percentage point higher (9.00%) than the current rate:

	1.00% Decrease (7.00%)	Current Discount Rate (8.00%)	1.00% Increase (9.00%)
Employers' proportionate share of the collective net pension liability	\$ 50,503,719	\$ 47,354,440	\$ 44,584,277

**Pension plan fiduciary net position:** Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2014. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of

September 30, 2014. The auditor's report dated June 3, 2015, on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at [www.rsa-al.gov](http://www.rsa-al.gov).

For the year ended September 30, 2015, the University recognized pension expense of \$3,535,872. At September 30, 2015, the University

reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	88,330
Employer contributions subsequent to the measurement date	<u>4,151,926</u>	<u>-</u>
<b>Total</b>	<b>\$ <u>4,151,926</u></b>	<b>\$ <u>88,330</u></b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in compensation and benefits expense as follows:

**Year Ending September 30:**

2016	\$ 22,083
2017	22,083
2018	22,083
2019	22,081
2020	-
Thereafter	-

**Pension Expense**

	Deferred Inflows of Resources
Service Cost	\$ 104,069
Interest on the total pension liability	3,800,103
Current-period benefit changes	-
Expensed portion of current-period difference between expected and actual experience in total pension liability	-
Expense portion of current-period changes of assumptions	-
Member contributions	(125,268)
Projected earnings on plan investments	(220,949)
Expensed portion of current-period differences between actual and projected earnings on plan investments	(22,083)
Transfers among employers	-
Recognition of beginning deferred outflows of resources as pension expense	-
Recognition of beginning deferred inflows of resources as pension expense	<u>-</u>
<b>Pension Expense (Income)</b>	<b>\$ <u>3,535,872</u></b>

**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, 2015 and 2014, 3,381 and 3,299 employees, respectively, participated in the tax deferred annuity program. The contribution for 2015 was \$20,314,942 which includes \$5,002,639 from the University and \$15,312,303 from its employees. The contribution for 2014 was \$19,334,331, which includes \$4,845,278 from the University and \$14,489,053 from its employees.

Total salaries and wages during the fiscal year for covered employees participating in the plan were \$251,370,027 and \$240,856,614 for the fiscal years ended September 30, 2015 and 2014, 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, 2015 and 2014, 218 and 212 employees, respectively, participated in the plans. Contributions of \$2,695,269 and \$2,645,296 for fiscal years 2015 and 2014, respectively, were funded by employees and no employer contribution was funded. The University approved investment firms for 457(b) include Valic, TIAA-CREF and Fidelity Investments.

#### **(12) OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

The University offers postemployment health care benefits to all employees who officially retire from the University. Health care benefits are offered through the State of Alabama Public Education Employees Health Insurance Plan (PEEHIP) with TRS or the 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' health care plan for the last six of those years in order to be eligible for coverage under the plan.

The University applies GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postretirement Benefits Other than Pensions*. This statement requires governmental entities to recognize and match other 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 health care 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 \$370 and \$356 per employee per month in the years ended September 30, 2015 and 2014, respectively. The University paid \$10,088,354 and \$9,457,590 for 2,255 and 2,201 retirees for the years ended September 30, 2015 and 2014, respectively. 100% of the required contributions were paid to PEEHIP. The required contribution rate is determined by PEEHIP in accordance with state statute.

The required monthly contribution rates for fiscal year 2015 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 - \$700.00
- Surviving Spouse Non-Medicare Eligible and Dependent Non-Medicare Eligible - \$934.00
- Surviving Spouse Non-Medicare Eligible and Dependent Medicare Eligible - \$907.00
- Surviving Spouse Medicare Eligible - \$354.00
- Surviving Spouse Medicare Eligible and Dependent Non-Medicare Eligible - \$595.00
- Surviving Spouse Medicare Eligible and Dependent Medicare Eligible \$568.00

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 2016.

#### **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 \$863,203 and \$877,718 for fiscal years ended September 30, 2015 and 2014, 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 \$1,772,580 and \$1,668,406 in retiree healthcare expense during fiscal years 2015 and 2014, 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, Alabama 36849.

The required schedule of funding progress, contained in the Required Supplemental Information immediately following the divisional financial statements (see page 80), 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, 2015	
	Amount	Percent of Payroll <sup>1</sup>
1. Unfunded actuarial accrued liability at October 1, 2014	\$ 68,027,346	3,102.8%
<u>Annual Required Contribution (ARC)</u>		
2. Normal cost	\$ -	
3. Amortization of the unfunded actuarial accrued liability over 15 years using level dollar amortization	5,229,775	
4. Annual Required Contribution (ARC = 2 + 3)	<u>\$ 5,229,775</u>	238.5%
<u>Annual OPEB Cost (Expense)</u>		
5. ARC	\$ 5,229,775	
6. Interest on beginning of year accrual	324,650	
7. Adjustment to ARC	(1,238,533)	
8. Fiscal year 2015 OPEB cost (5 + 6 + 7)	<u>\$ 4,315,892</u>	196.9%
<u>End of Year Accrual (Net OPEB Obligation)<sup>2</sup></u>		
9. Beginning of year accrual <sup>1</sup>	\$ 16,232,518	
10. Annual OPEB cost	4,315,892	
11. Employer contribution (benefit payments) <sup>2</sup>	(2,543,312)	
12. End of year CAFR accrual (9 + 10 + 11) <sup>2</sup>	<u>\$ 18,005,098</u>	821.2%

<sup>1</sup> Annual payroll for 24 participants as of September 30, 2015, was \$2,192,470.

<sup>2</sup> Actual amounts paid in fiscal year 2015 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 <sup>3</sup>	Net OPEB Obligation
September 30, 2013	\$ 3,810,309	65.1%	\$ 14,564,112
September 30, 2014	\$ 4,172,525	60.0%	\$ 16,232,518
September 30, 2015	\$ 4,315,892	58.9%	\$ 18,005,098

<sup>3</sup> 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, 2014 – September 30, 2015
Actuarial cost method	Unit Credit, Actuarial Cost Method
Amortization method	15 years, level dollar open amortization <sup>4</sup>
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 2016, decreasing by one-half percentage point per year to an ultimate of 5.0% in fiscal year 2024 and later.
Valuation Date	October 1, 2014

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

**Valuation Date**

October 1, 2014

**Monthly Per Capita Claim Costs**

<u>Age</u>	<u>Medical</u>
55	\$734
60	\$880
65	\$357
70	\$396
75	\$422

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**

Non-smoking retirees contribute 40%, surviving spouses and retirees who decline to participate pay 100%, and smokers pay an additional \$20 of the monthly premiums shown below:

	<u>As of 1/1/15</u>	<u>As of 1/1/14</u>
Pre-65 Single	\$481	\$472
Pre-65 Family	\$1,083	\$1,062
Post-65 Single	\$156	\$142
Post-65 Family	\$757	\$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>
2016	9.0%
2017	8.5%
2018	8.0%
2019	7.5%
2020	7.0%
2021	6.5%
2022	6.0%
2023	5.5%
2024+	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-2014 Combined Mortality Fully Generational Projected using Projection Scale MP=2014.

**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%

**Impact of Healthcare Reform**

The provisions of Healthcare Reform are expected to increase costs by 4.3% on a discounted basis. The unlimited lifetime maximum, removal of limitations on preventive care and coverage of eligible dependents to age 26 are reflected in the claim costs. The Cadillac Plan excise tax is expected to increase costs by \$5.5 million. There is not any cost impact for retirees who have elected PEEHIP.

**(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, 2015 and 2014, was \$430,623 and \$476,765, respectively. These amounts are included in other noncurrent liabilities on the Statement of Net Position.

The On-The-Job-Injury program provides benefits for job-related injuries or death resulting 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, 2015 and 2014, was \$3,041,613 and \$2,021,882, respectively. These amounts are included in other noncurrent liabilities on the Statement of Net Position.

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, 2015 and 2014, of \$7,923,758 and \$11,394,610, respectively. These amounts are included in accounts payable and other accrued liabilities on the Statement of Net Position.

**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 \$19,023,576 and \$18,347,365 at September 30, 2015 and 2014, 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 \$16,077,804 and \$15,920,432 at September 30, 2015 and 2014, respectively. Also included in deposits held in custody of others are the agency funds. These amounts totaled \$4,026,721 and \$3,937,118 for September 30, 2015 and 2014, 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, 2015 and 2014, are as follows:

	<b>2015</b>	<b>2014</b>
Tuition and fees, net	\$ 144,787,084	\$ 136,497,793
Federal, state and local government grants and contracts	8,818,782	13,440,678
Auxiliary, net	45,455,323	33,864,410
Plant	490,656	506,483
Total unearned revenue	<u>\$ 199,551,845</u>	<u>\$ 184,309,364</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, 2015 and 2014, the total estimated pollution remediation liability (estimated using the expected cash-flow technique) is \$7,003,258 and \$6,972,856, respectively. The current portion of this amount (\$348,948 and \$3,306,421, respectively)

is included in other accrued liabilities and the long-term portion (\$6,654,310 and \$3,666,435, 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 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 the adoption of GASB Statements No. 63 and No. 65. Additionally, in accordance with GASB Statement No. 68, which the University adopted in fiscal year 2015, the University's proportionate share of the net difference between projected and actual earnings on pension plan investments is presented as a deferred inflow of resources. Deferred inflows of resources are summarized below:

	September 30, 2015	September 30, 2014
Nonexchange transactions	\$ 206,159	\$ 435,203
Pension	39,307,330	-
Total deferred inflows	<u>\$ 39,513,489</u>	<u>\$ 435,203</u>

### **(15) CONTRACTS AND GRANTS**

The University has been awarded approximately \$14.3 million and \$6.4 million in contracts and grants that have not been received or expended as of September 30, 2015 and 2014, 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 represent 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 \$17,276,028 and \$16,220,174 in facilities and administrative cost recovery for the years ended September 30, 2015 and 2014, 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 \$366.5 million. At September 30, 2015, the estimated remaining cost to complete the projects is approximately \$94.8 million 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, 2015 and 2014, 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, 2015

	Compensation and Benefits	Scholarships and Fellowships	Utilities	Other Supplies and Services	Depreciation	Total
Instruction	\$ 220,518,958	\$ 863,777	\$ -	\$ 33,209,524	\$ -	\$ 254,592,259
Research	67,122,765	1,691,480	4,056	28,550,286	-	97,368,587
Public Service	64,969,808	73,926	49,845	41,614,055	-	106,707,634
Academic Support	45,905,858	-	-	9,501,380	-	55,407,238
Library	7,585,076	-	-	1,442,618	-	9,027,694
Student Services	22,923,422	995	-	10,037,135	-	32,961,552
Institutional Support	65,194,561	-	-	13,340,757	-	78,535,318
Operation and Maintenance	28,117,641	-	19,295,455	31,343,993	-	78,757,089
Scholarships and Fellowships	21,544,265	17,165,759	-	600,555	-	39,310,579
Auxiliaries	54,522,581	943,982	5,170,980	61,919,345	-	122,556,888
Depreciation	-	-	-	-	74,297,440	74,297,440
	<u>\$ 598,404,935</u>	<u>\$ 20,739,919</u>	<u>\$ 24,520,336</u>	<u>\$ 231,559,648</u>	<u>\$ 74,297,440</u>	<u>\$ 949,522,278</u>

### 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>

## (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.

colleges or programs, or in the case of endowments, invested with only the earnings transferred to or expended for the University's behalf. Amounts transferred to the University or expended on behalf of its programs totaled \$40,150,212 and \$34,907,076 during the years ended September 30, 2015 and 2014, respectively.

## (20) RELATED PARTY TRANSACTIONS

### Auburn University Foundation

AUF exists to raise and administer private gifts for the benefit of the University. The majority of funds that AUF raises are restricted by the donor for specific schools, colleges or programs of the University. These may be immediately transferred to the University or one of its institutionally-related foundations for its use, held within the Foundation's temporarily restricted funds to be either transferred to the University or expended by AUF for the benefit of University schools,

The University Trustees have entered into an agreement whereby AUF Investment Committee manages the University's endowments. AUF is compensated by a management fee. This fee was approximately \$1.9 million and \$1.8 million for the years ended 2015 and 2014, respectively.

The President of the University serves as an ex-officio non-voting member of AUF's Board. The University's Vice President for Development serves as the President of the Foundation, and the

Director of the Endowment Management Office and the Director of Development Accounting serve as AUF's Assistant Treasurers. The University maintains AUF's financial records as a subsystem within the University's accounting system and AUF has elected to use University employees for its other personnel functions for which it reimburses the University under a Services and Facilities agreement.

AUF and the University operate pursuant to a Services and Facilities Agreement (the AUF Agreement), which addresses the financial relationships between these two entities. The AUF Agreement states that in return for administering gifts for the benefit of the University, the University will provide to AUF certain services and facilities which primarily consist of personnel and other administrative support, and that AUF will make a periodic determination of the allocable shares of these costs and transfer funds as necessary. AUF and the University review the services and facilities at least annually. An estimate of the consideration to be paid for the upcoming year is approved annually by the respective Boards.

For the years ended September 30, 2015 and 2014, all personnel costs plus a limited amount of operational expenses were incurred by the University. AUF incurred and paid the majority of the operational expenses. AUF's share of the combined costs allocated in accordance with the Agreement totaled \$2,989,178 and \$2,200,405, respectively. The actual payments by AUF totaled \$5,067,895 and \$2,069,917 for the two years. Costs were analyzed monthly and the net balances due were transferred between the two organizations to settle. For the year, the sum of these transfers resulted in the University reimbursing AUF a net of \$2,078,717 for fiscal year 2015 and AUF reimbursing the University a net of \$130,489 for fiscal year 2014.

Constituency development operations, which raise funds restricted to a school, college, or program of the University, are funded jointly by the University unit involved and may use AUF gifts restricted to that unit. These costs are the responsibility of the respective constituency unit.

AUREFI and the University entered into an agreement to provide certain services and facilities. AUREFI reimbursed the University \$71,863 and \$56,455 during the years ended September 30, 2015 and 2014, respectively, for agreement-related services and facilities. AUREFI provided a real property grant to the University of \$3,500 during fiscal year 2014. AUREFI did not provide a real property grant to the University in 2015.

The amount due from AUF to the Association consists primarily of funds from the Association's Life Membership program which are invested with AUF's pooled endowments. AUF annually distributes to the Association from the Life Membership investments based on the spending policy. AUF distributed directly to the Association \$311,970 and \$298,677 during the years ended September 30, 2015 and 2014, respectively.

The Association does not maintain its own endowments but instead establishes endowments in AUF which are administered in the endowment pool. The Association made a campaign commitment of matching funds for scholarship endowments established with certain specific guidelines. Donors have been identified and approved for matches totaling the full amount and the Association makes grants at the end of each quarter for payments received by AUF on these endowments. At September 30, 2015, \$639,500 remains unpaid by the Association and is carried as a receivable to AUF from the Association.

There was not an outstanding balance at September 30, 2014. Grants from the Association for matching and other endowments were \$1,702,647 and \$240,583 during the years ended September 30, 2015 and 2014, respectively.

The amount due from AUF to TUF primarily consists of TUF's endowment funds, which are invested with AUF's pooled endowments. AUF annually distributes TUF endowment earnings either to TUF or directly to the University on behalf of TUF based on the spending policy. AUF distributed \$298,464 and \$287,076 for TUF endowments during the years 2015 and 2014, respectively.

AUF participates in the Tigers Unlimited athletic priority system each year in order to obtain tickets and suites for the cultivation, solicitation and stewardship of contributions. Included in fund raising costs are payments to TUF in the amounts of \$384,926 and \$436,737 during the years 2015 and 2014, respectively. Actual ticket purchases paid to the AU Athletic Office totaled \$125,390 and \$100,800 for fiscal years 2015 and 2014, 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.

