

Auburn University

**Report on Federal Awards in Accordance with the
OMB Uniform Guidance**

For the Year Ended September 30, 2016

EIN: 63-6000724

Auburn University
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Year Ended September 30, 2016

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Part I
Financial Statements



Report of Independent Auditors

To Management and the Board of Trustees of Auburn University:

Report on the Financial Statements

We have audited the accompanying financial statements of Auburn University (the "University"), a component unit of the State of Alabama, which comprise the statements of net position as of September 30, 2016 and 2015, and the related statements of revenues, expenses and changes in net position and statements of cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditors' 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, 2016 and 2015. 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, 2016 and 2015. 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.

Opinion

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 as of September 30, 2016 and 2015, or as of June 30, 2016 and 2015, 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.

Emphasis of Matter

As discussed in Notes 1 and 4 to the financial statements, in the year ended September 30, 2016, the University adopted new accounting guidance related to the manner in which it presents investments with non-readily determinable fair market values. As described within the notes to the financial statements, the University adopted Governmental Accounting Standards Board ("GASB") Statement No. 72, *Fair Value Measurement and Application*, effective October 1, 2015. Our opinion is not modified with respect to this matter.

Other Matters

The accompanying management's discussion and analysis and the required supplemental information for the year ended September 30, 2016 on pages 4 through 17 and 63 through 68, 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 have 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

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 24, 2017 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. 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

Birmingham, Alabama

January 24, 2017, except for our report on the Schedule of Expenditures of Federal Awards, as to which the date is June 30, 2017

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, 2016, with a comparison to the year ended September 30, 2015. 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 2016 enrollment totaled 33,168 students at main campus and AUM. The University offers a diverse range of degree programs in 12 colleges and schools and has approximately 5,200 full-time employees, including approximately 1,500 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 "2016," "2015," 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 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 presentation and 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. 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 fiscal year 2016, the University adopted GASB Statement No. 72, *Fair Value Measurement and Application*. With the adoption of this Statement, the University expanded disclosures to present cash equivalents and investments across the hierarchy of valuation inputs. In accordance with the Statement, the University has reported an increase in net position in the amount of \$32,922,843 as a change in accounting principle adjustment as of October 1, 2014.

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, 2016 and 2015, is as follows:

	2016	2015
Assets		
Current assets	\$ 268,441,791	\$ 236,697,624
Capital assets	1,609,592,167	1,560,193,650
Other noncurrent assets	<u>1,058,132,170</u>	<u>1,024,681,829</u>
Total assets	<u>2,936,166,128</u>	<u>2,821,573,103</u>
Deferred Outflows of Resources		
Loss on refunding of bonds	55,805,159	26,953,797
Pension	<u>114,158,400</u>	<u>53,229,926</u>
Total deferred outflows of resources	<u>169,963,559</u>	<u>80,183,723</u>
Liabilities		
Current liabilities	350,511,471	345,166,861
Noncurrent liabilities	<u>1,414,483,340</u>	<u>1,309,624,581</u>
Total liabilities	<u>1,764,994,811</u>	<u>1,654,791,442</u>
Deferred Inflows of Resources		
Nonexchange transactions	281,953	206,159
Pensions	<u>3,407,593</u>	<u>39,307,330</u>
Total deferred inflows of resources	<u>3,689,546</u>	<u>39,513,489</u>
Net Position		
Net investment in capital assets	923,568,302	855,698,812
Restricted-nonexpendable	28,723,093	28,537,859
Restricted-expendable	203,813,861	177,483,201
Unrestricted	<u>181,340,074</u>	<u>145,732,023</u>
Total net position	<u>\$ 1,337,445,330</u>	<u>\$ 1,207,451,895</u>

The University's Assets

Current assets consist of cash and cash equivalents, operating investments (those investments that are expected to be liquidated during the course of normal operations), net accounts receivable (primarily amounts due from the federal and state governments and other agencies as reimbursements for sponsored programs), net student accounts receivable (including amounts due from third parties on behalf of the students), current portion of loans receivable, accrued interest receivable, inventories, and prepaid expenses. The University's current assets increased \$31.7 million from 2015 to 2016. Of this increase, cash and cash equivalents and operating investments increased by \$31.6 million. The University also saw its long-term investments, shown in other noncurrent assets, increase by \$33.5 million from 2015 to 2016. In accordance with the Board's direction, the University invests all available cash. The University anticipates market

changes and diversifies its investments, based on current yield rates to obtain the best return on its investment.

The University saw increases in capital assets, net of depreciation, shown as "Investment in plant, net" on the Statement of Net Position, of \$49.4 million from 2015 to 2016. Capital assets generally represent the historical cost of land, land improvements, buildings, construction in progress, infrastructure, equipment, library books, art and collectibles, software implementation, and livestock, less any accumulated depreciation, with buildings comprising approximately 74.3% of the total net capital asset value. The increase, offset by disposal activity, depreciation, and transfers, was the result of \$129.5 million of new additions to property, plant, and equipment, net of construction in progress transfers. The University expended \$96.9 million in new construction during fiscal year 2016.

The following building construction projects totaling \$35.2 million were either completed and placed into service or additional work was performed on a previously completed project during the current fiscal year:

AUM P40 Residence Hall	\$ 14.5 million
Dudley Envelope and Windows	2.6 million
Pebble Hill Addition	2.3 million
Foy Convert Loading Dock to Dining Facility	2.0 million
AU Regional Airport Hangers	1.9 million
Samford Hall Roof	1.7 million
South Donahue Residence Hall	1.5 million
Off Site Library Archiving Facility	1.2 million
Martin Hall First Floor Renovations	1.0 million
AUM Research Building	1.0 million
North Auburn New Poultry Housing Facility	0.8 million
Other Small Projects	<u>4.7 million</u>
	<u>\$ 35.2 million</u>

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, 2015, and 2016, 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 \$89.8 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 2016A General Fee Bonds. The losses on refunding of these defeasances, which totaled \$34.3 million, were amortized with prior years' losses. The amortized amount of \$5.4 million netted with the current year losses to account for \$28.9 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 \$60.9 million relating to current year pension activity in accordance with 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 \$5.3 million from 2015 to 2016. At year end, the University accrued an additional \$2.6 million in accounts payable, \$1.1 million in health insurance liabilities, and had an additional \$2.7 million in deposits held for the custody of others. Due to the refunding of certain bonds in 2016 as well as anticipated repayment of other debts, the University's accrued interest payable decreased \$1.4 million. In addition, the University's unearned revenue decreased \$2.2 million. Unearned revenue is comprised of tuition, room and board revenue that relates to fiscal year 2017, contracts and grants funding received prior to expenditure as well as athletic revenue related to games played subsequent to September 30. For Fall 2016, the Board of Trustees approved approximately a 3.0% and 2.0% 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 decrease in unearned revenue relates to athletic ticket revenue. During the 2016 football season, the University played four home games prior to September 30, compared to only two home games prior to September 30 during the 2015 football season. Therefore, additional amounts were recognized in fiscal year 2016, which were deferred as of September 30, 2015. The remaining differences are due to an increase in compensation-related liabilities of \$1.4 million and an increase of \$1.1 million in the University's current portion of noncurrent liabilities.

Noncurrent liabilities include principal amounts due on University bonds payable, pension, other post-employment benefit obligations, pollution remediation, and self-insured liabilities that are payable beyond September 30, 2017. Noncurrent liabilities increased \$104.9 million from 2015 to 2016. The majority of the increase was due to the increase in the net pension obligation for pension plans provided by the University to its employees, in accordance with GASB Statement No. 68. Based on actuarial data, the University's pension obligation increased \$101.0 million. An additional \$1.3 million

was accrued for the University's post-employment medical plan, in accordance with GASB Statement No. 45. The remaining increase is due to a \$3.1 million note payable for land purchased during 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 addition, in accordance with GASB Statement No. 68, the University reports deferred inflows of resources relating to the accounting and reporting of pensions.

The University's deferred inflows of resources decreased \$35.8 million from 2015 to 2016. This decrease was the result of the accounting and reporting of current year 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:

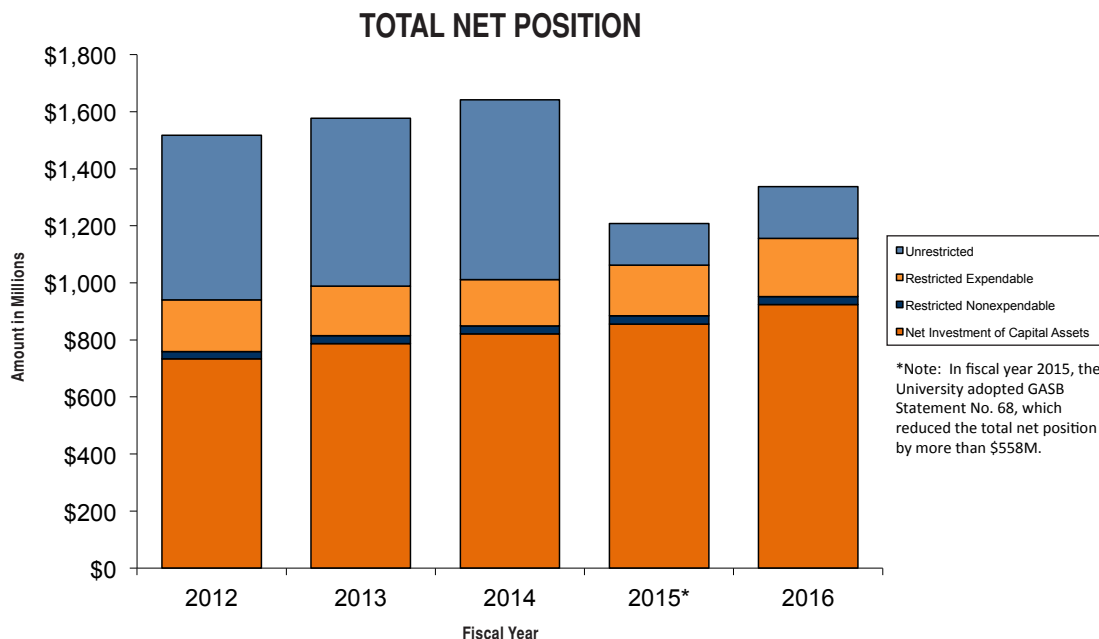
Net investment in capital assets represents the University's capital assets, net of accumulated depreciation and outstanding principal balances of debt as well as any deferred inflows or outflows of resources, attributable to the acquisition, construction, or improvement of those assets. Net investment in capital assets increased 7.9% from 2015 to 2016. 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 0.6% from 2015 to 2016. 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 14.8% from 2015 to 2016. The majority of the increase was due to additional gift receipts in fiscal year 2016.

Unrestricted net position is the third major class of net position, and it is not subject to externally imposed stipulations; however, the majority of the University's unrestricted net position has been internally designated for various mission-related purposes. This category includes funds for general operations of the University, auxiliary operations (including athletics, housing, and the bookstores), unrestricted quasi-endowments, and capital projects. Unrestricted net position increased 24.4% from 2015 to 2016. The increase in unrestricted net position was mainly due to holding unrestricted funds for future mission-related priorities and deferred maintenance needs.



Statement of Revenues, Expenses and Changes in Net Position

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

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

A condensed statement for the years ended September 30, 2016 and 2015 is provided below:

	2016	2015
Operating revenues	\$ 775,067,471	\$ 718,514,949
Operating expenses	1,009,079,696	949,522,278
Operating loss	(234,012,225)	(231,007,329)
Net nonoperating revenues and other changes in net position	364,005,660	321,955,844
Increase in net position	129,993,435	90,948,515
Net position - beginning of year	1,207,451,895	1,083,580,537
Cumulative effect of change in accounting principle		(32,922,843)
Net position, October 1, 2014, as restated		1,116,503,380
Net position - end of year	\$ 1,337,445,330	\$ 1,207,451,895

The 2016 Statement of Revenues, Expenses, and Changes in Net Position reflects an increase in net position at the end of the year of \$130.0 million. Operating revenues increased 7.9% from 2015 to 2016. The majority of this increase is attributable to the increase in student tuition and fee revenue, net of discounts. The \$19.2 million tuition and fee increase over 2015 was the result of the Board-approved increase in tuition for both main campus and AUM, along with a modest increase in enrollment. The University saw a net increase in federal appropriations, federal, state, and nongovernmental contract and grant revenues of \$5.3 million, which was primarily the result of an increase in spending of federal grant funds appropriated and awarded for research. Auxiliary revenue increased approximately \$38.0 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. The University saw a decrease in other operating revenue of \$5.2 million. The majority of the decrease was due to revenue recognized in 2015 on a fixed price contract, which did not occur in fiscal year 2016.

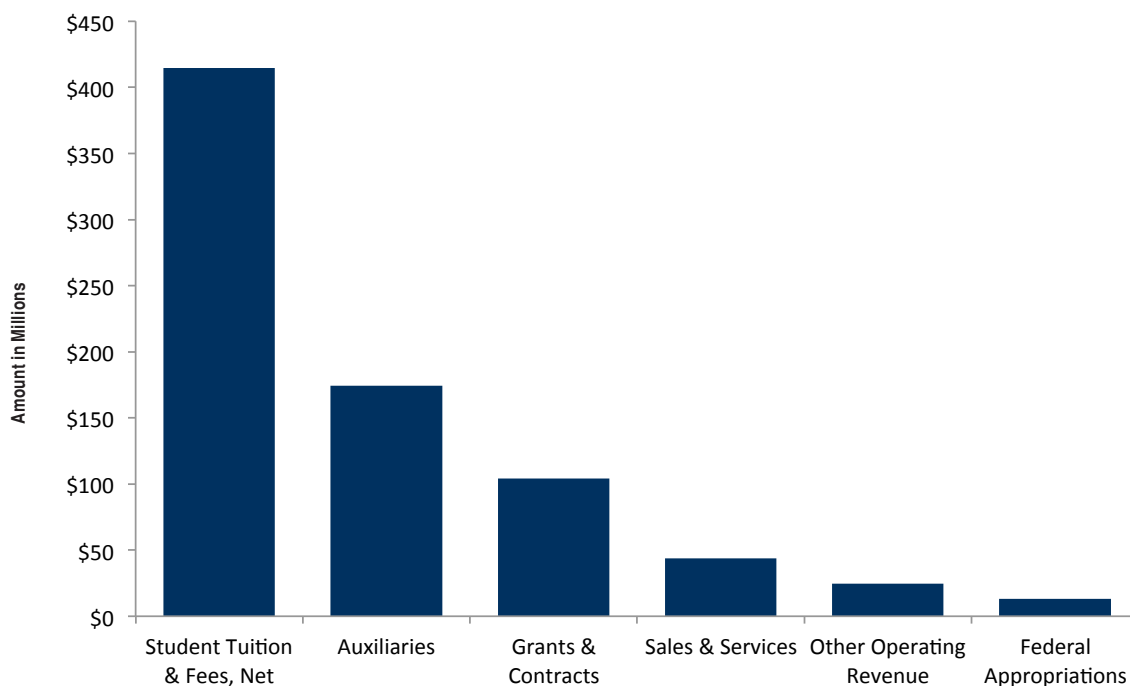
Operating expenses increased 6.3% from 2015 to 2016. Multiple factors contributed to this net increase. Compensation and benefit costs increased \$28.8 million, or 4.8%. This was the result of Board-

approved salary increases and one-time supplement payments. Scholarship and fellowship expense increased 7.9%, while other supplies and services expenses has an increase of 12.1%. Depreciation expense increased 1.9% in 2016. This increase was the result of recording depreciation beginning in fiscal year 2016 on projects completed in 2015. The largest addition in fiscal year 2015 was the Jordan Hare Stadium Score and Video Board System.

Net nonoperating revenues and other changes in net position increased \$42.1 million from 2015 to 2016. The University's net investment income increased from \$23.4 million in fiscal year 2015 to \$43.0 million in fiscal year 2016. This was the result of increases in market values of investments of \$18.1 million at September 30. The remaining \$1.5 million increase was the result of interest and dividend income received from the cash and endowment pools. Additional gifts from the University's comprehensive gift campaign attributed to an increase in gifts of \$24.7 million. The University also saw a modest increase in appropriations from the State of Alabama of \$2.6 million. Changes in the revenue recognized on Pell grants awarded to students in fiscal year 2016 were minimal. These increases in revenue are offset by the increase in interest expense of \$4.6 million.

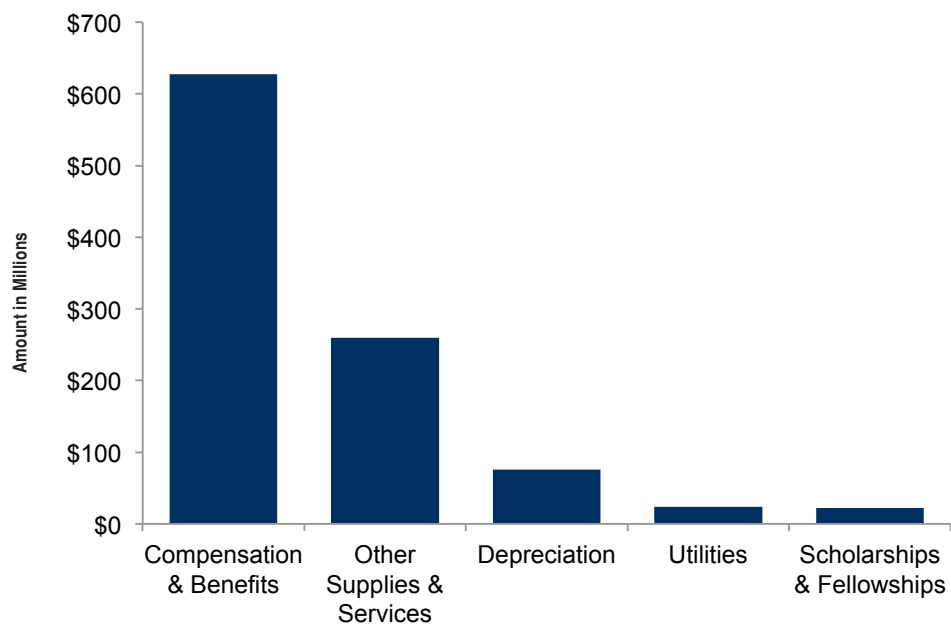
OPERATING REVENUES SUPPORTING CORE ACTIVITIES

For the year ended September 30, 2016



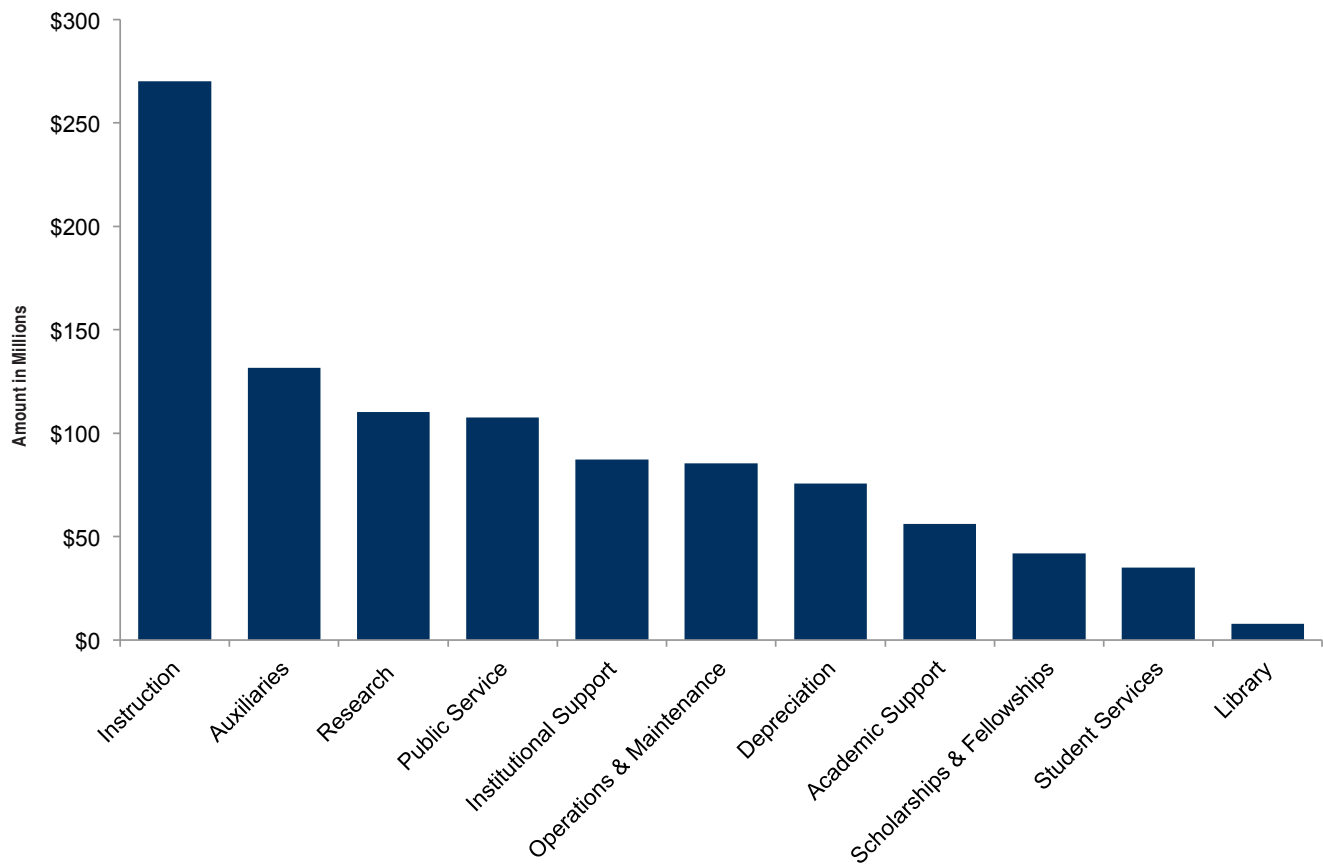
OPERATING EXPENSES BY NATURAL CLASSIFICATION

For the year ended September 30, 2016



OPERATING EXPENSES BY FUNCTION

For the year ended September 30, 2016



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 for the years ended September 30, 2016 and 2015 are summarized below:

	2016	2015
Net cash provided by (used in):		
Operating activities	\$ (143,440,787)	\$ (156,592,736)
Noncapital financing activities	319,359,943	313,173,218
Capital and related financing activities	(153,772,101)	(127,591,944)
Investing activities	<u>(29,912,628)</u>	<u>(91,707,514)</u>
Net decrease in cash	(7,765,573)	(62,718,976)
Cash and cash equivalents - beginning of year	<u>74,669,989</u>	<u>137,388,965</u>
Cash and cash equivalents - end of year	<u>\$ 66,904,416</u>	<u>\$ 74,669,989</u>

Net cash used in operating activities decreased from 2015 to 2016 by 8.4%. The majority of this decrease was the result of additional cash provided from tuition and fees of \$23.7 million, grants and contracts of \$18.5 million, auxiliary enterprises of \$17.6 million, and federal appropriations of \$1.1 million. These increases in cash were offset by payments for employee compensation and benefits of an additional \$22.1 million, as a result of Board-approved salary increases and one-time supplement payments, additional payments to suppliers of \$13.9 million, and payments for scholarships & fellowships increased \$3.1 million. In addition, the University received \$9.3 million less funds from other operating revenues than in 2015.

Net cash provided by noncapital financing activities increased \$6.2 million. This was primarily due to additional gifts of \$7.2 million and additional allocation of state appropriations of \$2.5 million over the allocation in fiscal year 2015. The remaining decrease of \$3.5 million was the difference between direct and other loan receipts and disbursements in fiscal year 2016.

The University saw an increase in net cash used in capital and related financing activities of \$26.2 million. This was primarily the result of the University expending \$35.3 million more for capital assets in 2016 than in 2015. This increase in use of cash was offset by \$12.2 million more of capital gifts and grants funding. In addition to entering into a note payable for a land purchase, the University partially refunded several bond issuances causing a net increase in cash flows provided by capital and related financing activity of \$4.3 million.

Net cash used in investing activities decreased by \$61.8 million. The University received an additional \$198.3 million from the proceeds from the sale and maturities of investments and utilized \$139.0 million purchasing new investments. The remaining difference of \$2.5 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. We are cautiously optimistic that demand will remain strong.

