2002 COMPREHENSIVE ANNUAL FINANCIAL REPORT

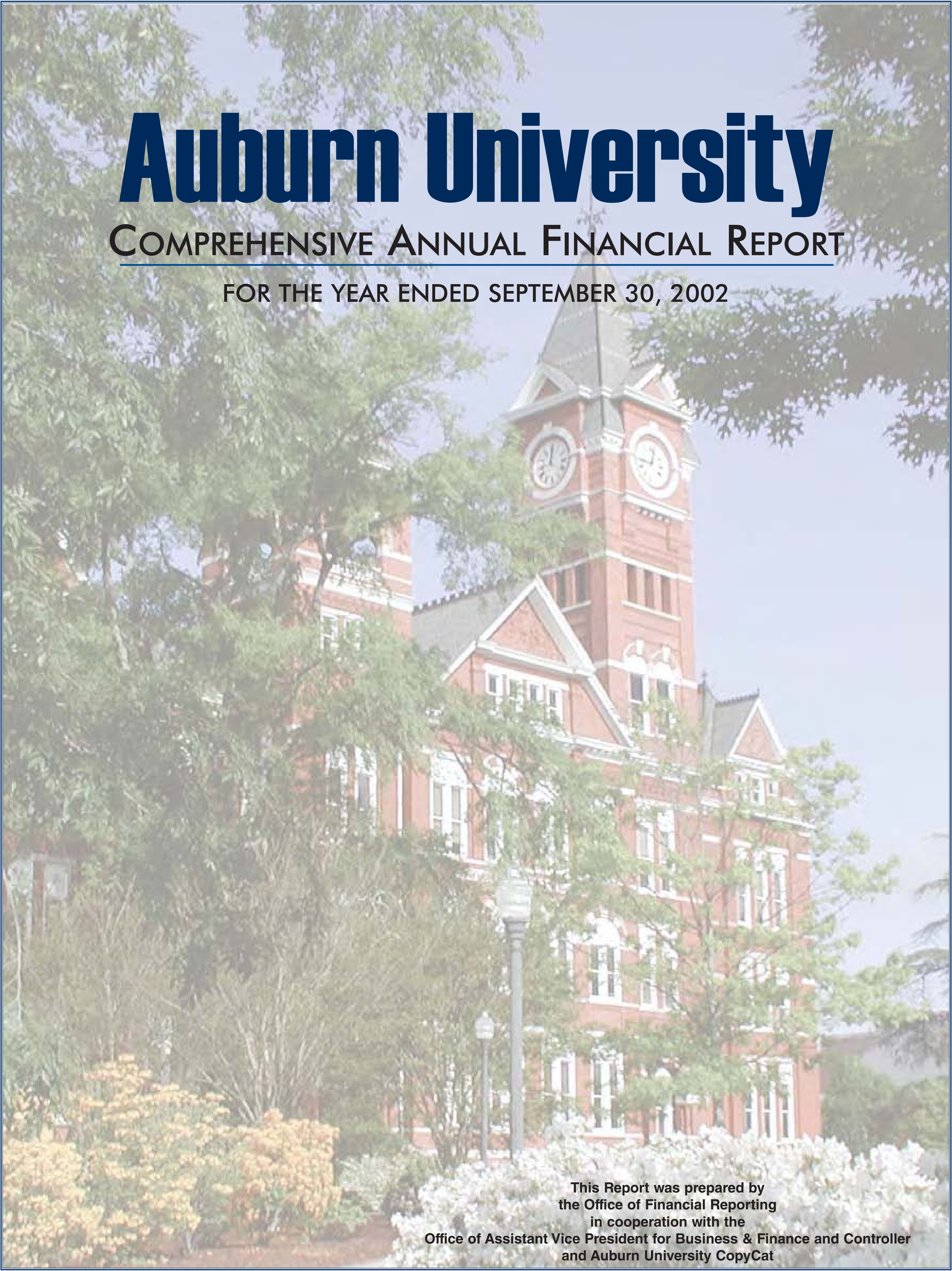
FOR THE YEAR ENDED SEPTEMBER 30, 2002

FINANCIAL REPORT

Auburn University

Comprehensive Annual Financial Report

FOR THE YEAR ENDED SEPTEMBER 30, 2002

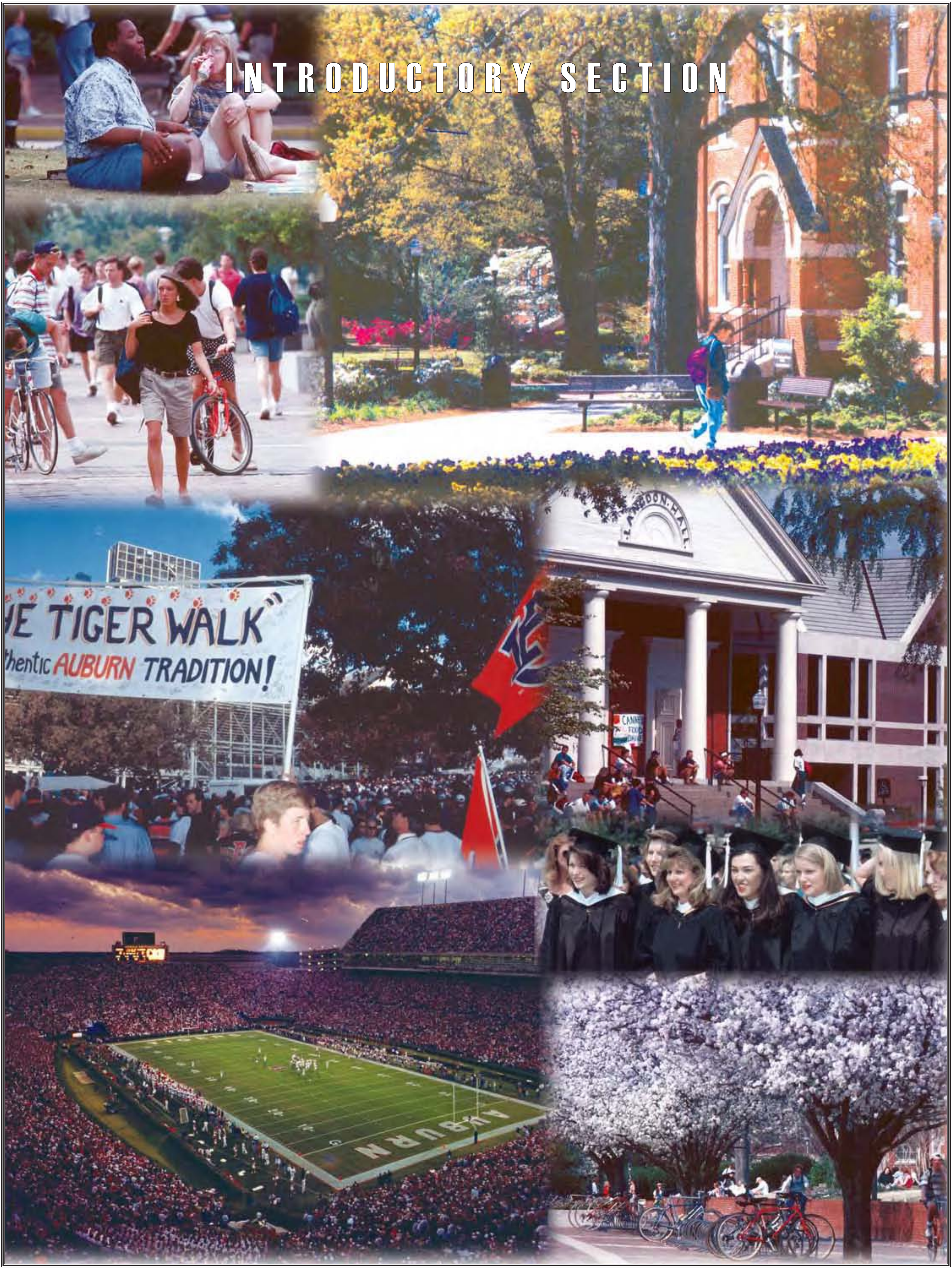


This Report was prepared by
the Office of Financial Reporting
in cooperation with the
Office of Assistant Vice President for Business & Finance and Controller
and Auburn University CopyCat

2001-2002
FINANCIAL REPORT
Auburn University

TABLE OF CONTENTS

INTRODUCTORY SECTION



Auburn University

Auburn University, Alabama 36849-5113

Office of the President
107 Samford Hall

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December 13, 2002

Dear Members of the Auburn Community and Alabama Citizens,

This Annual Financial Report is a comprehensive picture of the University's financial position for the past fiscal year. It serves as our report card to you, and reflects the seriousness with which we take our fiscal responsibility.

Notwithstanding the uncertainties and limitations we have faced with respect to state funding, Auburn's financial position continues to be strong. One very important confirmation of this strength is the Aa3 rating Moody's has assigned to our $131 million in general revenue bonds. In a recent statement, Moody's shared the following observations.

> "Moody's expects the University's operating performance to remain strong, despite possible reductions in state appropriations. Auburn has traditionally posted significant operating surpluses, reflecting conservative budgeting practices, healthy growth in tuition revenues, and flexibility derived from a certain degree of management decentralization."

I am pleased to report that this approach to financial management enabled us to provide average faculty salary increases exceeding 10% in the Fall of 2002, well beyond the levels of salary increase at Alabama's other four-year institutions. We believe that competitive salaries for faculty and staff are a key to retaining our preeminent position in public higher education in this state.

Auburn is the largest university in the State of Alabama, with 28,000 undergraduate and graduate students enrolled for the Fall Semester 2002. We are proud of all we have accomplished in the face of limited resources. *U.S. News & World Report* magazine has ranked Auburn 43rd among the nation's top public universities in its rankings for 2002-03. Auburn was ranked the highest of any university in the State of Alabama. It is the tenth consecutive year that Auburn has been ranked in the top 50 by *U.S. News & World Report*.

Auburn University is committed to serving its students and the larger community as a vital source of general education and cultural enlightenment in the land-grant tradition. I believe this report demonstrates that we are fulfilling this vision in an efficient and financially responsible manner. I commend the report to your attention, and appreciate your interest in it.