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, 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's accounting system.

During the years ended September 30, 2015 and 2014, the Association had a salary reimbursement expense of \$1,135,273 and \$1,042,275, respectively, to the University under the service and facilities agreement. These amounts were fully paid at September 30, 2015 and September 30, 2014, respectively.

Rental income recorded by the Association from the University totaled \$374,361 and \$362,961, respectively, for the years ended September 30, 2015 and 2014. Rental income recorded by the Association from AUF totaled \$1,150 and \$3,160 for the years ended September 30, 2015 and 2014, respectively. The University and AUF also paid the Association \$62,008 and \$4,994, respectively for shared alumni center building expenses for the fiscal year ended September 30, 2015. For the fiscal year ended September 30, 2014, these amounts were \$61,385 and \$6,065, respectively.

During the years ended September 30, 2015 and 2014, the University provided for its share of alumni affairs activities costs by establishing a budget within the University's budgetary system; whereby, the University pays a portion of the costs, and reimburses the Association for the balance. The alumni affairs activities costs were \$640,000 and \$680,190 for the years ended September 30, 2015 and 2014, respectively.

During the year ended September 30, 2015, the Association paid the University \$19,301 for Alumni Accounting office space at the East Glenn Administrative Complex. During the year ended September 30, 2014, the Association paid the University \$20,108 for Alumni Accounting office space rental at Eagle Crossing.

During the years ended September 30, 2015 and 2014, the Association contributed \$166,920 and \$177,071, respectively, to the Auburn Alumni Association Endowment for Scholarships held with AUF. The Association also contributed \$1,124,810 and \$304,626 to various AUF scholarship funds and \$104,840 and \$29,907 to various University scholarship funds during fiscal years 2015 and 2014, respectively.

During the year ended September 30, 2015, the Alumni Association Board approved a fundraising program called the Million Dollar Match program in effort to increase new alumni donor scholarship endowments. As a result of the program, the Association matched dollar for dollar endowment contributions of \$460,500 toward qualifying endowments and accrued \$639,500 as a payable to AUF.

#### **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 with the earnings thereon transferred to or expended for the University's benefit. Amounts transferred to the University or expended on behalf of its programs totaled \$34,401,547 and \$34,748,751 during the years ended June 30, 2015 and 2014, respectively. Included in these amounts are current year accruals of severance payments due to terminated employees totaling \$3,144,565 and \$2,620,161, respectively.

TUF and the University operate pursuant to an operating agreement (the TUF Agreement), which addresses the 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 shall 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, 2015 and 2014, the University incurred obligations of \$533,945 and \$504,245, respectively, to TUF for the use of executive suites at University athletic events. Of this amount, \$528,825 and \$499,125, respectively, 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.

During the years ended June 30, 2015 and 2014, AUF incurred obligations of \$140,261 and \$157,374, respectively, to TUF for amenities related to the use of the executive suites at University athletic events. This amount is recorded as other revenue on the Statements of Activities and Changes in Net Assets.

During the years ended June 30, 2015 and 2014, 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, 2015 and 2014, obligations of \$5,693,143 and \$2,943,300 related to these transactions, respectively, were outstanding. TUF paid the 2014 obligation during fiscal year 2015, and it intends to pay the 2015 obligation during fiscal year 2016.

As indicated, the above TUF balances are as of June 30, 2015 and 2014; however, the University believes these figures are not materially different than September 30, 2015 and 2014, 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. ARTF's Board of Directors include a member of the University's Board of Trustees as well as other University employees.

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 were recognized by ARTF during fiscal years 2015 and 2014, 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 2015 and 2014, personnel costs incurred by the University and charged to ARTF were \$65,063 and \$61,091, respectively. ARTF entered into an agreement



with the University to market the University's Certification for Aquaculture Professionals (CAP) program. As of September 30, 2015 and September 30, 2014, ARTF owed the University \$6,000 and \$15,000, respectively, related to this agreement. ARTF entered into subcontracts with the University to provide services to fulfil ARTF's sponsored project agreements. As of September 30, 2015 and September 30, 2014, ARTF owed the University \$58,593 and \$24,588, respectively. ARTF and the University enter into licensing agreements for certain intellectual property. Under the licensing agreements, ARTF owed the University \$90,149 and \$1,185 at September 30, 2015 and 2014, respectively. The University provides certain operating services to ARTF. As of September 30, 2015 and September 30, 2014, ARTF owed the University \$5,293 and \$7,588, respectively, related to these services. All above amounts owed to the University are shown in "Other payables to Auburn University" on the Statements of Financial Position.

The amounts due from the University to ARTF of \$16,000 and \$2,957 at September 30, 2015 and 2014, respectively, relate to operating transactions. These amounts are included in "Accounts receivable" on ARTF's Statements of Financial Position.

ARTF held lease agreements with three University departments in fiscal years 2015 and 2014, 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. The University paid approximately \$138,000 and \$135,000 in lease costs during the fiscal years ended September 30, 2015 and 2014, respectively.

ARTF entered into a contract with the University during fiscal year 2011 to develop and manage a full service business incubator. Revenues of \$134,755 and \$142,577 related to this contract were recognized for the years ended September 30, 2015 and 2014, respectively. The remaining amounts of \$15,245 and \$7,423 are shown as deferred revenue at September 30, 2015 and 2014, respectively, 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 \$149 million and \$131.7 million under these programs during the fiscal years ended September 30, 2015 and 2014, respectively. AUM disbursed approximately \$25.5 million and \$26.7 million under these programs during the fiscal years ended September 30, 2015 and 2014, respectively.

## **(22) IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS**

Statement No. 72, *Fair Value Measurement and Application* was issued in February 2015. This Statement addresses accounting and financial reporting issues related to fair value measurements, and generally requires investments to be measured at fair value. Acquisition value will be required for some types of assets that were previously

reported at fair value. It also requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. This Statement is effective for periods beginning after June 15, 2015. Earlier application is encouraged. The University is currently evaluating the financial statement impact of this Statement.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* was issued in June 2015. This Statement extends the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary. It also requires similar disclosures as Statement No. 68, as well as clarifying certain provisions of Statements No. 67 and No. 68. Various provisions of this Statement are effective for fiscal years beginning after June 15, 2016 and fiscal years beginning after June 15, 2015. Earlier application is encouraged. The University is currently evaluating the financial statement impact of this Statement.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* was issued in June 2015. This Statement improves financial reporting through enhanced note disclosures and schedules of required supplementary information that will be presented by other postemployment benefit (OPEB) plans that are administered through trusts that meet the specified criteria. It is effective for financial statements for fiscal years beginning after June 15, 2016. 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* was issued in June 2015. This Statement addresses accounting and financial reporting for other postemployment benefits (OPEB) that is provided to the employees of state and local governmental employers. It establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This Statement is effective for fiscal years beginning after June 15, 2017. 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. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, was issued in June 2015. This Statement identifies the hierarchy of generally accepted accounting principles (GAAP) in the context of the current governmental financial reporting environment. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier application is permitted. The University does not believe the adoption of this Statement will have an effect on the University's financial statements.

Statement No. 77, *Tax Abatement Disclosures*, was issued in August 2015. This Statement requires governments that enter into tax abatement agreements to disclose information about a reporting government's own tax abatement agreements and those that are entered into by other governments that reduce the reporting government's tax revenues. This Statement is effective for financial statements for periods beginning after December 15, 2015. 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. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* was issued in December 2015. This Statement addresses the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*, regarding pensions provided through certain multiple-employer defined benefit pension plans and to state and local governmental employers whose employees are provided with such pensions. This Statement amends the scope of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that meets certain criteria. This Statement establishes requirements for recognition and measurement of pension

expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that qualify. This Statement is effective for periods beginning after December 15, 2015. Earlier application is encouraged. The University is currently evaluating the financial statement impact of this Statement.

Statement No. 79, *Certain External Investment Pools and Pool Participants* was issued in December 2015. This Statement establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement is effective for periods beginning after June 15, 2015, except for certain provisions which are effective for periods beginning after December 15, 2015. Earlier application is encouraged. The University is currently evaluating the financial statement impact of this Statement.





FINANCIAL REPORT  
2015

REQUIRED SUPPLEMENTAL  
INFORMATION



## REQUIRED SUPPLEMENTAL INFORMATION:

### Teachers' Retirement System Schedule of Proportionate Share of Collective Net Pension Liability

	2015
University's proportion of the collective net pension liability	5.757899%
University's proportionate share of the collective net pension liability	\$ 523,080,000
University's covered-employee payroll during the measurement period*	\$ 368,745,049
University's proportionate share of the collective net pension liability as a percentage of its covered-employee payroll	141.85%
Plan fiduciary net position as a percentage of the total collective pension liability	71.01%

\*University's covered-employee payroll during the measurement period is the total payroll paid to covered employees (not just pensionable payroll).  
For fiscal year 2015, the measurement period is October 1, 2013 - September 30, 2014.

### Teachers' Retirement System Schedule of System Contributions

	2015
Contractually Required Contribution	\$ 42,534,706
Contributions in relation to the contractually required contribution	42,534,706
Contribution deficiency (excess)	\$ -
System covered-employee payroll	\$ 380,477,086
Contributions as a percentage of covered-employee payroll	11.18%

### Employees' Retirement System Schedule of System Contributions

	2014
<b>Total pension liability</b>	
Service cost	\$ 104,069
Interest	3,800,103
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	(5,334,993)
<b>Net change in total pension liability</b>	\$ (1,430,821)
<b>Total pension liability - beginning</b>	50,168,786
<b>Total pension liability - ending (a)</b>	\$ 48,737,965
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 1,790,336
Contributions - member	125,268
Net investment income	331,362
Benefits payments, including refunds of employee contributions	(5,334,993)
Transfers among employers	-
<b>Net change in plan fiduciary net position</b>	\$ (3,088,027)
<b>Plan net position - beginning</b>	4,471,552
<b>Plan net position - ending (b)</b>	\$ 1,383,525
<b>Net pension liability - ending (a)-(b)</b>	\$ 47,354,440
Plan fiduciary net position as a percentage of total pension liability	2.84%
Covered-employee payroll*	\$ 3,341,010
Net pension liability as a percentage of covered-employee payroll	1,417.37%

\*Employer's covered-payroll during the measurement period is the total payroll paid to covered employees (not just pensionable payroll).  
For fiscal year 2014, the measurement period is October 1, 2013 - September 30, 2014.

**Employees' Retirement System Schedule of Employer Contributions**

Actuarially determined contribution*	\$	4,151,926
Contributions in relation to the actuarially determined contribution		<u>4,151,926</u>
Contribution deficiency (excess)	\$	<u>-</u>
 Covered-employee payroll**	 \$	 2,775,630
 Contributions as a percentage of covered-employee payroll		 149.85%

\*Amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments. For fiscal year 2015, the fiscal year is the twelve month period beginning after June 15, 2014 (October 1, 2014 - September 30, 2015).

\*\*Employer's covered-payroll during fiscal year is the total payroll paid to covered employees (not just pensionable payroll). For fiscal year 2015, the fiscal year is the twelve month period beginning after June 15, 2014 (October 1, 2014 - September 30, 2015).

**Notes to Schedule**

Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2015 were based on the September 30, 2012 actuarial valuation.

**Methods and assumptions used to determine contribution rates:**

<b>Actuarial cost method:</b>	Entry Age
<b>Amortization method:</b>	Level percent closed
<b>Remaining amortization period:</b>	10 years
<b>Asset valuation method:</b>	Five year smooth market
<b>Inflation:</b>	3.00%
<b>Salary increases:</b>	3.75-7.25%, including inflation
<b>Investment rate of return:</b>	8.00%, net of pension plan investment expense, including inflation

## Other Postemployment Benefits

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

Cost Element	Fiscal Year Ended September 30, 2015	
	Amount	Percent of Payroll <sup>1</sup>
1. Unfunded actuarial accrued liability at October 1, 2014	\$ 68,027,346	3,102.8%
<u>Annual Required Contribution (ARC)</u>		
2. Normal cost	\$ -	
3. Amortization of the unfunded actuarial accrued liability over 15 years using level dollar amortization	5,229,775	
4. Annual Required Contribution (ARC = 2 + 3)	<u>\$ 5,229,775</u>	238.5%
<u>Annual OPEB Cost (Expense)</u>		
5. ARC	\$ 5,229,775	
6. Interest on beginning of year accrual	324,650	
7. Adjustment to ARC	(1,238,533)	
8. Fiscal year 2015 OPEB cost (5 + 6 + 7)	<u>\$ 4,315,892</u>	196.9%
<b>End of Year Accrual (Net OPEB Obligation)<sup>2</sup></b>		
9. Beginning of year accrual <sup>1</sup>	\$ 16,232,518	
10. Annual OPEB cost	4,315,892	
11. Employer contribution (benefit payments) <sup>2</sup>	(2,543,312)	
12. End of year CAFR accrual (9 + 10 + 11) <sup>2</sup>	<u>\$ 18,005,098</u>	821.2%

<sup>1</sup> Annual payroll for 24 participants as of September 30, 2015, was \$2,192,470.

<sup>2</sup> Actual amounts paid in fiscal year 2015 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 <sup>3</sup>	Net OPEB Obligation
September 30, 2013	\$ 3,810,309	65.1%	\$ 14,564,112
September 30, 2014	\$ 4,172,525	60.0%	\$ 16,232,518
September 30, 2015	\$ 4,315,892	58.9%	\$ 18,005,098

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

### Summary of Key Actuarial Methods and Assumptions

<b>Valuation year</b>	October 1, 2014 – September 30, 2015
<b>Actuarial cost method</b>	Unit Credit, Actuarial Cost Method
<b>Amortization method</b>	15 years, level dollar open amortization <sup>4</sup>
<b>Asset valuation method</b>	Not applicable
<b>Discount rate</b>	2.0%
<b>Projected payroll growth rate</b>	Not applicable

**Health care cost trend rate for medical and prescription drugs** 9.0% in fiscal year 2016, decreasing by one-half percentage point per year to an ultimate of 5.0% in fiscal year 2024 and later.

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

**Valuation Date**

October 1, 2014

**Monthly Per Capita Claim Costs**

<u>Age</u>	<u>Medical</u>
55	\$734
60	\$880
65	\$357
70	\$396
75	\$422

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**

Non-smoking retirees contribute 40%, surviving spouses and retirees who decline to participate pay 100%, and smokers pay an additional \$20 of the monthly premiums shown below:

	<u>As of 1/1/15</u>	<u>As of 1/1/14</u>
Pre-65 Single	\$481	\$472
Pre-65 Family	\$1,083	\$1,062
Post-65 Single	\$156	\$142
Post-65 Family	\$757	\$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>
2016	9.0%
2017	8.5%
2018	8.0%
2019	7.5%
2020	7.0%
2021	6.5%
2022	6.0%
2023	5.5%
2024+	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-2014 Combined Mortality Fully Generational Projected using Projection Scale MP=2014.

**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%

**Impact of Healthcare Reform**

The provisions of Healthcare Reform are expected to increase costs by 4.3% on a discounted basis. The unlimited lifetime maximum, removal of limitations on preventive care and coverage of eligible dependents to age 26 are reflected in the claim costs. The Cadillac Plan excise tax is expected to increase costs by \$5.5 million. There is not any cost impact for retirees who have elected PEEHIP.