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

Cautionary note regarding forward-looking statements

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

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

UNDERGRADUATE TUITION FOR THE ACADEMIC YEAR

	2012-13	2013-14	2014-15	2015-16	2016-17
Auburn Main Campus/ Auburn University at Montgomery					
Full Time Students:					
In-State	\$9,446/\$8,115	\$9,852/\$8,750	\$10,200/\$9,080	\$10,424/\$9,350	\$10,696/\$9,640
Out-of-State	\$25,190/\$23,115	\$26,364/\$24,950	\$27,384/\$19,640	\$28,040/\$20,210	\$28,840/\$20,710

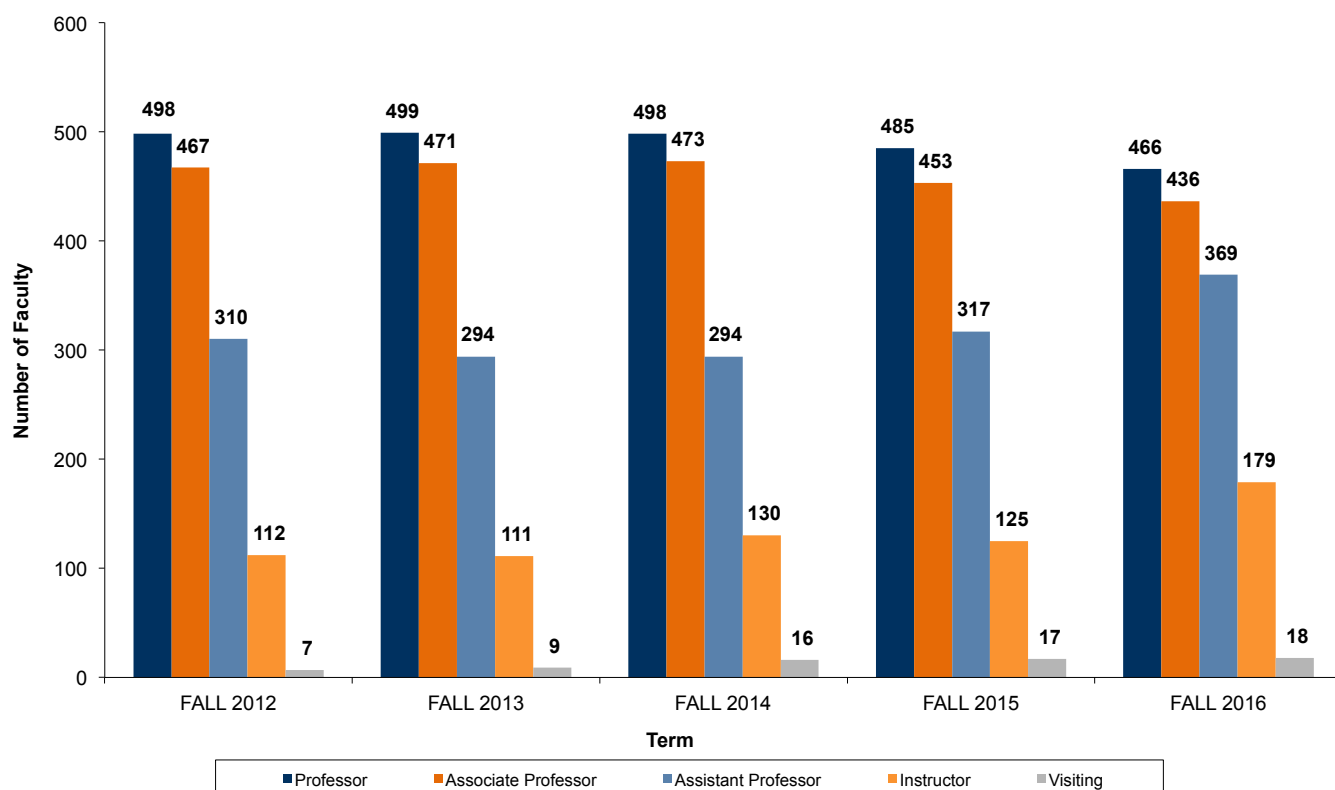
FALL STUDENT ENROLLMENT

	2012	2013	2014	2015	2016
Auburn Main Campus and Auburn University at Montgomery					
Undergraduate	24,400	24,133	25,006	26,043	26,931
Graduate and Professional	5,723	5,827	5,963	6,163	6,237

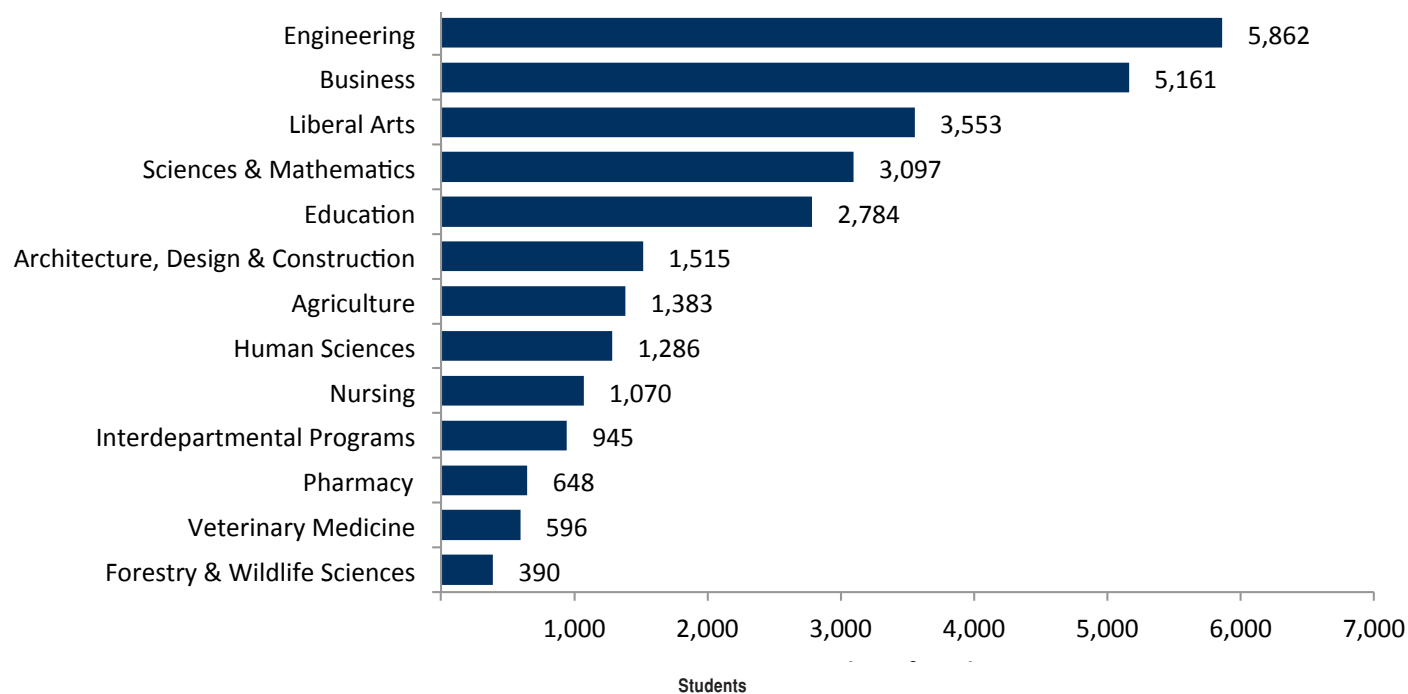
DEGREES AWARDED FOR THE ACADEMIC YEAR

	2011-12	2012-13	2013-14	2014-15	2015-16
Auburn Main Campus and Auburn University at Montgomery					
Bachelor	4,833	4,834	5,090	5,115	5,019
Advanced	1,922	1,835	1,869	1,905	2,007

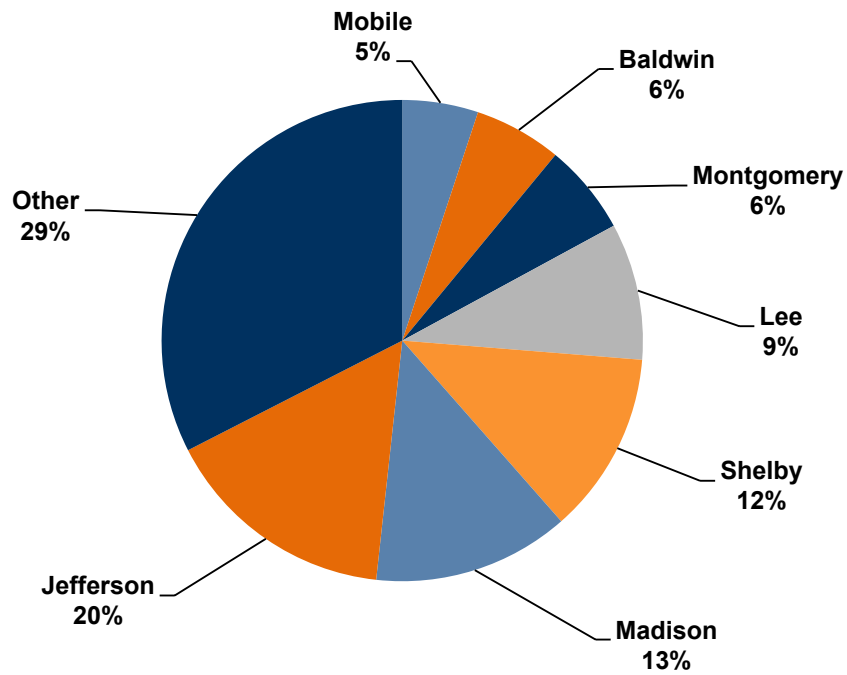
AUBURN UNIVERSITY MAIN CAMPUS AND AUBURN UNIVERSITY AT MONTGOMERY FULL-TIME FACULTY BY RANK



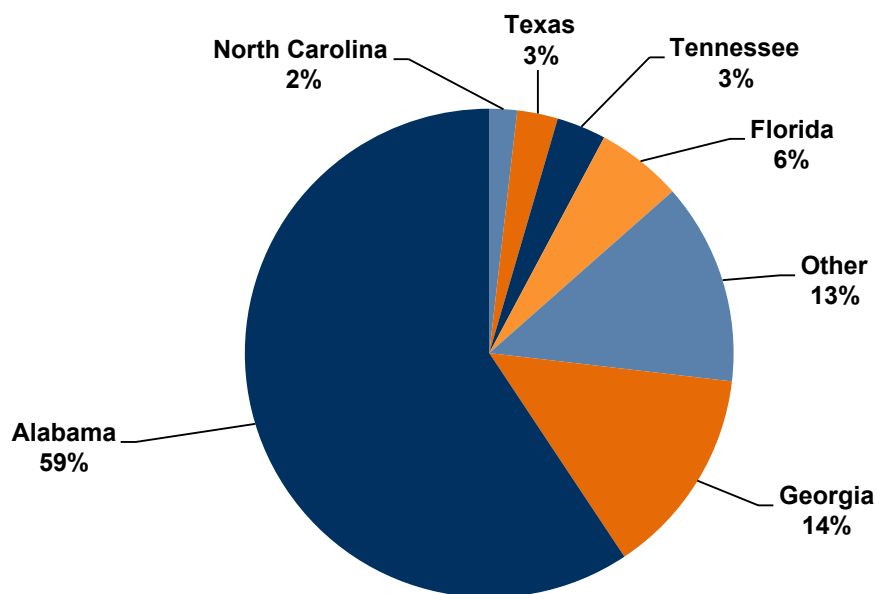
AUBURN UNIVERSITY MAIN CAMPUS ENROLLMENT BY COLLEGE/SCHOOL FALL 2016



**AUBURN UNIVERSITY MAIN CAMPUS FRESHMEN
ENROLLMENT BY ALABAMA COUNTIES
SUMMER/FALL TERMS 2016**



**AUBURN UNIVERSITY MAIN CAMPUS FRESHMEN
ENROLLMENT BY STATE
SUMMER/FALL TERMS 2016**



AUBURN UNIVERSITY

TEN YEAR HIGHLIGHTS (MILLIONS OF DOLLARS)

FOR THE FISCAL YEARS ENDED SEPTEMBER 30

	2007	2008	2009
Revenues by Source			
Tuition and fees	\$ 219.5	\$ 235.3	\$ 257.6
Federal appropriations	13.0	15.7	10.9
State appropriations	288.3	336.9	261.7
Grants and contracts, net	127.2	118.8	115.6
Gifts	54.8	28.5	29.9
Capital gifts and grants	22.5	23.5	18.4
Sales and services, investments and other income, net of interest expense	75.8	47.2	68.6
Sales and services of auxiliary enterprises	<u>65.3</u>	<u>75.5</u>	<u>80.8</u>
Total Revenues by Source	<u>\$ 866.4</u>	<u>\$ 881.4</u>	<u>\$ 843.5</u>
Expenditures by Function			
Instruction	\$ 194.9	\$ 212.6	\$ 215.3
Research	94.7	101.1	99.6
Public service	106.3	108.0	101.3
Academic support	29.1	32.0	34.5
Library	7.2	9.4	8.6
Student services	16.3	19.4	20.4
Institutional support	61.5	62.2	71.8
Operation and maintenance	57.9	70.9	74.6
Scholarships and fellowships	26.3	30.9	31.2
Auxiliary enterprises	76.0	78.8	82.5
Depreciation	<u>37.1</u>	<u>41.3</u>	<u>44.2</u>
Total Expenditures by Function	<u>\$ 707.3</u>	<u>\$ 766.6</u>	<u>\$ 784.0</u>
Expenditures by Natural Classification			
Compensation	\$ 447.7	\$ 489.6	\$ 507.9
Scholarships & fellowships	16.2	18.9	17.9
Utilities	20.5	22.9	23.7
Other supplies and services	185.8	193.9	190.3
Depreciation	<u>37.1</u>	<u>41.3</u>	<u>44.2</u>
Total Expenditures by Natural Classification	<u>\$ 707.3</u>	<u>\$ 766.6</u>	<u>\$ 784.0</u>

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

2010	2011	2012	2013	2014	2015	2016
\$ 276.2	\$ 294.7	\$ 323.1	\$ 349.2	\$ 365.9	\$ 395.6	\$ 414.8
30.3*	38.8*	11.8	13.0	12.9	14.3	13.2
236.2	235.7	247.8	238.6	243.0	245.5	248.1
132.3	136.6	134.5	121.1	118.4	120.5	126.8
31.5	32.3	36.6	35.4	36.6	43.9	50.6
47.6	48.2	17.2	28.2	3.8	4.8	22.8
59.8	58.8	72.8	60.7	89.2	79.6	88.4
<u>87.5</u>	<u>106.2</u>	<u>101.5</u>	<u>104.8</u>	<u>123.4</u>	<u>136.3</u>	<u>174.3</u>
<u>\$ 901.4</u>	<u>\$ 951.3</u>	<u>\$ 945.3</u>	<u>\$ 951.0</u>	<u>\$ 993.2</u>	<u>\$ 1,040.5</u>	<u>\$ 1,139.0</u>
\$ 220.6	\$ 230.4	\$ 239.5	\$ 242.6	\$ 249.0	\$ 254.6	\$ 270.1
97.5	102.8	102.6	97.4	99.2	97.3	110.1
99.2	106.0	107.4	104.7	102.5	106.7	107.6
37.5	38.8	38.8	43.7	53.3	55.4	56.2
10.2	8.3	10.1	8.3	9.7	9.0	7.9
21.9	23.6	24.9	27.6	30.2	33.0	35.0
58.8	74.1	73.3	70.0	70.5	78.5	87.3
70.1	77.8	66.3	84.5	78.8	78.8	85.4
31.8	33.7	35.0	39.5	40.2	39.3	42.0
89.3	102.5	99.1	106.9	123.1	122.6	131.8
<u>49.3</u>	<u>53.8</u>	<u>61.1</u>	<u>66.1</u>	<u>71.8</u>	<u>74.3</u>	<u>75.7</u>
<u>\$ 786.2</u>	<u>\$ 851.8</u>	<u>\$ 858.1</u>	<u>\$ 891.3</u>	<u>\$ 928.3</u>	<u>\$ 949.5</u>	<u>\$ 1,009.1</u>
\$ 510.9	\$ 536.6	\$ 539.2	\$ 558.0	\$ 578.2	\$ 598.4	\$ 627.2
17.8	17.3	18.4	21.6	22.7	20.7	22.4
22.9	23.3	23.2	22.8	26.0	24.5	24.1
185.3	220.8	216.2	222.8	229.6	231.6	259.6
<u>49.3</u>	<u>53.8</u>	<u>61.1</u>	<u>66.1</u>	<u>71.8</u>	<u>74.3</u>	<u>75.8</u>
<u>\$ 786.2</u>	<u>\$ 851.8</u>	<u>\$ 858.1</u>	<u>\$ 891.3</u>	<u>\$ 928.3</u>	<u>\$ 949.5</u>	<u>\$ 1,009.1</u>

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

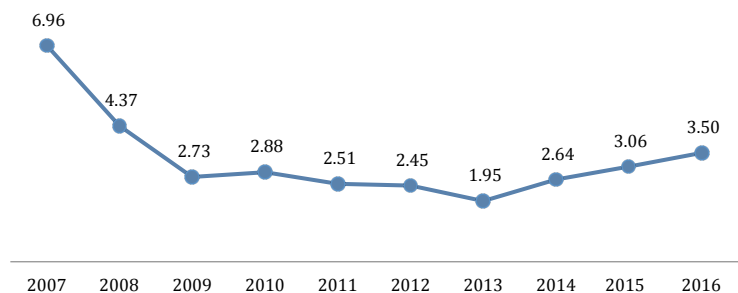
AUBURN UNIVERSITY FINANCIAL RATIOS** FOR THE FISCAL YEARS ENDED SEPTEMBER 30

Financial Ratios

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.

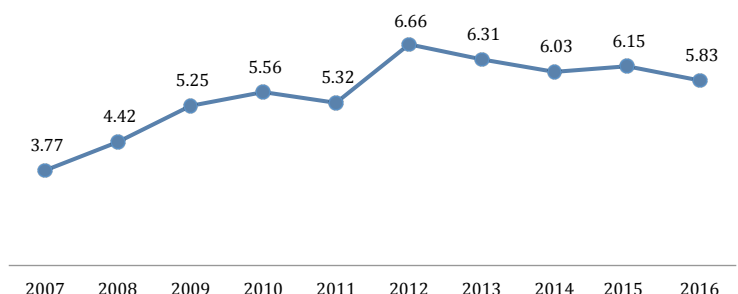
From 2011 through 2013, the University's debt service coverage ratio decreased due to new debt issuances. The ratio began rebounding as the University paid down portions of the outstanding amounts. The ratio remains sufficiently above the desired 1.0 in all years presented and was not affected by the 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.

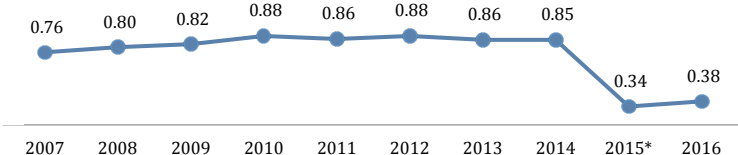
The University's debt service burden increased due to new debt issuances in 2011 and 2012. However, in 2013 and 2014, debt service remained relatively consistent, while operating expenses increased. The ratio increased slightly in fiscal year 2015, as debt service increased. Management strategically 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.

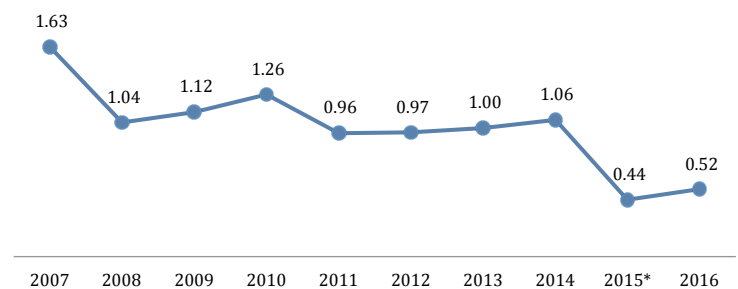
The primary reserve ratio was significantly impacted by the implementation of GASB Statement No. 68 in fiscal year 2015. Management believes the University has sufficient expendable net position to continue to operate.



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 rebounded with an increase in the subsequent three years. The viability ratio was significantly impacted by the implementation of GASB Statement No. 68 in fiscal year 2015. However, management believes the University has sufficient expendable net position to cover debt obligations.



*In fiscal year 2015, the University adopted GASB Statement No. 68, which reduced the total net position by more than \$558 million.

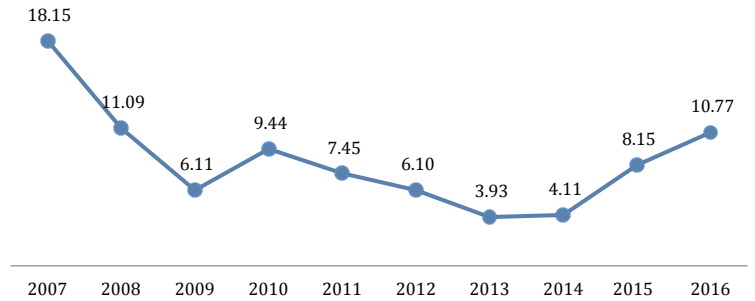
**These financial ratios are presented for purposes of additional analysis and are not a required part of the basic financial statements. These ratios include only the University's financial statements and may not be comparable to other institutions.

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

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.

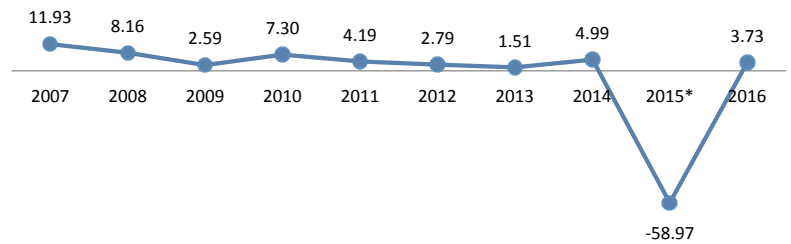
The University's return on net position ratio remains strong. The implementation of GASB Statement No. 68 lowered the beginning net position, which resulted in a higher ratio for 2015.



Net Income Ratio

This ratio measures the success of financial operations for a given year. It is generally recommended that the goal be 2%-4% return over the long-term.

The University's net income ratio was significantly impacted by the implementation of GASB Statement No. 68 in fiscal year 2015. However, it rebounded to the recommended levels in the current year and management believes the University will continue to operate successfully within available resources.



AUBURN UNIVERSITY
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2016 AND 2015

	2016	2015
ASSETS		
Current assets		
Cash and cash equivalents	\$ 66,904,416	\$ 74,669,989
Operating investments	68,807,582	29,488,110
Accounts receivable, net	44,610,933	45,263,204
Student accounts receivable, net	38,758,068	41,267,044
Loans receivable, net	3,098,475	2,969,077
Accrued interest receivable	2,142,114	2,138,158
Inventories	5,186,914	4,861,123
Prepaid expenses	38,933,289	36,040,919
Total current assets	<u>268,441,791</u>	<u>236,697,624</u>
Noncurrent assets		
Investments	1,041,185,914	1,007,640,811
Loans receivable, net	16,946,256	17,041,018
Investment in plant, net	1,609,592,167	1,560,193,650
Total noncurrent assets	<u>2,667,724,337</u>	<u>2,584,875,479</u>
Total assets	<u>2,936,166,128</u>	<u>2,821,573,103</u>
DEFERRED OUTFLOWS OF RESOURCES		
Loss on refunding of bonds	55,805,159	26,953,797
Pension	114,158,400	53,229,926
Total deferred outflows of resources	<u>169,963,559</u>	<u>80,183,723</u>
LIABILITIES		
Current liabilities		
Accounts payable	55,351,039	52,709,497
Accrued salaries and wages	4,342,829	3,501,872
Accrued compensated absences	19,552,096	19,023,576
Accrued interest payable	10,234,089	11,677,978
Other accrued liabilities	6,564,338	5,449,261
Student deposits	2,868,318	2,866,239
Deposits held in custody	22,875,943	20,133,089
Unearned revenues	197,364,536	199,551,845
Noncurrent liabilities-current portion	31,358,283	30,253,504
Total current liabilities	<u>350,511,471</u>	<u>345,166,861</u>
Noncurrent liabilities		
Bonds and notes payable	703,126,406	699,839,916
Lease obligation	231,563	-
Pension and OPEB	690,786,283	588,439,539
Other noncurrent liabilities	20,339,088	21,345,126
Total noncurrent liabilities	<u>1,414,483,340</u>	<u>1,309,624,581</u>
Total liabilities	<u>1,764,994,811</u>	<u>1,654,791,442</u>
DEFERRED INFLOWS OF RESOURCES		
Nonexchange transactions	281,953	206,159
Pension	3,407,593	39,307,330
Total deferred inflows of resources	<u>3,689,546</u>	<u>39,513,489</u>
NET POSITION		
Net investment in capital assets	923,568,302	855,698,812
Restricted		
Nonexpendable	28,723,093	28,537,859
Expendable:		
Scholarships, research, instruction, other	177,136,439	167,933,215
Loans	5,266,326	5,171,064
Capital projects	21,411,096	4,378,922
Unrestricted	181,340,074	145,732,023
Total net position	<u>\$ 1,337,445,330</u>	<u>\$ 1,207,451,895</u>

See accompanying notes to financial statements.

AUBURN UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
OPERATING REVENUES		
Tuition & fees, net of scholarship allowances of \$108,877,663 and \$104,855,468, respectively	\$ 414,838,476	\$ 395,612,498
Federal appropriations	13,234,511	14,304,014
Federal grants & contracts, net	69,649,076	65,197,789
State & local grants & contracts, net	19,002,186	18,137,344
Nongovernmental grants & contracts, net	15,544,192	14,533,400
Sales & services of educational departments	43,662,091	44,393,576
Auxiliary revenue, net of scholarship allowances of \$8,324,782 and \$8,113,771, respectively	174,285,849	136,309,769
Other operating revenues	<u>24,851,090</u>	<u>30,026,559</u>
Total operating revenues	<u>775,067,471</u>	<u>718,514,949</u>
OPERATING EXPENSES		
Compensation & benefits	627,243,338	598,404,935
Scholarships & fellowships	22,373,846	20,739,919
Utilities	24,147,541	24,520,336
Other supplies & services	259,577,884	231,559,648
Depreciation	<u>75,737,087</u>	<u>74,297,440</u>
Total operating expenses	<u>1,009,079,696</u>	<u>949,522,278</u>
Operating loss	<u>(234,012,225)</u>	<u>(231,007,329)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	248,061,501	245,502,175
Gifts	50,643,047	43,862,924
Grants	22,601,056	22,620,365
Net investment income	42,955,903	23,376,855
Interest expense on capital debt	<u>(23,232,182)</u>	<u>(18,597,132)</u>
Nonoperating revenues, net	<u>341,029,325</u>	<u>316,765,187</u>
Income before other changes in net position	107,017,100	85,757,858
OTHER CHANGES IN NET POSITION		
Capital gifts & grants	22,791,101	4,829,319
Additions to permanent endowments	<u>185,234</u>	<u>361,338</u>
Net increase in net position	129,993,435	90,948,515
Net position - beginning of year	1,207,451,895	1,083,580,537
Cumulative effect of accounting change		<u>32,922,843</u>
Net position October 1, 2014, as restated		<u>1,116,503,380</u>
Net position - end of year	<u>\$ 1,337,445,330</u>	<u>\$ 1,207,451,895</u>

See accompanying notes to financial statements.

AUBURN UNIVERSITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition & fees	\$ 425,540,480	\$ 401,863,262
Federal appropriations	14,541,166	13,398,839
Grants & contracts	106,579,669	88,102,237
Sales & services of educational departments	42,489,354	42,390,578
Auxiliary enterprises	162,525,027	144,934,497
Other operating revenues	21,390,870	30,698,728
Payments to suppliers	(248,774,808)	(234,889,869)
Payments for utilities	(24,147,541)	(24,520,336)
Payments for employee compensation & benefits	(618,868,664)	(596,775,639)
Payments for scholarships & fellowships	(24,385,010)	(21,286,355)
Student loans issued	(3,302,474)	(3,872,655)
Student loans collected	2,971,144	3,363,977
Net cash used in operating activities	<u>(143,440,787)</u>	<u>(156,592,736)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	248,005,685	245,502,175
Gifts and grants for other than capital purposes	73,889,325	66,738,081
Direct and other loan receipts	183,134,124	198,010,171
Direct and other loan disbursements	<u>(185,669,191)</u>	<u>(197,077,209)</u>
Net cash provided by noncapital financing activities	<u>319,359,943</u>	<u>313,173,218</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from advanced refunding of debt, net of issuance cost	256,629,560	171,240,220
Capital gifts & grants received	14,733,304	2,544,239
Purchases of capital assets	(117,931,754)	(82,628,205)
Proceeds received from sale of capital assets	101,777	308,735
Principal paid on debt & capital leases	(25,403,719)	(24,863,361)
Interest paid on debt & capital leases	(29,591,987)	(39,373,572)
Payment to escrow on advanced refunding of debt	<u>(252,309,282)</u>	<u>(154,820,000)</u>
Net cash used in capital and related financing activities	<u>(153,772,101)</u>	<u>(127,591,944)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments and reinvestments	798,915,967	600,620,269
Investment income	23,413,089	20,924,830
Purchases of investments	<u>(852,241,684)</u>	<u>(713,252,613)</u>
Net cash used in investing activities	<u>(29,912,628)</u>	<u>(91,707,514)</u>
Net decrease in cash and cash equivalents	(7,765,573)	(62,718,976)
Cash and cash equivalents - beginning of year	<u>74,669,989</u>	<u>137,388,965</u>
Cash and cash equivalents - end of year	<u>\$ 66,904,416</u>	<u>\$ 74,669,989</u>

See accompanying notes to financial statements.