Sincerely,

William F. Walker
President

A LAND-GRANT UNIVERSITY

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December 13, 2002

Dr. William F. Walker
President
Auburn University

The financial statements on the following pages presented this year have new titles and a new look. Reporting measurements and presentations have been changed to meet the new government financial reporting standards issued by the Governmental Accounting Standards Board. With the adoption of GASB Statements No. 34 and No. 35, three new financial statements, additional footnotes disclosures and a management's discussion and analysis are now required. The four divisions of the University, Auburn University Main Campus, Auburn University at Montgomery, the Alabama Agricultural Experiment Station and Alabama Cooperative Extension System are combined for reporting purposes. The various funds within each division are also combined, as separate fund group presentations are no longer permitted. The new reporting is intended to simplify financial reporting and promote understanding of the financial results and financial position of Auburn University.

These changes will present communication and educational challenges. There are now differences in historical data, performance indicators and operating measures when compared to past years. The fiscal year 2001-2002 comprehensive annual financial report presents single year financial statements. Subsequent fiscal years will present two year comparative statements, as well as comparable historical data for individual financial statement classifications.

The management of Auburn University is responsible for the integrity and objectivity of the financial statements. Management believes that the University's highly developed system of internal accounting controls provides reasonable assurance that assets are protected and that transactions and events are properly recorded. The system of internal controls is maintained by establishment and communication of fiscal policies and procedures, careful selection of qualified financial staff, and an extensive program of internal audits and management reviews.

Sincerely,

Donald L. Large, Jr.

Donald L. Large, Jr.
Executive Vice President

A LAND-GRANT UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

The following discussion and analysis provides an overview of the financial position and activities of Auburn University for the year ended September 30, 2002. 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 Carnegie I land grant institution. Fall 2002 enrollment included 28,380 total students at the main campus in Auburn, Alabama and at Auburn University at Montgomery. The University offers a diverse range of degree programs in 17 colleges and schools and has 6,043 full time employees, including 1,409 faculty members, who contribute to the University's mission of serving the citizens of the State through its instructional, research and outreach programs.

Using the Annual Report

The University's financial report includes three financial statements: the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets and the Statement of Cash Flows. These financial statements are prepared in accordance with Government Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements–and Management's Discussion and Analysis–for Public Colleges and Universities*. These financial statements differ, in both the form and the accounting principles utilized, from prior financial statements presented. GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that financial statements be presented on an entity-wide basis to focus on the university as a whole. Previously, financial statements focused on the accountability of individual fund groups rather than on the University as a whole.

Other significant changes to the financial statements are as follows:

The balance sheet is replaced by the Statement of Net Assets. Assets and liabilities are now classified as current and noncurrent. Net assets are classified into three net asset categories: invested in capital assets, net of related debt; restricted nonexpendable and restricted expendable; and unrestricted.

The statement of current funds revenues, expenditures and transfers is replaced by the Statement of Revenues, Expenses and Changes in Net Assets. Activity is distinguished as operating and nonoperating. The University will consistently report an operating loss since certain significant revenues relied upon for fundamental operational support of the core instruction mission of the University, including state appropriations, private gifts and investment income, are mandated by the GASB to be reported as nonoperating revenues. Previously, there was not a concept of operating income or loss.

The Statement of Cash Flows is now required to be presented. This statement distinguishes the University's cash flow from operating activities, noncapital financing activities, capital and related financing activities, and investing activities.

Federal refundable student loans are classified as a liability to the federal government. Previously, they were included in the University's fund balances. The cumulative effect of this accounting change was to increase the federal refundable loan liability and reduce the University's net assets at September 30, 2001 by $12.5 million.

Scholarships allowances applied to student accounts are recorded as an offset to student tuition and fees and to auxiliary revenues. The allowance method utilized considers the institutionally provided scholarships, waivers and other aid. Payments of financial aid made directly to students continue to be classified as scholarship expense. Previously, all scholarships, fellowships and waivers were classified as expense. Scholarship allowances applied to student accounts reduced operating revenue and operating expense in the statement of revenues, expenses and changes in net assets by $22.9 million in fiscal year 2002.

The elimination of internal sales and service revenues and expenditures is also required by GASB Statement No. 34. Auxiliary revenues and other supplies and services on the statement of revenues, expenses and changes in net assets have been reduced by $9.3 million during fiscal year 2002 as a result of this elimination.

The Statement of Net Assets presents entity-wide assets, liabilities and net assets (assets minus liabilities) on the last day of the fiscal year. Distinctions are made in current and noncurrent assets and liabilities. Net assets are segregated by unrestricted, restricted (expendable and nonexpendable), and capital net assets. The University's net assets are one indicator of the University's financial health. Increases or decreases in net assets are indicators of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allowance for depreciation.

The Statement of Revenues, Expenses and Changes in Net Assets presents the revenues earned and expenses incurred during the year. Revenues and expenses are now categorized as either operating or nonoperating. Operating revenues are received for providing goods and services to various customers and constituencies of the University. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the University. Revenues such as state appropriations, gifts and investment income and losses are considered nonoperating. Because of a public University's dependency on state appropriations and gifts, annual operating deficits are expected. Tuition and fees and auxiliary revenues have been reduced by a scholarship allowance which eliminates internally funded student aid. Other internal revenues and expenditures have also been eliminated, primarily through auxiliary revenue and other supplies and services.

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 mature. Inflows and outflows of cash are summarized by operating, noncapital financing, capital and related financing, and investing activities.

FINANCIAL HIGHLIGHTS

Statement of Net Assets

The University's financial position is strong at September 30, 2002 with assets of $977 million and liabilities of $362 million. Despite operating losses, the University experienced an increase in net assets of $51 million, primarily attributable to state appropriations, investment income, and gifts, including capital gifts and grants. A summary of assets, liabilities and net assets as of September 30, 2002 is as follows:

Current assets	$	142,707,621
Capital assets		389,712,153
Other noncurrent assets		444,210,784
Total assets	$	976,630,558
Current liabilities	$	141,873,984
Noncurrent liabilities		219,860,218
Total liabilities	$	361,734,202
Net assets		
Invested in capital assets, net of related debt	$	256,574,158
Restricted - Nonexpendable		15,365,728
Restricted - Expendable		97,525,542
Unrestricted		245,430,928
Total net assets	$	614,896,356

Current assets consist primarily of cash, operating investments and receivables. Student accounts receivable, net of allowances for doubtful accounts, total $22 million and other trade accounts receivable total $23.9 million. Trade receivables primarily consist of amounts due from the federal and state governments and other agencies, as reimbursement for sponsored programs. In the current year, unspent bond proceeds from the 2001A General Fee bond issue of $55 million and the 2001 Athletic Revenue bond issue of $11.6 million resulted in significant investment balances set aside for construction. Capital assets represent the historical cost, less any accumulated depreciation, of land and land improvements, buildings, construction in progress, infrastructure, equipment, library books and livestock, with buildings constituting over 50% of the total. Other noncurrent assets include student loans receivable of $16 million and long-term investments associated with the cash pool of $230.8 million, endowments and quasi endowments of $103 million, $6.9 million advance payments on bond debt, and construction funds of $78 million.

Current liabilities consist primarily of trade accounts payable of $20.4 million, accrued compensation of $2.4 million, compensated absences of $14.2 million, deferred revenue for Fall 2002 semester tuition, housing and athletic events of $75 million, the current portion of bonds and notes payable of $10.2 million, and $9.5 million in checks in excess of bank balances. Noncurrent liabilities primarily reflect bond obligations, including $126.3 million in General Fee obligations, and $69.6 million in Auxiliary and other obligations, compensated absences of $4.1 million, lease obligations of $2.3 million, federal refundable student loans of $11.8 million, and other noncurrent liabilities of $5.8 million.

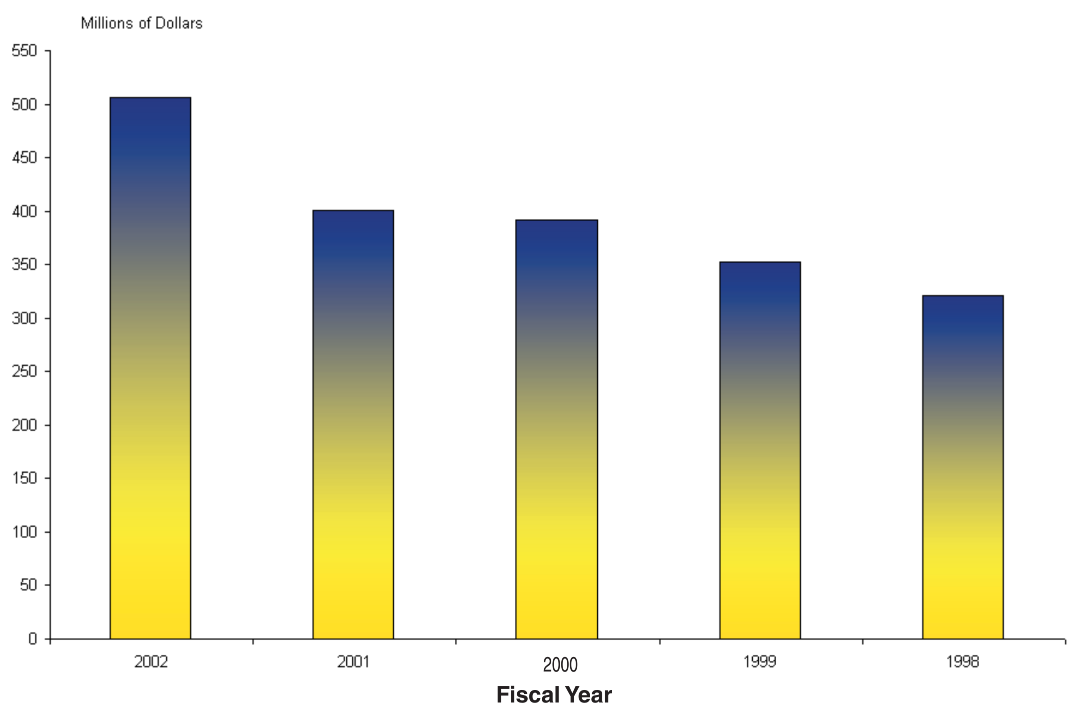
During fiscal 2002, the University issued $74,750,000 in new General Fee bonds and $24,412,607 in Athletic Revenue bonds. Proceeds will be used to fund various new construction and capital improvements including the new Sciences Laboratory Center, Poultry Science Building, Walker Pharmacy Building, Montgomery Campus Residence Hall, Large Animal Teaching Hospital, various infrastructure projects and new construction and renovation of numerous athletic facilities.