**Schedule of Employer Contributions**

<b>Fiscal Year Ended</b>	<b>Annual Required Contribution</b>	<b>Employer Contribution</b>	<b>Percentage Contributed</b>
September 30, 2013	\$ 4,555,416	\$ 2,480,884	54.5%
September 30, 2014	\$ 4,992,477	\$ 2,504,119	50.2%
September 30, 2015	\$ 5,229,775	\$ 2,543,312	48.6%

**Schedule of Funding Progress**

<b>Fiscal Year Ended</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL)(b)</b>	<b>Unfunded (Overfunded) AAL (UAAL) (b)-(a)</b>	<b>Funded Ratio (a)/(b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b)-(a)/(c)]</b>
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%
September 30, 2015	-	\$ 68,027,346	\$ 68,027,346	0.0%	\$ 2,192,470	3102.8%

# 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



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



**B.T. Roberts**  
Mobile, First  
Congressional District



**Clark Sahlie**  
Montgomery, Second  
Congressional District



**Bob Dumas**  
Auburn, Third  
Congressional District



**James W. Rane**  
Abbeville, 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



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**Part II**  
**Schedule of Expenditures of Federal Awards**

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# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2015

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
<b>Research and Development Cluster</b>			
<b>Department of Agriculture</b>			
Agricultural Research_Basic and Applied Research			
Department of Agriculture Direct		10.001	\$ 391,617
CFDA 10.001 Total			<u>391,617</u>
Plant and Animal Disease, Pest Control, and Animal Care			
Department of Agriculture Direct		10.025	<u>87,128</u>
CFDA 10.025 Total			<u>87,128</u>
Specialty Crop Block Grant Program - Farm Bill			
Department of Agriculture Pass-through			
	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 1	10.170	14,150
	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 11-2015	10.170	6,338
	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 12	10.170	9,013
	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 4	10.170	15,855
	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 6	10.170	<u>63,785</u>
CFDA 10.170 Total			<u>109,141</u>
Grants for Agricultural Research, Special Research Grants			
Department of Agriculture Direct		10.200	267,219
Department of Agriculture Pass-through			
	MISSISSIPPI STATE UNIV-ARIAS	10.200	25,616
	MISSISSIPPI STATE UNIV-COLLECTIVE ACTION	10.200	5,662
	MISSISSIPPI STATE UNIV-HYBRID CATFISH	10.200	37,802
	MISSISSIPPI STATE UNIV-INTENSIVE SYSTEMS	10.200	26,547
	MISSISSIPPI STATE UNIV-LILES	10.200	101,761
	MISSISSIPPI STATE UNIV-PREBIOTIC & PROBIOTIC	10.200	16,726
	MISSISSIPPI STATE UNIV-SPLIT POND	10.200	21,090
	TEXAS AGRICULTURAL EXPERIMENT STATION-06-130604	10.200	(3,426)
	UNIV OF FLORIDA-PO 1400281682	10.200	(156)
	UNIV OF GEORGIA-RF330-468/4944186	10.200	<u>10,707</u>
CFDA 10.200 Total			<u>509,548</u>
Cooperative Forestry Research			
Department of Agriculture Direct		10.202	<u>502,466</u>
CFDA 10.202 Total			<u>502,466</u>
Payments to Agricultural Experiment Stations Under the Hatch Act			
Department of Agriculture Direct		10.203	<u>5,222,895</u>
CFDA 10.203 Total			<u>5,222,895</u>
Animal Health and Disease Research			
Department of Agriculture Direct		10.207	<u>56,475</u>
CFDA 10.207 Total			<u>56,475</u>

The accompanying notes are an integral part of this schedule.

# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2015

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
<b>Research and Development Cluster</b>			
1890 Institution Capacity Building Grants			
Department of Agriculture Pass-through			
	FT VALLEY STATE UNIV-2013-CANFVSU-13-10	10.216	21,595
CFDA 10.216 Total			<u>21,595</u>
Higher Education - Institution Challenge Grants Program			
Department of Agriculture Direct		10.217	43,744
CFDA 10.217 Total			<u>43,744</u>
Biotechnology Risk Assessment Research			
Department of Agriculture Direct		10.219	78,792
CFDA 10.219 Total			<u>78,792</u>
Secondary and Two-Year Postsecondary Agriculture Education Challenge Grants			
Department of Agriculture Direct		10.226	(22,524)
CFDA 10.226 Total			<u>(22,524)</u>
Integrated Programs			
Department of Agriculture Pass-through			
	NORTH CAROLINA STATE UNIV-2012-2604-02	10.303	24,125
	NORTH CAROLINA STATE UNIV-2012-2604-05	10.303	13,654
	NORTH CAROLINA STATE UNIV-2012-2604-19	10.303	8,105
	UNIV OF FLORIDA-UF10174	10.303	177
	UNIV OF FLORIDA-UFDSP00010045	10.303	12,472
CFDA 10.303 Total			<u>58,533</u>
Homeland Security_Agricultural			
Department of Agriculture Pass-through			
	UNIV OF FLORIDA-12238	10.304	20,454
CFDA 10.304 Total			<u>20,454</u>
Organic Agriculture Research and Extension Initiative			
Department of Agriculture Direct		10.307	148,927
Department of Agriculture Pass-through			
	CORNELL UNIV-67385-9949	10.307	38,140
CFDA 10.307 Total			<u>187,067</u>
Specialty Crop Research Initiative			
Department of Agriculture Direct		10.309	284,545
Department of Agriculture Pass-through			
	UNIV OF FLORIDA-UFDSP00010638	10.309	1,990
CFDA 10.309 Total			<u>286,535</u>

The accompanying notes are an integral part of this schedule.

# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2015

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
<b>Research and Development Cluster</b>			
Agriculture and Food Research Initiative (AFRI)			
Department of Agriculture Direct		10.310	1,881,507
Department of Agriculture Pass-through			
	MISSISSIPPI STATE UNIV-182020-310011-01	10.310	40,729
	OHIO STATE UNIV RESEARCH FDN-PO RF01397453	10.310	8,863
	TUSKEGEE UNIV-36 22091 370 76190	10.310	1,334
	UNIV OF FLORIDA-UF11036	10.310	(2,827)
	UNIV OF FLORIDA-UF11101	10.310	170,311
	UNIV OF FLORIDA-UF11110	10.310	420,643
	UNIV OF TENNESSEE-8500022698	10.310	1,305,665
	VANDERBILT UNIV-VUMC 54542	10.310	3,061
CFDA 10.310 Total			<u>3,829,286</u>
Sun Grant Program			
Department of Agriculture Pass-through			
	UNIV OF TENNESSEE-8500032069	10.320	49,646
CFDA 10.320 Total			<u>49,646</u>
Crop Protection and Pest Management Competitive Grants Program			
Department Of Agriculture Direct		10.329	12,902
Department Of Agriculture Pass-through			
	NORTH CAROLINA STATE UNIV-2015-85-01	10.329	55,530
	NORTH CAROLINA STATE UNIV-2015-85-11	10.329	9,748
CFDA 10.329 Total			<u>78,180</u>
Cooperative Extension Service			
Department Of Agriculture Direct		10.500	42
Department Of Agriculture Pass-through			
	MICHIGAN STATE UNIV-CAPE II INDEX COMMUNITY GRANT	10.500	27,771
	SOUTH DAKOTA STATE UNIV-3TB465	10.500	(1,666)
	UNIV OF GEORGIA-RE677-460/4944226	10.500	9,942
CFDA 10.500 Total			<u>36,089</u>
National Food Service Management Institute Administration and Staffing Grant			
Department Of Agriculture Pass-through			
	KANSAS STATE UNIV-S15211	10.587	464
CFDA 10.587 Total			<u>464</u>
Forestry Research			
Department of Agriculture Direct		10.652	171,293
Department of Agriculture Pass-through			
	UNIV OF FLORIDA-13097	10.652	7,926
CFDA 10.652 Total			<u>179,219</u>
Cooperative Forestry Assistance			
Department of Agriculture Direct		10.664	1,198
CFDA 10.664 Total			<u>1,198</u>

The accompanying notes are an integral part of this schedule.

# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2015

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
<b>Research and Development Cluster</b>			
Urban and Community Forestry Program			
Department of Agriculture Direct		10.675	28,196
CFDA 10.675 Total			28,196
Forest Stewardship Program			
Department of Agriculture Direct		10.678	(610)
CFDA 10.678 Total			(610)
Forest Health Protection			
Department of Agriculture Direct		10.680	96,758
CFDA 10.680 Total			96,758
Rural Business Enterprise Grants			
Department of Agriculture Direct		10.769	80,934
CFDA 10.769 Total			80,934
Environmental Quality Incentives Program			
Department of Agriculture Direct		10.912	3,036
Department Of Agriculture Pass-through			
	AM FOREST FND-SHORTLEAF PINE	10.912	1,678
	TUSKEGEE UNIV-39-22091-262	10.912	(1,922)
CFDA 10.912 Total			2,792
Other Financial Assistance			
Department of Agriculture Direct			
FS-14-CR-11330144-024	FS-14-CR-11330144-024	10	(2,901)
FS-15-CS-11080100-002	FS-15-CS-11080100-002	10	1,133
USDA-14-8130-0073-CA	USDA-14-8130-0073-CA	10	9,206
Department of Agriculture Pass-through			
FS-10-JV-11330134-048	MISSISSIPPI STATE UNIV-080100.330320.01	10	14,108
CFDA 10 Total			21,546
<b>Department of Agriculture Total</b>			<b>11,957,164</b>
<b>Department of Commerce</b>			
Sea Grant Support			
Department of Commerce Pass-through			
	TEXAS A&M UNIV-02S140220	11.417	7,857
	UNIV OF SOUTHERN MISS-GR03924-R/SCD	11.417	35,217
	UNIV OF SOUTHERN MISS-GR03924-R/SSS-02-NSI	11.417	69,416
	UNIV OF SOUTHERN MISS-GR05007-R/SFA-02	11.417	63,297
	UNIV OF SOUTHERN MISS-HEADWATER WETLANDS	11.417	5,692
CFDA 11.417 Total			181,479
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program			
Department Of Commerce Pass-through			
	UNIV OF RHODE ISLAND-4191/082814	11.427	12,963
CFDA 11.427 Total			12,963

The accompanying notes are an integral part of this schedule.

# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2015

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
<b>Research and Development Cluster</b>			
Climate and Atmospheric Research			
Department of Commerce Direct		11.431	48,753
Department of Commerce Pass-through			
	UNIV CORP FOR ATMOSPHERIC RESEARCH-Z12-94355	11.431	160,547
	UNIV OF FLORIDA-UF11009	11.431	65,573
CFDA 11.431 Total			<u>274,873</u>
<b>Unallied Science Program</b>			
Department of Commerce Pass-through			
	N PACIFIC RESCH BD	11.472	3,551
CFDA 11.472 Total			<u>3,551</u>
<b>Measurement and Engineering Research and Standards</b>			
Department Of Commerce Direct		11.609	30,619
CFDA 11.609 Total			<u>30,619</u>
<b>Other Financial Assistance</b>			
Department of Commerce Pass-through			
DVLMT OF ILLEGAL FISH FILET CANINE DETECTION TEAMS	ALA DEPT OF CONS & NAT RESOURCES-FILET DOG	11	1,770
NOAA-AB133C-11-CQ-0051	STRATUS CONSULTING INC-Z200-2S-1813	11	85
NOAA-AB133C-11-CQ-0051	STRATUS CONSULTING INC-Z200-2S-1813-TO 002	11	21,382
CFDA 11 Total			<u>23,237</u>
<b>Department of Commerce Total</b>			<u>526,722</u>
<b>Department of Defense</b>			
Basic and Applied Scientific Research			
Department of Defense Direct		12.300	41,530
Department of Defense Pass-through			
CFDA 12.300 Total			<u>41,530</u>
<b>Basic Scientific Research - Combating Weapons of Mass Destruction</b>			
Department of Defense Direct		12.351	126,277
Department of Defense Pass-through			
	PENNSYLVANIA STATE UNIV-4107-AU-DTRA-0004	12.351	(5,816)
CFDA 12.351 Total			<u>120,461</u>
<b>Military Medical Research and Development</b>			
Department of Defense Direct		12.420	141,268
Department of Defense Pass-through			
	UNIV OF DENVER-SC37196-01-00	12.420	49,826
CFDA 12.420 Total			<u>191,094</u>
<b>Basic Scientific Research</b>			
Department of Defense Direct		12.431	179,781
Department of Defense Pass-through			
	UNITED SILICON CARBIDE INC-USCi001 PO 500	12.431	125,186
CFDA 12.431 Total			<u>304,967</u>
<b>Basic, Applied, and Advanced Research in Science and Engineering</b>			
Department of Defense Direct		12.630	17,381
CFDA 12.630 Total			<u>17,381</u>

The accompanying notes are an integral part of this schedule.



# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2015

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
<b>Research and Development Cluster</b>			
Air Force Defense Research Sciences Program		12.800	61,559
Department of Defense Direct			
Department of Defense Pass-through			
	FLORIDA A&M UNIV-SUB C-4262	12.800	48,480
	FLORIDA STATE UNIV-R01746	12.800	96,127
	GEORGE MASON UNIV-E2028571-B	12.800	9,997
CFDA 12.800 Total			<u>216,163</u>
Information Security Grant Program			
Department of Defense Direct		12.902	52,586
CFDA 12.902 Total			<u>52,586</u>
<b>Other Financial Assistance</b>			
Department of Defense Direct			
ARMY-W912HQ-11-C-0008		12	395,245
DOD-H98230-08-C-0795		12	(53)
DOD-H98230-12-C-1102		12	658,886
DOD-H98230-15-C-0686		12	14,184
HHM402-13-C-0029		12	(3,031)
MDA-HQ0147-13-C-6024		12	14,445
MDA-HQ0147-13-C-6024-1001		12	104,481
MDA-HQ0147-13-C-6024-2001		12	105,487
MDA-HQ0147-15-C-6006		12	71,577
Department of Defense Pass-through			
ARMY-W56HZV-14-C-0050	AUTONOMOUS SOLUTIONS INC-SBIR	12	198,227
ARMY-W31P4Q-09-A-0023	AVIATION & MISSILE SOLUTIONS LLC-SC-05-018-TO 47-4MF	12	2,501
ARMY-W91260-06-D-0005	BAE SYSTEMS INC-PO 31-5152568-0-TRV	12	3,398
ARMY-W911NF-11-D-0001	BATTELLE MEMORIAL INSTITUTE-US001-0000294468	12	22,306
ARMY-W81XWH-10-C-0211	CFD RESEARCH CORP-SUB NO 1504	12	(1,891)
DOD-HHM402-11-D-0015	COLSA CORPORATION-HS-140802-TRAV	12	202
NAVY-N00014-12-C-0323	CUBRC INC-07875S3	12	34,912
ARMY-W56HZV-11-C-0073	DCS CORP-PO 141616	12	6,410
ARMY-W31P4Q-10-A-0017	GLEASON RESCH ASSOC INC-AE-10-A-0017-AUB	12	(1,250)
ARMY-W31P4Q-10-A-0017	GLEASON RESEARCH ASSOCIATES INC-AE-10-A-0017-AUB-0003CC	12	4,775
AF-FA8650-13-D-2343	INNOVATIVE SCIENCE SOLUTIONS INC-PO SB20144	12	(78)
AF-FA8651-11-D-0056	INTEGRATED SOLUTIONS FOR SYSTEMS INC-POS-2011-006	12	5,099
ARMY-W56KGU-14-C-0031	INTEGRATED SOLUTIONS FOR SYSTEMS INC-POS-C-2014-009-001	12	183,750
NAVY-N00014-14-C-0360	INTRAMICRON INC-AU140001	12	172,927
ARMY-W9113M-13-D-0003	INTREPID LLC-SC-13-051 TO1	12	206
ARMY-W9113M-13-D-0003	INTREPID LLC-SC-13-051 TO2-AK-TRV	12	22,848
ARMY-W9113M-13-D-0003	INTREPID LLC-SC-13-051-TO2-AD	12	5,009
AF-FA8750-13-C-7321	LEIDOS INC-P010153433	12	3,277
AF-FA8721-05-C-0002	MASSACHUSETTS INSTITUTE OF TECHNOLOGY-PO 7000292455	12	423,306
GPS STUDY & REPORT	MILTEC CORP-13-C-0006	12	(534)
GPS STUDY II-WBS 1.3.1.5.4 (LABOR) & 1.3.7.1.5 (TRAVEL)	MILTEC CORP-14-C-0008	12	(12,722)
NAVY-N00024-12-C-4059	MILTEC CORPORATION-14-C-0008-P2	12	201,745
NAVY-N00024-15-C-4026	PROMETHEUS INC-4026-01	12	42,375
NAVY-N00024-12-C-4509	PROMETHEUS INC-4509-01	12	(6,976)
MSIC-09-D-0012	SPARTA INC-13-2442-182-TRV	12	2,347
DOD-HQ0034-13-D-0004	STEVENS INSTITUTE OF TECHNOLOGY-TO 026 RESCH TOPIC 106	12	122,263
DOD-H98230-08-D-0171	STEVENS INSTITUTE OF TECHNOLOGY-RESCH TOPIC 0030A	12	(2,377)
ARMY-W31P4Q-12-C-0251	TORCH TECHNOLOGIES INC-T12S025-CR	12	345
ARMY-W31P4Q-12-C-0251	TORCH TECHNOLOGIES INC-T12S025-M01-MTLS	12	1,161
ARMY-W31P4Q-14-C-0143	TORCH TECHNOLOGIES INC-T14S105-TRV & MTLS	12	5,511
AF-FA8650-14-D-5205	UNIVERSITY OF DAYTON-RSC15015	12	9,990
CFDA 12 Total			<u>2,810,283</u>
<b>Department of Defense Total</b>			<u><b>3,754,465</b></u>

The accompanying notes are an integral part of this schedule.

# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2015

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
<b>Research and Development Cluster</b>			
<b>Department of the Interior</b>			
Fish, Wildlife and Plant Conservation Resource Management			
Department of The Interior Direct		15.231	42,721
CFDA 15.231 Total			<u>42,721</u>
Bureau of Ocean Energy Management (BOEM) Environmental Studies Program (ESP)			
Department of The Interior Direct		15.423	132,428
CFDA 15.423 Total			<u>132,428</u>
Sport Fish Restoration Program			
Department Of The Interior Pass-through			
	ALA DEPT OF CONS & NAT RESOURCES-APEX PREDATORS	15.605	122,640
CFDA 15.605 Total			<u>122,640</u>
Cooperative Endangered Species Conservation Fund			
Department of The Interior Pass-through			
	ALA DEPT OF CONS & NAT RESOURCES-AMPHIBIAN SURVEY	15.615	57,311
	ALA DEPT OF CONS & NAT RESOURCES-APEX PREDATORS	15.615	(14)
	ALA DEPT OF CONS & NAT RESOURCES-BLACK WARRIOR WTRDOG	15.615	(1,626)
	ALA DEPT OF CONS & NAT RESOURCES-BOG CRAYFISH	15.615	21,232
	ALA DEPT OF CONS & NAT RESOURCES-eDNA TECHNIQUE	15.615	(1,715)
	ALA DEPT OF CONS & NAT RESOURCES-GOPHER FROG	15.615	17,792
	ALA DEPT OF CONS & NAT RESOURCES-GOPHER TORTOISE	15.615	126,344
	ALA DEPT OF CONS & NAT RESOURCES-HELLBENDER SURV	15.615	30,401
	ALA DEPT OF CONS & NAT RESOURCES-LMOUTH BASS GEN	15.615	57,586
	ALA DEPT OF CONS & NAT RESOURCES-MORTALITY RATES	15.615	90,282
	ALA DEPT OF CONS & NAT RESOURCES-POCKET GOPHER	15.615	19,829
	ALA DEPT OF CONS & NAT RESOURCES-TYPHILICHTHYS	15.615	6,609
	ALA DEPT OF CONS & NAT RESOURCES-BLACK BEARS	15.615	154,808
	ALA DEPT OF CONS & NAT RESOURCES-EASTERN INDIGO	15.615	84,703
	GEORGIA DEPT OF NATURAL RESOURCES-IMPERILED FISH	15.615	13,068
	NATURE CONSERVANCY-TNFO 063014-3865-01	15.615	25,383
	STETSON UNIV-BOND	15.615	18,968
CFDA 15.615 Total			<u>720,961</u>
Migratory Bird Joint Ventures			
Department of The Interior Pass-through			
	MISSISSIPPI STATE UNIV-191000-331290-12	15.637	33,319
CFDA 15.637 Total			<u>33,319</u>
Research Grants (Generic)			
Department of The Interior Direct		15.650	32,159
CFDA 15.650 Total			<u>32,159</u>
Endangered Species Conservation – Recovery Implementation Funds			
Department of The Interior Direct		15.657	17,725
CFDA 15.657 Total			<u>17,725</u>
Endangered Species - Candidate Conservation Action Funds			
Department of The Interior Direct		15.660	9,986
CFDA 15.660 Total			<u>9,986</u>

The accompanying notes are an integral part of this schedule.

# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2015

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
<b>Research and Development Cluster</b>			
Coastal Impact Assistance Program			
Department of The Interior Pass-through			
	ALA DEPT OF CONS & NAT RESOURCES-CONTRACT #AL-30	15.668	41,419
CFDA 15.668 Total			41,419
Assistance to State Water Resources Research Institutes			
Department of The Interior Direct		15.805	136,620
CFDA 15.805 Total			136,620
U.S. Geological Survey_ Research and Data Collection			
Department of The Interior Direct		15.808	23
CFDA 15.808 Total			23
National Cooperative Geologic Mapping Program			
Department of The Interior Direct		15.810	10,836
CFDA 15.810 Total			10,836
Cooperative Research Units Program			
Department of The Interior Direct		15.812	153,428
CFDA 15.812 Total			153,428
Historic Preservation Fund Grants-In-Aid			
Department Of The Interior Pass-through			
	ALA HISTORICAL ASSOC-HISTORIC PRESERVATION TAX CREDIT	15.904	17,787
CFDA 15.904 Total			17,787
Cooperative Research and Training Programs – Resources of the National Park System			
Department of The Interior Direct		15.945	94,314
CFDA 15.945 Total			94,314
Other Financial Assistance			
Department of The Interior Direct			
FWS-F12AC01606	FWS-F12AC01606	15	11,395
NPS-P13AC01275	NPS-P13AC01275	15	7,178
Department of The Interior Pass-through			
ALA COOP FISHERY UNIT	ALA DEPT OF CONS & NAT RESOURCES-FAA OPERATION	15	18,218
CLIMATE CHANGE & PERSISTENCE OF FISH ASSEMBLAGES	ALA DEPT OF CONS & NAT RESOURCES-FISH ASSEMBLAGES	15	15,532
CFDA 15 Total			52,323
<b>Department of the Interior Total</b>			<b>1,618,689</b>

The accompanying notes are an integral part of this schedule.

# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2015

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
<b>Research and Development Cluster</b>			
<b>Department of Justice</b>			
National Institute of Justice Research, Evaluation, and Development Project Grants			
Department of Justice Direct		16.560	383,157
CFDA 16.560 Total			383,157
<b>Department of Justice Total</b>			<b>383,157</b>
<b>Department of State</b>			
Other Financial Assistance			
Department of State Pass-through			
US DEPT STATE-S-NEAIR-07-CA-105	INSTITUTE OF INTERNATIONAL EDUCATION-SCHOLAR RESCUE	19	26,903
CFDA 19 Total			26,903
<b>Department of State Total</b>			<b>26,903</b>
<b>Department of Transportation</b>			
Air Transportation Centers of Excellence			
Department of Transportation Direct		20.109	117,046
CFDA 20.109 Total			117,046
Highway Research and Development Program			
Department of Transportation Direct		20.200	449,371
Department of Transportation Pass-through			
	WESTERN RESEARCH INST-211031	20.200	10,268
CFDA 20.200 Total			459,639
Highway Planning and Construction			
Department Of Transportation Pass-through			
	ALA DEPT OF TRANSPORTATION-930-795	20.205	23,235
	ALA DEPT OF TRANSPORTATION-930-827	20.205	13,987
	ALA DEPT OF TRANSPORTATION-930-832	20.205	51,986
	ALA DEPT OF TRANSPORTATION-930-860R	20.205	83,344
CFDA 20.205 Total			172,552
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research			
Department of Transportation Pass-through			
	ALA DEPT OF TRANSPORTATION-930-761	20.505	7,525
	ALA DEPT OF TRANSPORTATION-930-762	20.505	22,641
	ALA DEPT OF TRANSPORTATION-930-764	20.505	43,983
	ALA DEPT OF TRANSPORTATION-930-786	20.505	54,973
	ALA DEPT OF TRANSPORTATION-930-799	20.505	17,439
	ALA DEPT OF TRANSPORTATION-930-816R	20.505	21,851
	ALA DEPT OF TRANSPORTATION-930-822P TPF-5(267)	20.505	894,151
	ALA DEPT OF TRANSPORTATION-930-828	20.505	41,198
	ALA DEPT OF TRANSPORTATION-930-862	20.505	65,461
	ALA DEPT OF TRANSPORTATION-930-863	20.505	154,832
	ALA DEPT OF TRANSPORTATION-930-866R	20.505	62,769
	ALA DEPT OF TRANSPORTATION-930-870	20.505	70,697
CFDA 20.505 Total			1,457,520

The accompanying notes are an integral part of this schedule.

# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2015

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
<b>Research and Development Cluster</b>			
University Transportation Centers Program			
Department Of Transportation Pass-through			
	SOUTHERN ILLINOIS UNIV-767211-01-001	20.701	26,429
	UNIV OF VERMONT-20002 AUBURN U	20.701	14,824
CFDA 20.701 Total			<u>41,253</u>
Biobased Transportation Research			
Department of Transportation Pass-through			
	UNIV OF TENNESSEE-8500014160	20.761	41,503
	UNIV OF TENNESSEE-8500022311	20.761	(3,208)
CFDA 20.761 Total			<u>38,295</u>
Other Financial Assistance			
Department of Transportation Direct			
DTFH61-13-C-00006			
Department of Transportation Pass-through			
IMPLEMEN SELF-CONSOLIDATION CONCRETE FOR PRESTRESSED APPLICATIONS PHASE I	DTFH61-13-C-00006	20	305,259
FRP STRENGTHENING OF CONTINUOUS RC BRIDGE-LETOHATCHEE	ALA DEPT OF TRANSPORTATION-930-738-EXT	20	2,641
FIELD CNTL &PERF OF ASPHALT MIXTURES CONTAINING GREATER THAN 25% RECLAIMED ASPHALT PAVEMENT	ALA DEPT OF TRANSPORTATION-930-745S	20	36,269
2015 NCAT TEST TRACT CONSTRUCTION	ALA DEPT OF TRANSPORTATION-930-764R	20	13,850
MN ROAD OPERATIONS	ALA DEPT OF TRANSPORTATION-930-822P TPF-5(267) CON-15	20	496,003
2015 US HWY 280 OPERATIONS	ALA DEPT OF TRANSPORTATION-930-822P TPF-5(267) MN RD	20	21,846
2015 US HWY 280 CONSTRUCTION	ALA DEPT OF TRANSPORTATION-930-822P TPF-5(267) US280	20	47,628
2015 NCAT PAVEMENT TEST TRACK	ALA DEPT OF TRANSPORTATION-930-822P TPF-5(267) US280-C	20	18,689
ACCELERATED PERFORMANCE TESTING FOR 2012 NCAT PAVEMENT TEST TRACK	ALA DEPT OF TRANSPORTATION-930-822P TPF-5(267)-15	20	812,517
MONITOR EFFECTS OF BHAM NORTHERN BELTLINE CONSTRUCTION IN LITTLE CAHABA CREEK WTRSHED	ALA DEPT OF TRANSPORTATION-930-822P TPF-5(267)-CONST	20	718
EVAL OF INLET PROTECTION PRACTICES USING LARGE-SCALE TESTING TECHNIQUES	ALA DEPT OF TRANSPORTATION-930-837R	20	56,584
EXPERIMENTAL VALIDATION OF ANALYSIS METHODS AND DESIGN PROCEDURES FOR STEEL PILE BRIDGE BENTS	ALA DEPT OF TRANSPORTATION-930-853R	20	155,880
EVAL SEDIMENT BARRIERS USING LARGE-SCALE TESTING TECHNIQUES	ALA DEPT OF TRANSPORTATION-930-859	20	80,807
PERMIT LOAD MODEL OF A FLAT SLAB BRIDGE	ALA DEPT OF TRANSPORTATION-930-869	20	74,368
PLASTIC PIPE FOR HIGHWAY CONSTRUCTION-PHASE II	ALA DEPT OF TRANSPORTATION-930-889	20	48,611
STRENGTH ASSESSMENT OF SOIL-CEMENT BASE	ALA DEPT OF TRANSPORTATION-930-891	20	15,346
DVLMT OF HIGHWAY SAFETY WORKFORCE IN ALA	ALA DEPT OF TRANSPORTATION-930-895	20	28,966
STUDY OF WRONG WAY DRIVING CRASHES IN ALA	ALA DEPT OF TRANSPORTATION-BELT-SP07(906)-RT	20	33,345
CHARACTERIZATION OF ALA WORK ZONE CRASHES	ALA DEPT OF TRANSPORTATION-BELT-SP07(906)-WRONG WAY	20	54,453
ROADWAY CONGESTION-SAFETY TOOL BASED ON SSAM	ALA DEPT OF TRANSPORTATION-BELT-SP7(906)	20	5,622
DTFH61-12-C-00016	ALA DEPT OF TRANSPORTATION-HSIP-6815(250)	20	3,004
DTFH61-13-RA-00015	IOWA STATE UNIV-436-17-04	20	58,807
DVLMT OF ALTERNATIVE HIGH FRICTION SURFACES FOR OK	NATIONAL ASPHALT PAVEMENT ASSOC-INNOVATIVE TECH-TO 001	20	24,872
MECHANISTIC DESIGN DATA FROM ODOT INSTRUMENTED PAVEMENT SITES	OKLAHOMA DEPT OF TRANSPORTATION-SP&R ITEM 2269	20	25,616
SHORT-TERM LAB CONDITIONING OF ASPHALT MIXTURES	OREGON DEPT OF TRANSPORTATION-30012	20	60,771
US DOT-DTRT12-G-UTC04	TEXAS A&M RESEARCH FND-99-S120207	20	16,412
CFDA 20 Total	UNIV OF FLORIDA-EIES-1200010-AUB	20	44,869
<b>Department of Transportation Total</b>			<u>2,543,753</u>
			<u><b>4,830,058</b></u>
<b>Office of Personnel Management</b>			
Intergovernmental Personnel Act (IPA) Mobility Program			
office of Personnel Management Pass-through			
	ARMY-IPA-CAHILL	27.011	(391)
	NATIONAL SCIENCE FOUNDATION-DEB-1445774	27.011	123,572
	NATIONAL SCIENCE FOUNDATION-DMS-1352905	27.011	154,227
	NATIONAL SCIENCE FOUNDATION-IOS-1353666	27.011	(27,024)
CFDA 27.011 Total			<u>250,384</u>
<b>Office of Personnel Management Total</b>			<u><b>250,384</b></u>