AUBURN UNIVERSITY
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (234,012,225)	\$ (231,007,329)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	75,737,087	74,297,440
Reserve for recovery of loans receivable	296,694	171,125
Loss on sale of capital assets	3,564,684	2,160,182
Changes in assets and liabilities:		
Accounts receivable	150,069	(8,326,852)
Student accounts receivable	2,508,976	(3,920,382)
Inventories	(325,791)	(261,217)
Unearned revenues	(2,187,309)	15,242,481
Accounts payable	519,914	(4,400,835)
Prepaid expenses	(2,895,772)	(804,958)
Accrued salaries, wages and compensated absences	1,369,477	1,152,611
Student deposits and deposits held in custody	5,021,221	(902,375)
Loans receivable	(331,330)	(508,678)
Other accrued liabilities	1,115,077	(2,895,066)
Nonexchange transactions	75,794	(229,044)
Pension obligation	5,518,533	(2,062,054)
Other noncurrent liabilities	434,114	5,702,215
Net cash used in operating activities	<u>\$ (143,440,787)</u>	<u>\$ (156,592,736)</u>

SUPPLEMENTAL NONCASH ACTIVITIES INFORMATION

Capital assets acquired with a liability at year-end	\$ 6,796,125	\$ 4,674,497
Gifts of capital assets	8,414,079	2,750,330
Capitalized interest	7,992,894	12,535,730

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2016 AND 2015

	Auburn University Foundation		Auburn Alumni Association	
	2016	2015	2016	2015
ASSETS				
Cash and cash equivalents	\$ 7,160,121	\$ 10,226,894	\$ 100,124	\$ 20,729
Investments	472,383,134	421,516,863	4,155,659	4,357,167
Investment in Auburn University Foundation Securities Pool	-	-	8,539,734	8,210,325
Accrued interest receivable	104,918	107,808	23,363	17,423
Contributions receivable, net	105,552,139	105,082,407	237,185	297,820
Other assets	12,281	27,773	14	-
Investment in real estate	4,289,617	3,200,304	674,799	674,799
Cash surrender value of life insurance	5,921,585	5,588,166	-	-
Beneficial interest in outside trusts	4,700,111	5,205,119	-	-
Property and equipment, net	268,618	189,941	1,799,962	1,885,632
Prepaid items	-	-	2,862	270
Due from Auburn University	305,156	545,454	-	-
Due from Auburn University Foundation	-	-	1,409	379
Due from Auburn Alumni Association	421,059	639,500	-	-
Total assets	\$ 601,118,739	\$ 552,330,229	\$ 15,535,111	\$ 15,464,544
LIABILITIES				
Accounts payable and accrued liabilities	\$ 760,398	\$ 500,357	\$ 76,980	\$ 63,839
Annuities payable	9,169,984	9,424,128	-	-
Due to Auburn University	-	109,533	33,517	75,559
Due to Auburn University Foundation	-	-	421,221	641,043
Due to Auburn Alumni Association	8,541,039	8,210,325	-	-
Due to Tigers Unlimited Foundation	8,398,825	8,047,688	-	-
Retained life commitment	559,539	-	-	-
Deferred revenue	85,374	94,151	8,415,919	8,476,549
Total liabilities	27,515,159	26,386,182	8,947,637	9,256,990
NET ASSETS				
Unrestricted	23,674,148	19,619,387	6,587,474	6,207,554
Temporarily restricted	164,551,138	144,144,939	-	-
Permanently restricted	385,378,294	362,179,721	-	-
Total net assets	573,603,580	525,944,047	6,587,474	6,207,554
Total liabilities and net assets	\$ 601,118,739	\$ 552,330,229	\$ 15,535,111	\$ 15,464,544

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	Auburn University Foundation		Auburn Alumni Association	
	2016	2015	2016	2015
REVENUES AND OTHER SUPPORT				
Public support - contributions	\$ 75,675,200	\$ 108,542,846	\$ 1,769,980	\$ 1,578,527
Investment income	1,825,926	1,768,469	376,807	369,014
Other revenues	<u>2,436,699</u>	<u>2,345,413</u>	<u>831,217</u>	<u>897,123</u>
Total revenues	<u>79,937,825</u>	<u>112,656,728</u>	<u>2,978,004</u>	<u>2,844,664</u>
EXPENSES AND LOSSES				
Program services				
Contributions to and support for Auburn University	57,821,107	36,885,661	-	-
Other program services	<u>4,403,015</u>	<u>3,264,551</u>	<u>1,206,380</u>	<u>2,140,300</u>
Total program services	<u>62,224,122</u>	<u>40,150,212</u>	<u>1,206,380</u>	<u>2,140,300</u>
Support services				
General and administrative	1,944,984	1,675,940	1,541,451	1,466,443
Fund raising	<u>3,388,517</u>	<u>3,291,330</u>	<u>178,784</u>	<u>202,302</u>
Total support services	<u>5,333,501</u>	<u>4,967,270</u>	<u>1,720,235</u>	<u>1,668,745</u>
Total expenses	67,557,623	45,117,482	2,926,615	3,809,045
Unrealized (gains) losses on investments	(30,796,527)	23,615,925	(328,531)	721,691
Realized gains on investments	(3,131,170)	(5,481,835)	-	-
Change in valuation of split-interest agreements	<u>(1,351,634)</u>	<u>1,742,862</u>	<u>-</u>	<u>-</u>
Total expenses, (gains) and losses	<u>32,278,292</u>	<u>64,994,434</u>	<u>2,598,084</u>	<u>4,530,736</u>
 *Change in net assets	 47,659,533	 47,662,294	 379,920	 (1,686,072)
Net assets - beginning of year	<u>525,944,047</u>	<u>478,281,753</u>	<u>6,207,554</u>	<u>7,893,626</u>
Net assets - end of year	<u>\$ 573,603,580</u>	<u>\$ 525,944,047</u>	<u>\$ 6,587,474</u>	<u>\$ 6,207,554</u>
 *Change in net assets				
Unrestricted	\$ 4,054,761	\$ (3,396,254)	\$ 379,920	\$ (1,686,072)
Temporarily restricted	20,406,199	20,685,212	-	-
Permanently restricted	<u>23,198,573</u>	<u>30,373,336</u>	<u>-</u>	<u>-</u>
Total change in net assets	<u>\$ 47,659,533</u>	<u>\$ 47,662,294</u>	<u>\$ 379,920</u>	<u>\$ (1,686,072)</u>

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

Tigers Unlimited Foundation
2016 **2015**

ASSETS

Cash and cash equivalents	\$ 4,196,603	\$ 1,412,961
Investments	35,056,130	39,440,159
Investment in Auburn University Foundation Securities Pool	8,020,846	8,542,039
Due from Auburn University	-	36,800
Due from Auburn University Foundation	147,325	-
Accrued interest receivable	79,008	105,043
Contributions receivable, net	11,295,674	10,833,485
Other receivables	447,976	412,063
Other assets	268,025	195,459
Property and equipment, net	18,782	17,617
Total assets	\$ 59,530,369	\$ 60,995,626

LIABILITIES

Accounts payable and accrued liabilities	\$ 521,595	\$ 462,449
Contracts payable, net	2,135,610	5,467,368
Deferred revenue	2,144,240	2,379,824
Due to Auburn University	3,875,247	5,693,143
Due to Auburn University Foundation	250,000	165,000
Total liabilities	8,926,692	14,167,784

NET ASSETS

Unrestricted	24,992,806	23,614,005
Temporarily restricted	18,443,211	16,060,965
Permanently restricted	7,167,660	7,152,872
Total net assets	50,603,677	46,827,842
Total liabilities and net assets	\$ 59,530,369	\$ 60,995,626

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

Tigers Unlimited Foundation

2016

2015

REVENUES AND OTHER SUPPORT

Public support - contributions	\$ 40,006,691	\$ 40,117,708
Investment income	783,977	765,225
Other revenues	<u>6,736,641</u>	<u>6,080,997</u>
Total revenues	<u>47,527,309</u>	<u>46,963,930</u>

EXPENSES AND LOSSES

Program services		
Contributions to and support for Auburn University	17,089,771	16,756,982
Other program services	<u>15,866,112</u>	<u>17,644,565</u>
Total program services	<u>32,955,883</u>	<u>34,401,547</u>

Support services		
General and administrative	1,699,522	1,645,433
Fund raising	<u>8,136,809</u>	<u>8,064,233</u>
Total support services	<u>9,836,331</u>	<u>9,709,666</u>
Total expenses	42,792,214	44,111,213

Unrealized losses (gains) on investments, net	368,394	(109,901)
Realized (gains) losses on investments, net	(38,348)	641
Loss on write-off of contribution receivable	<u>629,214</u>	<u>1,036,102</u>
Total expenses, (gains) and losses	<u>43,751,474</u>	<u>45,038,055</u>

*Change in net assets	3,775,835	1,925,875
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Net assets - beginning of year	<u>46,827,842</u>	<u>44,901,967</u>
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Net assets - end of year	<u>\$ 50,603,677</u>	<u>\$ 46,827,842</u>
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*Change in net assets		
Unrestricted	\$ 1,378,801	\$ 751,158
Temporarily restricted	2,382,246	1,141,882
Permanently restricted	<u>14,788</u>	<u>32,835</u>
Total change in net assets	<u>\$ 3,775,835</u>	<u>\$ 1,925,875</u>

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2016 AND 2015

Auburn Research and Technology Foundation

2016

2015

ASSETS

Cash and cash equivalents	\$ 673,338	\$ 898,777
Deposits	35,285	40,836
Prepaid expenses and other assets	25,306	22,051
Accounts receivable	986,948	788,789
Contributions receivable, net	951,661	1,015,948
Property, plant, and equipment, net	<u>8,034,696</u>	<u>8,242,346</u>
Total assets	<u><u>\$ 10,707,234</u></u>	<u><u>\$ 11,008,747</u></u>

LIABILITIES

Accounts payable	\$ 103,434	\$ 134,590
Deferred revenue	259,025	201,375
Deposits held in custody	35,285	40,836
Interest payable	33,401	34,972
Note payable to Auburn University	803,522	841,305
Other payable to Auburn University	<u>288,361</u>	<u>225,705</u>
Total liabilities	<u><u>1,523,028</u></u>	<u><u>1,478,783</u></u>

NET ASSETS

Unrestricted	8,232,504	8,513,975
Temporarily restricted	<u>951,702</u>	<u>1,015,989</u>
Total net assets	<u><u>9,184,206</u></u>	<u><u>9,529,964</u></u>
Total liabilities and net assets	<u><u>\$ 10,707,234</u></u>	<u><u>\$ 11,008,747</u></u>

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

Auburn Research and Technology Foundation

2016

2015

REVENUES AND OTHER SUPPORT

Rental income	\$ 1,066,034	\$ 1,044,682
Interest income	1,145	20,855
Other contracts	682,626	536,735
Royalty income	6,194	-
Contributions	<u>17,880</u>	<u>27,639</u>
Total revenues	<u>1,773,879</u>	<u>1,629,911</u>

EXPENSES

Support services		
General and administrative	1,704,973	1,133,438
Amortization	64,055	65,026
Depreciation	316,424	316,769
Interest	<u>34,185</u>	<u>35,790</u>
Total support services	<u>2,119,637</u>	<u>1,551,023</u>
Total expenses	2,119,637	1,551,023

*Change in net assets	(345,758)	78,888
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Net assets - beginning of year	<u>9,529,964</u>	<u>9,451,076</u>
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Net assets - end of year	<u>\$ 9,184,206</u>	<u>\$ 9,529,964</u>
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*Change in net assets		
Unrestricted	\$ (281,471)	\$ 133,276
Temporarily restricted	<u>(64,287)</u>	<u>(54,388)</u>
Total change in net assets	<u>\$ (345,758)</u>	<u>\$ 78,888</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 33,168 students for Fall semester 2016. 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 its discretely presented component units, 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 509(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.

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 2016, the University adopted GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement changes certain accounting and financial reporting matters related to fair value measurements and generally requires investments to be measured at fair value. It also requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques (see Note 4). In accordance with this Statement, the University has reported an increase in net position in the amount of \$32,922,843 as a change in accounting principle adjustment as of October 1, 2014.

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).

The amounts presented and disclosed in the financial statements as of September 30, 2016 related to pension activity in accordance with GASB Statement No. 68 were based upon the best available information at the valuation date. Subsequent to the valuation date, the Retirement Systems of Alabama completed experience studies for both the Teachers' Retirement System (TRS) and the Employees' Retirement System (ERS). As a result, certain assumptions (including the mortality rates and the discount rate) will likely change for future valuations of the pension liabilities. This could result in a significant increase in the pension liabilities recorded by the University in fiscal year 2017.

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

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.

GASB Statement No. 72 defines fair value and establishes a framework for measuring fair value that includes a three-tiered hierarchy of valuation inputs, placing a priority on those which are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the University's own assumptions about how market participants would value an asset or liability based on the best information available. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. The three levels of inputs, of which the first two are considered observable and the last unobservable, are as follows:

- Level 1 – Quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date
- Level 2 – Other significant observable inputs, either direct or indirect, such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable; or market corroborated inputs
- Level 3 – Unobservable inputs

GASB Statement No. 72 allows for the use of net asset value (NAV) as a practical expedient for valuation purposes. Investments that use NAV in determining fair value are disclosed separately from the valuation hierarchy (see Note 4).

Investments in equity securities, mutual funds, 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. Investments in life insurance contracts are measured at cash surrender value.

The University uses NAV reported by the investment managers as a practical expedient to estimate fair value for certain investments. The NAV is applied to certain investments that do not have readily determinable fair values including business trust, common trust, hedge, private equity and real asset investment funds. As these 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. While these investments may contain varying degrees of risk, the University's risk with respect to such transactions is limited to its capital balance in each investment and the amounts of any unfunded commitments.

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).

Inventories

Units currently holding inventories include Facilities, Scientific Supply Store, Chemistry Glass Shop, Animal Clinic Pharmacy, Harrison School

of Pharmacy, Alabama Agricultural Experiment Station, Bookstores, Museum Gift Shop, 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 of land, buildings and equipment are carried at cost at date of acquisition. Gifts of capital assets are recorded at acquisition 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. Capitalized interest of \$8.0 million and \$12.5 million was recorded as of September 30, 2016 and 2015, respectively. 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 acquisition 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 acquisition 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 2016 or 2015.

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. Annually, University employees utilize vacation and sick leave in an amount greater than the compensated absence liability at September 30; therefore, the entire accrual is considered to be a current liability.

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. 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. UPMIFA prescribes guidelines for expenditure of donor-restricted endowment funds (in the absence of overriding, explicit donor stipulations). UPMIFA focuses on the entirety of a donor-restricted endowment fund, that is, both the original gift amount(s) and net appreciation. UPMIFA includes a 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 \$53,804,356 and \$45,387,488 at September 30, 2016 and 2015, 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, 2016 and 2015, covering the fair value of investments by investment type and related maturity:

Auburn University Investments Investment Maturities at Fair Value (in Years) September 30, 2016					
Type of Investments	< 1 year	1-5 years	6-10 years	> 10 years	Total Fair Value
Fixed Maturity					
Certificates of Deposit	\$ -	\$ 550,371	\$ -	\$ -	\$ 550,371
U.S. Treasury Obligations	21,066,099	81,252,250	6,120,750	-	108,439,099
U.S. Agency Securities	42,437,704	679,697,053	35,706,838	-	757,841,595
Municipals	-	405,964	1,031,130	-	1,437,094
	<u>\$ 63,503,803</u>	<u>\$ 761,905,638</u>	<u>\$ 42,858,718</u>	<u>\$ -</u>	<u>\$ 868,268,159</u>
Global Equities					1,285,208
Alternative Investments					
Hedge Funds					72,665,308
Private Capital					19,612,336
Real Assets					22,789,047
Real Estate					740,750
Mutual Funds, Common Trust Funds and Business Trust Funds					113,944,549
Funds Held in Trust					3,472,723
Cash Surrender Value-Life Insurance					701,318
Money Market, Cash and Pooled Investments					61,114,098
Total investments					<u>1,164,593,496</u>
Less cash equivalents held in cash pool					<u>(54,600,000)</u>
Operating and noncurrent investments					<u>\$ 1,109,993,496</u>

Auburn University Investments Investment Maturities at Fair Value (in Years) September 30, 2015					
Type of Investments	< 1 year	1-5 years	6-10 years	> 10 years	Total Fair Value
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>
Global Equities					1,055,388
Alternative Investments					
Hedge Funds					70,342,719
Private Capital					19,496,030
Real Assets					20,193,112
Real Estate					740,750
Mutual Funds, Common Trust Funds and Business Trust Funds					99,799,131
Funds Held in Trust					3,400,476
Cash Surrender Value-Life Insurance					679,357
Money Market, Cash and Pooled Investments					70,844,695
Total investments					<u>1,100,728,921</u>
Less cash equivalents held in cash pool					<u>(63,600,000)</u>
Operating and noncurrent investments					<u>\$ 1,037,128,921</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 acceptance 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, 2016 and 2015, concerning credit quality risk:

Auburn University Investments Ratings of Fixed Maturities					
Moody’s Rating	2016		2015		
	Fair Value	Fair Value as a % of Total Fixed Maturity	Fair Value	Fair Value as a % of Total Fixed Maturity	
US Treasury	\$ 108,439,099	12.49%	\$ 103,442,640	12.71%	
Aaa	757,841,595	87.28%	707,634,210	86.91%	
Aa	1,437,094	0.17%	2,423,491	0.30%	
Not rated*	550,371	0.06%	676,922	0.08%	
	<u>\$ 868,268,159</u>	<u>100.00%</u>	<u>\$ 814,177,263</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, 2016 and 2015, 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, 2016 and 2015, the University held no investments in foreign currency.

Securities Lending Program

As of September 30, 2016 and 2015, there was no participation in any securities lending program.

Interest Sensitive Securities

As of September 30, 2016, the University held no investments in mortgage-backed securities. As of September 30, 2015, the University held \$6,855,074, representing 0.6% of its total investments in mortgage-backed securities. As of September 30, 2016 and 2015, the University held no investments in asset-backed securities. The mortgage-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, 2016 and 2015, the University Cash Pool held \$14,646,691 and \$52,483,818, representing 1.3% and 4.9%, 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 seven mutual funds, two common trust funds, and four business trust funds. These funds are invested in global marketable securities, commodities and global debt securities. The University owns an interest in a corporation and limited partnership interests in several non-registered investment partnerships. The goal of the corporation and limited partnerships is to invest in readily marketable securities, privately held companies and properties within different industry sectors. At investment inception, the University enters into a separate subscription agreement with a capital commitment to each corporation or limited partnership.

On September 30, 2016 and 2015, 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, 2016, as follows: \$100,000, 2011 General

Fee Bond proceeds, and \$18,759,871, Deferred Maintenance Building Fund. The General Liability Account holds investments of \$5,759,695.

At September 30, 2015, funds held for pending capital expenditures were as follows: \$3,751,967, 2011 General Fee Bond proceeds, and \$26,810,876, Deferred Maintenance Building Fund. The General Liability Account held investments of \$5,749,582.

The University previously carried its limited partnership investments at cost, with no adjustment recorded to recognize net unrealized gains and losses as required by GASB Statement No. 31. GASB Statement No. 72, implemented during fiscal year 2016, supersedes GASB Statement No. 31, and limited partnership investments are carried at fair value. The University records its initial investment and subsequent contributions at cost and adjusts for its share of income/appreciation, losses/depreciation, and distributions received from the investments. The University believes that the carrying amount of these investments (using NAV) is a reasonable estimate of fair value as of September 30, 2016 and 2015. Because these 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. These investments are made in accordance with the University's investment policy that approves the allocation of funds to various asset 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) and the corporation 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 and corporation using various valuation techniques.

GASB Statement No. 72 establishes a hierarchy that prioritizes inputs to valuation techniques used to measure fair value. At September 30, 2016 and 2015, the fair value of the University's investments based on the inputs used to value them is summarized in the tables below. Note that the Money Market, Cash Surrender Value of Life Insurance, and Investments measured using the Net Asset Value (NAV) are presented in these tables to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying Statements of Net Position.

Auburn University Investments Investments at Fair Value September 30, 2016				
Type of Investments	Total Fair Value	Level 1	Level 2	Level 3
Cash and Pooled Investments	\$ 4,123,173	\$ 4,123,173	\$ -	\$ -
Fixed Maturity	868,268,159	-	868,268,159	-
Global Equities	1,285,208	1,285,208	-	-
Real Estate	740,750	-	-	740,750
Mutual Funds	58,162,263	58,162,263	-	-
Total investments in the fair value hierarchy	\$ 932,579,553	\$ 63,570,644	\$ 868,268,159	\$ 740,750
Investments measured at NAV	174,321,700			
Money Market	2,390,925			
Cash Surrender Value-Life Insurance	701,318			
Operating and noncurrent investments	\$ 1,109,993,496			

Auburn University Investments Investments at Fair Value September 30, 2015				
Type of Investments	Total Fair Value	Level 1	Level 2	Level 3
Cash and Pooled Investments	\$ 2,411,754	\$ 2,411,754	\$ -	\$ -
Fixed Maturity	814,177,263	-	814,177,263	-
Global Equities	1,055,388	1,055,388	-	-
Real Estate	740,750	-	-	740,750
Mutual Funds	50,950,742	50,950,742	-	-
Total investments in the fair value hierarchy	\$ 869,335,897	\$ 54,417,884	\$ 814,177,263	\$ 740,750
Investments measured at NAV	162,280,726			
Money Market	4,832,941			
Cash Surrender Value-Life Insurance	679,357			
Operating and noncurrent investments	\$ 1,037,128,921			

Investments categorized as Level 1 are valued using prices quoted in active markets for those companies. Fixed income securities categorized as Level 2 represent investments valued using a matrix pricing technique from a pricing service, which values debt securities based on their

relationship to a benchmark and the relative spread to that benchmark. Real estate categorized as Level 3 is valued from periodic valuations prepared by independent appraisers or property tax valuation.

Liquidity Disclosures for Investments Measured Using Net Asset Value as of September 30, 2016

Description	Fair Value	Unfunded Commitments	Remaining Life	Redemption Frequency (If Currently Eligible)	Redemption Notice Period	Remaining Restriction
Investments Measured Using Net Asset Value:						
Funds Held in Trust	\$ 3,472,723	\$ -	N/A	Daily	3 business days	N/A
Global Bond Fund	11,427,098	-	N/A	Monthly	10 business days	N/A
Business Trust Funds and Common Trust Funds	44,355,188	-	N/A	Monthly	6-10 business days	N/A
Global Equity Hedge Fund	24,234,110	-	N/A	Quarterly	60 days	N/A
Global Long/Short Hedge Funds	23,979,917	-	N/A	Quarterly, Annually	45 - 60 days	4 months
Absolute Return Hedge Funds	24,451,281	-	N/A	Quarterly, Annually	45 - 90 days	5 - 9 months
Private Equity Funds	19,612,336	14,099,663	1 mo. -14 yrs.	Illiquid	Illiquid	N/A
Real Asset Investment Funds	22,789,047	9,679,744	1-10 yrs.	Monthly or Illiquid	15 days, Illiquid	N/A
Total	<u>\$ 174,321,700</u>	<u>\$ 23,779,407</u>				

Investments Measured Using Level 3 inputs:

Real Estate	\$ 740,750	-	N/A	Illiquid	Illiquid	N/A
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Liquidity Disclosures for Investments Measured Using Net Asset Value as of September 30, 2015

Description	Fair Value	Unfunded Commitments	Remaining Life	Redemption Frequency (If Currently Eligible)	Redemption Notice Period	Remaining Restriction
Investments Measured Using Net Asset Value:						
Funds Held in Trust	\$ 3,400,476	\$ -	N/A	Daily	3 business days	N/A
Global Bond Fund	10,315,131	-	N/A	Monthly	10 business days	N/A
Business Trust Funds and Common Trust Funds	38,533,258	-	N/A	Monthly	6-10 business days	N/A
Global Equity Hedge Fund	22,906,901	-	N/A	Quarterly	60 days	N/A
Global Long/Short Hedge Funds	22,937,802	-	N/A	Quarterly, Annually	45 - 60 days	6 -16 months
Absolute Return Hedge Funds	24,498,016	-	N/A	Quarterly, Annually	45 - 90 days	21 months
Private Equity Funds	19,496,030	14,158,045	1 - 15 years	Illiquid	Illiquid	N/A
Real Asset Investment Funds	20,193,112	9,155,015	2 - 10 years	Monthly or Illiquid	15 days, Illiquid	N/A
Total	<u>\$ 162,280,726</u>	<u>\$ 23,313,060</u>				

Investments Measured Using Level 3 inputs:

Real Estate	\$ 740,750	-	N/A	Illiquid	Illiquid	N/A
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Funds held in trust represent a foundation with the University as the named beneficiary (see Note 5).

The global bond fund includes investments in a globally diversified portfolio of primarily debt or debt-like securities. The fund invests in government debt securities.

The business trust funds and common trust funds include investments in international and emerging markets equity securities, investment grade credit securities, mortgage-backed securities and government securities. Exposure by market is approximately: 5% domestic, 63% developed international, and 32% emerging markets.

The global equity hedge fund includes investments in long/short equities. Long exposure ranges from 140-170%, while short exposure ranges from 40-70%. Management of the hedge fund's stated process is a risk-controlled, industry-neutral, analyst-driven approach to large cap equity investing.

Global long/short hedge funds include investments primarily in U.S. equities, with some international exposure. These funds are invested in various sectors including consumer, healthcare, technology, media, telecom, financials, industrials, and materials.

Absolute return hedge funds include investments in multiple strategies to diversify risk and reduce volatility, including but not limited to event-driven, arbitrage, distressed debt, and special situations.

Private equity funds predominantly consist of limited partnership funds that invest in private equity, venture capital, distressed opportunities, natural resources and real estate.

Real asset investment funds include limited partnership and corporate investments in commercial and residential real estate and land, natural resources, and commodities.

Under the terms of these private equity and real asset investment agreements, the University is obligated to remit additional funding periodically as capital calls are exercised. Depending on market conditions, the ability or inability of a fund to execute its strategy and other factors, the fund may request an extension of terms beyond its

originally anticipated existence or may liquidate the fund prematurely. The University cannot anticipate such changes, because they are based on unforeseen events. These investments cannot be redeemed at NAV; however, periodic distributions may be made to the University at the managers' discretion as underlying portfolio assets are liquidated.

Real estate includes land in Birmingham, Alabama and Washington, D.C. The land in Birmingham is an undeveloped lot that is listed for sale. The land in Washington, D.C. is subject to a building lease ending in 2145.