Net assets invested in capital assets represents the University's capital assets, net of accumulated depreciation of $389.7 million and outstanding principal balances of debt of $204.4 million attributable to the acquisition, construction or improvement of those assets.

Restricted nonexpendable net assets primarily include the University's permanent endowment funds. Investment losses of $12 million during the 2002 fiscal year have impacted restricted nonexpendable net assets. Restricted expendable net assets are subject to externally imposed restrictions governing their use. Such net assets include gifts restricted to some purpose or unit within the University, as well as net assets which are externally restricted and internally designated as endowments ($36.7 million).

Although unrestricted net assets are not subject to externally imposed stipulations, the majority of the University's unrestricted net assets have been internally designated for various mission-related purposes. In addition, unrestricted net assets include funds internally designated as endowments of $53.1 million and funds set aside for construction projects of $107.5 million.

TOTAL INVESTMENTS AT MARKET VALUE



Statement of Revenues, Expenses and Changes in Net Assets

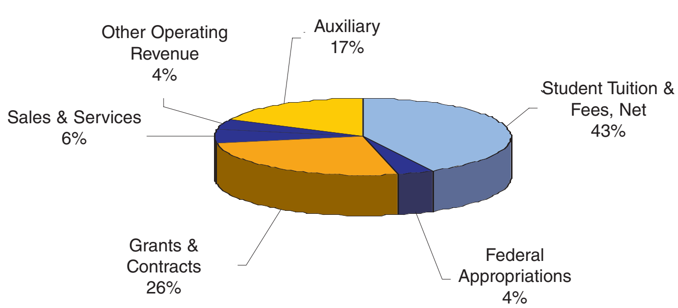
Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Assets. The purpose of the statement is to present the revenues earned by the institution, both operating and nonoperating, and the expenses incurred by the institution, operating and nonoperating, and any other revenues, expenses, gains and losses.

A condensed statement is provided below:

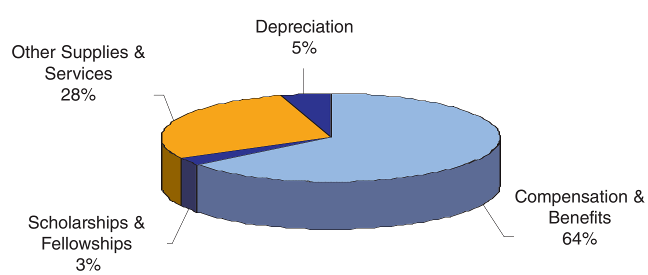
Operating revenues	$	324,311,597
Operating expenses		509,603,101
Operating loss	$	185,291,504
Net nonoperating revenues and other changes in net assets		236,317,812
Increase in net assets	$	51,026,308
Net assets:		
Beginning of year	$	563,870,048
End of year	$	614,896,356

Because the State of Alabama appropriations are not included in operating revenues, the University realized a significant operating loss. Significant changes from prior year reporting include the elimination of internal sales and services revenue and the discounting of tuition and fees. Accordingly, tuition revenues (included in operating revenues) are net of an allowance of $22,854,604 for scholarships and fellowships, and other internal tuition assistance such as most waivers. These amounts have also been eliminated from operating expenses. Inter-campus auxiliary sales and services of $9,282,005 have also been eliminated from operating revenues and operating expenses. In addition, $1,229,741 of auxiliary revenues derived from internal scholarship funding have been eliminated. Other significant nonoperating revenues and expenses include gifts, investment income, and interest on debt.

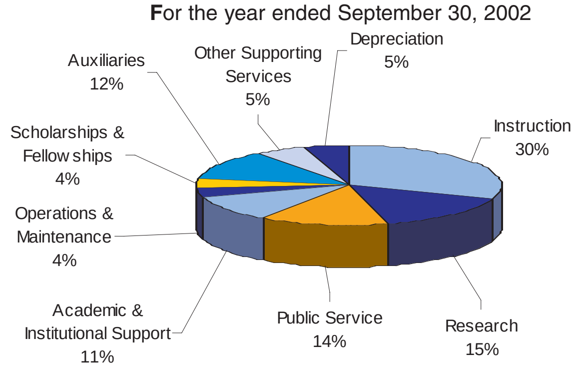
OPERATING REVENUES SUPPORTING CORE ACTIVITIES
For the year ended September 30, 2002



OPERATING EXPENSES BY NATURAL CLASSIFICATION
For the year ended September 30, 2002



OPERATING EXPENSES BY FUNCTION
For the year ended September 30, 2002



Statement of Cash Flows

The statement of cash flows provides additional information about the University's financial results, by reporting the major sources and uses of cash. A condensed statement for the year ended September 30, 2002 is as follows:

Cash provided by (used in):		
Operating activities	$	(150,782,235)
Noncapital financing activities		216,928,291
Capital and related financing activities		19,878,599
Investing activities		(86,190,888)
Net decrease in cash		(166,233)
Cash and cash equivalents - Beginning of year		978,938
Cash and cash equivalents - End of year	$	812,705

The University's significant sources of operating cash flows include student tuition and fees of $134.6 million and grants and contracts of $77.7 million. Uses of cash for operations include $323.2 million paid to employees for compensation and benefits, $130.5 million paid to suppliers and $14.6 million paid to students for scholarships and fellowships. Significant sources of cash provided by noncapital financing activities include state appropriations of $201 million and private gifts of $21.1 million. Sources of cash provided by capital and related financing activities include the net proceeds of the 2001A General Fee bond issue of $73.8 million, 2001A Athletic Revenue bond issue of $24.4 million, capital grants and gifts of $11.9 million, and capital appropriations of $5 million. Cash flows from investing activities include investment income of $24.3 million. In addition to the $150.8 million used for operating activities, significant uses of cash include the purchase of capital assets of $75.9 million and principal and interest paid on debt and capital leases of $19.3 million.

Economic Factors That Will Affect The Future

Looking toward the future, management believes that the University is well positioned to continue its strong financial condition and level of excellence in service to students, sponsors, the State and other constituents. The University's strong financial position and internal financial planning process provide Auburn University some protection against adverse economic conditions. Nonetheless, as a labor intensive organization, the University faces competitive pressures related to attracting and retaining faculty and staff. With dramatic increases in health care costs, the cost of the University's health benefits are of particular concern. In addition, the University's cost of providing retirement benefits is expected to increase significantly in future fiscal years. Auburn University is also undergoing a large construction program and the costs of operating the new facilities will place additional resource demands on the institution.

Student demand and increased enrollment will require proactive management to ensure that the University can serve the needs of all accepted students, given the expected level of funding from state appropriations. The economic outlook of the state will impact the University's financial status, though internal and external efforts have been made in past years to minimize the volatile nature of state funding on the University's budget. By state constitutional amendment, the Education Trust Fund Rainy Day Account provides some measure of protection against proration of state appropriations, as this account is designed to prevent the proration by providing supplemental funding should tax revenues not be sufficient to provide the legislatively appropriated support from the state. Internal budgeting strategies have also provided for protection against proration. Neither external nor internal efforts, however, are intended to mitigate the effects of all future prorations or decreases in state funding. Tuition growth to regional averages provides opportunity to decrease some of the reliance on state funding. Also, the University has begun a capital campaign to provide for operating funds for scholarships and faculty support.

The University continues to execute its long-range plan to modernize and expand its complement of older teaching and research facilities with a balance of new construction. Leveraging federal and state funds with gift and bond funds has provided the opportunity to expand capital assets with relatively minimal debt.

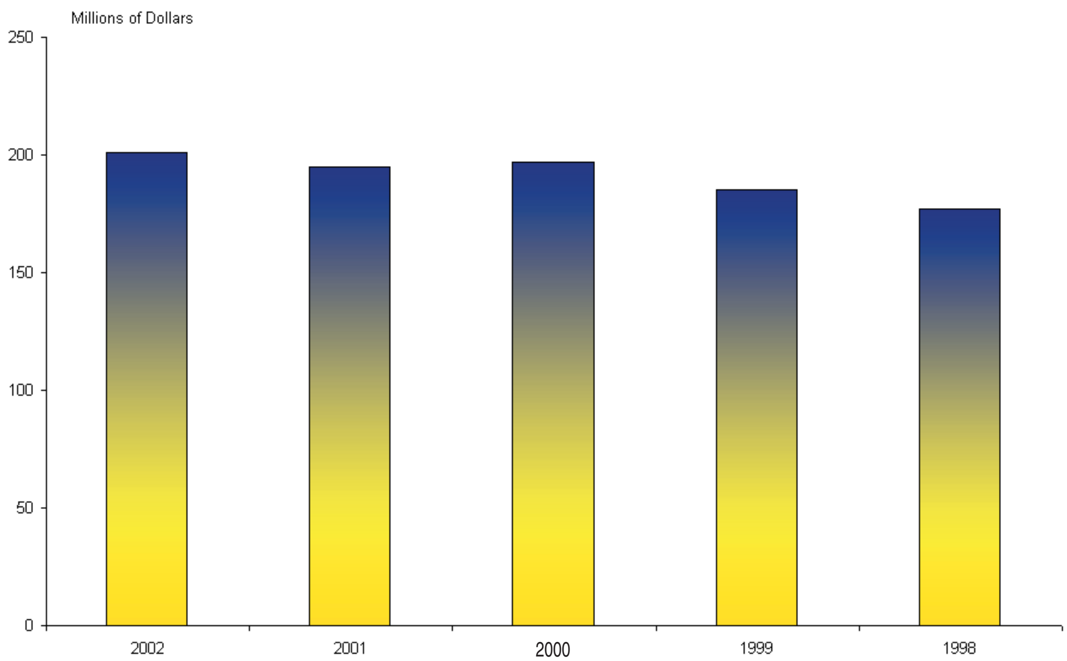
The University will continue to employ its long-term investment strategy to maximize total returns, at an appropriate level of risk, while utilizing a spending rate policy to insulate the University's operations from temporary market volatility.

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. The University does not undertake to update forward-looking information contained in this report or elsewhere to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking information.