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# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2015

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
<b>Research and Development Cluster</b>			
<b>Library Of Congress</b>			
Other Financial Assistance			
Library Of Congress Pass-through			
LIBRARY OF CONGRESS-08C0017	ILLINOIS STATE UNIV-11510-04-890009477	42	9,693
CFDA 42 Total			9,693
<b>Library Of Congress Total</b>			<b>9,693</b>
<b>National Aeronautics and Space Administration</b>			
Science			
National Aeronautics And Space Administration Direct		43.001	496,728
National Aeronautics And Space Administration Pass-through			
	JOHNS HOPKINS UNIV-113915	43.001	20,843
	PENNSYLVANIA STATE UNIV-5022-AU-NASA-F93G	43.001	32,682
	PLANETARY SCIENCE INSTITUTE-REF NUMBER 1266	43.001	(307)
	PLANETARY SCIENCE INSTITUTE-REF NUMBER 693	43.001	(1,228)
	SOUTHWEST RESEARCH INSTITUTE-1415GC0053	43.001	68,406
	SPACE SCIENCE INSTITUTE-SUBAWARD 00568	43.001	(261)
	UNIV OF ALABAMA IN HUNTSVILLE-SUB2010-175	43.001	16,006
	UNIV OF ARKANSAS-SA1302027	43.001	21,264
	UNIV OF ILLINOIS-2013-02991-01-00	43.001	7,373
	UNIV OF MASSACHUSETTS-18802	43.001	75,715
CFDA 43.001 Total			737,221
<b>Aeronautics</b>			
National Aeronautics And Space Administration Pass-through			
	UNIV OF ALABAMA-UA13-30	43.002	(23)
	UNIV OF ALABAMA-UA14-035	43.002	45,268
CFDA 43.002 Total			45,245
<b>Exploration</b>			
National Aeronautics And Space Administration Direct		43.003	14,166
CFDA 43.003 Total			14,166
<b>Space Operations</b>			
National Aeronautics And Space Administration Pass-through			
CFDA 43.007 Total	UNIVERSITY OF CALIFORNIA, DAVIS-201501798-01	43.007	67,464
			67,464
<b>Cross Agency Support</b>			
National Aeronautics And Space Administration Direct		43.009	205,758
National Aeronautics And Space Administration Pass-through			
	OREGON STATE UNIV-N244A-A	43.009	39,525
CFDA 43.009 Total			245,283
<b>Other Financial Assistance</b>			
National Aeronautics And Space Administration Direct			
NASA-NNM13AA10G	NASA-NNM13AA10G	43	355,581
National Aeronautics And Space Administration Pass-through			
NASA-NNL13AA08B	NATIONAL INSTITUTE OF AEROSPACE-T15-6500-AU TO 6543-AU	43	18,667
NASA-NNX10AJ80H	UNIV OF ALABAMA IN HUNTSVILLE-SUB2010-175	43	32,706
NASA-NNX15AP44A	XAVIER UNIVERSITY OF LA-OSP-15-216811-00B	43	819
CFDA 43 Total			407,773
<b>National Aeronautics and Space Administration Total</b>			<b>1,517,152</b>

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# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2015

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
<b>Research and Development Cluster</b>			
<b>National Science Foundation</b>			
Engineering Grants			
National Science Foundation Direct		47.041	2,329,664
National Science Foundation Pass-through			
	ENGENIUSMICRO LLC-DEAN	47.041	39,298
CFDA 47.041 Total			2,368,962
Mathematical and Physical Sciences			
National Science Foundation Direct		47.049	737,847
National Science Foundation Pass-through			
	WESTERN MICH UNIV-7966-1-AUB	47.049	65,727
CFDA 47.049 Total			803,574
Geosciences			
National Science Foundation Direct		47.050	475,463
National Science Foundation Pass-through			
	MICHIGAN STATE UNIV-RC104652AU	47.050	3,450
CFDA 47.050 Total			478,913
Computer and Information Science and Engineering			
National Science Foundation Direct		47.070	982,017
National Science Foundation Pass-through			
	CLEMSON UNIV-1683-206-2009520	47.070	(6,793)
	UNIV OF FLORIDA-UFDSP00010405	47.070	76,437
	UNIV OF NORTH CAROLINA AT CHARLOTTE-20100715-04-AUB	47.070	20,616
	UNIV OF WISCONSIN-437K710	47.070	25,843
CFDA 47.070 Total			1,098,120
Biological Sciences			
National Science Foundation Direct		47.074	1,136,977
CFDA 47.074 Total			1,136,977
Social, Behavioral, and Economic Sciences			
National Science Foundation Direct		47.075	199,542
National Science Foundation Pass-through			
	ARIZONA STATE UNIV-15-565	47.075	5,542
	WEST VIRGINIA UNIV RESEARCH CORP-12-285-AU	47.075	84,926
CFDA 47.075 Total			290,010
Education and Human Resources			
National Science Foundation Direct		47.076	1,413,360
National Science Foundation Pass-through			
	ROCHESTER INSTITUTE TECH-31242-01	47.076	6,331
	TUSKEGEE UNIV-34-11530-201-76190	47.076	317,094
	TUSKEGEE UNIV-34-21530-198-76190	47.076	(7,559)
	TUSKEGEE UNIV-34-21530-199-76190	47.076	81,352
	TUSKEGEE UNIV-34-22460-075	47.076	15,661
	UNIV OF ALABAMA AT BIRMINGHAM-000398033-011	47.076	53,984
	UNIV OF ALABAMA AT BIRMINGHAM-000500324-001	47.076	292,243
	UNIV OF WISCONSIN-607K972	47.076	690
CFDA 47.076 Total			2,173,156

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# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2015

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
<b>Research and Development Cluster</b>			
Polar Programs			
National Science Foundation Direct		47.078	88,186
CFDA 47.078 Total			88,186
Office of International and Integrative Activities			
National Science Foundation Direct		47.079	154,956
CFDA 47.079 Total			154,956
Office of Cyberinfrastructure			
National Science Foundation Direct		47.080	(130)
CFDA 47.080 Total			(130)
Office of Experimental Program to Stimulate Competitive Research			
National Science Foundation Pass-through	TUSKEGEE UNIV-34-21530-200-76190	47.081	224,588
CFDA 47.081 Total			224,588
ARRA-Trans-NSF Recovery Act Research Support			
National Science Foundation Direct		47.082	75,022
NSF-DUE-0934821			75,022
CFDA 47.082 Total			75,022
<b>National Science Foundation Total</b>			<b>8,892,334</b>
<b>Environmental Protection Agency</b>			
Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program			
Environmental Protection Agency Pass-through	WASHINGTON STATE UNIV-118282-G003430	66.123	34,061
CFDA 66.123 Total			34,061
National Estuary Program			
Environmental Protection Agency Pass-through	DAUPHIN ISLAND SEA LAB-MBNEP-PO 37445	66.456	22,799
	DAUPHIN ISLAND SEA LAB-MBNEP-PO NO 38789	66.456	33,448
CFDA 66.456 Total			56,247
Nonpoint Source Implementation Grants			
Environmental Protection Agency Pass-through	ALA DEPT OF ENVIRON MGMT-C40598001	66.460	96,797
CFDA 66.460 Total			96,797
Regional Wetland Program Development Grants			
Environmental Protection Agency Direct		66.461	3,131
CFDA 66.461 Total			3,131
Gulf of Mexico Program			
Environmental Protection Agency Direct		66.475	44,427
CFDA 66.475 Total			44,427
Science To Achieve Results (STAR) Fellowship Program			
Environmental Protection Agency Direct		66.514	(754)
CFDA 66.514 Total			(754)

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# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2015

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
<b>Research and Development Cluster</b>			
Performance Partnership Grants			
Environmental Protection Agency Pass-through			
CFDA 66.605 Total	ALA DEPT OF ENVIRON MGMT-C20596056	66.605	(3,380)
			<u>(3,380)</u>
Regional Agricultural IPM Grants			
Environmental Protection Agency Direct		66.714	(9,015)
Environmental Protection Agency Pass-through			
CFDA 66.714 Total	ALA DEPT OF AGRICULT & INDUSTRIES-IPM PRACTICES	66.714	17,561
			<u>8,546</u>
Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies			
Environmental Protection Agency Pass-through			
CFDA 66.716 Total	TEXAS COOPERATIVE EXTENSION-07-S140739	66.716	5,931
			<u>5,931</u>
Other Financial Assistance			
Environmental Protection Agency Pass-through			
MATCH FOR NFWF-PROJ 1301.14.042946	ALA DEPART OF ENVIRON MGMT-MATCH NFWF-PROJ 1301.14.042946	66	17,310
EPA-EP-C-11-006	PEGASUS TECHNICAL SERVICES INC-PO AUB-15-001-TRV	66	6,039
CFDA 66 Total			<u>23,349</u>
<b>Environmental Protection Agency Total</b>			<u>268,355</u>
<b>Nuclear Regulatory Commission</b>			
U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program			
Nuclear Regulatory Commission Direct		77.008	45,000
CFDA 77.008 Total			<u>45,000</u>
Other Financial Assistance			
Nuclear Regulatory Commission Pass-through			
NRC-HQ-11-C-04-0041	M TUTTLE & ASSOC-MTA-SC2011-AU-1	77	1,604
CFDA 77 Total			<u>1,604</u>
<b>Nuclear Regulatory Commission Total</b>			<u>46,604</u>
<b>Department of Energy</b>			
Office of Science Financial Assistance Program			
Department of Energy Direct		81.049	1,089,665
Department of Energy Pass-through			
	ADVANCED THERMAL TECHNOLOGIES LLC-AU0004703	81.049	(52,036)
	PURDUE UNIV-4105-60703	81.049	774
	UNIV OF ALABAMA-EPSCOR-09-075	81.049	66,838
CFDA 81.049 Total			<u>1,105,241</u>
University Coal Research			
Department of Energy Direct		81.057	124,836
CFDA 81.057 Total			<u>124,836</u>

The accompanying notes are an integral part of this schedule.

# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2015

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
<b>Research and Development Cluster</b>			
Regional Biomass Energy Programs			
Department of Energy Pass-through			
	SOUTH DAKOTA STATE UNIV-3TC154	81.079	(225)
CFDA 81.079 Total			(225)
Conservation Research and Development			
Department of Energy Pass-through			
	RESEARCH TRIANGLE INSTITUTE INTERNATIONAL-1-340-0213159	81.086	74,262
CFDA 81.086 Total			74,262
Renewable Energy Research and Development			
Department of Energy Direct		81.087	190,768
Department of Energy Pass-through			
	UNIV OF MINNESOTA-D187661602	81.087	(919)
CFDA 81.087 Total			189,849
Fossil Energy Research and Development			
Department Of Energy Pass-through			
	INTRAMICRON-AU150002	81.089	130,164
CFDA 81.089 Total			130,164
Defense Nuclear Nonproliferation Research			
Department of Energy Direct		81.113	69,036
CFDA 81.113 Total			69,036
Nuclear Energy Research, Development and Demonstration			
Department Of Energy Direct		81.121	7,500
CFDA 81.121 Total			7,500
Other Financial Assistance			
Department of Energy Pass-through			
DE-AC02-09CH11466	PRINCETON PLASMA PHYSICS LAB-PRINCETON UN-S013799	81	23,631
DEVLPMT OF A PEER-TO-PEER STORAGE SYSTEM	SANDIA NATL LABORATORIES-PO 1479660	81	159,551
DE-AC04-94AL85000	SANDIA NATL LABORATORIES-PO 1597919	81	968
DE-AC09-08SR22470	SAVANNAH RIVER NUCLEAR SOLUTIONS LLC-AC 70067 O	81	(4,663)
DE-AC09-08SR22470	SAVANNAH RIVER NUCLEAR SOLUTIONS LLC-SUB 0000143605	81	4,653
DE-AC07-05ID14517	SOUTH DAKOTA STATE UNIV-3TW676	81	18,000
DE-AC05-00OR22725	UT-BATTELLE LLC-4000135964	81	102,870
DE-AC05-00OR22725	UT-BATTELLE LLC-4000141415	81	8,542
DE-AC05-00OR22725	UT-BATTELLE LLC-4000120967	81	(203)
CFDA 81 Total			313,349
<b>Department of Energy Total</b>			<b>2,014,012</b>
<b>Department of Education</b>			
Overseas Programs - Group Projects Abroad			
Department of Education Direct		84.021	(8,335)
CFDA 84.021 Total			(8,335)
Graduate Assistance in Areas of National Need			
Department of Education Direct		84.200	260,516
CFDA 84.200 Total			260,516
<b>Department of Education Total</b>			<b>252,181</b>

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# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2015

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
<b>Research and Development Cluster</b>			
<b>Department of Health and Human Services</b>			
Healthy Marriage Promotion and Responsible Fatherhood Grants			
Department of Health And Human Services Direct		93.086	2,221,244
CFDA 93.086 Total			<u>2,221,244</u>
Food and Drug Administration_Research			
Department of Health And Human Services Direct		93.103	1,501,507
CFDA 93.103 Total			<u>1,501,507</u>
Environmental Health			
Department of Health And Human Services Direct		93.113	82,627
Department of Health And Human Services Pass-through	MICHIGAN STATE UNIV-RC060825SUPP2AU	93.113	(118)
CFDA 93.113 Total			<u>82,509</u>
Research Related to Deafness and Communication Disorders			
Department of Health And Human Services Direct		93.173	102,581
CFDA 93.173 Total			<u>102,581</u>
Research and Training in Complementary and Alternative Medicine			
Department of Health And Human Services Pass-through	LUCIGEN CORP-NIH-1R43AT008295-01	93.213	77,663
CFDA 93.213 Total			<u>77,663</u>
Research on Healthcare Costs, Quality and Outcomes			
Department of Health And Human Services Pass-through	UNIV OF NORTH CAROLINA-5-50002	93.226	41,982
CFDA 93.226 Total			<u>41,982</u>
Mental Health Research Grants			
Department of Health And Human Services Direct		93.242	118,643
CFDA 93.242 Total			<u>118,643</u>
Occupational Safety and Health Program			
Department of Health And Human Services Pass-through	UNIV OF ALABAMA AT BIRMINGHAM-000286477-021	93.262	(4,255)
	UNIV OF ALABAMA AT BIRMINGHAM-000500836	93.262	83,828
	UNIV OF ALABAMA AT BIRMINGHAM-000500836-001	93.262	(516)
	UNIV OF ALABAMA AT BIRMINGHAM-000500836-002	93.262	156,357
	UNIV OF ALABAMA AT BIRMINGHAM-000500836-004	93.262	61,792
	UNIV OF ALABAMA AT BIRMINGHAM-000500836-014	93.262	3,651
	UNIV OF ALABAMA AT BIRMINGHAM-000500836-15	93.262	11,226
	UNIV OF ALABAMA AT BIRMINGHAM-000500836-SC009	93.262	(2,657)
	UNIV OF ALABAMA AT BIRMINGHAM-NIOSH-OIP	93.262	38,127
CFDA 93.262 Total			<u>347,553</u>
Discovery and Applied Research for Technological Innovations to Improve Human Health			
Department of Health And Human Services Direct		93.286	356,607
CFDA 93.286 Total			<u>356,607</u>
Cancer Cause and Prevention Research			
Department of Health And Human Services Pass-through	NORTHEASTERN UNIV-500268-78051	93.393	26
	NORTHEASTERN UNIV-500335-78051	93.393	(26,789)
	NORTHEASTERN UNIV-500381-78051	93.393	325,485
CFDA 93.393 Total			<u>298,722</u>

The accompanying notes are an integral part of this schedule.

# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2015

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
<b>Research and Development Cluster</b>			
Head Start			
Department Of Health And Human Services Pass-through	ALA DEPT HUMAN RESOURCES-1737-CCP SLOTS	93.600	573,702
	ALA DEPT HUMAN RESOURCES-1737-STARTUP	93.600	138,977
CFDA 93.600 Total			<u>712,679</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	11,500
CFDA 93.630 Total			<u>11,500</u>
ARRA-Trans-NIH Recovery Act Research Support			
Department of Health And Human Services Direct		93.701	(350)
NIH-1RC1AA019293-01		93.701	(629)
NIH-1R21AI083852-01			(979)
CFDA 93.701 Total			<u>(979)</u>
Cardiovascular Diseases Research			
Department of Health And Human Services Direct		93.837	(1,592)
Department of Health And Human Services Pass-through	MASSACHUSETTS GENERAL HOSP-222589	93.837	76,446
	UNIV OF ALABAMA AT BIRMINGHAM-000374790-001	93.837	25,339
CFDA 93.837 Total			<u>100,193</u>
Blood Diseases and Resources Research			
Department of Health And Human Services Pass-through	VANDERBILT UNIV-VUMC41814	93.839	21,595
CFDA 93.839 Total			<u>21,595</u>
Diabetes, Digestive, and Kidney Diseases Extramural Research			
Department of Health And Human Services Direct		93.847	249,334
CFDA 93.847 Total			<u>249,334</u>
Extramural Research Programs in the Neurosciences and Neurological Disorders			
Department of Health And Human Services Direct		93.853	127,810
CFDA 93.853 Total			<u>127,810</u>
Allergy, Immunology and Transplantation Research			
Department of Health And Human Services Direct		93.855	172,868
Department of Health And Human Services Pass-through	LUCIGEN CORP-NIH-1R43AI100383-01A1	93.855	61,017
	LUCIGEN CORP-NIH-2R44AI085840-02	93.855	103,408
	UNIV OF SOUTH FLA-6408-1071-00-B	93.855	(1,138)
CFDA 93.855 Total			<u>336,155</u>

The accompanying notes are an integral part of this schedule.



# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2015

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
<b>Research and Development Cluster</b>			
Child Health and Human Development Extramural Research			
Department Of Health And Human Services Direct		93.865	534,494
CFDA 93.865 Total			534,494
Aging Research			
Department Of Health And Human Services Direct		93.866	3,435
CFDA 93.866 Total			3,435
Other Financial Assistance			
Department Of Health And Human Services Pass-through			
ADVANCING SAFETY SURVEILLANCE THRU INDIVIDUALIZED SENSOR-BASED TECHNOLOGIES	RESEARCH FDN OF STATE UNIV OF NY	93	1,351
CFDA 93 Total			1,351
<b>Department of Health and Human Services Total</b>			<b>7,246,578</b>
<b>Department of Homeland Security</b>			
Other Financial Assistance			
Department of Homeland Security Direct			
DHS-HSHQDC-13-C-B0004		97	140,267
CFDA 97 Total			140,267
<b>Department of Homeland Security Total</b>			<b>140,267</b>
<b>Agency for International Development</b>			
USAID Foreign Assistance for Programs Overseas			
Agency For International Development Pass-through			
	OREGON STATE UNIV-RD011G-G	98.001	226,346
	UNIVERSITY OF CALIFORNIA, DAVIS-201502576-01	98.001	29,936
CFDA 98.001 Total			256,282
Other Financial Assistance			
Agency For International Development Pass-through			
AID-482-A-14-00003	UNIV OF ARIZONA-234212	98	13,493
CFDA 98 Total			13,493
<b>Agency for International Development Total</b>			<b>269,775</b>
<b>Research and Development Cluster Total</b>			<b>44,004,493</b>
<b>Supplemental Nutrition Assistance Program (SNAP) Cluster</b>			
<b>Department of Agriculture</b>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			
Department of Agriculture Pass-through			
	ALA DEPT HUMAN RESOURCES-AGREEMENT NO 4153	10.561	3,904,651
CFDA 10.561 Total			3,904,651
<b>Department of Agriculture Total</b>			<b>3,904,651</b>
<b>Supplemental Nutrition Assistance Program (SNAP) Cluster Total</b>			<b>3,904,651</b>
<b>Community Facilities Loans and Grants Cluster</b>			
<b>Department of Agriculture</b>			
Community Facilities Loans and Grants			
Department of Agriculture Direct		10.766	589
CFDA 10.766 Total			589
<b>Department of Agriculture Total</b>			<b>589</b>
<b>Community Facilities Loans and Grants Cluster Total</b>			<b>589</b>

The accompanying notes are an integral part of this schedule.

# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2015

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
<b>Fish and Wildlife Cluster</b>			
<b>Department of the Interior</b>			
Sport Fish Restoration Program			
Department of The Interior Pass-through			
	ALA DEPT OF CONS & NAT RESOURCES-AL SHAD	15.605	69,615
	ALA DEPT OF CONS & NAT RESOURCES-ALA ANGLERS	15.605	14,506
	ALA DEPT OF CONS & NAT RESOURCES-APEX PREDATORS	15.605	87,622
	ALA DEPT OF CONS & NAT RESOURCES-BLUEBACK HERRING	15.605	71,705
	ALA DEPT OF CONS & NAT RESOURCES-CHANNEL CFISH	15.605	2,249
	ALA DEPT OF CONS & NAT RESOURCES-DANNELLY RESERVOIR	15.605	88,921
	ALA DEPT OF CONS & NAT RESOURCES-LMOUTH BASS	15.605	50,577
	ALA DEPT OF CONS & NAT RESOURCES-REC FISHING	15.605	(1,640)
	ALA DEPT OF CONS & NAT RESOURCES-SLACKWTR DARTERS	15.605	26,320
	ALA DEPT OF CONS & NAT RESOURCES-SPECIES ABUNDANCE	15.605	66,911
	ALA DEPT OF CONS & NAT RESOURCES-STOCK SPORTFISH	15.605	58,904
	GEORGIA DEPT OF NATURAL RESOURCES-FISH DISEASES	15.605	6,958
	HAWAII DEPT OF LAND & NAT RESOURCES-PO C21927	15.605	19,319
	MISSOURI DEPT CONSERVATION-FISH DISEASES	15.605	12,812
	N CAROLINA WILDLIFE RESOURCE CTR-FISH DISEASE	15.605	9,765
			<u>584,544</u>
CFDA 15.605 Total			
Wildlife Restoration and Basic Hunter Education			
Department of The Interior Pass-through			
	ALA DEPT OF CONS & NAT RESOURCES-B BEAR ECOLOGY	15.611	15,307
	ALA DEPT OF CONS & NAT RESOURCES-COYOTE DENSITY	15.611	15,529
	ALA DEPT OF CONS & NAT RESOURCES-HUNTING SURV	15.611	20,000
	ALA DEPT OF CONS & NAT RESOURCES-WHITE TAILED DEER	15.611	69,066
	ALA DEPT OF CONS & NAT RESOURCES-WILD PIGS	15.611	105,850
	ALA DEPT OF CONS & NAT RESOURCES-WILDLIFE PROF	15.611	15,199
			<u>240,951</u>
CFDA 15.611 Total			<u>825,495</u>
<b>Department of the Interior Total</b>			<u>825,495</u>
<b>Fish and Wildlife Cluster Total</b>			<u>825,495</u>
<b>Workforce Investment Act (WIA) Cluster</b>			
<b>Department of Labor</b>			
WIA Adult Program			
Department of Labor Pass-through			
	ALA DEPT OF ECON&COMM AFFAIRS-WORKFORCE INVESTMENT	17.258	25,012
			<u>25,012</u>
CFDA 17.258 Total			
WIA Youth Activities			
Department of Labor Pass-through			
	ALA DEPT OF ECON&COMM AFFAIRS-34220011	17.259	(279)
	ALA DEPT OF ECON&COMM AFFAIRS-44220011	17.259	63,656
	ALA DEPT OF ECON&COMM AFFAIRS-54220011	17.259	6,280
			<u>69,657</u>
CFDA 17.259 Total			<u>94,669</u>
<b>Department of Labor Total</b>			<u>94,669</u>
<b>Workforce Investment Act (WIA) Cluster Total</b>			<u>94,669</u>

The accompanying notes are an integral part of this schedule.

# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2015

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
<b>Highway Planning and Construction Cluster</b>			
<b>Department of Transportation</b>			
Highway Planning and Construction		20.205	285,373
Department of Transportation Direct			
Department of Transportation Pass-through	NEVADA DEPT OF TRANSPORTATION-P557-13-803	20.205	58,025
	UNIV OF ILLINOIS-2011-05776-31	20.205	58,170
CFDA 20.205 Total			<u>401,568</u>
<b>Recreational Trails Program</b>			
Department Of Transportation Pass-through	ALA DEPT ECON&COMM AFFAIRS-RTP-2010	20.219	<u>(79,051)</u>
CFDA 20.219 Total			<u>(79,051)</u>
<b>Department of Transportation Total</b>			<u>322,517</u>
<b>Highway Planning and Construction Cluster Total</b>			<u>322,517</u>
<b>Highway Safety Cluster</b>			
<b>Department of Transportation</b>			
National Priority Safety Programs			
Department Of Transportation Pass-through			
CFDA 20.616 Total	ALA DEPT OF ECON&COMM AFFAIRS-TRAFFIC SAFETY RESOURCE	20.616	<u>162,985</u>
<b>Department of Transportation Total</b>			<u>162,985</u>
<b>Highway Safety Cluster Total</b>			<u>162,985</u>
<b>Clean Water State Revolving Fund Cluster</b>			
<b>Environmental Protection Agency</b>			
Capitalization Grants for Clean Water State Revolving Funds			
Environmental Protection Agency Pass-through	ALA DEPT OF ENVIRON MGMT-C10595083	66.458	<u>(1,318)</u>
CFDA 66.458 Total			<u>(1,318)</u>
<b>Environmental Protection Agency Total</b>			<u>(1,318)</u>
<b>Clean Water State Revolving Fund Cluster Total</b>			<u>(1,318)</u>
<b>School Improvement Grants Cluster</b>			
<b>Department of Education</b>			
School Improvement Grants			
Department Of Education Pass-through	ALA DEPT OF EDUCATION-C5U0462	84.377	<u>137,680</u>
CFDA 84.377 Total			<u>137,680</u>
<b>Department of Education Total</b>			<u>137,680</u>
<b>School Improvements Grants Cluster Total</b>			<u>137,680</u>
<b>Special Education (IDEA) Cluster</b>			
<b>Department of Education</b>			
Special Education_Grants to States			
Department of Education Pass-through	ALA DEPT OF EDUCATION-IDEA	84.027	<u>10,000</u>
CFDA 84.027 Total			<u>10,000</u>
<b>Department of Education Total</b>			<u>10,000</u>
<b>Special Education (IDEA) Cluster Total</b>			<u>10,000</u>

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# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2015

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
<b>Student Financial Assistance Cluster</b>			
<b>Department of Education</b>			
Federal Supplemental Educational Opportunity Grants (FSEOG)			
Department of Education Direct		84.007	646,161
CFDA 84.007 Total			<u>646,161</u>
Federal Work-Study Program (FWS)			
Department of Education Direct		84.033	1,109,838
CFDA 84.033 Total			<u>1,109,838</u>
Federal Perkins Loan (FPL) - Outstanding Loans			
Department of Education Direct		84.038	15,906,100
CFDA 84.038 Total			<u>15,906,100</u>
Federal Pell Grant Program			
Department of Education Direct		84.063	22,609,500
CFDA 84.063 Total			<u>22,609,500</u>
Federal Direct Student Loans			
Department of Education Direct		84.268	158,806,204
CFDA 84.268 Total			<u>158,806,204</u>
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)			
Department of Education Direct		84.379	62,474
CFDA 84.379 Total			<u>62,474</u>
<b>Department of Education Total</b>			<u>199,140,277</u>
<b>Department of Health and Human Services</b>			
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	2,185,122
CFDA 93.342 Total			<u>2,185,122</u>
<b>Department of Health and Human Services Total</b>			<u>2,185,122</u>
<b>Student Financial Assistance Cluster Total</b>			<u>201,325,399</u>
<b>Child Care and Development Fund Cluster (CCDF)</b>			
<b>Department Of Health And Human Services</b>			
Child Care and Development Block Grant			
Department Of Health And Human Services Pass-through	ALA DEPT HUMAN RESOURCES-832	93.575	1,144,990
CFDA 93.342 Total			<u>1,144,990</u>
<b>Department Of Health And Human Services Total</b>			<u>1,144,990</u>
<b>Child Care and Development Fund Cluster (CCDF) Total</b>			<u>1,144,990</u>

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# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2015

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
<b>Other Programs</b>			
<b>Department of Agriculture</b>			
Plant and Animal Disease, Pest Control, and Animal Care			
Department of Agriculture Direct		10.025	5,772
CFDA 10.025 Total			5,772
 Wildlife Services			
Department Of Agriculture Direct		10.028	24,461
CFDA 10.028 Total			24,461
 Specialty Crop Block Grant Program			
Department Of Agriculture Pass-through			
	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 10	10.169	7,434
CFDA 10.169 Total			7,434
 Specialty Crop Block Grant Program - Farm Bill			
Department of Agriculture Pass-through			
	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 10	10.170	14,661
	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 3	10.170	4,164
	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 9	10.170	5,382
	ALA DEPT OF AGRICULT & INDUSTRIES-SMALL FRUIT & NUT TEACHING DEMO	10.170	14,456
	ALA FRUIT & VEG GROWERS ASSOC-CES 13-582	10.170	13,557
	ALA SUSTAINABLE AG NETWORK-SPECIALTY CROP	10.170	7,538
CFDA 10.170 Total			59,758
 Sustainable Agriculture Research and Education			
Department Of Agriculture Direct		10.215	18,612
Department Of Agriculture Pass-through			
	UNIV OF GEORGIA-RD309-129/5054696	10.215	9,081
CFDA 10.215 Total			27,693
 1890 Institution Capacity Building Grants			
Department of Agriculture Pass-through			
	TUSKEGEE UNIV-36-32091-318	10.216	39,794
CFDA 10.216 Total			39,794
 Higher Education - Multicultural Scholars Grant Program			
Department of Agriculture Direct		10.220	22
CFDA 10.220 Total			22

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# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2015

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
<b>Other Programs</b>			
Integrated Programs			
Department of Agriculture Pass-through			
	NORTH CAROLINA STATE UNIV-2012-2604-08	10.303	(80)
CFDA 10.303 Total			(80)
Homeland Security_Agricultural			
Department of Agriculture Pass-through			
	PURDUE UNIV-8000053483-AG	10.304	8,402
CFDA 10.304 Total			8,402
Organic Agriculture Research and Extension Initiative			
Department of Agriculture Direct		10.307	17,822
CFDA 10.307 Total			17,822
Agriculture and Food Research Initiative (AFRI)			
Department of Agriculture Direct		10.310	10,084
Department Of Agriculture Pass-through			
	UNIV OF TENNESSEE-8500047161	10.310	367
	UNIV OF TENNESSEE-A15-169-S001	10.310	20,480
CFDA 10.310 Total			30,931
Farm Business Management and Benchmarking Competitive Grants Program			
Department of Agriculture Pass-through			
	NORTH DAKOTA STATE UNIV-FAR-20958	10.319	2,762
CFDA 10.319 Total			2,762
Crop Protection and Pest Management Competitive Grants Program			
Department Of Agriculture Direct		10.329	132,441
CFDA 10.329 Total			132,441
Alfalfa and Forage Research Program			
Department Of Agriculture Pass-through			
	UNIV OF TENNESSEE-8500042857	10.330	1,015
CFDA 10.330 Total			1,015
Outreach and Assistance for Socially Disadvantaged and Veteran Farmers and Ranchers			
Department Of Agriculture Direct		10.443	7,235
CFDA 10.443 Total			7,235
Risk Management Education Partnerships			
Department Of Agriculture Pass-through			
	UNIV OF FLORIDA-UFDSP00010507	10.460	7,786
CFDA 10.460 Total			7,786
Cooperative Extension Service			
Department of Agriculture Direct		10.500	8,722,531
Department of Agriculture Pass-through			
	KANSAS STATE UNIV-S14060	10.500	1,208
	KANSAS STATE UNIV-S15054	10.500	33,036
	MICHIGAN STATE UNIV-RC103176AO	10.500	34,999
	PENNSYLVANIA STATE UNIV-5029-ACES-UM-9802	10.500	33,215
	PENNSYLVANIA STATE UNIV-5194-AU-USDA-2628	10.500	5,366
	PURDUE UNIV-8000066752	10.500	33,550
	TUSKEGEE UNIV-35 31243 044 62112	10.500	(1,719)
	UNIV OF ILLINOIS-2015-768-01	10.500	53,575
	UNIV OF NEBRASKA-25-6365-50-41	10.500	(11,590)
CFDA 10.500 Total			8,904,171