AUF holds endowments and distributes earnings from those endowments to the University. AUF investments at September 30, 2016 and 2015, include the following:

	2016		2015	
	Fair Value	Cost	Fair Value	Cost
Cash and pooled investments	\$ 8,353,727	\$ 8,353,727	\$ 4,446,913	\$ 4,446,913
Government bonds, notes and other securities	40,288,878	35,828,584	33,028,474	30,759,053
Corporate stocks	1,090,708	121,014	1,178,973	278,417
Mutual funds, business trust funds, common trust funds and family limited partnerships	211,917,785	181,992,266	187,386,931	176,220,120
Hedge funds	137,676,459	93,305,905	124,792,151	89,697,649
Private equity funds	33,339,398	28,225,454	31,951,732	27,755,905
Real asset investment funds	39,716,179	35,421,296	38,731,689	34,662,675
Total investments	<u>\$ 472,383,134</u>	<u>\$ 383,248,246</u>	<u>\$ 421,516,863</u>	<u>\$ 363,820,732</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, 2016, AUF had entered into subscription agreements with one corporate and forty-eight limited partnership investments. The aggregate amount of capital committed to these investments is \$233,462,200 of which capital contributions of \$192,032,605 have been invested. A cumulative net unrealized gain of \$53,809,303 has been recorded on these investments. Of these forty-eight commitments, thirteen subscriptions relate to hedge funds, twenty-one subscriptions relate to private equity funds, and fourteen subscriptions relate to real estate asset funds. The hedge funds are primarily invested in long/short equities, arbitrage, distressed debt, special situations and other event-driven strategies through various investment managers, investment partnerships and offshore funds. The private equity fund commitments are for investment in private equity, venture capital, distressed opportunities, natural resources and real estate. The real assets funds include limited partnership and corporate investments in commercial and residential real estate and land, natural resources, and commodities.

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 \$4,765,000 and \$4,384,000 for the fiscal years ended September 30, 2016 and 2015, respectively.

AUF carries its investments in limited partnership interests, including an ownership interest in two family limited partnerships and a corporation, at estimated fair value as determined by the fund manager or general partner. AUF records its initial investment and subsequent contributions at cost and adjusts for its share of income/appreciation, losses/depreciation, and distributions received from the investments. AUF believes that the carrying amount of these investments is a reasonable estimate of fair value as of September 30, 2016 and 2015. Because these 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. These investments are made in accordance with AUF's investment policy that approves the allocation of funds to various asset 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) and the corporation 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 and corporation using various valuation techniques. The fair values of these investments were \$315,391,482 and \$286,967,264 as of September 30, 2016 and 2015, 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 \$344,957,463 and \$327,177,712 and the market value was \$430,823,694 and \$382,439,328 at September 30, 2016 and 2015, respectively. The portion of endowment income received by the University from these funds was \$12,838,007 and \$11,939,752 for the fiscal years ended September 30, 2016 and 2015, 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 Statements 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 \$2,493,689 and \$2,582,437 and a market value of \$3,472,723 and \$3,400,476 at September 30, 2016 and 2015, 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, 2016 and 2015. The income received from the two trusts was \$77,908 and \$70,542 for the fiscal years ended September 30, 2016 and 2015, respectively.

(6) ACCOUNTS RECEIVABLE

Accounts receivable and the allowances for doubtful accounts at September 30, 2016 and 2015, are summarized as follows:

	2016	2015
NONSTUDENT ACCOUNTS RECEIVABLE		
Federal, state & local government, and other restricted expendable	\$ 27,009,932	\$ 28,262,990
Less allowance for doubtful accounts	(1,803,950)	(1,303,687)
Pledged receivables	195,825	534,056
General	18,588,712	14,707,046
Less allowance for doubtful accounts	(12,761,338)	(13,257,468)
Auxiliary	11,876,199	14,458,432
Capital gifts and grants	1,505,553	1,861,835
Total nonstudent accounts receivable	<u>\$ 44,610,933</u>	<u>\$ 45,263,204</u>
	2016	2015
STUDENT ACCOUNTS RECEIVABLE		
Unrestricted general	\$ 38,270,306	\$ 39,903,223
Less allowance for doubtful accounts	(1,910,412)	(1,179,619)
Unrestricted auxiliary	2,439,340	2,600,817
Less allowance for doubtful accounts	(41,166)	(57,377)
Total student accounts receivable	<u>\$ 38,758,068</u>	<u>\$ 41,267,044</u>



(7) CAPITAL ASSETS

Capital assets at September 30, 2016 and 2015, are summarized as follows (dollars in thousands):

	September 30, 2015	Additions/Transfers	Deletions/Transfers	September 30, 2016
Capital assets not being depreciated				
Land	\$ 19,460	\$ 12,455	\$ (36)	\$ 31,879
Art & collectibles	10,663	469	(3)	11,129
Construction in progress	32,990	96,906	(70,167)	59,729
Livestock	2,595	1,872	(1,730)	2,737
Total capital assets not being depreciated	65,708	111,702	(71,936)	105,474
Capital assets being depreciated				
Land improvements	112,372	9,667	-	122,039
Buildings	1,669,146	36,064	(847)	1,704,363
Equipment	222,056	26,711	(13,855)	234,912
Infrastructure	210,758	6,475	(695)	216,538
Library books	182,270	8,661	(492)	190,439
Software system implementation	14,796	382	-	15,178
Total capital assets being depreciated	2,411,398	87,960	(15,889)	2,483,469
Less accumulated depreciation for				
Land improvements	52,010	6,719	-	58,729
Buildings	471,555	37,410	(809)	508,156
Equipment	152,451	15,725	(11,997)	156,179
Infrastructure	78,773	7,814	-	86,587
Library books	150,232	7,191	(492)	156,931
Software system implementation	11,891	878	-	12,769
Total accumulated depreciation	916,912	75,737	(13,298)	979,351
Total capital assets being depreciated, net	1,494,486	12,223	(2,591)	1,504,118
Capital assets, net	\$ 1,560,194	\$ 123,925	\$ (74,527)	\$ 1,609,592

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

During the fiscal years ended September 30, 2016 and 2015, the University did not receive any construction funding from the State of Alabama.

(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, 2015, and 2016, 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, 2016	September 30, 2015
Loss on refunding		
2009 General Fee refunding	\$ 1,908,740	\$ 2,317,000
2012A General Fee refunding	4,313,003	5,165,323
2012B General Fee refunding	247,426	288,300
2014A General Fee refunding	4,227,112	4,694,370
2015A General Fee refunding	9,449,190	10,287,870
2015B General Fee refunding	3,862,788	4,200,934
2016A General Fee refunding	31,796,900	-
Pension	114,158,400	53,229,926
Total deferred outflows of resources	\$ 169,963,559	\$ 80,183,723

(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, 2015	Principal New Debt	Repayment	Balance at September 30, 2016
1978 Auburn University at Montgomery Dormitory Revenue Bonds, \$3,279,000 face value, 3.0%, due annually through 2018, a reserve of \$146,574 and a \$138,511 contingency fund.	\$ 540,000	\$ -	\$ (130,000)	\$ 410,000
2001A Athletic Revenue Bonds, \$24,412,607 face value, 2.125% to 5.49%, due annually through 2021.	9,678,081	-	(1,873,719)	7,804,362
2006A General Fee Revenue Bonds, \$60,000,000 face value, 3.5% to 5.0%, due annually through 2037.	8,490,000	-	(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.	12,265,000	-	(8,185,000)	4,080,000
2008 General Fee Revenue Bonds, \$92,500,000 face value, 3.0% to 5.0%, due annually through 2038.	43,595,000	-	(36,835,000)	6,760,000
2009 General Fee Revenue Bonds, \$79,500,000 face value, 2.0% to 5.0%, due annually through 2026.	65,830,000	-	(4,340,000)	61,490,000
2011A General Fee Revenue Bonds, \$226,035,000 face value, 4.0% to 5.0%, due annually through 2041.	221,780,000	-	(176,340,000)	45,440,000
2012A General Fee Revenue Bonds, \$120,135,000 face value, 2.0% to 5.0%, due annually through 2042.	104,385,000	-	(6,735,000)	97,650,000
2012B General Fee Revenue Bonds, \$3,505,000 face value, 2.9%, due annually through 2024.	3,325,000	-	(65,000)	3,260,000
2014A General Fee Revenue Bonds, \$66,415,000 face value, 2.0% to 5.0%, due annually through 2035.	65,860,000	-	(125,000)	65,735,000
2015A General Fee Revenue Bonds, \$116,190,000 face value, 2.0% to 5.0%, due annually from 2016 through 2038.	116,190,000	-	(200,000)	115,990,000
2015B General Fee Revenue Bonds, \$38,700,000 face value, 2.0% to 5.0%, due annually from 2016 through 2035.	38,700,000	-	(120,000)	38,580,000
2016A General Fee Revenue Bonds, \$217,930,000 face value, 1.5% to 5.0%, due annually from 2017 through 2041.	-	217,930,000	-	217,930,000
Notes payable	-	3,125,000	-	3,125,000
Total bonds and notes payable	690,638,081	221,055,000	(243,438,719)	668,254,362
Plus unamortized bond premium	39,455,339	35,574,560	(8,902,612)	66,127,287
	730,093,420	\$ 256,629,560	\$ (252,341,331)	734,381,649
Less: current portion				
Bonds payable	(25,403,719)			(24,873,501)
Unamortized bond premium	(4,849,785)			(6,381,742)
Total noncurrent bonds and notes payable	\$ 699,839,916			\$ 703,126,406

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 from 2015 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 from 2015 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	<u>29,572,341</u>	<u>16,350,220</u>	<u>(6,467,222)</u>	<u>39,455,339</u>
	<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>

On August 17, 2016, \$217,930,000 in General Fee bonds with interest rates ranging from 1.5% to 5.0% were issued to currently and advance refund \$218,035,000 of outstanding bonds with interest rates ranging from 4.0% to 5.0%. The portion of the net proceeds of the new bond issue to be used for refunding were deposited in an irrevocable trust with an escrow agent and were used to purchase U.S. Government securities which will provide sufficient funds to pay all future debt service payments on the previously outstanding bonds. As a result, the previously outstanding bonds are considered to be defeased and the liability for those bonds has

been removed from the University's financial statements. This refunding resulted in the University recognizing a loss of \$34,274,282 for the difference between the acquisition price of the new debt and the carrying amount of the old debt. Although the University recognized an accounting loss, the refunding decreases the University's total debt service payments over the next 25 years by \$32,922,610 and resulted in an economic gain (the difference between the present values of the debt service payments on the old and the new bonds) for the University of \$21,485,561.

Future Debt Service

Future debt service payments for each of the five fiscal years subsequent to September 30, 2016, and thereafter, are as follows:

Year Ending September 30	Bonds Payable	
	Principal	Interest
2017	\$ 24,873,501	\$ 29,601,350
2018	24,072,554	30,717,854
2019	24,684,123	29,964,625
2020	25,222,709	28,992,359
2021	26,316,475	27,890,763
2022-2026	143,545,000	107,861,563
2027-2031	135,760,000	74,853,881
2032-2036	155,135,000	41,584,488
2037-2041	103,795,000	11,510,700
2042	1,725,000	86,250
Total future debt service	\$ 665,129,362	\$ 383,063,833

Capital Lease Obligations

The University leases certain pieces of equipment which are classified as capital leases.

Lease Obligations	Balance at September 30, 2015	New Lease Obligations	Principal Repayment	Balance at September 30, 2016
Equipment	\$ -	\$ 334,602	\$ -	\$ 334,602
Total lease obligations	\$ -	\$ 334,602	\$ -	\$ 334,602

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

	Equipment	Total
2016-2017	\$ 106,458	\$ 106,458
2017-2018	106,458	106,458
2018-2019	103,632	103,632
2019-2020	10,330	10,330
2020-2021	16,265	16,265
Minimum lease payments	343,143	343,143
Less interest	(8,541)	(8,541)
Present value of minimum lease payments	334,602	334,602
Less current portion	(103,040)	(103,040)
Noncurrent obligations	\$ 231,562	\$ 231,562

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, 2016 and 2015, amounted to approximately \$4.2 million and \$3.8 million, respectively.

(10) PLEDGED REVENUES

Pledged revenue for 2016 and 2015 as defined by the **Series 2006A, 2007A, 2008, 2009, 2011A, 2012A, 2012B, 2014A, 2015A, 2015B and 2016A General Fee Revenue Trust Indentures** is as follows:

	2016	2015
Student fees collected	\$ 468,856,351	\$ 445,535,019
Less fees pledged for specific purposes:		
Athletic fees (\$96 per student per semester)	(3,479,255)	(4,799,903)
Transit fees (\$149/\$145 per semester)	(7,588,595)	(7,007,982)
Student activities fees (\$15 per student per semester)	(544,128)	(747,404)
Total general fees pledged	<u>\$ 457,244,373</u>	<u>\$ 432,979,730</u>

The Series 2011A Bonds expanded 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 2016 and 2015 subordinate to prior pledges of such revenues as defined by the **Series 2011A General Fee Revenue Trust Indenture** is as follows:

	2016	2015
AUM housing revenues		
Room rental	\$ 5,529,964	\$ 5,071,716
Other income	251,207	329,796
Total housing	5,781,171	5,401,512
AUM dining revenue	1,937,348	2,048,293
Total AUM housing and dining revenues pledged	<u>\$ 7,718,519</u>	<u>\$ 7,449,805</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 2016 and 2015 as defined by the **Series 2001A Athletic Revenue Trust Indenture** is as follows:

	2016	2015
Jordan-Hare and other revenues:		
Television and broadcast revenues	\$ 34,244,461	\$ 24,945,871
Conference and NCAA distributions	9,388,670	16,493,869
Sales and services revenues	46,915,884	27,506,023
Student fees	3,479,255	4,799,903
Royalties, advertisements and sponsorships	6,196,360	6,062,826
Other income	12,956,276	8,545,966
Total athletic revenues pledged	<u>\$ 113,180,906</u>	<u>\$ 88,354,458</u>

The 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 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, 2016 and 2015, as defined by the **1978 Auburn University at Montgomery Trust Indenture**:

	2016	2015
Revenues:		
Room rental	\$ 1,289,528	\$ 1,241,852
Other income	75,302	54,506
Total revenues	<u>1,364,830</u>	<u>1,296,358</u>
Expenses and transfers:		
Personnel costs	331,521	306,897
Operating expenses	607,886	345,133
Transfers	<u>147,912</u>	<u>146,787</u>
Total expenses and transfers	<u>1,087,319</u>	<u>798,817</u>
Surplus of revenues over expenses and transfers	277,511	497,541
AUM student housing net surplus (deficit) at beginning of year	<u>170,019</u>	<u>(327,522)</u>
AUM student housing net surplus at end of year	<u>\$ 447,530</u>	<u>\$ 170,019</u>

The AUM dormitory occupancy rate for Fall semester 2016 and Fall semester 2015 was 97.4% and 99.2%, respectively (unaudited).

(11) RETIREMENT PROGRAMS

The employees of the University are participants in three types of 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 referred to as "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.

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,	2016	2015	2014
Total percentage of covered payroll	19.44%/16.84%	19.21%/17.05%	19.21%/17.08%
Contributions:			
Percentage contributed by the employer	11.94%/10.84%	11.71%/11.05%	11.71%/11.08%
Percentage contributed by the employees	7.50%/6.00%	7.50%/6.00%	7.50%/6.00%
Contributed by the employer	\$ 46,139,070	\$ 43,894,444	\$ 42,684,405
Contributed by the employees	28,390,415	27,572,040	27,016,081
Total contributions	<u>\$ 74,529,485</u>	<u>\$ 71,466,484</u>	<u>\$ 69,700,486</u>

The University reported a liability of \$624,361,000 and \$523,080,000 as of September 30, 2016 and 2015, respectively, for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of September 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2014 and 2013, respectively. 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, 2015 and 2014, the

University's proportion was 5.965792% and 5.757899%, respectively, which was an increase of 0.207893% and 0.081384% from its proportion measured as of September 30, 2014 and 2013, respectively.

For the years ended September 30, 2016 and 2015, the University recognized pension expense of \$52,213,000 and \$41,089,000, respectively. At September 30, 2016, 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	\$ -	\$ 3,383,000
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	40,878,000	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	21,432,000	-
Employer contributions subsequent to the measurement date	<u>46,139,000</u>	<u>-</u>
Total	<u>\$ 108,449,000</u>	<u>\$ 3,383,000</u>

\$46,139,000 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, 2017.

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:	
2017	\$ 14,803,000
2018	14,803,000
2019	14,803,000
2020	13,737,000
2021	781,000
Thereafter	-

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of September 30, 2014, 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, 2014, 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%
Total	<u>100.00%</u>	

*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.

	1.00% Decrease (7.00%)	Current Discount Rate (8.00%)	1.00% Increase (9.00%)
Employers' proportionate share of the collective net pension liability	\$ 825,985,000	\$ 624,361,000	\$ 453,356,000

The amounts presented and disclosed in the financial statements as of September 30, 2016 related to pension activity in accordance with GASB Statement No. 68 were based upon the best available information at the valuation date. Subsequent to the valuation date, the Retirement Systems of Alabama completed experience studies for both the Teachers' Retirement System (TRS) and the Employees' Retirement System (ERS). As a result, certain assumptions (including the mortality rates and the discount rate) will likely change for future valuations of the pension liabilities. This could result in a significant increase in the pension liabilities recorded by the University in fiscal year 2017.

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.

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:

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:

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.

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,	2016	2015	2014
Total percentage of covered payroll	266.92%/265.93%	153.70%/152.88%	57.52%/56.73%
Contributions:			
Percentage contributed by the employer	263.17%/262.93%	149.95%/149.88%	53.77%/53.73%
Percentage contributed by the employees	3.75%/3.00%	3.75%/3.00%	3.75%/3.00%
Contributed by the employer	\$ 5,629,191	\$ 4,162,196	\$ 1,796,181
Contributed by the employees	80,210	104,090	125,541
Total contributions	\$ 5,709,401	\$ 4,266,286	\$ 1,921,722

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, 2016, the University's active employee contribution rate was 263.17% of covered employee payroll.

The University's contractually required contribution rate for the year ended September 30, 2016, was 263.17% of pensionable pay. These required contribution rates are based upon the actuarial valuation dated September 30, 2014, 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 \$5,629,191 for the year ended September 30, 2016.

Net Pension Liability

The University's net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2014 and rolled forward to September 30, 2015, using standard roll-forward techniques as shown in the following table:

Total Pension Liability	Expected	Actual
(a) Total Pension Liability as of September 30, 2014	\$ 48,737,965	\$ 48,983,043
(b) Entry Age Normal Cost for the period October 1, 2014 - September 30, 2015	\$ 46,380	\$ 46,380
(c) Actual Benefit Payments and Refunds for the period October 1, 2014 - September 30, 2015	\$ (5,501,945)	\$ (5,501,945)
(d) Total Pension Liability as of September 30, 2015 [(a)*(1.08)]+(b)-[(c)*(1.04)]	\$ 46,961,359	\$ 47,226,044
(e) Difference between Expected and Actual Experience (Gain)/Loss		\$ 264,685

The total pension liability in the September 30, 2014, 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 September 30, 2014 valuation 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%
Total	100.00%	

*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)
Balance at September 30, 2014	\$ 48,737,965	\$ 1,383,525	\$ 47,354,440
Changes for the year:			
Service cost	46,380	-	46,380
Interest	3,678,959	-	3,678,959
Differences between expected and actual experience	264,685	-	264,685
Contributions - employer	-	4,159,117	(4,159,117)
Contributions - employees	-	104,131	(104,131)
Net Investment Income	-	9,066	(9,066)
Benefit payments, including refunds of employee contributions	(5,501,945)	(5,501,945)	-
Administrative expense	-	-	-
Transfers among employers	-	-	-
Net changes	(1,511,921)	(1,229,631)	(282,290)
Balance at September 30, 2015	\$ 47,226,044	\$ 153,894	\$ 47,072,150

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	\$ 50,033,419	\$ 47,072,150	\$ 44,462,681

The amounts presented and disclosed in the financial statements as of September 30, 2016 related to pension activity in accordance with GASB Statement No. 68 were based upon the best available information at the valuation date. Subsequent to the valuation date, the Retirement Systems of Alabama completed experience studies for both the Teachers' Retirement System (TRS) and the Employees' Retirement System (ERS). As a result, certain assumptions (including the mortality rates and the discount rate) will likely change for future valuations of the pension liabilities. This could result in a significant increase in the pension liabilities recorded by the University in fiscal year 2017.

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 years ended

September 30, 2015 and 2014. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2015 and 2014. The auditor's report dated October 17, 2016, and June 3, 2015, respectively, 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.

For the year ended September 30, 2016 and 2015, the University recognized pension expense of \$3,813,090 and \$3,535,872, respectively. At September 30, 2016, 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	-	24,593
Employer contributions subsequent to the measurement date	<u>5,709,400</u>	<u>-</u>
Total	\$ <u>5,709,400</u>	\$ <u>24,593</u>

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:	
2017	\$ (6,148)
2018	(6,148)
2019	(6,148)
2020	(6,149)
2021	-
Thereafter	-

	Pension Expense
Service Cost	\$ 46,380
Interest on the total pension liability	3,678,959
Current-period benefit changes	-
Expensed portion of current-period difference between expected and actual experience in total pension liability	264,685
Expense portion of current-period changes of assumptions	-
Member contributions	(104,131)
Projected earnings on plan investments	(61,134)
Expensed portion of current-period differences between actual and projected earnings on plan investments	10,414
Transfers among employers	-
Recognition of beginning deferred outflows of resources as pension expense	-
Recognition of beginning deferred inflows of resources as pension expense	<u>(22,083)</u>
Pension Expense (Income)	\$ <u>3,813,090</u>

C. Tax Deferred Annuity Plans

This plan is a defined contribution plan under Section 403(b) of the Internal Revenue Code. Accordingly, benefits depend solely on amounts contributed to the plan plus investment earnings. This is provided as a supplement to the aforementioned programs. All full-time regular or probationary employees are eligible to participate. Full-time temporary employees are also eligible if their employment period is for a minimum of one year. The University will match 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, 2016 and 2015, 3,446 and 3,381 employees, respectively, participated in the tax deferred annuity program. The contribution for 2016 was \$20,721,371 which includes \$5,021,626 from the University and \$15,699,745 from its employees. The contribution for 2015 was \$20,314,942, which includes \$5,002,639 from the University and \$15,312,303 from its employees.

Total salaries and wages during the fiscal year for covered employees participating in the plan were \$259,097,850 and \$251,370,027 for the fiscal years ended September 30, 2016 and 2015, 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, 2016 and 2015, 228 and 218 employees, respectively, participated in the plans. Contributions of \$2,770,515 and \$2,695,269 for fiscal years 2016 and 2015, 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 \$399 and \$370 per employee per month in the years ended September 30, 2016 and 2015, respectively. The University paid \$11,141,386 and \$10,088,354 for 2,327 and 2,255 retirees for the years ended September 30, 2016 and 2015, 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 2016 are as follows:

Retired Member Rates

- Individual Coverage/Non-Medicare Eligible - \$151.00
- Family Coverage/Non-Medicare Eligible Retired Member and Non-Medicare Eligible Non-spousal Dependent(s) - \$391.00
- Family Coverage/Non-Medicare Eligible Retired Member and Non-Medicare Eligible Dependent(s) with Non-Medicare Eligible Spouse - \$416.00
- Family Coverage/Non-Medicare Eligible Retired Member and Non-spousal Dependent Medicare Eligible - \$250.00
- Family Coverage/Non-Medicare Eligible Retired Member and Spouse Dependent Medicare Eligible - \$260.00
- Individual Coverage/Medicare Eligible Retired Member - \$10.00
- Family Coverage/Medicare Eligible Retired Member and Non-Medicare Eligible Dependent(s) - No Spouse - \$250.00
- Family Coverage/Medicare Eligible Retired Member and Non-Medicare Eligible Dependent(s) with Non-Medicare Eligible Spouse - \$275.00
- Family Coverage/Medicare Eligible Retired Member and Non-spousal Dependent Medicare Eligible - \$109.00
- Family Coverage/Medicare Eligible Retired Member and Spousal Dependent Medicare Eligible - \$119.00
- Tobacco surcharge - \$50.00 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 \$50.00 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 - \$740.00
- Surviving Spouse Non-Medicare Eligible and Dependent Non-Medicare Eligible - \$987.00
- Surviving Spouse Non-Medicare Eligible and Dependent Medicare Eligible - \$1,033.00
- Surviving Spouse Medicare Eligible - \$425.00
- Surviving Spouse Medicare Eligible and Dependent Non-Medicare Eligible - \$679.00
- Surviving Spouse Medicare Eligible and Dependent Medicare Eligible - \$725.00

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 2017.

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 \$858,332 and \$863,203 for fiscal years ended September 30, 2016 and 2015, 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 \$1,348,034 and \$1,772,580 in retiree healthcare expense during fiscal years 2016 and 2015, 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 86), 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, 2016	
	Amount	Percent of Payroll ¹
1. Unfunded actuarial accrued liability at October 1, 2015	\$ 62,824,140	2,865.5%
<u>Annual Required Contribution (ARC)</u>		
2. Normal cost	\$ -	
3. Amortization of the unfunded actuarial accrued liability over 15 years using level dollar amortization	4,827,477	
4. Annual Required Contribution (ARC = 2 + 3)	<u>\$ 4,827,477</u>	220.2%
<u>Annual OPEB Cost (Expense)</u>		
5. ARC	\$ 4,827,477	
6. Interest on beginning of year accrual	360,102	
7. Adjustment to ARC	(1,373,780)	
8. Fiscal year 2016 OPEB cost (5 + 6 + 7)	<u>\$ 3,813,799</u>	173.9%
<u>End of Year Accrual (Net OPEB Obligation)²</u>		
9. Beginning of year accrual ¹	\$ 18,005,098	
10. Annual OPEB cost	3,813,799	
11. Employer contribution (benefit payments) ²	(2,465,765)	
12. End of year CAFR accrual (9 + 10 + 11) ²	<u>\$ 19,353,132</u>	882.7%

¹ Annual payroll for 20 participants as of September 30, 2016, was \$1,847,780.

² Actual amounts paid in fiscal year 2016 include claim costs, administrative fees, and PEEHIP subsidy less participant contributions.