STATE APPROPRIATIONS



UNDERGRADUATE TUITION FOR THE ACADEMIC YEAR

	Fall 2002	Fall 2001	Fall 2000	Fall 1999	Fall 1998
Auburn and Auburn University at Montgomery					
In-State	$3,784/3,390	$3,380/3,210	$3,154/3,000	$2,976/2,577	$2,820/2,442
Out-of-State	$11,084/10,170	$9,900/9,630	$9,254/9,000	$8,766/7,731	$8,340/7,326

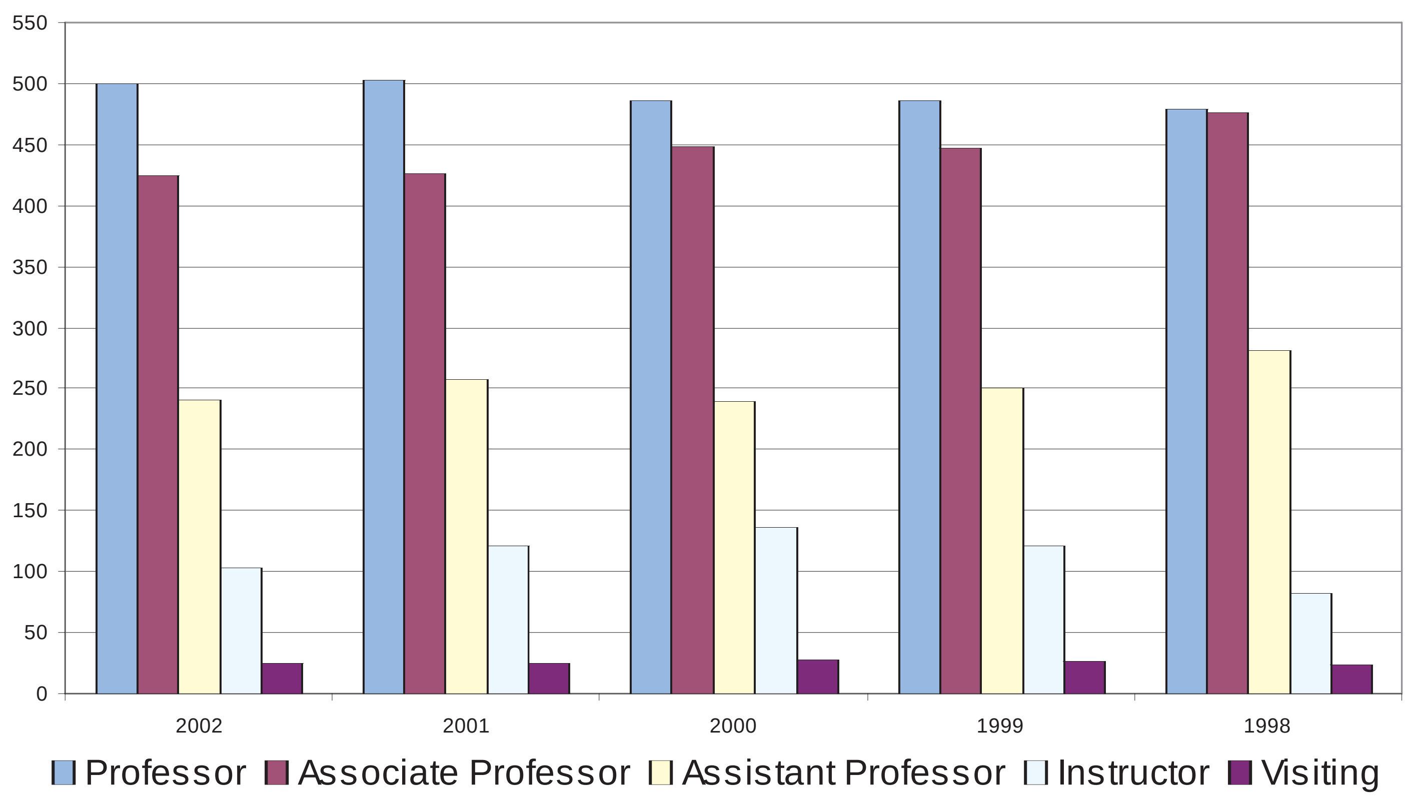
FALL STUDENT ENROLLMENT

	Fall 2002	Fall 2001	Fall 2000	Fall 1999	Fall 1998
Auburn and Auburn University at Montgomery					
Undergraduate Professional	24,675	24,512	23,748	23,866	23,719
Graduate	3,705	3,746	3,621	3,608	3,464

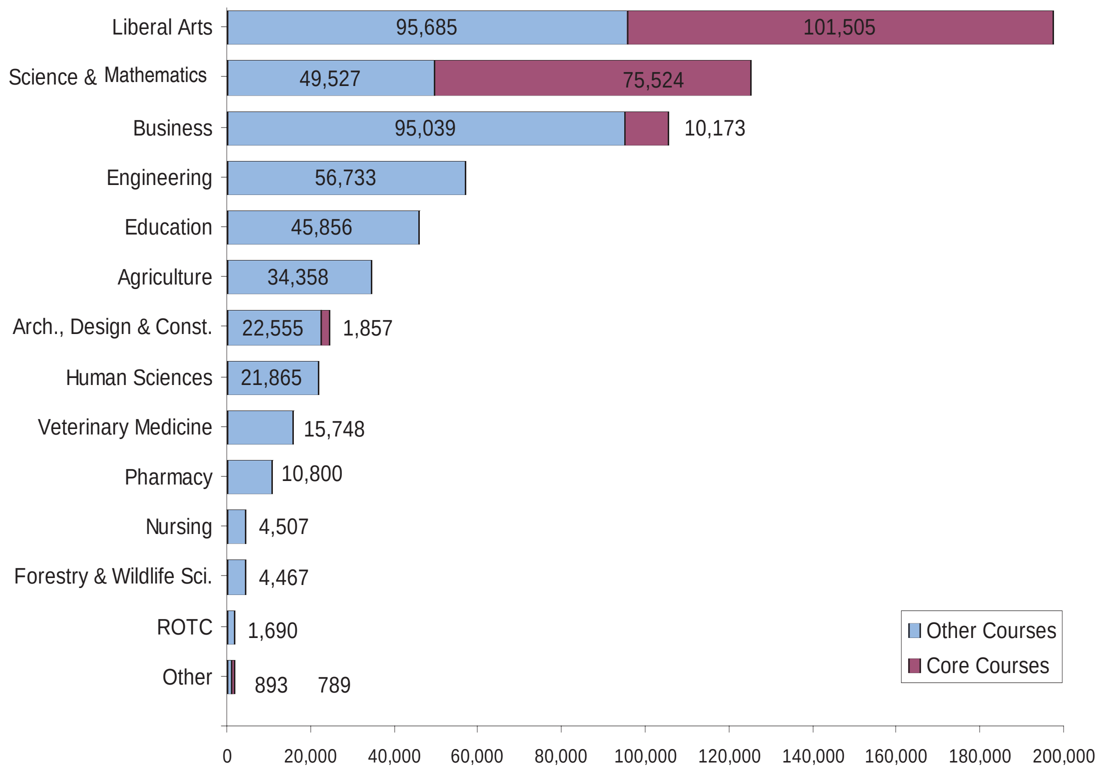
DEGREES AWARDED FOR THE ACADEMIC YEAR

	Fall 2002	Fall 2001	Fall 2000	Fall 1999	Fall 1998
Auburn and Auburn University at Montgomery					
Bachelor	4,287	4,243	4,582	4,929	4,623
Advanced	1,361	1,358	1,322	1,356	1,352

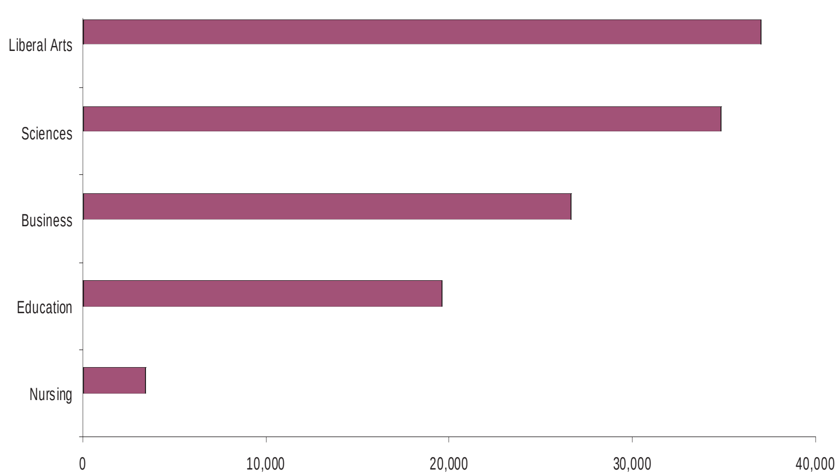
FULL TIME FACULTY BY RANK



AUBURN UNIVERSITY
MAIN CAMPUS
TOTAL STUDENT CREDIT HOURS
BY COLLEGE/SCHOOL
2001-02



AUBURN UNIVERSITY
AT MONTGOMERY
TOTAL STUDENT CREDIT HOURS
BY COLLEGE/SCHOOL
2001-02



FINANCIAL SECTION

PRICEWATERHOUSECOOPERS

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Birmingham, AL 35203-2690
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Facsimile (205) 252-7776

REPORT OF INDEPENDENT ACCOUNTANTS

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

In our opinion, the accompanying statement of net assets and the related statement of revenues, expenses and changes in net assets and statement of cash flows of Auburn University (the University), a component unit of the State of Alabama, present fairly, in all material respects, the financial position of the University at September 30, 2002, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the University's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements 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, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, as of October 1, 2001, the University adopted Governmental Accounting Standards Board (GASB) Statement No. 35 *Basic Financial Statements* - and *Management's Discussion and Analysis -for Public Colleges and Universities*, an amendment to GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis -for State and Local Governments*, as well as GASB Statement No. 37 *Basic Financial Statements - and Management's Discussion and Analysis -for State and Local Governments - Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 13, 2002, on our consideration of the University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

PricewaterhouseCoopers LLP

December 13, 2002, except for Note 8 as to which the date is January 15, 2003

AUBURN UNIVERSITY
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2002

ASSETS	
Current assets	
Cash and cash equivalents	$ 812,705
Operating investments	79,652,458
Accounts receivable, net	23,924,493
Student accounts receivable, net	22,066,625
Loans receivable, net	1,966,061
Accrued interest receivable	3,575,302
Inventories	3,480,604
Prepaid expenses	7,229,373
Total current assets	142,707,621
Noncurrent assets	
Investments	425,886,932
Loans receivable, net	15,996,553
Other noncurrent assets	2,327,299
Investment in plant, net	389,712,153
Total noncurrent assets	833,922,937
Total assets	976,630,558
LIABILITIES	
Current liabilities	
Outstanding checks in excess of bank balance	9,541,859
Advances	1,545,289
Accounts payable	20,446,782
Accrued salaries and wages	2,382,228
Accrued compensated absences	14,203,701
Accrued interest payable	3,398,425
Other accrued liabilities	3,985,261
Student deposits	1,144,713
Deferred revenues	75,027,640
Noncurrent liabilities-current portion	10,198,086
Total current liabilities	141,873,984
Noncurrent liabilities	
Accrued compensated absences	4,064,956
Bonds and notes payable, less current portion	195,958,725
Lease obligations, less current portion	2,281,530
Other noncurrent liabilities, less current portion	17,555,007
Total noncurrent liabilities	219,860,218
Total liabilities	361,734,202
NET ASSETS	
Invested in capital assets, net of related debt	256,574,158
Restricted:	
Nonexpendable	15,365,728
Expendable:	
Scholarships, research, instruction, other	72,856,931
Loans	4,290,841
Capital projects	20,377,770
Unrestricted	245,430,928
Total net assets	$ 614,896,356

See accompanying Notes to Financial Statements.