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# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2015

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
<b>Other Programs</b>			
Forestry Research			
Department of Agriculture Direct		10.652	774
CFDA 10.652 Total			774
Forest Stewardship Program			
Department of Agriculture Direct		10.678	1,181
CFDA 10.678 Total			1,181
Forest Health Protection			
Department of Agriculture Direct		10.680	29,106
CFDA 10.680 Total			29,106
Rural Business Enterprise Grants			
Department of Agriculture Direct		10.769	5,462
CFDA 10.769 Total			5,462
Environmental Quality Incentives Program			
Department of Agriculture Direct		10.912	(7,179)
Department Of Agriculture Pass-through			
CFDA 10.912 Total			
	CAWACO RESOURCE CONSERV & DVLPMNT COUNCIL, INC-WORKSHOPS	10.912	1,981
			(5,198)
Long Term Standing Agreements For Storage, Transportation And Lease			
Department Of Agriculture Direct		10	3,643
CFDA 10 Total			3,643
Other Financial Assistance			
Department of Agriculture Direct			
USDA-58-0510-4-005 N	USDA-58-0510-4-005 N	10	45,223
CFDA 10 Total			45,223
<b>Department of Agriculture Total</b>			<b>9,357,610</b>
<b>Department of Commerce</b>			
Economic Development_Technical Assistance			
Department of Commerce Direct		11.303	136,765
CFDA 11.303 Total			136,765
Sea Grant Support			
Department of Commerce Pass-through			
	MISSISSIPPI STATE UNIV-080100.340555.01	11.417	3,550
	UNIV OF SOUTHERN MISS-GR03924/OMNIBUS-A/O-32	11.417	44,269
	UNIV OF SOUTHERN MISS-GR04114/OMNIBUS-CSP II-A/O-33	11.417	39,508
	UNIV OF SOUTHERN MISS-GR05007-A/O-37-AU	11.417	56,193
CFDA 11.417 Total			143,520
Fisheries Disaster Relief			
Department of Commerce Pass-through			
	GULF STATES MARINE FISHERIES COMMISSION-MM-925-050-2011-AL/SG	11.477	49,498
CFDA 11.477 Total			49,498
ARRA-Broadband Technology Opportunities Program (BTOP)			
Department of Commerce Direct			
NIST-01-42-B10580		11.557	(1,330)
CFDA 11.557 Total			(1,330)

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## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2015

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
<b>Other Programs</b>			
Manufacturing Extension Partnership			
Department of Commerce Pass-through			
	ALA TECH NETWORK-2010-MEP-SDCC-01	11.611	173
	ALA TECH NETWORK-MEP ECAR 13-14	11.611	180,301
	ALA TECH NETWORK-MEP-NIST-70NANB10H299	11.611	(4,003)
CFDA 11.611 Total			<u>176,471</u>
Science, Technology, Business and/or Education Outreach			
Department of Commerce Direct			
NIST-60NANB9D9140		11.62	9,100
CFDA 11.620 Total			<u>9,100</u>
<b>Department of Commerce Total</b>			<b><u>514,024</u></b>
<b>Department of Defense</b>			
Other Financial Assistance			
Department of Defense Direct			
ARMY-NAFBA1-13-M-0305		12	37,321
ARMY-W911SF-13-C-0020		12	33,554
Department of Defense Pass-through			
4H MILITARY PARTNERSHIPS: ARMY YOUTH DVLMT PROJECT	BOYS & GIRLS CLUB-AYDP-10651	12	(6,351)
DOG HOUSING AND CARE	IK9 HOLDINGS LLC-TASK ORDER 1	12	52,412
TECH SUPPORT FOR DARPA FIDOS PROG	IK9 HOLDINGS LLC-TECH SUPPORT	12	113
CFDA 12 Total			<u>117,049</u>
<b>Department of Defense Total</b>			<b><u>117,049</u></b>
<b>Department of the Interior</b>			
Cooperative Endangered Species Conservation Fund			
Department Of The Interior Pass-through			
	ALA DEPT OF CONS & NAT RESOURCES-RED-COCKADED WOODPECKER	15.615	8,772
CFDA 15.615 Total			<u>8,772</u>
Youth Engagement, Education, and Employment Programs			
Department of The Interior Direct			
CFDA 15.676 Total		15.676	570
			<u>570</u>
National Land Remote Sensing_Education Outreach and Research			
Department of The Interior Pass-through			
	AMERICA VIEW INC-AV08-AL01-008	15.815	909
	AMERICA VIEW INC-AV13-AL01	15.815	24,836
CFDA 15.815 Total			<u>25,745</u>
<b>Department of the Interior Total</b>			<b><u>35,087</u></b>
<b>Department of Justice</b>			
Juvenile Justice and Delinquency Prevention_Allocation to States			
Department Of Justice Pass-through			
	ALA DEPT OF ECON&COMM AFFAIRS-3 YEAR PLAN DEVELOPMENT	16.540	59,171
	ALA DEPT OF ECON&COMM AFFAIRS-STATE ADVISORY GROUP	16.540	13,117
CFDA 16.540 Total			<u>72,288</u>
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program			
Department of Justice Pass-through			
	MONTGOMERY CTY COMMISSION-FJC-PROTECTION ORDER DB	16.590	23,381
	MONTGOMERY CTY COMMISSION-2015 ONE PLACE GRANT EVAL	16.590	5,723
CFDA 16.590 Total			<u>29,104</u>

The accompanying notes are an integral part of this schedule.

# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2015

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
<b>Other Programs</b>			
Juvenile Mentoring Program			
Department of Justice Pass-through	ALABAMA A&M UNIV-2012-JU-FX-0016	16.726	8,966
	ALABAMA A&M UNIV-2013-JU-FX-22-AU	16.726	12,699
CFDA 16.726 Total			<u>21,665</u>
Congressionally Recommended Awards			
Department of Justice Direct		16.738	18,908
Department Of Justice Pass-through	ALA DEPT OF ECON&COMM AFFAIRS-CRIME PREVENTION 14-DJ-ST-001	16.738	158,421
CFDA 16.738 Total			<u>177,329</u>
Second Chance Act Reentry Initiative			
Department Of Justice Pass-through	ALA BD OF PARDONS & PAROLES	16.812	3,820
CFDA 16.812 Total			<u>3,820</u>
<b>Department of Justice Total</b>			<u><b>304,206</b></u>
<b>Department of Transportation</b>			
Airport Improvement Program			
Department of Transportation Pass-through	ALA DEPT OF TRANSPORTATION-PARALLEL TAXIWAY	20.106	530,019
	ALA DEPT OF TRANSPORTATION-T-HANGAR TAXIWAYS-FED	20.106	(3)
CFDA 20.106 Total			<u>530,016</u>
Department Of Transportation Pass-through	ALA DEPT OF TRANSPORTATION-LTAP	20.509	18,749
	ALA DEPT OF TRANSPORTATION-RTAP	20.509	367,800
CFDA 20.509 Total			<u>386,549</u>
Other Financial Assistance			
Department of Transportation Direct			
DTFH01-05-P00007	DTFH01-05-P00007	20	8,345
Department Of Transportation Pass-through	ALA DEPT OF TRANSPORTATION-LTAP 2015	20	305,446
LOCAL TECHNICAL ASSISTANCE PROGRAM	ALA DEPT OF TRANSPORTATION-LTAP 930-887-2015	20	130,302
LOCAL TECHNICAL ASSISTANCE PROG			<u>444,093</u>
CFDA 20 Total			<u><b>1,360,658</b></u>
<b>Department of Transportation Total</b>			
<b>Department of the Treasury</b>			
Volunteer Income Tax Assistance (VITA) Matching Grant Program			
Department of The Treasury Pass-through	ALA ASSET BLDG COALITION-TAX ASSIST	21.009	1,928
CFDA 21.009 Total			<u>1,928</u>
<b>Department of the Treasury Total</b>			<u><b>1,928</b></u>
<b>Appalachian Regional Commission</b>			
Appalachian Area Development			
Appalachian Regional Commission Pass-through	UNIV OF ALABAMA-UA14-048	23.002	1,199
	UNIV OF ALABAMA-UA14-049	23.002	1,000
CFDA 23.002 Total			<u>2,199</u>

The accompanying notes are an integral part of this schedule.

# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2015

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
<b>Other Program</b>			
Appalachian Research, Technical Assistance, and Demonstration Projects			
Appalachian Regional Commission Pass-through	EAST TENNESSEE STATE UNIV-220013-16	23.011	4,000
CFDA 23.011 Total			4,000
<b>Appalachian Regional Commission Total</b>			<b>6,199</b>
<b>National Aeronautics and Space Administration</b>			
Science			
National Aeronautics And Space Administration Direct		43.001	11,801
CFDA 43.001 Total			11,801
Aeronautics			
National Aeronautics And Space Administration Pass-through	UNIV OF ALABAMA-UA14-035	43.002	94
CFDA 43.002 Total			94
Education			
National Aeronautics And Space Administration Pass-through	AETOS SYSTEMS-PO#OHC-002	43.008	6,105
CFDA 43.008 Total			6,105
Other Financial Assistance			
National Aeronautics And Space Administration Pass-through	MANUFACTURING TECHNICAL SERVICES INC-AUB-10012014	43	1,936
CFDA 43 Total			1,936
<b>National Aeronautics and Space Administration Total</b>			<b>19,936</b>
<b>National Endowment for the Arts</b>			
Promotion of the Arts_Grants to Organizations and Individuals			
National Endowment For The Arts Direct		45.024	18,025
National Endowment For The Arts Pass-through	UNIV OF GEORGIA-RE021-147/4785256	45.024	(10,782)
CFDA 45.024 Total			7,243
Promotion of the Arts_Partnership Agreements			
National Endowment For The Arts Pass-through	SOUTH ARTS-SOUTHERN CIRCUIT	45.025	400
CFDA 45.025 Total	SOUTH ARTS-SOUTHERN CIRCUIT-15	45.025	2,000
<b>National Endowment for the Arts Total</b>			<b>9,643</b>
<b>National Endowment for the Humanities</b>			
Promotion of the Humanities_Federal/State Partnership			
National Endowment For The Humanities Pass-through	ALA HUMANITIES FDN-0214-2170PD	45.129	6,467
	ALA HUMANITIES FDN-0214-2172MN	45.129	1,033
	ALA HUMANITIES FDN-614-2192EX	45.129	1,319
	ALA HUMANITIES FDN-914-2210MN	45.129	1,500
CFDA 45.129 Total			10,319

The accompanying notes are an integral part of this schedule.

# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2015

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
<b>Other Program</b>			
Other Financial Assistance			
National Endowment For The Humanities Pass-through			
CRATED EQUAL: AMERICA'S CIVIL RIGHTS STRUGGLE FILM SET	GILDER LEHRMAN INSTITUTE OF AMERICAN HISTORY	45	1,200
CFDA 45 Total			<u>1,200</u>
<b>National Endowment for the Humanities Total</b>			<u>11,519</u>
<b>Department of Veteran Affairs</b>			
Other Financial Assistance			
Department Of Veteran Affairs Pass-through			
VA268-14-D-0007	IK9 HOLDINGS LLC-TASK ORDER 2	64	3,267
CFDA 64 Total			<u>3,267</u>
Department Of Veteran Affairs Pass-through			
Post-9/11 Veterans Educational Assistance	Post-9/11 GI Bill - Chapter 33 - Veterans Benefits Administration	64.028	8,528,236
CFDA 64.028 Total			<u>8,528,236</u>
Department Of Veteran Affairs Pass-through			
Vocational Rehabilitation for Disabled Veterans	Vocational Rehabilitation	64.116	425,594
CFDA 64.116 Total			<u>425,594</u>
<b>Department Of Veteran Affairs Total</b>			<u>8,957,097</u>
<b>Environmental Protection Agency</b>			
Nonpoint Source Implementation Grants			
Environmental Protection Agency Pass-through			
	ALA DEPT OF ENVIRON MGMT-C20596011	66.460	5,594
CFDA 66.460 Total			<u>5,594</u>
Regional Wetland Program Development Grants			
Environmental Protection Agency Direct		66.461	102,724
CFDA 66.461 Total			<u>102,724</u>
Environmental Education Grants			
Environmental Protection Agency Direct		66.951	2,260
Environmental Protection Agency Pass-through			
	KENTUCKY ASSOC OF ENVIRONMENTAL ED-ALABAMA RIVER	66.951	(18)
CFDA 66.951 Total			<u>2,242</u>
<b>Environmental Protection Agency Total</b>			<u>110,560</u>
<b>Department of Energy</b>			
Renewable Energy Research and Development			
Department of Energy Direct		81.087	(4,800)
Department of Energy Pass-through			
	UNIV OF CENTRAL FLA-UCF01-0000283788	81.087	25,378
CFDA 81.087 Total			<u>20,578</u>
Other Financial Assistance			
Department of Energy Pass-through			
PLENOPTIC CAMERA	SANDIA NATL LABORATORIES-PO 1485742	81	26,779
CFDA 81 Total			<u>26,779</u>
<b>Department of Energy Total</b>			<u>47,357</u>

The accompanying notes are an integral part of this schedule.

# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2015

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
<b>Department of Education</b>			
Title I Grants to Local Educational Agencies			
Department of Education Pass-through			
	ALA DEPT OF EDUCATION-FOCUS SCHOOLS	84.010	12,363
CFDA 84.010 Total			<u>12,363</u>
Undergraduate International Studies and Foreign Language Programs			
Department Of Education Direct		84.016	56,207
CFDA 84.016 Total			<u>56,207</u>
<b>Other Program</b>			
Career and Technical Education -- Basic Grants to States			
Department of Education Pass-through			
	ALA DEPT OF EDUCATION-U400132	84.048	322
	ALA DEPT OF EDUCATION-U500106	84.048	1,940
CFDA 84.048 Total			<u>2,262</u>
Leveraging Educational Assistance Partnership			
Department of Education Pass-through			
	ALA COMM OF HIGHER ED-SSIG 2012	84.069	26,763
CFDA 84.069 Total			<u>26,763</u>
Fund for the Improvement of Postsecondary Education			
Department of Education Pass-through			
	INDIANA UNIV-BL-4240318-AU	84.116	(454)
CFDA 84.116 Total			<u>(454)</u>
Rehabilitation Services_Vocational Rehabilitation Grants to States			
Department of Education Pass-through			
	ALA DEPT OF REHABILITATION SVCS-AE5087MS47	84.126	10,000
	ALA DEPT REHAB SERVICES-VR SUPERVISORS RETREAT	84.126	2,707
CFDA 84.126 Total			<u>12,707</u>
Rehabilitation Long-Term Training			
Department of Education Direct		84.129	144,619
CFDA 84.129 Total			<u>144,619</u>
Fund for the Improvement of Education			
Department of Education Pass-through			
	MONTGOMERY PUBLIC SCHOOLS-COUNSELING & SUPPORT PRGM-15	84.215	10,274
CFDA 84.215 Total			<u>10,274</u>
Twenty-First Century Community Learning Centers			
Department of Education Pass-through			
	ALA DEPT OF EDUCATION-3RD PTY-244509	84.287	36,116
	ALA DEPT OF EDUCATION-C3U0086	84.287	53,024
	ALA DEPT OF EDUCATION-C5U0084	84.287	195,351
	ALA DEPT OF EDUCATION-MATCH CHARLES STEWART MOTT FND-2012-00443	84.287	47,512
	ALA DEPT OF EDUCATION-U400863	84.287	12,000
	AUTAUGA CTY BD OF EDUCATION-CCLC EXTERNAL EVALUATOR	84.287	5,484
	BALDWIN COUNTY BD OF ED-CT-15 063	84.287	1,252
	BALDWIN COUNTY BD OF ED-CT-15 077	84.287	2,223
	BREWTON CITY SCHOOLS-21ST	84.287	101,872
CFDA 84.287 Total			<u>454,834</u>
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities			
Department of Education Direct		84.325	172,181
CFDA 84.325 Total			<u>172,181</u>

The accompanying notes are an integral part of this schedule.



# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2015

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
Special Education_Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities Department of Education Direct CFDA 84.326 Total		84.326	<u>86,056</u> <u>86,056</u>
<b>Other Program</b> Gaining Early Awareness and Readiness for Undergraduate Programs Department Of Education Pass-through  CFDA 84.334 Total Mathematics and Science Partnerships Department of Education Pass-through	UNIV OF ALABAMA AT BIRMINGHAM-000506796-001	84.334	<u>60,523</u> <u>60,523</u>
	ALA DEPT OF EDUCATION-MSP-U500112 ALA DEPT OF EDUCATION-U300144 ALA DEPT OF EDUCATION-U400266 ALA DEPT OF EDUCATION-U400267 ALA DEPT OF EDUCATION-U500141	84.366 84.366 84.366 84.366 84.366	170,766 (63) 18,100 18,217 <u>164,322</u> <u>371,342</u>
CFDA 84.366 Total			
Improving Teacher Quality State Grants Department Of Education Pass-through  CFDA 84.367 Total <b>Department of Education Total</b>	ALA COMMISSION OF HIGHER ED-AMSTI LEAD TEACHER	84.367	<u>11,787</u> <u>11,787</u> <u>1,421,464</u>
<b>Department of Health and Human Services</b> Medicare Enrollment Assistance Program Department Of Health And Human Services Pass-through  CFDA 93.071 Total	ALA DEPT SENIOR SERVICES-MEDICARE IMPRVMTS	93.071	<u>143,391</u> <u>143,391</u>
Healthy Marriage Promotion and Responsible Fatherhood Grants Department of Health And Human Services Direct CFDA 93.086 Total		93.086	<u>254,398</u> <u>254,398</u>
Affordable Care Act (ACA) Personal Responsibility Education Program Department of Health And Human Services Pass-through  CFDA 93.092 Total	ALA DEPT PUBLIC HEALTH-CONFERENCE MGMT-2015	93.092	<u>21,506</u> <u>21,506</u>
Affordable Care Act (ACA) Abstinence Education Program Department of Health And Human Services Pass-through  CFDA 93.235 Total	ALA DEPT PUBLIC HEALTH-GC 13-404 C30117253 ALA DEPT PUBLIC HEALTH-GC-15-243 C50119136	93.235 93.235	13,025 <u>280,428</u> <u>293,453</u>
Substance Abuse and Mental Health Services_Projects of Regional and National Significance Department Of Health And Human Services Direct Department of Health And Human Services Pass-through  CFDA 93.243 Total	ALA DEPART OF MENTAL HEALTH-SAMHSA LIGHTHOUSE-NEWDIRECTIONS	93.243 93.243	250,598 44,237 <u>36,745</u> <u>331,580</u>

The accompanying notes are an integral part of this schedule.

# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2015

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
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	(479)
	ALA DEPT PUBLIC HEALTH-GC 14-266 C40118149	93.283	17,473
	ALA DEPT PUBLIC HEALTH-GC-15-301 C50119153	93.283	1,584
CFDA 93.283 Total			<u>18,578</u>
<b>Other Program</b>			
Outreach Programs to Reduce the Prevalence of Obesity in High Risk Rural Areas Department Of Health And Human Services Direct		93.319	526,432
CFDA 93.319 Total			<u>526,432</u>
State Health Insurance Assistance Program Department Of Health And Human Services Pass-through			
	ALA DEPT SENIOR SERVICES-HLTH INS ASSIST	93.324	2,030
	ALA DEPT SENIOR SERVICES-ST HLTH INS ASSIST	93.324	7,500
CFDA 93.324 Total			<u>9,530</u>
Cooperative Agreement to Support Navigators in Federally-facilitated and State Partnership Marketplaces Department Of Health And Human Services Pass-through			
	TOMBIGBEE HLTHCARE AUTHORITY-CAN-BULLOCK	93.332	24,391
	TOMBIGBEE HLTHCARE AUTHORITY-CAN-WILCOX	93.332	20,263
CFDA 93.332 Total			<u>44,654</u>
Cancer Treatment Research Department of Health And Human Services Pass-through			
	UNIV OF ALABAMA AT BIRMINGHAM-000502446-001	93.395	28,423
CFDA 93.395 Total			<u>28,423</u>
Foster Care_ Title IV-E Department of Health And Human Services Pass-through			
	UNIV OF ALABAMA-UA15-025	93.658	63,843
CFDA 93.658 Total			<u>63,843</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	196
	TOMBIGBEE HLTHCARE AUTHORITY-CAN-DALLAS	93.750	(462)
	TOMBIGBEE HLTHCARE AUTHORITY-CAN-WILCOX	93.750	210
CFDA 93.750 Total			<u>(56)</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			
	SYLACAUGA ALLIANCE FOR FAMILY ENHANCEMENT-RURAL HEALTH DEV GRNT EVAL	93.912	4,928
	TOMBIGBEE HLTHCARE AUTHORITY-DRAP 13-DALLAS	93.912	16,322
	TOMBIGBEE HLTHCARE AUTHORITY-DRAP 13-WILCOX	93.912	1,195
CFDA 93.912 Total			<u>22,445</u>

The accompanying notes are an integral part of this schedule.

# Auburn University

## Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2015

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Expenditures</u>
Healthy Start Initiative			
Department Of Health And Human Services Pass-through			
CFDA 93.926 Total	GIFT OF LIFE FND INC-HEALTHY START MONITORING & EVALUATION	93.926	12,357
Department of Health and Human Services Total			12,357
			<u>1,770,534</u>
Department of Homeland Security			
Hazard Mitigation Grant			
Department of Homeland Security Pass-through			
CFDA 97.039 Total	ALA EMERG MGMT ASSOC-HMG 1971-586	97.039	(1,567)
Department of Homeland Security Total			(1,567)
Other Programs Total			(1,567)
Schedule of Expenditures of Federal Awards Total			<u>24,043,304</u>
			<u>\$ 275,975,454</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, 2015**

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#### **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, 2015. 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, *Audits of States, Local Governments, and Non-Profit Organizations*. 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*, or Uniform Guidance, as applicable, 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").

**Auburn University**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2015**

**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 \$4,011,718 of federal awards to subrecipients during the year ended September 30, 2015, as follows:

Agency	Programs				Total
	R&D Cluster	Highway Planning & Construction Cluster	SNAP Cluster	Other Programs	
Agency For International Development	\$ 123,627	\$ -	\$ -	\$ -	\$ 123,627
Department Of Agriculture	551,496	-	810,876	3,914	1,366,286
Department Of Commerce	51,656	-	-	39,508	91,164
Department Of Defense	191,357	-	-	(6,351)	185,006
Department Of Education	-	-	-	70,880	70,880
Department Of Energy	48,105	-	-	-	48,105
Department Of Health And Human Services	1,206,857	-	-	-	1,206,857
Department Of Homeland Security	24,055	-	-	-	24,055
Department Of The Interior	48,206	-	-	-	48,206
Department Of Transportation	222,507	93,207	-	-	315,714
Environmental Protection Agency	-	-	-	54,289	54,289
National Aeronautics And Space Administration	196,362	-	-	-	196,362
National Science Foundation	281,167	-	-	-	281,167
	<u>\$ 2,945,395</u>	<u>\$ 93,207</u>	<u>\$ 810,876</u>	<u>\$ 162,240</u>	<u>\$ 4,011,718</u>

**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, 2015. 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, 2015, and funds advanced by the University to eligible students during the year ended September 30, 2015, under the Federal student loan programs are summarized as follows:

	Perkins (CFDA#84.038)	HPSL (CFDA#93.342)
Funds advanced to students during fiscal year 2015	\$ 2,918,577	\$ 539,729
Loan balances outstanding at September 30, 2015	15,906,100	2,185,122

**Auburn University**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2015**

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**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, 2015, the University processed the following amount of student loans under the Direct Loan program:

	<b>CFDA#</b>	<b>Total 2015</b>
Federal Direct Student Loans	84.268	\$ 158,806,204

**7. Administrative Cost Allowance**

During the program year ended June 30, 2015, the University charged \$176,484 and Auburn University at Montgomery, "AUM", charged \$0 to the Federal Work-Study program for administrative cost allowance. In addition, the University charged \$0 and AUM charged \$33,696 to the Federal Perkins Loan Program. No administrative cost allowance was charged to the FSEOG for either campus.

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**Part III**  
**Reports on Internal Control and Compliance and Major Programs**

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**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, as of and for the year ended September 30, 2015, 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 20, 2016. Our report also includes an emphasis of a matter regarding the adoption of a new accounting standard as discussed in Notes 1 and 11 to the financial statements. We have audited Auburn Research and Technology Foundation ("ARTF"), one of the University's discretely presented component units, as of and for the year ended September 30, 2015, and the related notes to the financial statements. Other auditors audited the financial statements of Auburn Alumni Association (the "Association"), Auburn University Foundation (the "Foundation"), the University's other discretely presented component units as of and for the year ended September 30, 2015, and Tigers Unlimited Foundation ("TUF"), another of the University's discretely presented component units, as of and for the year ended June 30, 2015, as described in our report on the University's financial statements. This report does not include the results of ARTF or 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 20, 2016



**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, 2015. 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, 2015.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as finding 2015-001. Our opinion on each major federal program is not modified with respect to this matter.

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 30, 2016

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## **Part IV**

## **Findings**

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**Auburn University**  
**Schedule of Findings and Questioned Costs**  
**Year Ended September 30, 2015**

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**I - Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

***Federal Awards***

Internal control over major programs:

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

Type of auditors' report issued on compliance for major programs: 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
10.561	Supplemental Nutrition Assistance Program (SNAP) Cluster
64.028	Post 9/11 GI Bill

Dollar threshold used to distinguish between type A and type B programs?

\$ 2,239,502

Auditee qualified as low-risk auditee?

☒ yes ☐ no



**Auburn University**  
**Schedule of Findings and Questioned Costs**  
**Year Ended September 30, 2015**

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**II – Financial Statements Findings and Questioned Costs**  
None.

# **Auburn University**

## **Schedule of Findings and Questioned Costs**

### **Year Ended September 30, 2015**

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#### **III – Federal Award Findings and Questioned Costs**

**Finding 2015-001:** Post-9/11 GI Bill Verification

**Federal Agency:** Department of Veterans Affairs

**Program:** Post-9/11 Veterans Educational Assistance

**CFDA #:** 64.028

**Award #:** Post-9/11 GI Bill - Chapter 33 - Veterans Benefits Administration

**Award year:** October 1, 2014 – September 30, 2015

#### **Criteria**

38 CFR section 21.5810 - “The certification should include—(1) The number of credit hours or clock hours in which the individual is enrolled; (2) The amount of the cost of tuition, fees, books, laboratory fees, and shop fees for consumable materials used as part of classroom or laboratory instruction which the individual will incur during the period of enrollment; and (3) The beginning and ending dates of the period of enrollment.

#### **Condition**

During student file testing at the Auburn Campus, we tested certification files for 40 students out of 1,653 students certified by the University during fiscal 2015. For one out of the 40 students tested the incorrect tuition amount was verified therefore causing an over-award to that student in the amount of \$2,148.

#### **Questioned Costs**

The condition resulted in the over-award of aid in the total amount of \$2,148 of VA funding.

#### **Cause**

The University’s internal controls over certification did not result in complete and accurate certification of the information provided to the Department of Veterans Affairs, “VA”, for all certification cases selected. The employee performing the verification process failed to demonstrate adequate scrutiny as he did not verify the criteria correctly which resulted in the over-award.

#### **Effect**

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

#### **Recommendation**

We recommend the University examine its controls over student certification and enhance the process and controls by which the certification 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**

## **Summary of Status of Prior Audit Findings**

### **Year Ended September 30, 2015**

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#### **Finding 2014-001: Verification Process**

##### **Condition**

As part of the PwC student file testing for the 2014 audit, PwC tested a sample of verification compliance cases at the Auburn campus. PwC selected 60 verification compliance cases out of 2,663. A total of 6,559 students were selected by the Department of Education. For one 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 they were eligible to receive, contained an error that understated the EFC and results in an over-award of \$2,100.

##### **Status**

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

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

##### **Condition**

During the 2015 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 2014 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.

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.

##### **Status**

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

#### **Finding 2014-003: Notification of Key Personnel Changes**

##### **Condition**

During testing over Special Tests & Provisions- Key Personnel, we tested 4 out of a total of 28 grants that had changes in Principal Investigators ("PI") in 2015. 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.

##### **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 29, 2016

### MANAGEMENT UPDATE ON PRIOR YEAR FINDINGS AND QUESTIONED COSTS

#### **Finding 2014-001: Verification Process**

To improve Auburn University's (the University) controls surrounding the verification process, 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 error in 2014 occurred prior to the implementation of our action plan. SFS currently utilizes the additional employee and performs 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**

The University's control procedures discovered the misclassification. The University immediately corrected the mistake and continues 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 continues to 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 help 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 applicable Contracting Officer.*

Contact:

Amy Douglas, Controller



## AUBURN UNIVERSITY

OFFICE OF THE VICE PRESIDENT  
FOR BUSINESS AND FINANCE AND CFO

June 29, 2016

MANAGEMENT VIEWS AND CORRECTIVE ACTION PLAN  
REPORT ON FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR a-133  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Finding 2015-1: Veterans Benefits Administration Verification Process

To ensure Auburn University is in compliance with the Department of Veterans Affairs regulations and to improve the controls surrounding post 9/11 GI Bill- Chapter 33- Veterans Benefits Administration verification process, Auburn University will implement the following corrective action plan. The Controller's Office will review established control procedures within the Veterans Resource Center and ensure personnel are skilled in the verification process and appropriate review procedures are in place.

In addition to reimbursing the Department of Veterans Affairs for the over award of \$2,148 identified during the audit, the Veterans Resource Center will review a sample of verified awards to ensure no additional over awards occurred. If additional amounts are identified, those over awards will be returned as well.

Contact:	Amy Douglas, Controller
Anticipated implementation date:	July 31, 2016