Three Year Schedule of Percentage of OPEB Cost Contributed

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed ³	Net OPEB Obligation
September 30, 2014	\$ 4,172,525	60.0%	\$ 16,232,518
September 30, 2015	\$ 4,315,892	58.9%	\$ 18,005,098
September 30, 2016	\$ 3,813,799	64.7%	\$ 19,353,132

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

Summary of Key Actuarial Methods and Assumptions

Valuation year	October 1, 2015 – September 30, 2016
Actuarial cost method	Unit Credit, Actuarial Cost Method
Amortization method	15 years, level dollar open amortization ⁴
Asset valuation method	Not applicable
Discount rate	2.0%
Projected payroll growth rate	Not applicable
Health care cost trend rate for medical and prescription drugs	9.0% in fiscal year 2017, decreasing by one-half percentage point per year to an ultimate of 5.0% in fiscal year 2025 and later.
Valuation Date	October 1, 2015

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

Monthly Per Capita Claim Costs

<u>Age</u>	<u>Medical</u>
55	\$748
60	\$897
65	\$364
70	\$404
75	\$430

Claim costs were increased by 1.99% over 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 not eligible to participate in PEEHIP 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 1/1/16</u>	<u>As of 1/1/15</u>
Pre-65 Single	\$491	\$481
Pre-65 Family	\$1,105	\$1,083
Post-65 Single	\$159	\$156
Post-65 Family	\$772	\$757

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>
2017	9.0%
2018	8.5%
2019	8.0%
2020	7.5%
2021	7.0%
2022	6.5%
2023	6.0%
2024	5.5%
2025+	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-2015.

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 2.42% 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 \$4.5 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, 2016 and 2015, was \$421,124 and \$430,623, respectively. These amounts are included in other noncurrent liabilities on the Statements 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, 2016 and 2015, was \$3,387,318 and \$3,041,613, respectively. These amounts are included in other noncurrent liabilities on the Statements 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, 2016 and 2015, of \$11,097,272 and \$7,923,758, respectively. These amounts are included in accounts payable and other accrued liabilities on the Statements 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 \$19,552,096 and \$19,023,576 at September 30, 2016 and 2015, 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 \$16,254,022 and \$16,077,804 at September 30, 2016 and 2015, respectively. Also included in deposits held in custody of others are the agency funds. These amounts totaled \$6,592,003 and \$4,026,721 for September 30, 2016 and 2015, 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, 2016 and 2015, are as follows:

	2016	2015
Tuition and fees, net	\$ 155,058,659	\$ 144,787,084
Federal, state and local government grants and contracts, net	10,872,112	8,818,782
Auxiliary, net	30,958,937	45,455,323
Plant	474,828	490,656
Total unearned revenue	<u>\$ 197,364,536</u>	<u>\$ 199,551,845</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, 2016 and 2015, the total estimated pollution remediation liability (estimated using the expected cash-flow technique) is \$7,017,240 and \$7,003,258, respectively. The current portion of this amount (\$282,930 and \$348,948, respectively)

is included in other accrued liabilities and the long-term portion (\$6,734,310 and \$6,654,310, respectively) is included in other noncurrent liabilities in the accompanying Statements of Net Position. This estimate may change in future periods as additional information is obtained. The University does not expect to recover any funds from insurance or other third parties related to these obligations.

(14) DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources are an acquisition of net assets that are applicable to a future reporting period. The University engages in certain voluntary 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, 2016	September 30, 2015
Nonexchange transactions	\$ 281,953	\$ 206,159
Pension	3,407,593	39,307,330
Total deferred inflows	<u>\$ 3,689,546</u>	<u>\$ 39,513,489</u>

(15) CONTRACTS AND GRANTS

The University has been awarded approximately \$4.3 million and \$14.3 million in contracts and grants that have not been received or expended as of September 30, 2016 and 2015, 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 \$16,566,978 and \$17,276,028 in facilities and administrative cost recovery for the years ended September 30, 2016 and 2015, 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 \$442.6 million. At September 30, 2016, the estimated remaining cost to complete the projects is approximately \$221.9 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, 2016 and 2015, 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, 2016

	Compensation and Benefits	Scholarships and Fellowships	Utilities	Other Supplies and Services	Depreciation	Total
Instruction	\$ 234,123,099	\$ 577,083	\$ -	\$ 35,390,424	\$ -	\$ 270,090,606
Research	69,693,294	1,971,142	23,956	38,432,245	-	110,120,637
Public Service	66,276,994	75,769	25,838	41,241,582	-	107,620,183
Academic Support	46,274,401	-	-	9,879,132	-	56,153,533
Library	7,455,988	-	-	421,804	-	7,877,792
Student Services	25,333,543	-	-	9,695,720	-	35,029,263
Institutional Support	71,856,246	-	-	15,443,042	-	87,299,288
Operation and Maintenance	30,566,203	-	18,982,930	35,830,654	-	85,379,787
Scholarships and Fellowships	22,099,667	19,595,880	-	284,415	-	41,979,962
Auxiliaries	53,563,903	153,972	5,114,817	72,958,866	-	131,791,558
Depreciation	-	-	-	-	75,737,087	75,737,087
	<u>\$ 627,243,338</u>	<u>\$ 22,373,846</u>	<u>\$ 24,147,541</u>	<u>\$ 259,577,884</u>	<u>\$ 75,737,087</u>	<u>\$ 1,009,079,696</u>

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>

(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.

or expended by AUF for the benefit of University schools, colleges, or programs; or in the case of endowments, invested with only the earnings transferred to or expended for the University's benefit. Amounts transferred to the University or expended on behalf of its programs are reported as "Total program services" in the Consolidated Statement of Activities and Changes in Net Assets.

(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, which 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 AUF's temporarily restricted funds to be either transferred to the University

AUF and the University jointly conduct development and related operations through the Office of the University's Vice President for Development pursuant to a Services and Facilities Agreement (the Agreement), which states that the University will provide to AUF services, which primarily consist of all personnel and certain other administrative support and facilities. During the year, actual costs may be paid by either AUF or the University. AUF periodically compares

actual costs to allocable costs pursuant to the Agreement and settles any differences by a transfer between the organizations. AUF and the University review the agreement at least annually and an estimate of the consideration to be paid for the upcoming year is approved annually by the AUF Board.

The University has entered into an agreement whereby the AUF Investment Committee manages the University's endowment and is compensated by a management fee.

Constituency development operations, which raise funds directly on behalf of a school, college, or program of the University, are funded by the University unit involved and may use AUF gifts restricted to that unit. These costs are the responsibility of the respective constituency unit and are reflected in the accompanying consolidated financial statements to the extent restricted gifts are utilized.

AUF payments to/receipts from the University pursuant to these agreements for the years ended September 30, 2016 and 2015 are as follows:

	2016	2015
Services and facilities costs paid by AUF	\$ 4,114,015	\$ 5,067,895
AUF's allocable costs pursuant to the Agreement	<u>2,994,830</u>	<u>2,989,178</u>
Net settlement from the University	\$ <u>1,119,185</u>	\$ <u>2,078,717</u>
Endowment management fee received from the University	\$ 1,970,143	\$ 1,894,331
Payments to the University Athletic Ticket Office for ticket purchases	\$ 124,425	\$ 125,390

AUREFI has an agreement with the University to provide certain services and facilities. Related payments to the University for the years ended September 30, 2016 and 2015 are as follows:

	2016	2015
AUREFI costs pursuant to the Agreement	\$ 80,409	\$ 71,863

The Association does not maintain endowments, but instead establishes endowments in AUF, which are administered in the investment pool. AUF holds and invests funds from the Association's Life Membership program and annually makes distributions from these investments directly to the Association. In addition, the Association has a

commitment to match funds for scholarship endowments previously established with certain specific guidelines. The Association makes grants quarterly to match payments received by AUF for these endowments. Information relating to the Association as of and for the years ended September 30, 2016 and 2015 is as follows:

	2016	2015
Pooled investments held by AUF (the Association Life Membership)	\$ 8,541,039	\$ 8,210,325
Amounts distributed from investments, net of administrative fee	\$ 320,433	\$ 311,970
Amounts due from the Association for scholarship matching program	\$ 420,994	\$ 639,500
Grants from the Association for scholarship matching and other endowments	\$ 181,187	\$ 1,702,647

AUF holds TUF endowment funds and invests these funds in AUF's pooled investments. AUF annually distributes TUF endowment earnings either to TUF or directly to the University on behalf of TUF based on the

spending policy. In addition, AUF participates in the TUF athletic priority system each year in order to obtain tickets and suites for the cultivation, solicitation, and stewardship of contributors.

Information relating to TUF as of and for the years ended September 30, 2016 and 2015 is as follows:

	2016	2015
Pooled investments held by AUF	\$ 8,398,825	\$ 8,047,688
Amounts distributed from investments, net of administrative fee	\$ 309,709	\$ 298,464
Athletic priority system payments	\$ 366,185	\$ 384,926

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, 2016 and 2015, the Association had a salary reimbursement expense of \$1,180,593 and \$1,135,273, respectively, to the University under the service and facilities agreement. These amounts were fully paid at September 30, 2016 and September 30, 2015, respectively.

Rental income recorded by the Association from the University totaled \$366,914 and \$374,361, respectively, for the years ended September 30, 2016 and 2015. Rental income recorded by the Association from AUF totaled \$1,370 and \$1,150 for the years ended September 30, 2016 and 2015, respectively. The University and AUF also paid the Association \$68,212 and \$5,177, respectively for shared alumni center building expenses for the fiscal year ended September 30, 2016. For the fiscal year ended September 30, 2015, these amounts were \$62,008 and \$4,994, respectively.

During the years ended September 30, 2016 and 2015, the University provided for its share of alumni affairs activities costs by establishing a budget within the University's budgetary system. The alumni affairs activities costs were \$801,910 and \$640,000 for the years ended September 30, 2016 and 2015, respectively.

During the years ended September 30, 2016 and 2015, the Association paid the University \$19,300 and \$19,301 for Alumni Accounting office space at the East Glenn Administrative Complex.

During the years ended September 30, 2016 and 2015, the Association contributed \$154,533 and \$166,920, respectively, to the Auburn Alumni Association Endowment for Scholarships held with AUF. The Association also contributed \$25,806 and \$1,124,810 to various AUF scholarship funds and \$58,463 and \$104,840 to various University scholarship funds during fiscal years 2016 and 2015, respectively.

During the year ended September 30, 2015, the Alumni Association Board approved a fundraising program called the Million Dollar Match program in an effort to increase new alumni donor scholarship endowments. In the year ended September 30, 2016, the Association paid \$218,506 toward qualifying endowments; leaving \$420,994 as a payable to AUF. In fiscal year 2015, the Association paid \$460,500 toward qualifying endowments; leaving \$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 \$32,955,883 and \$34,401,547 during the years ended June 30, 2016 and 2015, respectively. Included in these amounts are current year accruals of severance payments due to terminated employees totaling \$98,833 and \$3,144,565, 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 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, 2016 and 2015, the University incurred obligations of \$554,570 and \$533,945, respectively, to TUF for the use of executive suites at University athletic events. Of this amount, \$549,450 and \$528,825, 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, 2016 and 2015, AUF incurred obligations of \$147,325 and \$140,261, 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. AUF paid the 2015 obligation during fiscal year 2015, and it intends to pay the 2016 obligation during fiscal year 2017.

During the years ended June 30, 2016 and 2015, 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, 2016 and 2015, obligations of \$3,875,247 and \$5,693,143 related to these transactions, respectively, were outstanding. TUF paid the 2015 obligation during fiscal year 2016, and it intends to pay the 2016 obligation during fiscal year 2017.

As indicated, the above TUF balances are as of June 30, 2016 and 2015; however, the University believes these figures are not materially different than September 30, 2016 and 2015, respectively.

Auburn Research and Technology Foundation

Although ARTF is separate and independent from the University, its mission is to facilitate the acquisition, construction and equipping of a technology and research park on the University's campus in order to create new academic and entrepreneurial opportunities for the University's faculty and students. Consideration received by the University from ARTF includes the traditional benefits enjoyed by a University from an affiliated research park, including but not limited to, increased exposure for development and commercialization of the University's intellectual property and technologies, increased research opportunities for the University's students and professors, and heightened exposure within the commercial world of the technological campus offerings. The Vice President for Research and Economic Development of the University serves as the President of ARTF and is a member of the ARTF Board with full voting powers. Contributed services in the amount of approximately \$18,000 and \$17,000 were recognized by ARTF during fiscal year 2016 and 2015, respectively, related to services provided by the Vice President for Research and Economic Development serving as the President of ARTF. ARTF has a consulting agreement with a University temporary employee to serve as the Executive Director of ARTF. Additionally, ARTF's accounting records are maintained as a subsystem within the University's accounting system.

ARTF's Board of Directors includes members who are also members of the VCOM Board of Directors, University Board of Trustees as well as other University employees. A banking relationship exists between ARTF and a financial institution whose President and CEO is a member

of ARTF's Board of Directors who is also a member of the University's Board of Trustees.

ARTF and the University entered into an Operating Agreement (the Agreement), which governs the general and administrative and development financial relationships between these two entities. In summary, the Agreement states that in return for certain services and facilities that are within the capability and control of the University, ARTF will reimburse the University for the cost of such services and facilities. ARTF makes an annual determination of its allocable share of these costs and records the transaction. As discussed below, unpaid amounts at September 30 are included in "Other payable to Auburn University" on the ARTF Statements of Financial Position. ARTF and the University review the 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 Agreement for fiscal year 2016 and 2015, personnel costs incurred by the University and charged to ARTF were \$323,170 and \$78,389, respectively, of these amounts \$146,549 and \$65,063, respectively was payable at September 30, 2016 and 2015.

ARTF entered into an agreement with the University to market the University's Certification for Aquaculture Professionals (CAP) program. As of September 30, 2016 and 2015, ARTF owed the University \$57,929 and \$6,000, 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, 2016 and 2015, ARTF owed the University \$19,675 and \$58,593, respectively, related to the subcontracts. ARTF and the University enter into licensing agreements for certain intellectual property. Under the licensing agreements, ARTF owed the University \$40,416 and \$90,149 at September 30, 2016 and 2015, respectively. The University provides certain operating services to ARTF. As of September 30, 2016 and 2015, ARTF owed the University \$10,169 and \$5,293, respectively, related to these services. Additionally, the Foundation shares miscellaneous costs related to office expenses and equipment leases with a University department. Payables to the University for these expenses were \$13,623 and \$607 as of September 30, 2016 and 2015, respectively. All amounts owed to the University are shown in "Other payables to Auburn University" on the ARTF Statements of Financial Position.

The amounts due from the University to ARTF of \$3,361 and \$16,000 at September 30, 2016 and 2015, respectively, related to operating transactions between the University and ARTF. This amount is included in "Accounts receivable" on the ARTF Statements of Financial Position.

ARTF held lease agreements with three University departments in fiscal year 2016 and 2015, whereby the departments leased 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 \$140,000 and \$138,000 in lease costs during fiscal year ended September 30, 2016 and 2015, respectively.

ARTF entered into a contract with the University during fiscal year 2011 to develop and manage a full service business incubator. Revenues of \$154,443 and \$134,755 related to this contract were recognized during fiscal year 2016 and 2015, respectively. As of September 30, 2016 and 2015, the remaining amounts of the contributions of \$81,464 and \$85,906, respectively, are shown in "Deferred revenue" on the

ARTF Statements of Financial Position 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 \$138.5 million and \$149.0 million under these programs during the fiscal years ended September 30, 2016 and 2015, respectively. AUM disbursed approximately \$24.6 million and \$25.5 million under these programs during the fiscal years ended September 30, 2016 and 2015, respectively.

(22) IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

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. This Statement does not have an effect on the University's financial statements.

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 realize a material reduction of its unrestricted net position upon adoption.

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. This Statement does not have an effect on the University's financial statements.

Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, was issued in January 2016. This Statement amends the blending requirements for the financial statement presentation of all state and local governments to require blending of component units incorporated as not-for-profit corporations in which the primary government is the sole corporate member. This Statement is effective for periods beginning after June 15, 2016. Earlier application is encouraged. The University is currently evaluating the financial statement impact of this Statement.

Statement No. 81, *Irrevocable Split-Interest Agreements*, was issued in March 2016. This Statement requires that a government that receives resources as a result of an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Additionally, the government must recognize revenue when the resources become applicable to the reporting period. This Statement is effective for periods beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged. Because most donations to the University are made to the Auburn University Foundation, and not directly to the University, the University does not believe the adoption of this Statement will have a material effect on the University's financial statements.

Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, was issued in March 2016. This Statement addresses certain issues that have been raised with regard to 1) the presentation of payroll-related measures in required supplementary information, 2) the selection of assumptions and the treatment of deviations from the guidance in Actuarial Standards of Practice, and 3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement is effective for periods beginning after June 15, 2016, for most circumstances and for the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017, if the measurement date is other than the most recent fiscal year-end. Earlier application is encouraged. The University is currently evaluating the financial statement impact of this Statement.

Statement No. 83, *Certain Asset Retirement Obligations*, was issued in November 2016. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs), which are legally enforceable liabilities associated with the retirement of a tangible capital asset. It requires that a liability and a corresponding deferred outflow of resources be recognized when the liability is both incurred and reasonably estimable. This estimate should include probability weighting of all potential outcomes when that information is available or can be obtained at reasonable cost; otherwise, the most likely amount should be used. This Statement also requires disclosure of certain information about AROs. This Statement is effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The University is currently evaluating the financial statement impact of this Statement.



FINANCIAL REPORT 2016

REQUIRED SUPPLEMENTAL INFORMATION

REQUIRED SUPPLEMENTAL INFORMATION:

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

	2016	2015
University's proportion of the collective net pension liability	5.965792%	5.757899%
University's proportionate share of the collective net pension liability	\$ 624,361,000	\$ 523,080,000
University's covered-employee payroll during the measurement period*	\$ 380,477,086	\$ 368,745,049
University's proportionate share of the collective net pension liability as a percentage of its covered-employee payroll	164.10%	141.85%
Plan fiduciary net position as a percentage of the total collective pension liability	67.51%	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 2016, the measurement period is October 1, 2014 - September 30, 2015. For fiscal year 2015, the measurement period is October 1, 2013 - September 30, 2014.

Teachers' Retirement System Schedule of System Contributions

	2016	2015
Contractually Required Contribution	\$ 46,139,070	\$ 42,534,706
Contributions in relation to the contractually required contribution	46,139,070	42,534,706
Contribution deficiency (excess)	\$ -	\$ -
System covered-employee payroll	\$ 395,094,076	\$ 380,477,086
Contributions as a percentage of covered-employee payroll	11.68%	11.18%

Employees' Retirement System Schedule of Changes in the Net Pension Liability

	2015	2014
Service cost	\$ 46,380	\$ 104,069
Interest	3,678,959	3,800,103
Changes of benefit terms		
Differences between expected and actual experience	264,685	-
Changes of assumptions		
Benefit payments, including refunds of employee contributions	(5,501,945)	(5,334,993)
Net change in total pension liability	\$ (1,511,921)	\$ (1,430,821)
Total pension liability - beginning	48,737,965	50,168,786
Total pension liability - ending (a)	\$ 47,226,044	\$ 48,737,965

Plan fiduciary net position

	2015	2014
Contributions - employer	\$ 4,159,117	\$ 1,790,336
Contributions - member	104,131	125,268
Net investment income	9,066	331,362
Benefits payments, including refunds of employee contributions	(5,501,945)	(5,334,993)
Transfers among employers	-	-
Net change in plan fiduciary net position	\$ (1,229,631)	\$ (3,088,027)
Plan net position - beginning	1,383,525	4,471,552
Plan net position - ending (b)	\$ 153,894	\$ 1,383,525
Net pension liability - ending (a)-(b)	\$ 47,072,150	\$ 47,354,540
Plan fiduciary net position as a percentage of total pension liability	0.33%	2.84%
Covered-employee payroll*	\$ 2,775,630	\$ 3,341,010
Net pension liability as a percentage of covered-employee payroll	1,695.91%	1,417.37%

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

Employees' Retirement System Schedule of Employer Contributions

	2016	2015
Actuarially determined contribution*	\$ 5,629,191	4,151,926
Contributions in relation to the actuarially determined contribution	<u>5,629,191</u>	<u>4,151,926</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>
Covered-employee payroll**	\$ 2,138,954	2,775,630
Contributions as a percentage of covered-employee payroll	263.17%	149.58%

*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 2016, the fiscal year is the twelve month period beginning after June 15, 2015 (October 1, 2015 - September 30, 2016). 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 2016, the fiscal year is the twelve month period beginning after June 15, 2015 (October 1, 2015 - September 30, 2016). 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:

Actuarial cost method:	Entry Age
Amortization method:	Level percent closed
Remaining amortization period:	5 years
Asset valuation method:	Five year smoothed market
Inflation:	3.00%
Salary increases:	3.75-7.25%, including inflation
Investment rate of return:	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, 2016	
	Amount	Percent of Payroll ¹
1. Unfunded actuarial accrued liability at October 1, 2015	\$ 62,824,140	2,865.5%
<u>Annual Required Contribution (ARC)</u>		
2. Normal cost	\$ -	
3. Amortization of the unfunded actuarial accrued liability over 15 years using level dollar amortization	4,827,477	
4. Annual Required Contribution (ARC = 2 + 3)	<u>\$ 4,827,477</u>	220.2%
<u>Annual OPEB Cost (Expense)</u>		
5. ARC	\$ 4,827,477	
6. Interest on beginning of year accrual	360,102	
7. Adjustment to ARC	(1,373,780)	
8. Fiscal year 2016 OPEB cost (5 + 6 + 7)	<u>\$ 3,813,799</u>	173.9%
End of Year Accrual (Net OPEB Obligation)²		
9. Beginning of year accrual ¹	\$ 18,005,098	
10. Annual OPEB cost	3,813,799	
11. Employer contribution (benefit payments) ²	(2,465,765)	
12. End of year CAFR accrual (9 + 10 + 11) ²	<u>\$ 19,353,132</u>	882.7%

¹ Annual payroll for 20 participants as of September 30, 2015, was \$1,847,780.

² Actual amounts paid in fiscal year 2016 include claim costs, administrative fees, and PEEHIP subsidy less participant contributions.

Three Year Schedule of Percentage of OPEB Cost Contributed

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed ³	Net OPEB Obligation
September 30, 2014	\$ 4,172,525	60.0%	\$ 16,232,518
September 30, 2015	\$ 4,315,892	58.9%	\$ 18,005,098
September 30, 2016	\$ 3,813,799	64.7%	\$ 19,353,132

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

Summary of Key Actuarial Methods and Assumptions

Valuation year	October 1, 2015 – September 30, 2016
Actuarial cost method	Unit Credit, Actuarial Cost Method
Amortization method	15 years, level dollar open amortization ⁴
Asset valuation method	Not applicable
Discount rate	2.0%
Projected payroll growth rate	Not applicable
Health care cost trend rate for medical and prescription drugs	9.0% in fiscal year 2017, decreasing by one-half percentage point per year to an ultimate of 5.0% in fiscal year 2025 and later.

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

Valuation Date October 1, 2015

Monthly Per Capita Claim Costs

<u>Age</u>	<u>Medical</u>
55	\$748
60	\$897
65	\$364
70	\$404
75	\$430

Claim costs were increased by 1.99% over 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 not eligible to participate in PEEHIP 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 1/1/16</u>	<u>As of 1/1/15</u>
Pre-65 Single	\$491	\$481
Pre-65 Family	\$1,105	\$1,083
Post-65 Single	\$159	\$156
Post-65 Family	\$772	\$757

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>
2017	9.0%
2018	8.5%
2019	8.0%
2020	7.5%
2021	7.0%
2022	6.5%
2023	6.0%
2024	5.5%
2025+	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-2015.

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 2.42% 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 \$4.5 million. There is not any cost impact for retirees who have elected PEEHIP.