AUBURN UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2002

OPERATING REVENUES	
Tuition and fees, net of scholarship allowances of $22,854,604	$136,497,252
Federal appropriations	12,991,411
Federal grants & contracts	67,850,758
State & local grants & contracts	11,238,228
Nongovernmental grants & contracts	6,625,109
Sales & services of educational departments	18,828,763
Auxiliary revenue, net of scholarship allowances of $1,229,741	56,672,160
Other operating revenue	13,607,916
Total operating revenues	324,311,597
OPERATING EXPENSES	
Compensation & benefits	328,539,101
Scholarships & fellowships	14,555,172
Other supplies & services	142,929,178
Depreciation	23,579,650
Total operating expenses	509,603,101
Operating loss	(185,291,504)
NONOPERATING REVENUES (EXPENSES)	
State appropriations	200,983,243
Gifts	18,683,761
Net investment income	10,086,312
Interest expense on capital debt	(9,359,990)
Other nonoperating expenses, net	(6,158,623)
Nonoperating revenues, net	214,234,703
Income before other changes in net assets	28,943,199
OTHER CHANGES IN NET ASSETS	
Capital appropriations	5,019,917
Capital gifts & grants	14,643,319
Additions to permanent endowments	2,419,873
Increase in net assets	51,026,308
Net assets - beginning of year	563,870,048
Net assets - end of year	$614,896,356

See accompanying Notes to Financial Statements.

AUBURN UNIVERSITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2002

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition & fees	$134,639,653
Federal appropriations	12,991,411
Grants & contracts	77,659,784
Sales & services of educational departments	18,590,664
Auxiliary enterprises	60,593,653
Other operating revenues	13,585,517
Payments to suppliers	(130,549,023)
Payments for employee compensation & benefits	(323,198,499)
Payments for scholarships & fellowships	(14,562,272)
Student loans issued	(3,572,731)
Student loans collected	3,039,608
Net cash used in operating activities	(150,782,235)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	200,983,243
Gifts for other than capital purposes	21,103,634
Decrease in outstanding checks in excess of bank balance	(5,153,586)
Amount paid to annuitants	(5,000)
Net cash provided by noncapital financing activities	216,928,291
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital debt	98,153,612
Capital appropriations	5,019,917
Capital grants & gifts received	11,870,109
Purchases of capital assets	(75,890,958)
Principal paid on debt & capital leases	(9,643,195)
Interest paid on debt & capital leases	(9,630,886)
Net cash provided by capital and related financing activities	19,878,599
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments and reinvestments	803,347,260
Investment income	24,270,510
Purchases of investments	(913,808,658)
Net cash used in investing activities	(86,190,888)
Net decrease in cash and cash equivalents	(166,233)
Cash and cash equivalents, beginning of year	978,938
Cash and cash equivalents, end of year	$ 812,705

See accompanying Notes to Financial Statements.

RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:

Operating loss	($185,291,504)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	23,579,650
Amortization expense	111,890
Changes in assets and liabilities:	
Accounts receivable	(8,724,495)
Student accounts receivable	(1,908,786)
Advances	(4,094,655)
Inventories	(273,488)
Deferred revenue	20,102,767
Accounts payable	6,379,162
Prepaid expenses	(505,887)
Accrued salaries & wages	606,341
Student deposits	142,907
Loans to students	(533,123)
Other accrued liabilities	(567,323)
Noncurrent liabilities-current portion	176,454
Other noncurrent liabilities	17,855
Net cash used in operating activities	($150,782,235)

SUPPLEMENTAL NONCASH ACTIVITIES INFORMATION

Net loss on write-off of capital assets	$7,346,951
Capital assets acquired with a liability at year-end	2,676,558
Gifts of capital assets	2,986,850
Capital assets acquired through capital leases	449,100

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2002

(1) NATURE OF OPERATIONS

Auburn University (the University) is a comprehensive land grant university originally chartered on February 1, 1856 as the East Alabama Male College. The Federal Land-Grant Act of 1862, by which the University was established as a land-grant university, donated public lands to several states and territories with the intent that the states would use these properties for the benefit of agriculture and the mechanical arts. Several pertinent laws dictate specific purposes for which the land may be used. In 1960, the Alabama State Legislature officially changed the name of the University to Auburn University. The University has two campuses, Auburn and Montgomery, with a combined enrollment of approximately 28,000 students. It serves the State of Alabama, the nation and international business communities through instruction of students and the advancement of research and outreach programs. By statutory laws of the State of Alabama, the University is governed by a Board of Trustees, appointed by the Governor and approved by the Alabama State Senate.

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

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

Reporting Entity

Auburn 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, primarily from the bookstore, airport, and the hotel and conference center, may be taxable as unrelated business income under Internal Revenue Code Sections 511 to 514.

Contributions to the University are primarily received through Auburn University Foundation and are deductible by donors as provided under Section 170 of the Internal Revenue Code, consistent with the provisions under Section 501(c)(3).

The University has no component units, as defined by GASB Statement No. 14, *The Financial Reporting Entity*; however, the University does have two affiliated organizations, the Auburn University Foundation, which solicits, collects, directs and manages contributions to the University for academic and athletic programs, and Auburn Alumni Association, which fosters and enhances relationships between alumni, students and friends of Auburn University and its mission. Summary financial statements for these organizations are reported in Note 19. These two organizations do not constitute component units under the provisions of GASB Statement No.14; therefore, the activities of these organizations are not included in the University's financial statements as component units. Their audited financial statements may be obtained by writing to Auburn University Foundation or Auburn Alumni Association at 317 South College Street, Auburn, Alabama 36849.

Financial Statement Presentation

In June 1999, GASB issued Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. In November 1999, GASB issued Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*. The University is required to adopt GASB Statements No. 34 and 35 effective for the fiscal year ended September 30, 2002. GASB Statements No. 34 and 35 establish standards for external financial reporting for public colleges and universities on an entity-wide perspective and require that resources be classified in three net asset categories:

- **Invested in capital assets, net of related debt:** Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- **Restricted net assets:**

  Nonexpendable - Net assets subject to externally imposed stipulations that they be maintained permanently by the University. Such assets are the University's permanent endowment funds.

  Expendable - Net assets whose use by the University is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.
- **Unrestricted net assets:** Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net assets are designated for academic and research programs and initiatives, capital programs, and auxiliary units.

When an expense is incurred for purposes for which both unrestricted and restricted net assets are available, it is the University's policy to consider each transaction individually in making a decision about whether the expense will be paid from unrestricted or restricted net assets.

GASB Statement No. 35 also requires three statements: the statement of net assets, the statement of revenues, expenses and changes in net assets, and the statement of cash flows.

Basis of Accounting

The financial statements of the University have been prepared on the accrual basis 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 No. 35. BTA's are those institutions that are financed in whole or in part by fees charged to external parties for goods or services. Under BTA reporting, it is also required that statements be prepared using the economic resources measurement focus.

GASB Statement No. 35 requires the recording of depreciation on capital assets, accrual or deferral of revenue associated with certain grants and contracts, accrual of interest expense, accounting for certain scholarship allowances as a reduction of revenue, classification of federal refundable loans as a liability, and capitalization and depreciation of equipment with a sponsor reversionary interest. The University early implemented depreciation of capital assets in 1998 and in 2001 implemented accrual and deferral of income from certain contracts and grants.

In accordance with GASB Statement No. 35, the cumulative effect of the 2002 accounting changes described above is recorded as an adjustment to the September 30, 2001 net assets as follows.

September 30, 2001 fund balances as previously reported	$	576,391,241
Cumulative effect of:		
Reclassification of federal refundable loans and accrued interest		(12,521,193)
September 30, 2001 net assets, restated	$	563,870,048

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

Cash & Cash Equivalents

Cash is defined as currency on hand, funds in demand depository accounts at banks or other financial institutions, and deposits in cash management pools that have the characteristics of a demand deposit account.

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. Cash and cash equivalents can be both current and noncurrent with endowment, life income, and other long-term investments classified as noncurrent. Cash restricted or designated for payment of noncurrent obligations and investments is not available for current use.

Investments

The University records investments at market value in accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and for External Investment Pools*. In accordance with the provisions of this pronouncement, investments are recorded at their fair market value with all investment income, including changes in the fair value of investments, reported as revenue in the financial statements.

Operating investments consist of cash and investments designated for current operations. Investments for capital and student loan activities are those funds that are intended to be used for the related specific activities. Investments recorded as endowment and life income are those funds that are considered by management to be of long duration. Investments received by gift are recorded at fair market value or appraised value on the date of receipt. Investments in real estate are stated at cost, except those received by gift which are stated at appraised value on date of receipt. Investment income is recorded on the accrual basis of accounting.

Inventories

Units currently holding inventories include Facilities, Chemistry Supply Store, Animal Clinic Pharmacy, Bookstores, Campus Mall, Printing Services, AU Hotel and Dixon Conference Center, and Ralph Draughon and AUM Libraries. All inventories are valued at the lower of cost or market and are considered to be current assets.

Capital Assets

All capital expenditures for, and gifts of, land, buildings and equipment are carried at cost at date of acquisition or, in the case of gifts, at fair market value at the date of donation. Depreciation is computed on a straight line basis over the estimated useful lives of buildings and building improvements (40 years), land improvements and infrastructure (10 - 40 years), library collection (10 years) and inventoried equipment (5 - 24 years). The threshold for capitalizing buildings and infrastructure is $25,000. Expenditures for maintenance, repairs and minor renewals and replacements are expensed as incurred; major renewals and replacements are capitalized if they meet the $25,000 threshold. Equipment is capitalized if the cost exceeds $2,500 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 but not depreciated and valued at cost or fair market value at the date of purchase or gift, respectively. These collections are preserved and held for public exhibition, education, and research.

Deferred Revenues

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

Classification of Revenues

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

Operating Revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (3) most federal, state and local grants and contracts and federal appropriations, and (4) interest on institutional student loans.

Nonoperating Revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. In accordance with GASB Statement No. 35, certain significant revenues on which the University relies to support its operational mission are now required by the GASB to be recorded as nonoperating revenues. These revenues would include state appropriations, private gifts and investment income, including realized and unrealized gains and losses on investments.

Student Tuition, Fees and Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students are reported net of scholarship discounts and allowances in the statement of revenues, expenses and changes in net assets. Scholarship discounts and allowances represent the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf.

Auxiliary Enterprises Revenues

Sales and services of Auxiliary Enterprises primarily consist of revenues generated by Athletics, Bookstore, Housing, Printing, Telecommunications and the Auburn University Hotel and Dixon Conference Center, which are substantially self-supporting activities that provide services for students, faculty and staff.

Compensated Absences

The University reports employees' accrued annual leave and sick leave at varying rates depending upon employee classification and length of service, subject to maximum limitations. Upon termination of employment, employees are paid all unused accrued vacation at their regular rates of pay up to a designated maximum number of days. GASB Statement No. 34 requires the amount of compensated absences that are due within one year of the statement date to be disclosed. Because this amount cannot be known reliably in advance, the current liability is estimated, based on a three year average cost of annual and sick leave taken by eligible employees.

New Accounting Pronouncements

The GASB has issued Statement No. 39, *Determining Whether Certain Organizations are Component Units*, effective for years beginning on or after July 1, 2003. GASB Statement No. 39 will require the University's two affiliated, legally separate tax exempt organizations, Auburn University Foundation and Auburn Alumni Association, to be presented discreetly in the University's financial statements.

The University normally does not receive or book gift pledges. All pledged revenue representing unconditional promises to give is received by Auburn University Foundation and later disbursed in accordance with the donors' wishes for purposes for the benefit of the University.

(3) CASH

The Board of Trustees of Auburn University (the Board) is authorized to invest all available cash. The University maintains a cash pool that is available for use by all funds with the exception of the endowment funds which are separately invested with outside investment managers. These cash pool assets are invested in money market accounts and fixed income securities such as U. S. treasury obligations, federal agency obligations, municipal bonds, commercial paper, bankers acceptances, repurchase agreements and certificates of deposit.

The Board approves all banks or other institutions as depositories for Auburn University funds. Effective January 1, 2001, the depository 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.

(4) INVESTMENTS

The Board 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 delegated the authority for investment of the endowment funds' assets to professional investment managers while maintaining centralized management of the cash pool.

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 portfolio is structured in such a manner to provide sufficient liquidity to pay obligations as they become due. The portfolio strives to provide a stable return consistent with investment policy. University entities that are authorized to participate in the University's cash pool receive monthly distributions based on 80% of the cash pool's monthly yield rate.

Bond proceeds are invested in accordance with the 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, eligible certificates or eligible investments.

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. Authorized investments of endowment portfolios include the following: cash and cash equivalents; fixed income securities, both domestic and foreign; equity securities, both domestic and foreign; and mutual funds.

Earnings distributions are made annually from endowed funds. Pursuant to the passage of the Uniform Management of Institutional Funds Act, which was enacted by the Legislature of Alabama and signed into law effective August 31, 1993, the Board has adopted the total return concept that allows for the expenditure of "net appreciation, realized and unrealized, in the fair value of the assets of endowment funds over the historical dollar value of the funds." In order to conform to the standards for fiduciary management of investments, the Board has also adopted a spending plan which limits the distribution of endowment income and net appreciation to not less than 3% or more than 6% of the average market value of endowment assets over the previous three years. The distribution rate approved by the Board for the September 30, 2002 fiscal year was 4.5%. In addition, the Board approved the utilization, if necessary, of realized endowment gains to meet the spending rate with all remaining endowment gains reinvested in the pool. Realized and unrealized losses on endowments and funds functioning as endowments total $4,348,346 at September 30, 2002, and they are recorded as unrestricted net assets.

At September 30, 2002, the University's investments are all in Category 1 or are non-categorized. Category 1 includes investments that are insured or registered, or are held by the University or its agent in the University's name. Non-categorized investments include mutual funds and real estate.

Category 1:

Current Assets		
Operating investments	$	79,652,458
Total investments classified as current	$	79,652,458
Noncurrent Assets		
Money market funds	$	26,648,366
U.S. government securities		331,499,340
Bonds and preferred stock		16,316,503
Common stock and convertible securities		50,430,234
Total Category 1 investments classified as noncurrent	$	424,894,443
Total Category 1 investments	$	504,546,901
Non-categorized real estate investments	$	740,750
Non-categorized mutual fund investments		251,739
Total non-categorized investments	$	992,489
Total investments	$	505,539,390

Included in the above amounts are funds held for pending capital expenditures as follows: $11,150,406, Forestry Building; $55,326,557, 2001A General Fee Bond Proceeds; $11,419,386, 2001A Athletic Bond Proceeds; $56,307,415 deferred maintenance building fund. Also held is $7,423,822 for the General Liability Trust.

Market risk (interest rate risk) is the potential for changes in the value of financial instruments due to market changes. The Board understands that in order to achieve its objectives, investments can experience volatility of returns and fluctuations of market value. The Board will tolerate volatility as measured against the risk/return analysis of the appropriate market indices. The indices serve as a measure of performance.

(5) FUNDS HELD IN TRUST

In addition to endowment and similar funds carried on the University's financial statements, the University is the beneficiary of income earned on a number of Auburn University Foundation endowments. The cost of these funds is $123,777,337 and the market value is $104,562,624 at September 30, 2002. The portion of endowment income received by the University from these funds was $4,944,881 for the fiscal year ended September 30, 2002.

In addition, the University has been named as beneficiary of a foundation with investments having a cost of $3,248,251 and a market value of $2,617,254 at September 30, 2002.

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, 2002. The income received from the two trusts was $79,860 for the fiscal year.

(6) ACCOUNTS RECEIVABLE

Accounts receivable and the allowances for doubtful accounts at September 30, 2002 are as follows:

	Federal, State & Local Government	General	Auxiliary	Capital	Other	Total
Accounts Receivable	$ 21,996,033	$ 663,331	$ 1,221,976	$ 47,778	$ 1,212	$ 23,930,330
Allowance for Doubtful Accounts	-	(3,837)	(2,000)	-	-	(5,837)
	$ 21,996,033	$ 659,494	$ 1,219,976	$ 47,778	$ 1,212	$ 23,924,493

Student Accounts Receivable

	General	Auxiliary	Total
Student Accounts Receivable	$ 19,586,847	$ 3,138,295	$ 22,725,142
Allowance for Doubtful Accounts	(553,541)	(104,976)	(658,517)
	$ 19,033,306	$ 3,033,319	$ 22,066,625

(7) CAPITAL ASSETS

Capital assets consisted of the following at September 30, 2002 (dollars in thousands)

	Original Cost at September 30, 2001	Additions	Deletions	Original Cost at September 30, 2002
Land	$ 15,186	$ 10	$ -	$ 15,196
Land Improvements	15,584	1,245	(33)	16,796
Buildings	432,188	15,798	(463)	447,523
Equipment	156,638	23,945	(41,506)	139,077
Art and Collectibles	1,499	311	(17)	1,793
Construction in Progress	22,342	32,596	(11,316)	43,622
Infrastructure	53,166	17,426	-	70,592
Library Books	97,213	4,414	(64)	101,563
Livestock	1,291	100	-	1,391
Investment in Plant, at original cost	$ 795,107	$ 95,845	$ (53,399)	$ 837,553

Accumulated Depreciation

	Accumulated Depreciation at September 30, 2001	Depreciation	Disposals	Accumulated Depreciation at September 30, 2002
Land improvements	$ 4,235	$ 1,011	$ (1)	$ 5,245
Buildings	219,704	8,856	-	228,560
Equipment	117,300	8,837	(32,080)	94,057
Infrastructure	33,740	1,059	-	34,799
Library books	81,427	3,817	(64)	85,180
Accumulated depreciation	$ 456,406	$ 23,580	$ (32,145)	$ 447,841
Investment in plant, net	$ 338,701			$ 389,712

Depreciation expense for the year ended September 30, 2002 was $23,579,650.