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Employer Contribution	Percentage Contributed
September 30, 2012	\$ 4,701,385	\$ 2,477,024	52.7%
September 30, 2013	\$ 4,555,416	\$ 2,480,884	54.5%
September 30, 2014	\$ 4,992,477	\$ 2,504,119	50.2%
September 30, 2015	\$ 5,229,775	\$ 2,543,312	48.6%
September 30, 2016	\$ 4,827,477	\$ 2,465,765	51.1%

Schedule of Funding Progress

Fiscal Year Ended	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Overfunded) AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b)-(a)/(c)]
September 30, 2012	-	\$ 59,795,647	\$ 59,795,647	0.0%	\$ 3,866,263	1,546.6%
September 30, 2013	-	\$ 58,200,833	\$ 58,200,833	0.0%	\$ 3,942,432	1,476.3%
September 30, 2014	-	\$ 64,259,009	\$ 64,259,009	0.0%	\$ 3,061,830	2,098.7%
September 30, 2015	-	\$ 68,027,346	\$ 68,027,346	0.0%	\$ 2,192,470	3,102.8%
September 30, 2016	-	\$ 62,824,140	\$ 62,824,140	0.0%	\$ 1,847,780	3,400.0%

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



Michael A. DeMaioribus
Huntsville, Eighth
Congressional District
Vice President Pro Tempore



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Congressional District



Clark Sahlie
Montgomery, Second
Congressional District



Bob Dumas
Auburn, Third
Congressional District



James W. Rane
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Congressional District



Jimmy Sanford
Prattville, Fourth
Congressional District



D. Gaines Lanier
Lanett, Fifth
Congressional District



Elizabeth Huntley
Clanton, Sixth
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Fayette, Seventh
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James Pratt
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Congressional District



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At-Large Member

Part II
Schedule of Expenditures of Federal Awards

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2016

Cluster Title/Federal Agency/Program	Pass-Through Entity/Pass-Through Number	CFDA#	Pass Through to Subrecipients	Expenditures
Research and Development Cluster				
Department of Agriculture				
Agricultural Research, Basic and Applied Research				
Department of Agriculture Direct				
CFDA 10.001 Total		10.001	\$ -	\$ 460,570
Plant and Animal Disease, Pest Control, and Animal Care			-	460,570
Department of Agriculture Direct				
CFDA 10.025 Total		10.025		79,282
Wildlife Services			-	79,282
Department of Agriculture Direct				
CFDA 10.028 Total		10.028		25,053
Specialty Crop Block Grant Program - Farm Bill			-	25,053
Department of Agriculture Pass-through				
	AL NURSERY & LANDSCAPE ASSOC-COOLING EFFICIENCY	10.170		13,151
	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 12-2017	10.170		10,796
	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 3-2017	10.170		3,424
	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 4-2017	10.170		4,850
	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 6-2017	10.170		(3,786)
CFDA 10.170 Total			-	28,435
Grants for Agricultural Research, Special Research Grants				
Department of Agriculture Direct				
Department of Agriculture Pass-through				
	MISSISSIPPI STATE UNIV-SRAC-AEROMONAS HYDROPHILA PROJECT	10.200	17,135	139,247
	MISSISSIPPI STATE UNIV-SRAC-HYBRID CATFISH	10.200		40,013
	MISSISSIPPI STATE UNIV-SRAC-INTENSIVE SYSTEMS	10.200		170,093
	MISSISSIPPI STATE UNIV-SRAC-PREBIOTIC & PROBIOTIC	10.200		8,250
	MISSISSIPPI STATE UNIV-SRAC-PUBLICATIONS PROJ	10.200		36,757
	MISSISSIPPI STATE UNIV-SRAC-SPLIT POND	10.200		4,000
	TEXAS AGRICULTURAL EXPERIMENT STATION-06-130604	10.200		26,974
CFDA 10.200 Total			17,135	(150)
Cooperative Forestry Research				425,184
Department of Agriculture Direct				
CFDA 10.202 Total		10.202		482,715
Payments to Agricultural Experiment Stations Under the Hatch Act			-	482,715
Department of Agriculture Direct				
CFDA 10.203 Total		10.203		3,812,535
Animal Health and Disease Research			-	3,812,535
Department of Agriculture Direct				
CFDA 10.207 Total		10.207		30,956
Small Business Innovation Research			-	30,956
Department of Agriculture Pass-through				
	NUTRIENT RECOVERY & UPCYCLING LLC-PHASE I SBIR	10.212		28
CFDA 10.212 Total			-	28
1890 Institution Capacity Building Grants				
Department of Agriculture Pass-through				
	ALABAMA A&M UNIV-SUB-2016-68006-24785-AU	10.216		11,986
	FT VALLEY STATE UNIV-2013-CANFVSU-13-10	10.216		19,741
	S CAROLINA STATE UNIV-16-521053-AGRI-AUBURN-AL	10.216		5,674
CFDA 10.216 Total			-	37,401
Higher Education - Institution Challenge Grants Program				
Department of Agriculture Direct				
Department of Agriculture Pass-through				
	TEXAS A&M UNIV-06-S160695	10.217		8,588
CFDA 10.217 Total		10.217		5,503
Biotechnology Risk Assessment Research			-	14,091
Department of Agriculture Direct				
CFDA 10.219 Total		10.219		132,628
			-	132,628

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2016

Cluster Title/Federal Agency/Program	Pass-Through Entity/Pass-Through Number	CFDA#	Pass Through to Subrecipients	Expenditures
Research and Development Cluster				
Integrated Programs				
Department of Agriculture Pass-through				
	NORTH CAROLINA STATE UNIV-2012-2604-02	10.303		(1,010)
	UNIV OF FLORIDA-UFDSP00010045	10.303		20,978
CFDA 10.303 Total			-	19,968
Organic Agriculture Research and Extension Initiative				
Department of Agriculture Direct		10.307	19,882	182,869
Department of Agriculture Pass-through				
	CORNELL UNIV-67385-9949	10.307		42,330
CFDA 10.307 Total			19,882	225,199
Specialty Crop Research Initiative				
Department of Agriculture Direct		10.309		385,135
Department of Agriculture Pass-through				
	UNIV OF CENTRAL FLA-63016071-03	10.309		14,549
	UNIV OF FLORIDA-UFDSP00010638	10.309		19,594
	UNIV OF FLORIDA-UFDSP00011164	10.309		20,466
CFDA 10.309 Total			-	439,744
Agriculture and Food Research Initiative (AFRI)				
Department of Agriculture Direct		10.310	331,142	2,635,820
Department of Agriculture Pass-through				
	CORNELL UNIV-76721-10688	10.310		45,883
	MISSISSIPPI STATE UNIV-182020-310011-01	10.310		43,068
	OHIO STATE UNIV RESEARCH FDN-PO RF01397453	10.310	5,336	51,296
	TUSKEGEE UNIV-36 22091 370 76190	10.310		49,492
	UNIV OF CINCINNATI-010126-002	10.310		25,830
	UNIV OF FLORIDA-UF11101	10.310		111,705
	UNIV OF FLORIDA-UFDSP00010717	10.310		(85,680)
	UNIV OF TENNESSEE-8500022698	10.310	10,672	1,141,174
	VANDERBILT UNIV-VUMC 54542	10.310		37,641
CFDA 10.310 Total			347,150	4,056,229
Sun Grant Program				
Department of Agriculture Pass-through				
	UNIV OF TENNESSEE-8500032069	10.320	8,766	8,766
	UNIV OF TENNESSEE-8500047871	10.320		15,516
CFDA 10.320 Total			8,766	24,282
Crop Protection and Pest Management Competitive Grants Program				
Department of Agriculture Direct		10.329		97,783
Department of Agriculture Pass-through				
	NORTH CAROLINA STATE UNIV-2015-2465-01	10.329		46,416
	NORTH CAROLINA STATE UNIV-2015-85-01	10.329		75,104
	NORTH CAROLINA STATE UNIV-2015-85-11	10.329		(65)
CFDA 10.329 Total			-	219,238
Cooperative Extension Service				
Department of Agriculture Pass-through				
	MICHIGAN STATE UNIV-CAPE II INDEX COMMUNITY GRANT	10.500		42,353
CFDA 10.500 Total			-	42,353
National Food Service Management Institute				
Administration and Staffing Grant				
Department of Agriculture Pass-through				
	KANSAS STATE UNIV-S15211	10.587		6,969
CFDA 10.587 Total			-	6,969
Forestry Research				
Department of Agriculture Direct		10.652	540	117,244
CFDA 10.652 Total			540	117,244
Cooperative Forestry Assistance				
Department of Agriculture Direct		10.664		701
CFDA 10.664 Total			-	701
Forest Health Protection				
Department of Agriculture Direct		10.680		79,345
CFDA 10.680 Total			-	79,345

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2016

Cluster Title/Federal Agency/Program	Pass-Through Entity/Pass-Through Number	CFDA#	Pass Through to Subrecipients	Expenditures
Research and Development Cluster				
Rural Business Enterprise Grants				
Department of Agriculture Direct		10.769		19,151
CFDA 10.769 Total			-	19,151
Environmental Quality Incentives Program				
Department of Agriculture Pass-through	AM FOREST FND-SHORTLEAF PINE	10.912		8,420
CFDA 10.912 Total			-	8,420
Cochran Fellowship Program-International Training-Foreign Participant				
Department of Agriculture Direct		10.962		123,520
CFDA 10.962 Total			-	123,520
Other Financial Assistance				
Department of Agriculture Direct				
FS-15-CS-11080100-003		10		57,311
FS-16-JV-11330143-006		10		13,400
USDA-14-8130-0073-CA		10		(206)
CFDA 10 Total			-	70,505
Department of Agriculture Total			393,473	10,981,746
Department of Commerce				
Sea Grant Support				
Department of Commerce Pass-through	MARINE ENV SCI CONSORT-DAUPHIN ISL SEA LAB-2604KD-001-AU	11.417		12,803
	UNIV OF SOUTHERN MISS-GR03924-R/SSS-02-NSI	11.417	3,770	3,770
	UNIV OF SOUTHERN MISS-GR05007-R/SFA-02	11.417		19,963
	UNIV OF SOUTHERN MISS-GR05007-R/SSS-07-NSI	11.417	24,859	139,033
	UNIV OF SOUTHERN MISS-GR05655-R/SFARS-11	11.417		9,589
CFDA 11.417 Total			28,629	185,158
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		26,939
CFDA 11.427 Total			-	26,939
Climate and Atmospheric Research				
Department of Commerce Direct		11.431		88,051
Department of Commerce Pass-through	UNIV CORP FOR ATMOSPHERIC RESEARCH-Z12-94355	11.431		10,976
	UNIV CORP FOR ATMOSPHERIC RESEARCH-Z16-94355	11.431		23,933
	UNIV OF FLORIDA-UF11009	11.431		72,353
	UNIV OF FLORIDA-UFDSP00010512	11.431		48,416
CFDA 11.431 Total			-	243,729
Pacific Coast Salmon Recovery_Pacific Salmon Treaty Program				
Department of Commerce Pass-through	BERING SEA FISHERMEN'S ASSOC-AC-1502A	11.438	12,659	78,969
CFDA 11.438 Total			12,659	78,969
Unallied Science Program				
Department of Commerce Pass-through	N PACIFIC RESCH BD-GRA AWARD	11.472		155
CFDA 11.472 Total			-	155
Measurement and Engineering Research and Standards				
Department of Commerce Direct		11.609		134,843
CFDA 11.609 Total			-	134,843
Science, Technology, Business and/or Education Outreach				
Department of Commerce Direct		11.620		6,823
CFDA 11.620 Total			-	6,823
Other Financial Assistance				
Department of Commerce Pass-through	ALA DEPT OF CONS & NAT RESOURCES-FILET DOG	11		36,113
DVLMT OF ILLEGAL FISH FILET CANINE DETECTION TEAMS	STRATUS CONSULTING INC-Z200-2S-1813	11		(666)
NOAA-AB133C-11-CQ-0051			-	35,447
CFDA 11 Total				
Department of Commerce Total			41,288	712,063

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2016

Cluster Title/Federal Agency/Program	Pass-Through Entity/Pass-Through Number	CFDA#	Pass Through to Subrecipients	Expenditures
Research and Development Cluster				
Department of Defense				
Basic and Applied Scientific Research				
Department of Defense Direct				
CFDA 12.300 Total		12.300	9,738	9,738
			-	9,738
Basic Scientific Research - Combating Weapons of Mass Destruction				
Department of Defense Direct				
CFDA 12.351 Total		12.351	151,326	151,326
			-	151,326
Military Medical Research and Development				
Department of Defense Direct		12.420		123,615
Department of Defense Pass-through				
	GENEVA FDN-V-1355-01	12.420		750
	UNIV OF MONTANA-PG16-24847-01	12.420		20,990
			-	145,355
CFDA 12.420 Total				
Basic Scientific Research				
Department of Defense Direct				
Department of Defense Pass-through				
		12.431		282,890
	UNITED SILICON CARBIDE INC-USC001 PO 500	12.431		(105)
	UNITED SILICON CARBIDE INC-USC002 PO 2072	12.431		69,989
			-	352,774
CFDA 12.431 Total				
Basic, Applied, and Advanced Research in Science and Engineering				
Department of Defense Direct				
CFDA 12.630 Total		12.630		33,231
			-	33,231
Air Force Defense Research Sciences Program				
Department of Defense Direct				
Department of Defense Pass-through				
		12.800		51,256
	FLORIDA A&M UNIV-SUB 4652	12.800		13,412
	FLORIDA STATE UNIV-R01746	12.800		49,401
	UNIV IOWA-W000796776	12.800		12,065
			-	126,134
CFDA 12.800 Total				
Other Financial Assistance				
Department of Defense Direct				
ARMY-W912HQ-11-C-0008		12	78,229	130,714
DOD-H98230-12-C-1102		12	20,000	607,112
DOD-H98230-15-C-0686		12	(5,000)	97,138
MDA-HQ0147-13-C-6024		12	9,260	40,048
MDA-HQ0147-15-C-6006		12	10,500	121,057
MDA-HQ0147-15-C-6006		12		99,139
Department of Defense Pass-through				
ARMY-W56HZV-14-C-0017	AUTONOMOUS SOLUTIONS INC-SBIR	12		11,648
ARMY-W56HZV-14-C-0050	AUTONOMOUS SOLUTIONS INC-SBIR	12		205,881
ARMY-W91260-06-D-0005	BAE SYSTEMS INC-PO 31-5152568-0-TRV	12		5,442
ARMY-W911NF-11-D-0001	BATTELLE MEMORIAL INSTITUTE-US001-0000294468	12		52,919
DOD-HHM402-11-D-0015	COLSA CORPORATION-HS-140802-TRAV	12		(14)
ARMY-W31P4Q-10-A-0017	GLEASON RESEARCH ASSOCIATES INC-AE-10-A-0017-AUB-0003CC	12		(1,164)
ARMY-W56KGU-14-C-0031	INTEGRATED SOLUTIONS FOR SYSTEMS INC-POS-C-2014-009-001	12		(1,693)
AF-FA8650-16-C-1721	INTEGRATED SOLUTIONS FOR SYSTEMS INC-SUB-2801-001	12		64,779
NAVY-N00014-14-C-0360	INTRAMICRON INC-AU140001	12		231,244
ARMY-W9113M-13-D-0003	INTREPID LLC-SC-13-051 TO2-AK-TRV	12		1,442
W911NF-15-C-0224	LEIDOS INC-P010176582	12		31,222
AF-FA8721-05-C-0002	MASSACHUSETTS INSTITUTE OF TECHNOLOGY-PO 7000292455	12		486,008
AF-FA8721-05-C-0002	MASSACHUSETTS INSTITUTE OF TECHNOLOGY-PO 7000339556	12		76,550
NAVY-N00024-12-C-4059	MILTEC CORPORATION-14-C-0008-P2	12		97,382
ARMY-HQ0034-10-C-0031	OMNIVOX LLC INC	12		(24,855)
NAVY-N00024-15-C-4026	PROMETHEUS INC-4026-01	12		79,087
DOD-HQ0034-13-D-0004	STEVENS INSTITUTE OF TECHNOLOGY-2102599-01-TO59-RT159	12		39,124
DOD-HQ0034-13-D-0004	STEVENS INSTITUTE OF TECHNOLOGY-TO 026 RESCH TOPIC 106	12		48,763
ARMY-W31P4Q-12-C-0251	TORCH TECHNOLOGIES INC-T12S025-M01-MTLS	12		6,310
ARMY-W31P4Q-16-C-0008	TORCH TECHNOLOGIES INC-T15S042-TRV&MTLS	12		6,724
CFDA 12 Total			112,989	2,512,007
Department of Defense Total			112,989	3,330,565

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2016

Cluster Title/Federal Agency/Program	Pass-Through Entity/Pass-Through Number	CFDA#	Pass Through to Subrecipients	Expenditures
Research and Development Cluster				
Department of the Interior				
Fish, Wildlife and Plant Conservation Resource Management				
Department of the Interior Direct		15.231		29,566
CFDA 15.231 Total			-	29,566
Bureau of Ocean Energy Management (BOEM)				
Environmental Studies Program (ESP)				
Department of the Interior Direct		15.423		131,785
CFDA 15.423 Total			-	131,785
Fish and Wildlife Management Assistance				
Department of the Interior Pass-through				
	GULF STATES MARINE FISHERIES COMM-FWS-800-037-2015-AU	15.608		20,128
CFDA 15.608 Total			-	20,128
Cooperative Endangered Species Conservation Fund				
Department of the Interior Pass-through				
	ALA DEPT OF CONS & NAT RESOURCES-AMPHIBIAN SURVEY	15.615		3,451
	ALA DEPT OF CONS & NAT RESOURCES-BOG CRAYFISH	15.615		2,033
	ALA DEPT OF CONS & NAT RESOURCES-GOPHER FROG	15.615		20,000
	ALA DEPT OF CONS & NAT RESOURCES-GOPHER TORTOISE	15.615		120,252
	ALA DEPT OF CONS & NAT RESOURCES-HELLBENDER SURV	15.615		31,087
	ALA DEPT OF CONS & NAT RESOURCES-INDIGO SNAKE	15.615		54,598
	ALA DEPT OF CONS & NAT RESOURCES-LMOUTH BASS GEN	15.615		(777)
	ALA DEPT OF CONS & NAT RESOURCES-MORTALITY RATES	15.615		41,592
	ALA DEPT OF CONS & NAT RESOURCES-POCKET GOPHER	15.615		20,709
	ALA DEPT OF CONS & NAT RESOURCES-TYPHILICHTHYS	15.615		2,650
CFDA 15.615 Total			-	295,595
State Wildlife Grants				
Department of the Interior Pass-through				
	ALA DEPT OF CONS & NAT RESOURCES-BLACK BEARS	15.634		109,642
	ALA DEPT OF CONS & NAT RESOURCES-EASTERN INDIGO	15.634		75,481
	ALA DEPT OF CONS & NAT RESOURCES-POCKET GOPHER	15.634		18,849
	ALA DEPT OF CONS & NAT RESOURCES-VISITOR LRNG FACILITY	15.634		63,698
	NATURE CONSERVANCY-TNFO 063014-3865-01	15.634		(7,661)
CFDA 15.634 Total			-	260,009
Migratory Bird Joint Ventures				
Department of the Interior Pass-through				
	MISSISSIPPI STATE UNIV-191000-331290-12	15.637		33,272
CFDA 15.637 Total			-	33,272
Research Grants (Generic)				
Department of the Interior Direct		15.650		75,260
CFDA 15.650 Total			-	75,260
Endangered Species Conservation – Recovery Implementation Funds				
Department of the Interior Direct		15.657		23,655
Department of the Interior Pass-through				
	ALA DEPT OF CONS & NAT RESOURCES-UNIONID MUSSELS	15.657		34,962
CFDA 15.657 Total			-	58,617
Endangered Species - Candidate Conservation Action Funds				
Department of the Interior Direct		15.660		3,473
CFDA 15.660 Total			-	3,473
National Fish and Wildlife Foundation				
Department of the Interior Pass-through				
	SOUTHEASTERN ASSOC FISH & WILDLIFE AGENCY-SHOAL BASS	15.663		81,969
CFDA 15.663 Total			-	81,969

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2016

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-Through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Pass Through to Subrecipients</u>	<u>Expenditures</u>
Research and Development Cluster				
Coastal Impact Assistance Program				
Department of the Interior Pass-through				
CFDA 15.668 Total	ALA DEPT OF CONS & NAT RESOURCES-CONTRACT #AL-30	15.668		2,395
Assistance to State Water Resources Research Institutes			-	2,395
Department of the Interior Direct				
CFDA 15.805 Total		15.805	43,251	86,820
U.S. Geological Survey_ Research and Data Collection			43,251	86,820
Department of the Interior Direct				
CFDA 15.808 Total		15.808		3,920
National Cooperative Geologic Mapping Program			-	3,920
Department of the Interior Direct				
CFDA 15.810 Total		15.810		15,981
Cooperative Research Units Program			-	15,981
Department of the Interior Direct				
CFDA 15.812 Total		15.812		170,590
Cooperative Research and Training Programs – Resources of the National Park System			-	170,590
Department of the Interior Direct				
CFDA 15.945 Total		15.945		138,724
Other Financial Assistance			-	138,724
Department of the Interior Direct				
NPS-P13AC01275		15		15,140
Department of the Interior Pass-through				
ALA COOP FISHERY UNIT	ALA DEPT OF CONS & NAT RESOURCES-FAA OPERATION	15		19,933
CLIMATE CHANGE & PERSISTENCE OF FISH ASSEMBLAGES	ALA DEPT OF CONS & NAT RESOURCES-FISH ASSEMBLAGES	15		(3,389)
CFDA 15 Total			-	31,684
Department of the Interior Total			43,251	1,439,788
Department of Justice				
National Institute of Justice Research, Evaluation, and Development Project Grants				
Department of Justice Direct				
CFDA 16.560 Total		16.560		191,425
Department of Justice Total			-	191,425
Department Of Transportation				
Highway Research and Development Program				
Department Of Transportation Direct		20.200		534,727
Department Of Transportation Pass-through				
CFDA 20.200 Total	WESTERN RSCH INSTITUTE-NCAT17-650	20.200		1,827
			-	536,554

The accompanying notes are an integral part of this schedule.

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Schedule of Expenditures of Federal Awards

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Cluster Title/Federal Agency/Program	Pass-Through Entity/Pass-Through Number	CFDA#	Pass Through to Subrecipients	Expenditures
Research and Development Cluster				
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research				
Department Of Transportation Pass-through				
	ALA DEPT OF TRANSPORTATION-930-762	20.505		8,962
	ALA DEPT OF TRANSPORTATION-930-764	20.505		11,454
	ALA DEPT OF TRANSPORTATION-930-764R	20.505		852
	ALA DEPT OF TRANSPORTATION-930-786	20.505		7,940
	ALA DEPT OF TRANSPORTATION-930-816R	20.505		(5,798)
	ALA DEPT OF TRANSPORTATION-930-822P TPF-5(267)	20.505	1,614,767	8,202,362
	ALA DEPT OF TRANSPORTATION-930-828	20.505		2,882
	ALA DEPT OF TRANSPORTATION-930-837R	20.505		6,339
	ALA DEPT OF TRANSPORTATION-930-853R	20.505		20,814
	ALA DEPT OF TRANSPORTATION-930-859	20.505		21,632
	ALA DEPT OF TRANSPORTATION-930-862	20.505		130,302
	ALA DEPT OF TRANSPORTATION-930-863	20.505		141,057
	ALA DEPT OF TRANSPORTATION-930-866R	20.505		221,214
	ALA DEPT OF TRANSPORTATION-930-869	20.505		111,178
	ALA DEPT OF TRANSPORTATION-930-870	20.505		27,075
	ALA DEPT OF TRANSPORTATION-930-889	20.505		133,096
	ALA DEPT OF TRANSPORTATION-930-891	20.505		73,226
	ALA DEPT OF TRANSPORTATION-930-895	20.505		74,334
	ALA DEPT OF TRANSPORTATION-930-916	20.505		32,644
	ALA DEPT OF TRANSPORTATION-930-925	20.505		17,869
	ALA DEPT OF TRANSPORTATION-930-927	20.505		10,406
CFDA 20.505 Total			1,614,767	9,249,840
University Transportation Centers Program				
Department Of Transportation Pass-through				
	SOUTHERN ILLINOIS UNIV-767211-01-001	20.701		20,995
CFDA 20.701 Total			-	20,995
Other Financial Assistance				
Department Of Transportation Direct				
DTFH61-13-C-00006		20	26,632	113,795
Department Of Transportation Pass-through				
FRP STRENGTHENING OF CONTINUOUS RC BRIDGE-LETOHATCHEE	ALA DEPT OF TRANSPORTATION-930-745S	20		35,461
DVLMT OF HIGHWAY SAFETY WORKFORCE IN ALA	ALA DEPT OF TRANSPORTATION-BELT-SP07(906)	20	10,901	15,774
STUDY OF WRONG WAY DRIVING CRASHES IN ALA	ALA DEPT OF TRANSPORTATION-BELT-SP07(906)	20		73,454
DVLMT OF HIGHWAY SAFETY WORKFORCE IN ALA PHASE II	ALA DEPT OF TRANSPORTATION-HISP-6815(251)	20	105,904	113,347
DVLPMT OF ALA VULNERABLE ROAD USERS HANDBOOK	ALA DEPT OF TRANSPORTATION-HISP-6815(253)	20		60,968
ROADWAY CONGESTION-SAFETY TOOL BASED ON SSAM	ALA DEPT OF TRANSPORTATION-HISP-6815(250)	20	46,041	73,676
DTFH61-14-H-00015	CH2M HILL INC-10006-7-104534	20		27,181
DTFH61-12-C-00016	IOWA STATE UNIV-436-17-04	20		46,365
DTFH61-13-RA-00015	NATIONAL ASPHALT PAVEMENT ASSOC-INNOVATIVE TECH-TO 001	20		14,315
MECHANISTIC DESIGN DATA FROM ODOT INSTRUMENTED PAVEMENT SITES	OREGON DEPT OF TRANSPORTATION-30012	20		54,823
US DOT-DTRT12-G-UTC04	UNIV OF FLORIDA-EIES-1200010-AUB	20		1,378
CFDA 20 Total			189,478	630,537
Department Of Transportation Total			1,804,245	10,437,926
Office of Personnel Management				
Intergovernmental Personnel Act (IPA) Mobility Program				
Office of Personnel Management Pass-through				
	ARMY-IPA-DAVIDSON	27.011		39,317
	NATIONAL SCIENCE FOUNDATION-DEB-1445774	27.011		99,264
	NATIONAL SCIENCE FOUNDATION-DMS-1352905	27.011		(2,203)
	NATIONAL SCIENCE FOUNDATION-IOS-1555825	27.011		144,342
CFDA 27.011 Total			-	280,720
Office of Personnel Management Total			-	280,720

The accompanying notes are an integral part of this schedule.

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Schedule of Expenditures of Federal Awards

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Cluster Title/Federal Agency/Program	Pass-Through Entity/Pass-Through Number	CFDA#	Pass Through to Subrecipients	Expenditures
Research and Development Cluster				
Library of Congress				
Other Financial Assistance				
Library of Congress Pass-through				
LIBRARY OF CONGRESS-08C0017	ILLINOIS STATE UNIV-11510-04-890009477	42		3,615
CFDA 42 Total			-	3,615
Library of Congress Total			-	3,615
National Aeronautics and Space Administration				
Science				
National Aeronautics and Space Administration Direct		43.001	47,006	447,266
National Aeronautics and Space Administration Pass-through				
	JOHNS HOPKINS UNIV-113915	43.001		15,918
	PENNSYLVANIA STATE UNIV-5022-AU-NASA-F93G	43.001		46,181
	SOUTHWEST RESEARCH INSTITUTE-1415GC0053	43.001		11,981
	SOUTHWEST RESEARCH INSTITUTE-J99036KJ	43.001		93,641
	UNIV OF ARKANSAS-SA1302027	43.001		42,139
	UNIV OF ILLINOIS-2013-02991-01-00	43.001		25,880
	UNIV OF MASSACHUSETTS-18802	43.001		149,346
CFDA 43.001 Total			47,006	832,352
Aeronautics				
National Aeronautics and Space Administration Pass-through				
	UNIV OF ALABAMA-UA14-035	43.002		20,305
CFDA 43.002 Total			-	20,305
Exploration				
National Aeronautics and Space Administration Direct		43.003		4,223
CFDA 43.003 Total			-	4,223
Space Operations				
National Aeronautics and Space Administration Pass-through				
	UNIVERSITY OF CALIFORNIA DAVIS-201501798-01	43.007		2,446
CFDA 43.007 Total			-	2,446
Education				
National Aeronautics and Space Administration Pass-through				
	UNIV OF ALABAMA AT HUNTSVILLE-2015-051	43.008		57,684
	UNIV OF ALABAMA AT HUNTSVILLE-2016-046	43.008		8,299
CFDA 43.008 Total			-	65,983
Cross Agency Support				
National Aeronautics and Space Administration Direct		43.009		(4,152)
CFDA 43.009 Total			-	(4,152)
Other Financial Assistance				
National Aeronautics and Space Administration Direct				
NASA-NNM13AA10G		43		62,983
NASA-NNX10AR53G		43		(206)
National Aeronautics and Space Administration Pass-through				
NASA-NNN12AA01C	JET PROPULSION LAB-CA INST TECH-1543114	43		58,495
NASA-NNL13AA08B	NATIONAL INSTITUTE OF AEROSPACE-T15-6500-AU TO 6543-AU	43		45,397
NASA-NNX10AJ80H	UNIV OF ALABAMA AT HUNTSVILLE-SUB2010-175	43		(6,570)
NASA-NNX15AP44A	XAVIER UNIVERSITY OF LA-OSP-15-216811-00B	43		50,480
CFDA 43 Total			-	210,579
National Aeronautics and Space Administration Total			47,006	1,131,736
National Science Foundation				
Engineering Grants				
National Science Foundation Direct		47.041	436,740	2,736,996
National Science Foundation Pass-through				
	PROXIMITY BIOSCIENCES	47.041		36,603
CFDA 47.041 Total			436,740	2,773,599
Mathematical and Physical Sciences				
National Science Foundation Direct		47.049		746,699
National Science Foundation Pass-through				
	UNIV OF MIAMI-665566	47.049		17,455
	WESTERN MICH UNIV-7966-1-AUB	47.049		2,260
CFDA 47.049 Total			-	766,414

The accompanying notes are an integral part of this schedule.

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Schedule of Expenditures of Federal Awards

Year Ended September 30, 2016

Cluster Title/Federal Agency/Program	Pass-Through Entity/Pass-Through Number	CFDA#	Pass Through to Subrecipients	Expenditures
Research and Development Cluster				
Geosciences				
National Science Foundation Direct		47.050		690,961
National Science Foundation Pass-through				
CFDA 47.050 Total	MICHIGAN STATE UNIV-RC104652AU	47.050		123,065
			-	814,026
Computer and Information Science and Engineering				
National Science Foundation Direct		47.070		630,319
National Science Foundation Pass-through				
CFDA 47.070 Total	UNIV OF FLORIDA-UFDSP00010405	47.070		72,908
	UNIV OF NORTH CAROLINA AT CHARLOTTE-20100715-04-AUB	47.070		2,350
			-	705,577
Biological Sciences				
National Science Foundation Direct		47.074	47,472	1,266,311
National Science Foundation Pass-through				
CFDA 47.074 Total	IOWA STATE UNIV-420-40-52D	47.074		19,784
			47,472	1,286,095
Social, Behavioral, and Economic Sciences				
National Science Foundation Direct		47.075	48,897	256,888
National Science Foundation Pass-through				
CFDA 47.075 Total	WEST VIRGINIA UNIV RESEARCH CORP-12-285-AU	47.075		31,693
			48,897	288,581
Education and Human Resources				
National Science Foundation Direct		47.076	10,866	1,331,519
National Science Foundation Pass-through				
CFDA 47.076 Total	ROCHESTER INSTITUTE TECH-31242-01	47.076		4,958
	TENN TECH UNIV-CReST WORKSHOP	47.076		2,687
	TUSKEGEE UNIV-34-11530-201-76190	47.076		419,325
	TUSKEGEE UNIV-34-21530-199-76190	47.076		67,130
	TUSKEGEE UNIV-34-22460-075	47.076		(492)
	UNIV OF ALABAMA AT BIRMINGHAM-000398033-011	47.076		29,452
	UNIV OF WISCONSIN-562K122	47.076		8,683
	UNIV OF WISCONSIN-607K972	47.076		16,815
			10,866	1,880,077
Polar Programs				
National Science Foundation Direct		47.078		68,049
CFDA 47.078 Total			-	68,049
Office of International Science and Engineering				
National Science Foundation Direct		47.079		130,036
CFDA 47.079 Total			-	130,036
Office of Experimental Program to Stimulate Competitive Research				
National Science Foundation Pass-through				
CFDA 47.081 Total	TUSKEGEE UNIV-34-21530-200-76190	47.081		191,963
			-	191,963
Trans-NSF Recovery Act Research Support				
National Science Foundation Direct		47.082		(6,668)
NSF-DUE-0934821				
CFDA 47.082 Total			-	(6,668)
Office of Integrative Activities				
National Science Foundation Pass-through				
CFDA 47.083 Total	NORTH CAROLINA STATE UNIV-2015-3003-03	47.083		55,214
			-	55,214
National Science Foundation Total			543,975	8,952,963

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2016

Cluster Title/Federal Agency/Program	Pass-Through Entity/Pass-Through Number	CFDA#	Pass Through to Subrecipients	Expenditures
Research and Development Cluster				
Environmental Protection Agency				
Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program				
Environmental Protection Agency Pass-through				
CFDA 66.123 Total	WASHINGTON STATE UNIV-118282-G003430	66.123		2,769
			-	2,769
National Estuary Program				
Environmental Protection Agency Pass-through				
	DAUPHIN ISLAND SEA LAB-MBNEP-PO 37445	66.456		17,890
	DAUPHIN ISLAND SEA LAB-MBNEP-PO 38789	66.456		35,735
			-	53,625
CFDA 66.456 Total				
Nonpoint Source Implementation Grants				
Environmental Protection Agency Pass-through				
	ALA DEPT OF ENVIRON MGMT-C40598001	66.460	54,104	83,158
			54,104	83,158
CFDA 66.460 Total				
Gulf of Mexico Program				
Environmental Protection Agency Direct		66.475		1,894
CFDA 66.475 Total			-	1,894
P3 Award: National Student Design Competition for Sustainability				
Environmental Protection Agency Direct				
CFDA 66.516 Total		66.516		13,697
			-	13,697
Regional Agricultural IPM Grants				
Environmental Protection Agency Pass-through				
	ALA DEPT OF AGRICULT & INDUSTRIES-IPM PRACTICES	66.714		17,815
			-	17,815
CFDA 66.714 Total				
Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies				
Environmental Protection Agency Pass-through				
	TEXAS COOPERATIVE EXTENSION-07-S140739	66.716		(91)
			-	(91)
CFDA 66.716 Total				
Other Financial Assistance				
Environmental Protection Agency Pass-through				
MATCH FOR NFWF-PROJ 1301.14.042946				
CFDA 66 Total	ALA DEPART OF ENVIRON MGMT-MATCH NFWF-PROJ 1301.14.042946	66		6,264
			-	6,264
Environmental Protection Agency Total			54,104	179,131
Nuclear Regulatory Commission				
U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program				
Nuclear Regulatory Commission Direct				
CFDA 77.008 Total		77.008		45,000
			-	45,000
Other Financial Assistance				
Nuclear Regulatory Commission Pass-through				
NRC-HQ-11-C-04-0041				
CFDA 77 Total	M TUTTLE & ASSOC-MTA-SC2011-AU-1	77		13,642
			-	13,642
Nuclear Regulatory Commission Total			-	58,642

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Cluster Title/Federal Agency/Program	Pass-Through Entity/Pass-Through Number	CFDA#	Pass Through to Subrecipients	Expenditures
Research and Development Cluster				
Department of Energy				
Office of Science Financial Assistance Program				
Department of Energy Direct		81.049		1,327,886
Department of Energy Pass-through				
	UNIV OF ALABAMA-EPSCOR-09-075	81.049		46,281
CFDA 81.049 Total			-	1,374,167
University Coal Research				
Department of Energy Direct		81.057	2,520	34,703
CFDA 81.057 Total			2,520	34,703
Conservation Research and Development				
Department of Energy Pass-through				
	NORTH CAROLINA STATE UNIV-2014-0654-66	81.086		20,918
	RESEARCH TRIANGLE INSTITUTE INTERNATIONAL-1-340-0213159	81.086		50,936
CFDA 81.086 Total			-	71,854
Renewable Energy Research and Development				
Department of Energy Direct		81.087		4,409
Department of Energy Pass-through				
	UNIV OF TENNESSEE-8500051906	81.087		48,214
	VIRGINIA POLYTECHNIC INST-ALAVALAPATI	81.087		19,898
CFDA 81.087 Total			-	72,521
Fossil Energy Research and Development				
Department of Energy Pass-through				
	INTRAMICRON INC-AU150002	81.089		7,464
CFDA 81.089 Total			-	7,464
Defense Nuclear Nonproliferation Research				
Department of Energy Direct		81.113		139,482
CFDA 81.113 Total			-	139,482
Nuclear Energy Research, Development and Demonstration				
Department of Energy Direct		81.121		18,750
CFDA 81.121 Total			-	18,750
Advanced Research Projects Agency - Energy				
Department of Energy Pass-through				
	MASSACHUSETTS INSTITUTE OF TECHNOLOGY-SUB 5710004087	81.135		146,328
CFDA 81.135 Total			-	146,328
Other Financial Assistance				
Department of Energy Pass-through				
DE-NA0001942	CONSOLIDATED NUCLEAR SECURITY LLC-TO 4300101538	81	14,947	274,343
DE-AC04-94AL85000	SANDIA NATL LABORATORIES-PO 1479660	81		11,069
DE-AC04-94AL85000	SANDIA NATL LABORATORIES-PO 1597919	81		32,496
DE-AC04-94AL85000	SANDIA NATL LABORATORIES-PO 1643364	81		20,214
DE-AC05-00OR22725	UT-BATTELLE LLC-B-4000141415	81		882
CFDA 81 Total			14,947	339,004
Department of Energy Total			17,467	2,204,273
Department of Education				
Overseas Programs - Group Projects Abroad				
Department of Education Direct		84.021		4,899
CFDA 84.021 Total			-	4,899
Graduate Assistance in Areas of National Need				
Department of Education Direct		84.200		357,412
CFDA 84.200 Total			-	357,412
Department of Education Total			-	362,311

The accompanying notes are an integral part of this schedule.

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Year Ended September 30, 2016

Cluster Title/Federal Agency/Program	Pass-Through Entity/Pass-Through Number	CFDA#	Pass Through to Subrecipients	Expenditures
Research and Development Cluster				
Department of Health and Human Services				
Healthy Marriage Promotion and Responsible Fatherhood Grants				
Department of Health and Human Services Direct		93.086	594,388	1,884,081
CFDA 93.086 Total			594,388	1,884,081
Food and Drug Administration Research				
Department of Health and Human Services Direct		93.103	335,070	1,585,650
CFDA 93.103 Total			335,070	1,585,650
Environmental Health				
Department of Health and Human Services Direct		93.113	56,263	214,205
CFDA 93.113 Total			56,263	214,205
Research Related to Deafness and Communication Disorders				
Department of Health and Human Services Direct		93.173	24,780	119,948
CFDA 93.173 Total			24,780	119,948
Research and Training in Complementary and Integrative Health				
Department of Health and Human Services Pass-through	LUCIGEN CORP-NIH-1R43AT008295-01	93.213		(1,372)
CFDA 93.213 Total			-	(1,372)
Research on Healthcare Costs, Quality and Outcomes				
Department of Health and Human Services Pass-through	UNIV OF NORTH CAROLINA-50002	93.226		7,244
CFDA 93.226 Total			-	7,244
Research on Healthcare Costs, Quality and Outcomes				
Department of Health and Human Services Direct		93.242		(4,456)
CFDA 93.242 Total			-	(4,456)
Occupational Safety and Health Program				
Department of Health and Human Services Pass-through	UNIV OF ALABAMA AT BIRMINGHAM-000500836-002	93.262		231,174
	UNIV OF ALABAMA AT BIRMINGHAM-000500836-004	93.262		80,884
	UNIV OF ALABAMA AT BIRMINGHAM-000500836-014	93.262		7,953
	UNIV OF ALABAMA AT BIRMINGHAM-000500836-019	93.262		9,142
	UNIV OF KENTUCKY RSCH FDN-3210000144-16-099	93.262		11,941
CFDA 93.262 Total			-	341,094
Discovery and Applied Research for Technological				
Innovations to Improve Human Health				
Department of Health and Human Services Direct		93.286	151,386	287,735
CFDA 93.286 Total			151,386	287,735
National Center for Advancing Translational Sciences				
Department of Health and Human Services Pass-through	UNIV OF ALABAMA AT BIRMINGHAM-000508606-001	93.350		168,231
CFDA 93.350 Total			-	168,231
Cancer Treatment Research				
Department of Health and Human Services Pass-through	UNIV OF ALABAMA AT BIRMINGHAM-000502446-001	93.395		8,221
CFDA 93.395 Total			-	8,221
Cancer Biology Research				
Department of Health and Human Services Pass-through	FLORIDA ATLANTIC UNIV-XR-K13	93.396		14,184
CFDA 93.396 Total			-	14,184

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2016

Cluster Title/Federal Agency/Program	Pass-Through Entity/Pass-Through Number	CFDA#	Pass Through to Subrecipients	Expenditures
Research and Development Cluster				
Head Start				
Department of Health and Human Services Pass-through	ALA DEPT HUMAN RESOURCES-1737-CCP SLOTS	93.600		2,342,299
	ALA DEPT HUMAN RESOURCES-1737-CREATIVE CURRICULUM	93.600		136,648
	ALA DEPT HUMAN RESOURCES-1737-ELEARNING	93.600		7,000
	ALA DEPT HUMAN RESOURCES-1737-HEALTH&SAFETY	93.600		250,611
	ALA DEPT HUMAN RESOURCES-1737-PROFESSIONAL DVLMT	93.600		205,756
	ALA DEPT HUMAN RESOURCES-1737-STARTUP	93.600		9,699
CFDA 93.600 Total			-	2,952,013
Cardiovascular Diseases Research				
Department of Health and Human Services Pass-through	MASSACHUSETTS GENERAL HOSP-222589	93.837		74,530
	UNIV OF ALABAMA AT BIRMINGHAM-000374790-001	93.837		17,696
CFDA 93.837 Total			-	92,226
Blood Diseases and Resources Research				
Department of Health and Human Services Pass-through	VANDERBILT UNIV-VUMC41814	93.839		43,211
CFDA 93.839 Total			-	43,211
Arthritis, Musculoskeletal and Skin Diseases Research				
Department of Health and Human Services Direct		93.846		47,569
CFDA 93.846 Total			-	47,569
Diabetes, Digestive, and Kidney Diseases Extramural Research				
Department of Health and Human Services Direct		93.847		165,930
CFDA 93.847 Total			-	165,930
Extramural Research Programs in the Neurosciences and Neurological Disorders				
Department of Health and Human Services Direct		93.853		129,202
Department of Health and Human Services Pass-through	UNIV OF ALABAMA AT BIRMINGHAM-000507867-001	93.853		99,590
CFDA 93.853 Total			-	228,792
Allergy and Infectious Diseases Research				
Department of Health and Human Services Direct		93.855		169,419
Department of Health and Human Services Pass-through	LUCIGEN CORP-NIH-1R43A100383-01A1	93.855		(8,812)
	LUCIGEN CORP-NIH-2R44A1085840-02	93.855		(1,726)
CFDA 93.855 Total			-	158,881
Biomedical Research and Research Training				
Department of Health and Human Services Pass-through	UNIV OF WISCONSIN-637K674	93.859		132,458
CFDA 93.859 Total			-	132,458
Child Health and Human Development Extramural Research				
Department of Health and Human Services Direct		93.865		627,978
CFDA 93.865 Total			-	627,978
Aging Research				
Department of Health and Human Services Direct		93.866		288,598
CFDA 93.866 Total			-	288,598
Other Financial Assistance				
Department of Health and Human Services Pass-through	MARSHFIELD CLINIC RES FND-SUB 47095	93		91,763
FDA-HHSF223201510112C				
CFDA 93 Total			-	91,763
Department of Health and Human Services Total			1,161,887	9,454,184

The accompanying notes are an integral part of this schedule.

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Year Ended September 30, 2016

Cluster Title/Federal Agency/Program	Pass-Through Entity/Pass-Through Number	CFDA#	Pass Through to Subrecipients	Expenditures
Research and Development Cluster				
Department of Homeland Security				
Other Financial Assistance				
Department of Homeland Security Direct				
DHS-HSHQDC-13-C-B0004		97	24,579	58,295
CFDA 97 Total			24,579	58,295
Department of Homeland Security Total			24,579	58,295
Agency for International Development				
USAID Foreign Assistance for Programs Overseas				
Agency for International Development Pass-through				
	OREGON STATE UNIV-RD011G-G	98.001	131,030	210,684
	UNIVERSITY OF CALIFORNIA DAVIS-201502576-01	98.001		12,418
CFDA 98.001 Total			131,030	223,102
Other Financial Assistance				
Agency for International Development Pass-through				
AID-482-A-14-00003				
CFDA 98 Total		98	-	13,281
Agency for International Development Total			131,030	236,383
Research And Development Cluster Total			4,375,294	50,015,766
Snap Cluster				
Department of Agriculture				
State Administrative Matching Grants for the				
Supplemental Nutrition Assistance Program				
Department of Agriculture Pass-through				
	ALA DEPT HUMAN RESOURCES-AGREEMENT NO 4153	10.561	751,715	4,686,324
CFDA 10.561 Total			751,715	4,686,324
Department of Agriculture Total			751,715	4,686,324
Snap Cluster Total			751,715	4,686,324
Fish And Wildlife Cluster				
Department of the Interior				
Sport Fish Restoration Program				
Department of the Interior Pass-through				
	ALA DEPT OF CONS & NAT RESOURCES-AL SHAD	15.605		805
	ALA DEPT OF CONS & NAT RESOURCES-ALA ANGLERS	15.605		2,587
	ALA DEPT OF CONS & NAT RESOURCES-APEX PREDATORS	15.605		194,921
	ALA DEPT OF CONS & NAT RESOURCES-BLUEBACK HERRING	15.605		90,133
	ALA DEPT OF CONS & NAT RESOURCES-DANNELLY RESERVOIR	15.605		105,456
	ALA DEPT OF CONS & NAT RESOURCES-FISH KILLS	15.605		33,000
	ALA DEPT OF CONS & NAT RESOURCES-LMOUTH BASS	15.605		192
	ALA DEPT OF CONS & NAT RESOURCES-LMOUTH BASS GEN	15.605		71,694
	ALA DEPT OF CONS & NAT RESOURCES-MARINE FINFISH	15.605		13,573
	ALA DEPT OF CONS & NAT RESOURCES-SLACKWTR DARTERS	15.605		36,134
	ALA DEPT OF CONS & NAT RESOURCES-SPECIES ABUNDANCE	15.605		80,841
	ALA DEPT OF CONS & NAT RESOURCES-STOCK SPORTFISH	15.605		65,447
	GEORGIA DEPT OF NATURAL RESOURCES-FISH DISEASES	15.605		20,587
	MISSOURI DEPT CONSERVATION-FISH DISEASES	15.605		(1,736)
	N CAROLINA WILDLIFE RESOURCE CTR-FISH DISEASE	15.605		9,272
	S CAROLINA DEPT OF NATURAL RES-FISH DISEASES	15.605		12,000
CFDA 15.605 Total			-	734,906
Wildlife Restoration and Basic Hunter Education				
Department of the Interior Pass-through				
	ALA DEPT OF CONS & NAT RESOURCES-DEER DENSITY	15.611		26,692
	ALA DEPT OF CONS & NAT RESOURCES-HUNTING SURV	15.611		7,684
	ALA DEPT OF CONS & NAT RESOURCES-TICK IMPACTS	15.611		31,849
	ALA DEPT OF CONS & NAT RESOURCES-WHITE TAILED DEER	15.611		45,764
	ALA DEPT OF CONS & NAT RESOURCES-WHOOPING CRANE	15.611		25,353
	ALA DEPT OF CONS & NAT RESOURCES-WILD PIGS	15.611		190,787
	ALA DEPT OF CONS & NAT RESOURCES-WILDLIFE PROF	15.611		92,380
CFDA 15.611 Total			-	420,509
Department of the Interior Total			-	1,155,415
Fish and Wildlife Cluster Total			-	1,155,415

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Cluster Title/Federal Agency/Program	Pass-Through Entity/Pass-Through Number	CFDA#	Pass Through to Subrecipients	Expenditures
Workforce Investment Act (WIA)/Workforce Innovation and Opportunity Act (WIOA) Cluster				
Department of Labor				
WIA/WIOA Youth Activities				
Department of Labor Pass-through	ALA DEPT OF COMMERCE-54220011	17.259		59,350
	ALA DEPT OF COMMERCE-64220011	17.259		10,784
	ALA DEPT OF COMMERCE-44220011	17.259		(1)
CFDA 17.259 Total			-	70,133
Department of Labor Total			-	70,133
Workforce Investment Act (WIA)/Workforce Innovation and Opportunity Act (WIOA) Cluster TOTAL			-	70,133
Highway Planning and Construction Cluster				
Department Of Transportation				
Highway Planning and Construction				
Department Of Transportation Direct		20.205	140,418	348,708
Department Of Transportation Pass-through				
	ALA DEPT OF TRANSPORTATION-930-832	20.205		4,852
	ALA DEPT OF TRANSPORTATION-930-860R	20.205		88,139
	NEVADA DEPT OF TRANSPORTATION-P557-13-803	20.205		34,365
	OHIO DEPT OF TRANSPORTATION-27267	20.205		28,837
	SOUTHERN ILLINOIS UNIV-763977-001	20.205		23,604
	UNIV OF ILLINOIS-2011-05776-31	20.205		(595)
	UNIV OF NEVADA AT RENO-16-41	20.205		12,304
	WISC DEPT OF TRANSPORTATION-0092-16-02	20.205		18,779
CFDA 20.205 Total			140,418	558,993
Department Of Transportation Total			140,418	558,993
Highway Planning and Construction Cluster Total			140,418	558,993
Highway Safety Cluster				
Department Of Transportation				
National Priority Safety Programs				
Department Of Transportation Pass-through				
	ALA DEPT OF ECON&COMM AFFAIRS-16-Hb-M1-002	20.616	240,588	304,320
	ALA DEPT OF ECON&COMM AFFAIRS-16-Hd-M5-005	20.616	124,410	172,147
	ALA DEPT OF ECON&COMM AFFAIRS-16-Hd-M5-010	20.616	960	69,327
	ALA DEPT OF ECON&COMM AFFAIRS-TRAFFIC SAFETY RESOURCE	20.616		1,890
CFDA 20.616 Total			365,959	547,684
Department Of Transportation Total			365,959	547,684
Highway Safety Cluster Total			365,959	547,684
School Improvement Grants Cluster				
Department of Education				
School Improvement Grants				
Department of Education Pass-through				
	ALA DEPT OF EDUCATION-C5U0462	84.377		148,373
CFDA 84.377 Total			-	148,373
Department of Education Total			-	148,373
School Improvement Grants Cluster Total			-	148,373
Special Education Cluster (IDEA)				
Department of Education				
Special Education_ Grants to States				
Department of Education Pass-through				
	ALA DEPT OF EDUCATION-U6O0391	84.027		19,884
CFDA 84.027 Total			-	19,884
Department of Education Total			-	19,884
Special Education Cluster (IDEA) Total			-	19,884

The accompanying notes are an integral part of this schedule.

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Schedule of Expenditures of Federal Awards

Year Ended September 30, 2016

Cluster Title/Federal Agency/Program	Pass-Through Entity/Pass-Through Number	CFDA#	Pass Through to Subrecipients	Expenditures
Student Financial Assistance Cluster				
Department of Education				
Postsecondary Education Scholarships for Veteran's Dependents				
Department of Education Direct		84.408		2,710
CFDA 84.408 Total			-	2,710
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)				
Department of Education Direct		84.379		85,614
CFDA 84.379 Total			-	85,614
Federal Supplemental Educational Opportunity Grants				
Department of Education Direct		84.007		687,564
CFDA 84.007 Total			-	687,564
Federal Work-Study Program				
Department of Education Direct		84.033		723,957
CFDA 84.033 Total			-	723,957
Federal Perkins Loan (FPL)				
Outstanding loans as 10/1/15		84.038		15,733,435
Loans issued during FYE 9/30/16		84.038		2,515,316
CFDA 84.038 Total			-	18,248,751
Federal Pell Grant Program				
Department of Education Direct		84.063		22,588,096
CFDA 84.063 Total			-	22,588,096
Federal Direct Student Loans				
Department of Education Direct		84.268		163,108,744
CFDA 84.268 Total			-	163,108,744
Department of Education Total			-	205,445,436
Department of Health and Human Services				
Health Professions Student Loans, Including Primary Care Loans and Loans for Disadvantaged Students (Hppl/Pcl/Lds)				
Outstanding loans as 10/1/15		93.342		2,185,122
Loans issued during FYE 9/30/16		93.342		413,650
CFDA 93.342 Total			-	2,598,772
Department of Health and Human Services Total			-	2,598,772
Student Financial Assistance Cluster Total			-	208,044,208
Temporary Assistance For Needy Families (TANF) Cluster				
Department of Health and Human Services				
Temporary Assistance for Needy Families				
Department of Health and Human Services Pass-through	CHILDREN'S TRUST FUND OF ALA-TANF 2016-101	93.558		19,608
CFDA 93.558 Total			-	19,608
Department of Health and Human Services Total			-	19,608
Temporary Assistance For Needy Families(TANF) Cluster Total			-	19,608
Childcare and Development Fund (CCDF) Cluster				
Department of Health and Human Services				
Child Care and Development Block Grant				
Department of Health and Human Services Pass-through	ALA DEPT HUMAN RESOURCES-832	93.575		1,134,239
CFDA 93.575 Total			-	1,134,239
Department of Health and Human Services Total			-	1,134,239
Childcare and Development Fund (CCDF) Cluster Total			-	1,134,239

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Schedule of Expenditures of Federal Awards

Year Ended September 30, 2016

Cluster Title/Federal Agency/Program	Pass-Through Entity/Pass-Through Number	CFDA#	Pass Through to Subrecipients	Expenditures
Other Programs Cluster				
Department of Agriculture				
Plant and Animal Disease, Pest Control, and Animal Care				
Department of Agriculture Direct		10.025		8,468
CFDA 10.025 Total			-	8,468
Wildlife Services				
Department of Agriculture Direct		10.028		(1,915)
CFDA 10.028 Total			-	(1,915)
Market Protection and Promotion				
Department of Agriculture Pass-through	CORNELL UNIV-75788-10539	10.163		79,363
CFDA 10.163 Total			-	79,363
Specialty Crop Block Grant Program - Farm Bill				
Department of Agriculture Pass-through				
	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 10-2014	10.170		(2,017)
	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 10-2018	10.170		24,129
	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 3-2014	10.170		1,204
	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 9-2015	10.170		278
	ALA DEPT OF AGRICULT & INDUSTRIES-SMALL FRUIT & NUT TEACHING DEMO	10.170		6,081
	ALA DEPT OF AGRICULT & INDUSTRIES-SPECLTY CROPS & TEACH DEMO	10.170		16,653
	ALA FRUIT & VEG GROWERS ASSOC-CES 13-582	10.170		1,186
	ALA FRUIT & VEG GROWERS ASSOC-CES 15-875	10.170		2,853
	ALA SUSTAINABLE AG NETWORK-SPECIALTY CROP	10.170		(19)
CFDA 10.170 Total			-	50,348
Grants for Agricultural Research, Special Research Grants				
Department of Agriculture Direct		10.200	225,792	373,841
			225,792	373,841
Sustainable Agriculture Research and Education				
Department of Agriculture Pass-through				
	UNIV OF GEORGIA-RD309-129/5054696	10.215		1,933
	UNIV OF GEORGIA-RD309-129/S000826	10.215		11,105
	UNIV OF GEORGIA-RD309-134/S001084	10.215		26
	UNIV OF GEORGIA-RD309-134/S001163	10.215		3,253
CFDA 10.215 Total			-	16,317
1890 Institution Capacity Building Grants				
Department of Agriculture Pass-through				
	TUSKEGEE UNIV-36-32091-318	10.216		19,646
CFDA 10.216 Total			-	19,646
Homeland Security_Agricultural				
Department of Agriculture Pass-through				
	PURDUE UNIV-8000053483-AG	10.304		16,485
	UNIV OF FLORIDA-UFDSP00010240	10.304		24,563
CFDA 10.304 Total			-	41,048
Organic Agriculture Research and Extension Initiative				
Department of Agriculture Direct		10.307		957
CFDA 10.307 Total			-	957
Agriculture and Food Research Initiative (AFRI)				
Department of Agriculture Pass-through				
	UNIV OF TENNESSEE-8500047161	10.310		2,364
	UNIV OF TENNESSEE-A15-169-S001	10.310		42,063
CFDA 10.310 Total			-	44,427
Beginning Farmer and Rancher Development Program				
Department of Agriculture Direct		10.311	80,407	161,404
CFDA 10.311 Total			80,407	161,404

The accompanying notes are an integral part of this schedule.