(8) LONG-TERM DEBT

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

Bonds Payable	Balance at September 30, 2001	New Debt	Principal Repayment	Balance at September 30, 2002
1993 General Fee Revenue bonds, $46,140,000 face value, 5.1% to 5.25%, due annually through 2017.	$ 40,195,000	$ –	$ (2,075,000)	$ 38,120,000
1993 Housing and Dining Revenue bonds, $16,920,000 face value, 5.1% to 5.25%, due annually through 2012.	16,130,000	–	(1,125,000)	15,005,000
1993 Athletic Revenue bonds, $28,520,000 face value, 5.1% to 5.25%, due annually through 2010.	24,235,000	–	(2,235,000)	22,000,000
1989 General Fee Revenue bonds, $19,500,000 face value, 6.9%, due June 1, 2002.	705,000	–	(705,000)	0
1972 Student Facilities bonds, $2,560,000 face value, 5.5%, due annually through 2004, a reserve of $355,976 and an annual Housing and Urban Development debt service grant of $51,276.	510,000	–	(160,000)	350,000
1971 Auburn University at Montgomery Student Facilities bonds, $950,000 face value, 7.0%, due annually through 2005, a reserve of $130,969 and an annual Housing and Urban Development debt service grant of $20,536.	160,000	–	(40,000)	120,000
1978 Auburn University at Montgomery Dormitory Revenue bonds, $3,279,000 face value, 3.0%, due annually through 2018, a reserve of $168,124 and a $124,358 contingency fund.	2,010,000	–	(85,000)	1,925,000

Bonds Payable	Balance at September 30, 2001	New Debt	Principal Repayment	Balance at September 30, 2002
1997 IDB AU Hotel Revenue bonds, $10,000,000 face value, 7.0% to 8.75%, due annually through 2015.	9,315,000	–	(210,000)	9,105,000
1997 IDB AU Hotel Revenue bonds, $1,700,000 face value, 10.0% to 11.5%, due annually through 2006.	1,200,000	–	(145,000)	1,055,000
2001 General Fee Revenue bonds, $19,460,000 face value, 3.8% to 5.0%, due annually through 2011.	19,460,000	–	(1,495,000)	17,965,000
2001A General Fee Revenue bonds, $74,750,000 face value, 5.0% to 6.0%, due annually through 2026.	–	74,750,000	–	74,750,000
2001A Athletic Revenue bonds, $24,412,607 face value, 2.8% to 5.49%, due annually through 2021.	–	24,412,607	(397,464)	24,015,143
Total Bonds Payable	113,920,000	99,162,607	(8,672,464)	204,410,143
Notes Payable				
1998 Alabama Higher Education Equipment Loan Authority notes, $2,500,000 face value, 3.67% to 4.18%, due semiannually through 2006.	1,626,424	–	(462,137)	1,164,287
Total Notes Payable	1,626,424	–	(462,137)	1,164,287
Less: Current Portion				
Bonds Payable	(8,275,000)			(9,135,796)
Notes Payable	(462,137)			(479,909)
Total Noncurrent Bonds and Notes Payable	$ 106,809,287			$ 195,958,725

The University has defeased certain indebtedness by depositing funds in escrow trust accounts sufficient to provide for the subsequent payment of principal and interest on the defeased indebtedness. Under the trust agreements, funds deposited in the trust accounts were invested in obligations of the U.S. government. Neither the assets of the trust accounts nor the defeased indebtedness are included in the accompanying Statement of Net Assets. The principal outstanding on the 1979 Revenue bonds defeased at September 30, 2002 was $1,395,000.

Future Debt Service

Future debt service payments for each of the five fiscal years subsequent to September 30, 2002, and thereafter, are as follows:

Year Ending Sept.30	Bonds Payable Principal	Bonds Payable Interest	Notes Payable Principal	Notes Payable Interest
2003	$ 9,135,796	$ 9,604,919	$ 479,909	$ 41,449
2004	9,591,832	9,159,343	316,039	22,992
2005	9,851,144	8,698,522	142,781	13,920
2006	10,336,942	8,228,299	148,811	7,889
2007	10,832,903	7,730,258	76,747	1,604
2008-2012	56,732,197	32,917,957	–	–
2013-2017	36,098,468	28,413,876	–	–
2018-2022	34,075,861	21,006,545	–	–
2023-2026	27,755,000	3,554,000	–	–
Total Future Debt Service	$ 204,410,143	$ 129,313,719	$ 1,164,287	$ 87,854

Lease Obligations

The Montgomery campus of Auburn University is acquiring a building under a lease agreement which provides for the University to purchase the building over a period of 25 years. The University also leases certain items of equipment which are classified as capital leases.

Lease Obligations	Balance at September 30, 2001	New Debt	Principal Repayment	Balance at September 30, 2002
Building	$ 2,140,150	$ –	$ (115,150)	$ 2,025,000
Equipment	490,933	449,100	(393,444)	546,589
Total lease obligations	$ 2,631,083	$ 449,100	$ (508,594)	$ 2,571,589

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

	Building	Equipment	Total
2002-03	$ 210,008	$ 202,622	$ 412,630
2003-04	210,063	164,574	374,637
2004-05	214,842	128,438	343,280
2005-06	214,122	98,918	313,040
2006-07	218,048	9,680	227,728
2008-2012	1,061,071	–	1,061,071
2013-2017	638,565	–	638,565
Minimum lease payments	2,766,719	604,232	3,370,951
Less interest	741,719	57,643	799,362
Present value of minimum lease payments	2,025,000	546,589	2,571,589
Less current portion	115,000	175,059	290,059
Noncurrent lease obligations	$ 1,910,000	$ 371,530	$ 2,281,530

Other current long-term liabilities include bond premium of $115,868 and nonbudgeted pension plan liability of $176,454.

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 year ended September 30, 2002 amounted to approximately $2,200,000.

On January 15, 2003, the University issued $21,900,000 in Series 2003 Athletic Revenue bonds. The bonds pay interest at varying rates from 2.25% to 5.0% with principal due annually through 2010. The proceeds from this offering will be used to currently refund $22,000,000 of Series 1993 Athletic Revenue bonds.

(9) PLEDGED REVENUES

Pledged revenue for 2002 as defined by the **Series 1993, 2001 and 2001A General Fee Revenue Trust** Indentures is as follows:

Student Fees:	$ 136,497,252
Less fees pledged for specific purposes:	
Student Union Building ($10.50 per student per semester)	549,381
Athletic fees ($18 per student per semester)	938,917
Less Auburn University at Montgromery fees	12,393,111
Total general fees pledged	$ 122,615,843

Pledged revenue for 2002 as defined by the **Series 1993 and 2001A Athletic Revenue Trust** Indentures is as follows:

Jordan Hare and Other Revenues:		
Television and broadcast revenues	$	10,416,042
Sales and services revenues		14,390,365
Student fees		938,917
Game settlements		1,372,000
Other income		1,606,076
Total Athletic revenues pledged	$	28,723,400

Pledged revenue for 2002 as defined by the **Series 1993 Housing and Dining Revenue Trust** Indenture is as follows:

Housing Revenues:		
Room rental	$	7,936,719
Other income		236,686
Total Housing revenues pledged	$	8,173,405

The Auburn University dormitory occupancy rate for Fall Semester, 2002 was 100% (unaudited).

Food Services Revenues:		
Other income	$	442,250
Total Food Services revenues pledged	$	442,250

Pledged revenue and related expenses for 2002 as defined by the Series **1972A Auburn University Student Facilities Trust** Resolution is as follows:

Student fees noted below represent pledged fees and are commingled with revenues from other sources. All expenditures and transfers are made from total revenues of combined sources; therefore, the following statement of revenues, transfers and expenditures of the combined sources is presented for the year ended September 30, 2002.

Revenues:		
Student fees ($10.50 per student per semester)	$	549,381
Sales and services		344,666
Other revenue		3,491
Total revenues		897,538
Expenditures and transfers:		
Personnel cost		655,142
Operating expenditures		14,999
Transfers		(116)
Total expenditures and transfers		670,025
Excess of revenues over expenditures and transfers		227,513
Fund balance at beginning of year		473,403
Fund balance at end of year	$	700,916

Pledged revenue and related expenses for 2002 as defined by the **1978 Auburn University at Montgomery Dormitory Revenue Trust Resolution** is as follows:

The following summary shows the revenues, expenditures and transfers from operations of the dormitories of Auburn University at Montgomery (AUM) for the year ended September 30, 2002.

Revenues:		
Room rental	$	542,876
Other income		6,885
Total revenues		549,761
Expenditures and transfers:		
Personnel cost		311,182
Operating expenditures		298,400
Transfers		136,494
Total expenditures and transfers		746,076
(Deficit) of revenues over expenditures and transfers		(196,315)
Fund balance at beginning of year		202,893
Fund balance at end of year	$	6,578

The AUM dormitory occupancy rate for Fall Semester, 2002 was 86.36% (unaudited).

The University levies a $20 fee against all students enrolled at AUM as a pledge for payments of principal and interest on the Student Facilities Bonds of 1971. A separate statement of the pledged fees is not available as these fees are commingled with revenues from other sources including an additional fee of $7 per student levied for additional construction costs. Funds are transferred from the combined revenues to the Student Facilities Bond Fund for servicing debt as considered necessary. During 2002, principal and interest payments of $35,332 were made from the 1971 AUM Student Facilities Bond Reserve.

(10) DEMUTUALIZATION

In December, 2001 the Prudential Insurance Company was demutualized and shares of stock were issued to the participants. The University received 115,252 shares of Prudential Financial stock from the demutualization and the decision was made in February, 2002 to sell the shares. Proceeds from this transaction of $3,507,756 are included on the Statement of Revenues, Expenses and Changes in Net Assets as net other nonoperating expenses.

(11) RETIREMENT PROGRAMS

The employees of Auburn University are participants in three defined benefit plans, a defined contribution plan (403(b) tax deferred annuities) and a deferred compensation plan as follows:

A. Teachers' Retirement System of Alabama

The University contributes to the Teachers' Retirement System of Alabama, 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 employees are members of the Teachers' Retirement System. Membership is mandatory for covered or eligible employees. Benefits vest after 10 years of creditable service. Vested employees may retire with full benefits at age 60 or after 25 years of service. Retirement benefits are calculated by two methods with the retiree receiving payment under the method that yields the highest monthly benefit. The methods are (1) minimum guaranteed, (2) money purchase or (3) formula, of which the formula method usually produces the highest monthly benefit. Under this method retirees are allowed 2.0125% of their average final salary (best three of the last ten years) for each year of service. Disability retirement benefits are calculated in the same manner. Pre-retirement death benefits in the amount of the annual salary for the fiscal year preceding death is provided to plan members.

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

The actuarial accrued liability (AAL), which is the actuarial present value of credited projected benefits, is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The actuarial value of assets, which is the actuarial present value of assets, is a standardized disclosure measure of the present value of accumulated assets, adjusted for projected investment performance and contributions. TRS does not make separate measurements of assets and the AAL for individual employers. The AAL and the actuarial valuation of assets at June 30, 2001 (the most recent valuation date) for TRS as a whole, determined through actuarial valuations performed as of that date, were approximately $17,238,616,000 and $17,475,298,000 respectively, resulting in an overfunded AAL of approximately $ 236,682,000. Complete financial presentation and disclosure of the financial position and activities of the TRS is presented in the September 30, 2001 annual financial report of the Teachers' Retirement System of Alabama.