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Schedule of Expenditures of Federal Awards

Year Ended September 30, 2016

Cluster Title/Federal Agency/Program	Pass-Through Entity/Pass-Through Number	CFDA#	Pass Through to Subrecipients	Expenditures
Other Programs Cluster				
Farm Business Management and Benchmarking Competitive Grants Program				
Department of Agriculture Pass-through				
CFDA 10.319 Total	NORTH DAKOTA STATE UNIV-FAR-20958	10.319	(726)	(726)
Crop Protection and Pest Management Competitive Grants Program				
Department of Agriculture Direct		10.329	159,399	159,399
CFDA 10.329 Total			-	159,399
Outreach and Assistance for Socially Disadvantaged and Veteran Farmers and Ranchers				
Department of Agriculture Direct		10.443	74,210	74,210
CFDA 10.443 Total			-	74,210
Risk Management Education Partnerships				
Department of Agriculture Pass-through				
CFDA 10.460 Total	UNIV OF FLORIDA-UFDSP00010507	10.460	226	226
Cooperative Extension Service				
Department of Agriculture Direct		10.500	9,006,744	9,006,744
Department of Agriculture Pass-through				
	KANSAS STATE UNIV-S15054	10.500	(1,536)	(1,536)
	MICHIGAN STATE UNIV-RC103176AO	10.500	28,041	28,041
	MICHIGAN STATE UNIV-RC105427AU	10.500	40,707	40,707
	PENNSYLVANIA STATE UNIV-5029-ACES-UM-9802	10.500	39,729	39,729
	PENNSYLVANIA STATE UNIV-5194-AU-USDA-2628	10.500	(416)	(416)
	PENNSYLVANIA STATE UNIV-5401-AU-USDA-2628	10.500	2,916	2,916
	PURDUE UNIV-8000066752	10.500	22,922	22,922
	UNIV OF ILLINOIS-2015-768-01	10.500	64,019	64,019
	UNIV OF ILLINOIS-2015-768-11	10.500	128,371	128,371
CFDA 10.500 Total			-	9,331,497
Rural Child Poverty Nutrition Center				
Department of Agriculture Pass-through				
CFDA 10.549 Total	UNIV OF KENTUCKY RSCH FDN-3200000292-16-133	10.549	12,334	12,334
Forest Health Protection				
Department of Agriculture Direct		10.680	14,086	14,086
CFDA 10.680 Total			-	14,086
Soil and Water Conservation				
Department of Agriculture Direct		10.902	15,028	15,028
CFDA 10.902 Total			-	15,028
Environmental Quality Incentives Program				
Department of Agriculture Direct		10.912	555	555
CFDA 10.912 Total			-	555
Cochran Fellowship Program-International Training-Foreign Participant				
Department of Agriculture Direct		10.962	36,162	36,162
CFDA 10.962 Total			-	36,162
Other Financial Assistance				
Department of Agriculture Direct				
FS-12-CS-11080104-001		10	249	249
USDA FOREST SERVICE 2014		10	20,660	20,660
USDA-58-0510-4-005 N		10	(4,055)	(4,055)
CFDA 10 Total			-	16,854
Department of Agriculture Total			306,199	10,453,529

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Schedule of Expenditures of Federal Awards

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Cluster Title/Federal Agency/Program	Pass-Through Entity/Pass-Through Number	CFDA#	Pass Through to Subrecipients	Expenditures
Other Programs Cluster				
Department of Commerce				
Economic Development_Technical Assistance				
Department of Commerce Direct		11.303		118,005
CFDA 11.303 Total			-	118,005
Sea Grant Support				
Department of Commerce Pass-through	MISSISSIPPI STATE UNIV-080100.340555.01	11.417		2,463
	UNIV OF SOUTHERN MISS-GR05007-A/O-37-AU	11.417		115,683
CFDA 11.417 Total			-	118,146
Manufacturing Extension Partnership				
Department of Commerce Pass-through	ALA TECH NETWORK-MEP-NIST-70NANB10H299	11.611		174,737
	ALA TECH NETWORK-MEP-NIST-70NANB6H0006	11.611		(28,473)
CFDA 11.611 Total			-	146,264
Department of Commerce Total			-	382,415
Department of Defense				
Other Financial Assistance				
Department of Defense Pass-through				
W911NF-14-C0076	IK9 HOLDINGS LLC-TASK ORDER 1	12		7,250
W911NF-14-C0076	IK9 HOLDINGS LLC-TECH SUPPORT	12		420
CFDA 12 Total			-	7,670
Department of Defense Total			-	7,670
Department of the Interior				
Cooperative Endangered Species Conservation Fund				
Department of the Interior Pass-through	ALA DEPT OF CONS & NAT RESOURCES-RED-COCKADED WOODPECKER	15.615		8,732
CFDA 15.615 Total			-	8,732
Research Grants (Generic)				
Department of the Interior Direct		15.650		16,483
CFDA 15.650 Total			-	16,483
Youth Engagement, Education, and Employment Programs				
Department of the Interior Direct		15.676		907
CFDA 15.676 Total			-	907
National Land Remote Sensing_Education Outreach and Research				
Department of the Interior Pass-through	AMERICA VIEW INC-AV13-AL01-GY15	15.815		23,914
	AMERICA VIEW INC-AV13-AL01-M3	15.815		(311)
	AMERICA VIEW INC-AV13-AL01-M6	15.815		8,282
CFDA 15.815 Total			-	31,885
Department of the Interior Total			-	58,007
Department of Justice				
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		8,272
	ALA DEPT OF ECON&COMM AFFAIRS-STATE ADVISORY GROUP	16.540		8,098
CFDA 16.540 Total			-	16,370
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program				
Department of Justice Pass-through	MONTGOMERY CTY COMMISSION-2015 ONE PLACE GRANT EVAL	16.590		7,068
CFDA 16.590 Total			-	7,068

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Schedule of Expenditures of Federal Awards

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Cluster Title/Federal Agency/Program	Pass-Through Entity/Pass-Through Number	CFDA#	Pass Through to Subrecipients	Expenditures
Other Programs Cluster				
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		5,396
CFDA 16.590 Total			-	5,396
Juvenile Mentoring Program				
Department of Justice Pass-through				
	ALABAMA A&M UNIV-2013-JU-FX-22-AU	16.726		(2,946)
	ALABAMA A&M UNIV-2014-JU-FX-0015-AU	16.726		4,193
	ALABAMA A&M UNIV-2014-JU-FX-0025-AU	16.726		11,175
CFDA 16.726 Total			-	12,422
Edward Byrne Memorial Justice Assistance Grant Program				
Department of Justice Pass-through				
	ALA DEPT OF ECON&COMM AFFAIRS-CRIME PREVENTION 14-DJ-ST-001	16.738		8,883
	ALA DEPT OF ECON&COMM AFFAIRS-CRIME PREVENTION 15-DJ-ST-001	16.738		190,479
CFDA 16.738 Total			-	199,362
Harold Rogers Prescription Drug Monitoring Program				
Department of Justice Pass-through				
	ALA DEPT PUBLIC HEALTH-GC-15-353 C50119177	16.754		25,841
CFDA 16.754 Total			-	25,841
Second Chance Act Reentry Initiative				
Department of Justice Pass-through				
	ALA BD OF PARDONS & PAROLES	16.812		22,425
CFDA 16.812 Total			-	22,425
Department of Justice Total			-	288,884
Department Of Transportation				
Airport Improvement Program				
Department Of Transportation Pass-through				
	ALA DEPT OF TRANSPORTATION-T-HANGAR TAXIWAYS-FED	20.106		78,465
CFDA 20.106 Total			-	78,465
Highway Training and Education				
Department Of Transportation Pass-through				
	ALA DEPT OF TRANSPORTATION-LTAP	20.215		351,999
CFDA 20.215 Total			-	351,999
Formula Grants for Rural Areas				
Department Of Transportation Pass-through				
	ALA DEPT OF TRANSPORTATION-RTAP	20.509		305,142
CFDA 20.509 Total			-	305,142
Department Of Transportation Total			-	735,606
Department of the Treasury				
Volunteer Income Tax Assistance (VITA) Matching Grant Program				
Department of the Treasury Pass-through				
	ALA ASSET BLDG COALITION-TAX ASSIST	21.009		1,001
CFDA 21.009 Total			-	1,001
Department of the Treasury Total			-	1,001
Appalachian Regional Commission				
Appalachian Regional Development (See individual Appalachian Programs)				
Appalachian Regional Commission Direct				
CFDA 23.001 Total		23.001		278,685
			-	278,685
Appalachian Area Development				
Appalachian Regional Commission Pass-through				
	UNIV OF ALABAMA-UA14-048	23.002		3,773
CFDA 23.002 Total			-	3,773
Appalachian Research, Technical Assistance, and Demonstration Projects				
Appalachian Regional Commission Pass-through				
	EAST TENNESSEE STATE UNIV-220016-16	23.011		4,469
	MARSHAL UNIVERSITY RESEARCH FND-PO RC-P1600553	23.011		5,000
CFDA 23.011 Total			-	9,469
Appalachian Regional Commission Total			-	291,927

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2016

Cluster Title/Federal Agency/Program	Pass-Through Entity/Pass-Through Number	CFDA#	Pass Through to Subrecipients	Expenditures
Other Programs Cluster				
National Aeronautics and Space Administration				
Education				
National Aeronautics and Space Administration Pass-through	AETOS SYSTEMS-PO#OHC-002	43.008		(58)
			-	(58)
Other Financial Assistance				
National Aeronautics and Space Administration Pass-through				
NASA-NNM13AA04Z	MANUFACTURING TECHNICAL SERVICES INC-AUB-10012014	43		3,163
CFDA 43 Total			-	3,163
National Aeronautics and Space Administration Total			-	3,105
National Endowment For The Arts				
Promotion of the Arts_ Grants to Organizations and Individuals				
National Endowment For The Arts Direct		45.024		36,831
CFDA 45.024 Total			-	36,831
Promotion of the Arts_Partnership Agreements				
National Endowment For The Arts Pass-through	ALA ST COUNCIL ON THE ARTS-2016-21999	45.025		4,500
	ALA ST COUNCIL ON THE ARTS-2016-22000	45.025		4,357
	SOUTH ARTS-SOUTHERN CIRCUIT TOUR	45.025		1,600
	SOUTH ARTS-SOUTHERN CIRCUIT-GRANT 4977	45.025		765
CFDA 45.025 Total			-	11,222
National Endowment For The Arts Total			-	48,053
National Endowment For The Humanities				
Promotion of the Humanities_Federal/State Partnership				
National Endowment For The Humanities Pass-through	ALA HUMANITIES FDN-0214-2170PD	45.129		(291)
	ALA HUMANITIES FDN-0615-2248MJ	45.129		4,498
CFDA 45.129 Total			-	4,207
Promotion of the Humanities_Teaching and Learning Resources and Curriculum Development				
National Endowment For The Humanities Direct		45.162		38,724
CFDA 45.162 Total			-	38,724
National Endowment For The Humanities Total			-	42,931
Department of Veterans Affairs				
Specialty Adapted Housing Assistive Technology Grant Program				
Department of Veterans Affairs Direct		64.051	57,962	132,729
CFDA 64.051 Total			57,962	132,729
Department of Veterans Affairs Total			57,962	132,729
Environmental Protection Agency				
Nonpoint Source Implementation Grants				
Environmental Protection Agency Pass-through	ALA DEPT OF ENVIRON MGMT-C50599052	66.460	31,600	49,074
CFDA 66.460 Total			31,600	49,074
Regional Wetland Program Development Grants				
Environmental Protection Agency Direct		66.461	28,689	61,292
CFDA 66.461 Total			28,689	61,292
Environmental Education Grants				
Environmental Protection Agency Direct		66.951	2,703	50,593
CFDA 66.951 Total			2,703	50,593
Environmental Protection Agency Total			62,992	160,959

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2016

Cluster Title/Federal Agency/Program	Pass-Through Entity/Pass-Through Number	CFDA#	Pass Through to Subrecipients	Expenditures
Other Programs Cluster				
Department of Energy				
Renewable Energy Research and Development				
Department of Energy Pass-through	UNIV OF CENTRAL FLA-UCF01-0000283788	81.087		62,134
CFDA 81.087 Total			-	62,134
Department of Energy Total			-	62,134
Department of Education				
Title I Grants to Local Educational Agencies				
Department of Education Pass-through	ALA DEPT OF EDUCATION-FOCUS SCHOOLS	84.010		26,109
CFDA 84.010 Total			-	26,109
Undergraduate International Studies and Foreign Language Programs				
Department of Education Direct		84.016		116,709
CFDA 84.016 Total			-	116,709
Career and Technical Education -- Basic Grants to States				
Department of Education Pass-through	ALA DEPT OF EDUCATION-U500106	84.048		607
	ALA DEPT OF EDUCATION-U600194	84.048		232
CFDA 84.048 Total			-	839
Leveraging Educational Assistance Partnership				
Department of Education Pass-through	ALA COMM OF HIGHER ED-SSIG 2012	84.069		55,051
CFDA 84.069 Total			-	55,051
Rehabilitation Services_Vocational Rehabilitation Grants to States				
Department of Education Pass-through	ALA DEPT OF REHABILITATION SERVS-AE6087MS47	84.126		10,000
CFDA 84.126 Total			-	10,000
Rehabilitation Long-Term Training				
Department of Education Direct		84.129		334,121
CFDA 84.129 Total			-	334,121
Fund for the Improvement of Education				
Department of Education Pass-through	MONTGOMERY PUBLIC SCHOOLS ECASP GRANT EVALUATION	84.215		3,729
CFDA 84.215 Total			-	3,729
Twenty-First Century Community Learning Centers				
Department of Education Pass-through	ALA DEPT OF EDUCATION-C3U0086	84.287		107
	ALA DEPT OF EDUCATION-C5U0084	84.287		265,390
	ALA DEPT OF EDUCATION-MATCH CHARLES STEWART MOTT FND-2012-00443	84.287	12,683	16,324
	ALA DEPT OF EDUCATION-MATCH CHARLES STEWART MOTT FND-2012-00443.01	84.287	16,667	62,407
	AUTAUGA CTY BD OF EDUCATION-CCLC EXTERNAL EVALUATOR	84.287		(82)
	BALDWIN CO BD OF EDUCATION-CT-16007	84.287		4,200
	BHAM REG EMPWRMNT & DVLMT-21ST CENT COMM LEARNNG CTR EVAL-EPIC/GLEN IRIS SITE	84.287		8,048
	BHAM REG EMPWRMNT & DVLMT-21ST CENT COMM LEARNNG CTR EVAL-S HAMPTON/LEWIS SITE	84.287		8,048
	BREWTON CITY SCHLS-21ST CENTURY AFTER SCHOOL PROG	84.287		68,976
	BREWTON CITY SCHLS-21ST CENTURY COMM LEARNNG CTR EVAL	84.287		1,081
	CHEROKEE CO BD OF ED-21ST CENTURY COMM LEARNNG CTR EVAL	84.287		4,865
	CHEROKEE CO BD OF ED-21ST CENTURY SUMMER PROG	84.287		4,749
	TALLASSEE CITY BD OF ED-21ST CENTURY COMM LEARNNG CTR EVAL	84.287		6,352
CFDA 84.287 Total			29,350	450,465
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities				
Department of Education Direct		84.325		25,133
CFDA 84.325 Total			-	25,133

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2016

Cluster Title/Federal Agency/Program	Pass-Through Entity/Pass-Through Number	CFDA#	Pass Through to Subrecipients	Expenditures
Other Programs Cluster				
Gaining Early Awareness and Readiness for Undergraduate Programs				
Department of Education Pass-through	BIRMINGHAM CITY SCHOOLS-GEAR UP	84.334		103,873
	UNIV OF ALABAMA AT BIRMINGHAM-000506796-001	84.334		132,885
CFDA 84.334 Total			-	236,758
Mathematics and Science Partnerships				
Department of Education Direct		84.366		182,244
Department of Education Pass-through	ALA DEPT OF EDUCATION-MSP-U500112	84.366		42
	ALA DEPT OF EDUCATION-U500141	84.366		21,003
	ALA DEPT OF EDUCATION-U600203	84.366		307,734
CFDA 84.366 Total			-	511,023
Improving Teacher Quality State Grants				
Department of Education Pass-through	ALA COMMISSION OF HIGHER ED-AMSTI LEAD TEACHER	84.367		70,763
	ALA DEPT OF EDUCATION-LEARN	84.367		(10,053)
CFDA 84.367 Total			-	60,710
School Improvement Grants				
Department of Education Pass-through	ALA DEPT OF EDUCATION-U600082	84.377		111,551
CFDA 84.377 Total			-	111,551
Department of Education Total			29,349	1,942,198
Department of Health and Human Services				
Public Health Emergency Preparedness				
Department of Health and Human Services Pass-through	ALA DEPT PUBLIC HEALTH-GC-16-072 C60118047	93.069		51,691
CFDA 93.069 Total			-	51,691
Medicare Enrollment Assistance Program				
Department of Health and Human Services Pass-through	ALA DEPT SENIOR SERVICES-MEDICARE IMPRVMTS	93.071		70,828
CFDA 93.071 Total			-	70,828
Healthy Marriage Promotion and Responsible Fatherhood Grants				
Department of Health and Human Services Direct		93.086		117,499
CFDA 93.086 Total			-	117,499
Affordable Care Act (ACA) Personal Responsibility Education Program				
Department of Health and Human Services Pass-through	ALA DEPT PUBLIC HEALTH-CONFERENCE MGMT-2015	93.092		493
CFDA 93.092 Total			-	493
Food and Drug Administration_Research				
Department of Health and Human Services Direct		93.103		119,784
CFDA 93.103 Total			-	119,784
Affordable Care Act (ACA) Abstinence Education Program				
Department of Health and Human Services Pass-through	ALA DEPT PUBLIC HEALTH-GC-15-243 C50119136	93.235		12,133
	ALA DEPT PUBLIC HEALTH-GC-16-024 C60118014	93.235		269,686
CFDA 93.235 Total			-	281,819
Substance Abuse and Mental Health Services_Projects of Regional and National Significance				
Department of Health and Human Services Direct		93.243		278,023
Department of Health and Human Services Pass-through	ALA DEPART OF MENTAL HEALTH-SAMHSA	93.243		79,721
	LIGHTHOUSE-NEWDIRECTIONS	93.243		35,985
CFDA 93.243 Total			-	393,729

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2016

Cluster Title/Federal Agency/Program	Pass-Through Entity/Pass-Through Number	CFDA#	Pass Through to Subrecipients	Expenditures
Other Programs Cluster				
Centers for Disease Control and Prevention, Investigations and Technical Assistance				
Department of Health and Human Services Pass-through				
	ALA DEPT PUBLIC HEALTH-GC 14-266 C40118149	93.283		(2,901)
	ALA DEPT PUBLIC HEALTH-GC-15-301 C50119153	93.283		18,151
CFDA 93.283 Total			-	15,250
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program				
Department of Health and Human Services Pass-through				
	ALA DEPT PUBLIC HEALTH-GC-16-251 C60112040	93.314		2,941
CFDA 93.314 Total			-	2,941
Outreach Programs to Reduce the Prevalence of Obesity in High Risk Rural Areas				
Department of Health and Human Services Direct				
CFDA 93.319 Total		93.319		1,189,681
			-	1,189,681
State Health Insurance Assistance Program				
Department of Health and Human Services Pass-through				
CFDA 93.324 Total	ALA DEPT SENIOR SERVICES-HLTH INS ASSIST	93.324		7,586
			-	7,586
Cooperative Agreement to Support Navigators in Federally-facilitated and State Partnership Marketplaces				
Department of Health and Human Services Pass-through				
	TOMBIGBEE HLTHCARE AUTHORITY-CAN-WILCOX	93.332		17,284
CFDA 93.332 Total			-	17,284
Community-Based Child Abuse Prevention Grants				
Department of Health and Human Services Pass-through				
	CHILDREN'S TRUST FUND OF ALA-CBCAP 2014-203	93.590		23
CFDA 93.590 Total			-	23
Foster Care Title IV-E				
Department of Health and Human Services Pass-through				
	UNIV OF ALABAMA-UA15-025	93.658		(9,260)
	UNIV OF ALABAMA-UA16-010	93.658		69,233
CFDA 93.658 Total			-	59,973
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program				
	SYLACAUGA ALLIANCE FOR FAMILY ENHANCEMENT-RURAL HEALTH DEV GRNT EVAL	93.912		2,151
	TOMBIGBEE HLTHCARE AUTHORITY-DRAP-DALLAS	93.912		13,014
CFDA 93.912 Total			-	15,165
Healthy Start Initiative				
Department of Health and Human Services Pass-through				
	GIFT OF LIFE FND INC-HEALTHY START MONITORING & EVALUATION	93.926		7,199
CFDA 93.926 Total			-	7,199
Assistance Programs for Chronic Disease Prevention and Control				
Department of Health and Human Services Pass-through				
	BAPTIST HEALTH CARE FDN OF MONTGOMERY-CDC-NU58DP004791-02-04	93.945		4,377
CFDA 93.945 Total			-	4,377
Department of Health and Human Services Total			-	2,355,322
Department of Homeland Security				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)				
Department of Homeland Security Pass-through				
	ALA EMERGENCY MGMT AGENCY-4251-DR-AL	97.036		34,638
CFDA 97.036 Total			-	34,638

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2016

<u>Cluster Title/Federal Agency/Program</u>	<u>Pass-Through Entity/Pass-Through Number</u>	<u>CFDA#</u>	<u>Pass Through to Subrecipients</u>	<u>Expenditures</u>
Presidential Declared Disaster Assistance - Disaster Housing Operations for Individuals and Households Department of Homeland Security Pass-through	ALA EMERGENCY MGMT AGENCY-PDMC-PL-04-AL-2014-003	97.049		54,194
CFDA 97.049 Total			-	54,194
Department of Homeland Security Total			-	88,832
Agency for International Development Other Financial Assistance Agency for International Development Pass-through ESP-A-00-05-00001-00	NATL ACADEMY OF SCIENCES-2000006096	98		27,010
CFDA 98 Total			-	27,010
Agency for International Development Total			-	27,010
Other Programs Cluster Total			456,503	17,082,312
Schedule of Expenditures of Federal Awards Total			\$ 6,089,888	\$ 283,482,939

The accompanying notes are an integral part of this schedule.

Auburn University

Notes to Schedule of Expenditures of Federal Awards

Year Ended September 30, 2016

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, 2016. This schedule has been prepared using the cash basis of accounting.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements of the University. Negative amounts represent adjustments or credits to amounts reported as expenditures in prior years. This results in accurate reporting on a cumulative basis over multiple periods. Catalog of Federal Domestic Assistance ("CFDA") numbers and pass-through numbers are provided when available.

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

2. Summary of Significant Accounting Policies

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

3. 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, 2016. The base rate for on-campus research is 48%. Base rates for other facilities and administrative cost recoveries range from 40% to 51% for on-campus research.

4. 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.

Auburn University
Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2016

The balances of loans outstanding at September 30, 2016, and funds advanced by the University to eligible students during the year ended September 30, 2016, under the Federal student loan programs are summarized as follows:

	Perkins (CFDA#84.038)	HPSL (CFDA#93.342)
Loans Receivable 10/1/15	\$ 15,733,435	\$ 2,185,122
Funds advanced to students	2,515,316	413,650
Less:		
Collections	(2,199,467)	(417,110)
Cancellations	(165,776)	5
Loan Receivable 9/30/16	<u>\$ 15,883,508</u>	<u>\$ 2,181,667</u>

5. 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, 2016, the University processed the following amount of student loans under the Direct Loan program:

	CFDA#	Total 2016
Federal Direct Student Loans	84.268	\$ 163,108,744

6. Administrative Cost Allowance

During the program year ended June 30, 2016, the University charged \$176,725 and AUM charged \$5,674 to the Federal Work-Study program for administrative cost allowance. In addition, the University charged \$0 and AUM charged \$35,544 to the Federal Perkins Loan Program. No administrative cost allowance was charged to the FSEOG for either campus.

Part III
Reports on Internal Control and Compliance and Major Programs



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

To Management and 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, which comprise the statement of net position as of September 30, 2016, and the related statement of revenues, expenses and changes in net position and statement of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 24, 2017. Our report includes a reference to other auditors who audited the financial statements of Auburn Alumni Association (the "Association"), Auburn University Foundation (the "Foundation"), and Tigers Unlimited Foundation ("TUF"). The financial statements of the Association, the Foundation, TUF and the Auburn Research and Technology Foundation were not audited in accordance with *Government Auditing Standards*.

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

Birmingham, Alabama
January 24, 2017



**Report of Independent Auditors on Compliance with Requirements
That Could Have a Direct and Material Effect on Each Major Program and on
Internal Control Over Compliance in Accordance With Uniform Guidance**

To Management and the Board of Trustees of Auburn University

Report on Compliance for Each Major Federal Program

We have audited Auburn University's (the "University"), which is a component unit of the State of Alabama, compliance with the types of compliance requirements described in the *OMB 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, 2016. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The University's basic financial statements include the operations of Auburn Alumni Association (the "Association") and Auburn University Foundation (the "Foundation"), and Tigers Unlimited Foundation ("TUF"), which did not receive federal awards during the year ended September 30, 2016. Our audit, described below, did not include the operations of the Association, the Foundation, or TUF.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.

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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PricewaterhouseCoopers LLP

Birmingham, Alabama

June 30, 2017

Part IV
Findings

Auburn University
Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ☐ yes ☒ no

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

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ☐ yes ☒ no

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) ☐ 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
10.500	Cooperative Extension Service (CES)

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

\$ 2,263,162

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

Auburn University
Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

II – Financial Statements Findings and Questioned Costs

None.

Auburn University
Schedule of Findings and Questioned Costs
Year Ended September 30, 2016

III – Federal Award Findings and Questioned Costs

None.

Auburn University

Summary Schedule of Prior Audit Findings

Year Ended September 30, 2016

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

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.

Prior Year 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.

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 & FINANCE AND CFO

June 30, 2017

MANAGEMENT UPDATE ON PRIOR YEAR FINDINGS AND QUESTIONED COST

Finding 2015-1: Veterans Benefits Administration Verification Process

To ensure Auburn University (the University) complies 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, the University implemented the following corrective action plan:

The Controller's Office observed established control and review procedures within the Veterans Resource Center and ensured personnel are skilled in the verification process. In collaboration with the Veterans Resource Center, the Controller's Office assisted in the creation of a report to identify awards made in excess of billed tuition.

The University reimbursed the Department of Veterans Affairs for the over award of \$2,148 identified during the audit. The Veterans Resource Center reviewed a sample of verified awards and did not identify any other over awards.

Contact:

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