The ten year historical trend information showing TRS' progress in accumulating sufficient assets to pay benefits when due and the significant actuarial assumptions used to compute the pension benefit obligation, including the discount rate, projected salary increases and post-retirement benefit increases, are presented in the September 30, 2001 annual financial report of the Teachers' Retirement System of Alabama.

The Retirement System of Alabama issues a publicly available financial report that includes financial statements and required supplementary information for the Teachers' Retirement System of Alabama. That report may be obtained by writing to the Retirement System of Alabama, 135 South Union Street, Montgomery, Alabama 36130-2150.

Funding Policy

Employees are required by statute to contribute 5 percent of their salary to the Teachers' Retirement System. The University is required to contribute the remaining amounts necessary to fund the actuarially determined contributions to ensure sufficient assets will be available to pay benefits when due. Each year the Teachers' Retirement System recommends to the Legislature the contribution rate for the following fiscal year, with the Legislature setting this rate in the annual appropriation bill. The percentages of the contributions and the amount of contributions made by the University and the University's employees equal the required contributions for each year as follows:

Fiscal year ended September 30,	2002	2001	2000
Total percentage of Covered Payroll	10.96%	11.38%	11.38%
Contributions:			
Percentage contributed by the Employer	5.96%	6.38%	6.38%
Percentage contributed by the Employees	5.00%	5.00%	5.00%
Contributed by the Employer	$ 13,251,150	$ 13,659,948	$ 13,082,689
Contributed by the Employees	10,936,261	10,713,999	10,252,891
Total Contributions	$ 24,187,411	$ 24,373,947	$ 23,335,580

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 from the ERS plan are similar to those from the TRS plan with the exception that they are based on half of the employees average final salary. Upon retirement these employees will also receive pension benefits under the Federal Civil Service Retirement System. ERS is part of the Retirement Systems of Alabama.

Funding Policy

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

Fiscal year ended September 30,	2002	2001	2000
Total percentage of Covered Payroll	25.57%	24.14%	21.57%
Contributions:			
Percentage contributed by the Employer	23.07%	21.64%	19.07%
Percentage contributed by the Employees	2.50%	2.50%	2.50%
Contributed by the Employer	$ 2,062,628	$ 2,157,772	$ 1,835,222
Contributed by the Employees	240,105	249,339	240,659
Total Contributions	$ 2,302,733	$ 2,407,111	$ 2,075,881

C. Nonbudgeted Pension Plan

The Nonbudgeted Pension Plan (NPP) was established in 1970 for certain nonbudgeted employees who were not eligible for TRS. In 1976 when TRS changed its eligibility requirements to allow participation by new employees in this category, the NPP was closed for new enrollments. This program is 100 percent funded by the University. There are currently 65 participants receiving retirement benefits and no active employees. The pension benefit obligation was calculated using generally accepted actuarial methods. At September 30, 2002, net assets available for benefits amounted to $1,316,396. The NPP is a defined benefit plan. The maximum benefit formula is 1.25 percent times average annual salary times years of service. The average annual salary is calculated on the employee's last 60 months of employment. Death and survivor benefits are also available. The University’s expenditures for the plan totaled approximately $457,000 for the current year.

D. Tax Deferred Annuity Plan

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 supplemental retirement to 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. Auburn University will match up to $1,200 per year of a qualifying employee's contribution. This equates to 5 percent of gross salary with a maximum covered salary of $24,000 per year. Employees 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 employees 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) of the Internal Revenue Code. There are several investment options including fixed and variable annuities and mutual funds. The University-approved companies are Valic, TIAA-CREF and Johnson, Sterling, Paul & Company. At September 30, 2002, 3,147 employees participated in the tax deferred annuity program. The contribution for 2002 was $12,502,183 which includes $3,219,416 from the University and $9,282,767 from its employees. Total salaries and wages during fiscal 2002 for covered employees participating in the plan were approximately $150,569,000.

E. Deferred Compensation Plan

The University follows the provisions of GASB Statement No.32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plan*. In accordance with the provisions of this pronouncement, the RSA-1 deferred compensation plan is a separate trust and, therefore, not reflected in the University’s financial statements. In the current year employees were given the option of investing with two additional companies: Valic and TIAA-CREF.

(12) OTHER POSTRETIREMENT BENEFITS

In addition to the pension benefits described in Note 11, the University provides postretirement health care benefits and life insurance to all employees who officially retire from the University. Retirees must have had ten years of continuous service and must have been enrolled in the plan for the last six of those years. The health insurance plan is self-insured and the life insurance plan is underwritten by a commercial insurance carrier. As of September 30, 2002, 41 retirees have life insurance coverage and 431 retirees have health care protection. The University's health care plan consists of hospital benefits, major medical benefits, a diagnostic rider, 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. Eligible retired employees may elect to participate in the Public Education Employees Health Insurance Plan with Teachers’ Retirement System of Alabama (TRS), in which case the retirees pay their premiums directly to TRS. The life insurance plan provides the employee a choice between a $1,000 or a $2,000 policy payable upon death after retirement. In addition, employees who elect to participate in the $1,000 or $2,000 policy are provided coverage equal to the employee's salary plus $2,000, with a $60,000 maximum. The policy is equal to salary plus $2,000 and provides full coverage until age sixty-five, at which age there is a reduction of 2 percent per month subject to a minimum amount of 25 percent of basic coverage. Expenditures for postretirement health care benefits and life insurance are recognized monthly. During the fiscal year ended September 30, 2002, the University funded approximately 60% of the postretirement healthcare premium expenditures which totaled approximately $633,000. The retirees are responsible for funding approximately 40% of the healthcare premium expenditures with the exception of a few retirees who elected not to enroll in the University’s healthcare program.

(13) SELF-INSURANCE PROGRAMS AND OTHER LIABILITIES

An actuarially determined rate is used to provide funding for retained risk in the University's self-insurance program. An allocated share of the self-insurance reserves 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 which protects the University, its faculty, staff and volunteers against claims brought by third parties arising from bodily injury, property damage and personal injury (libel, slander, etc.). Funds are held in a separate trust account with Compass Bank to be used to pay claims for which the University may become legally liable. The liability at September 30, 2002 is $2,256,207.

The On-The-Job-Injury program provides benefits for job-related injuries or death related from work at the University. This program is designed to cover out-of-pocket expenses of any employee who is not covered by insurance. The program will also pay for medically evidenced disability claims and provide death benefits arising from a job-related death of an employee. This self-funded program is provided to employees since the University is not subject to the worker's compensation laws of the State of Alabama. The liability at September 30, 2002 is $500,000.

The University self-insures its health insurance program for all eligible employees. Assets have been set aside to fund the related claims of this program. Should the assets be insufficient to pay the insurance claims, the University would be liable for such claims. The accompanying statement of net assets includes a self-insurance reserve for health insurance liability as of September 30, 2002 is $1,847,194.

Other liabilities include compensated absences and Federal Perkins Student Loans. Accrued compensated absences allow employees to accrue annual and sick leave. 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 the balance, subject to a maximum of one month's additional compensation. The liability at September 30, 2002 is $18,268,657.

The current and noncurrent portion of the Federal Perkins Student Loans and Health Professional Student Loans have been reclassified from fund balance to other accrued liabilities and other noncurrent liabilities; the refundable amounts at September 30, 2002 were $1,803,332 and $11,798,758 respectively.

(14) CONTRACTS AND GRANTS

The University has been awarded approximately $101,778,000 in contracts and grants as of September 30, 2002 which have not been received or expended. These awards, which represent commitments of sponsors to provide funds for research and training projects, have not been reflected in the financial statements. Advances include amounts received from grant and contract sponsors which have not yet been earned under the terms of the agreements and, therefore, have not yet been included in net assets.

(15) RECOVERY OF FACILITIES AND ADMINISTRATIVE COSTS FOR SPONSORED PROGRAMS

The portion of revenue recognized for all grants and contracts which represents facilities and administrative cost recovery is recognized on the Statement of Revenues, Expenses and Changes in Net Assets. The University recognized $10,277,050 in facilities and administrative cost recovery for the year ended September 30, 2002.

(16) CONSTRUCTION COMMITMENTS AND FINANCING

Contracts have been entered into for the construction and renovation of various facilities which are estimated to cost approximately $35,800,000. At September 30, 2002, the estimated remaining cost to complete the projects was approximately $26,500,000 from University unrestricted net assets.

(17) OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended September 30, 2002 are listed below. In preparing the financial statements, all significant transactions and balances between auxiliary units and other funds have been eliminated.

Instruction	$	154,122,485
Research		78,966,329
Public Service		69,243,367
Academic Support		20,412,571
Library		12,058,820
Student Services		15,192,026
Institutional Support		34,929,036
Operation and Maintenance		20,044,848
Scholarships and Fellowships		18,507,334
Auxiliaries		62,546,635
Total all functions		486,023,451
Add: depreciation expense		23,579,650
Total operating expenses	$	509,603,101

(18) 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.

(19) AFFILIATED ORGANIZATIONS

Auburn University Foundation (the Foundation) is an independent corporation formed for the purpose of obtaining and disbursing funds for the benefit of the University. The Foundation's activities are governed by its Board of Directors. Unaudited summarized financial information of the Foundation, as of and for the year ended September 30, 2002 is as follows:

Assets		
Cash and Investments, at Market	$	137,827,790
Real Estate		7,126,198
Contributions Receivable		24,656,240
Other Assets		4,082,700
Total Assets	$	173,692,928
Liabilities		
Due to Auburn Alumni Association	$	4,183,728
Due to Auburn University		3,633,748
Other Liabilities		4,874,256
Annuities Payable		5,674,269
Total Liabilities		18,366,001
Net Assets		
Unrestricted		15,449,267
Temporarily Restricted		20,570,858
Permanently Restricted		119,306,802
Total Net Assets	$	155,326,927
Total Liabilities and Net Assets	$	173,692,928
Revenues, Gains and Other Support	$	30,823,476
Expenditures and Transfers	$	40,629,016
Contributions to Auburn University	$	27,580,130

If the Foundation was to dissolve, the assets would be transferred to the University and would be held as endowments according to the donors' restrictions. Pledges are administered by the Foundation. As of September 30, 2002, pledges of gifts totaling $24,656,240 were due to mature over the next five years. The University also receives income from the Dudley Foundation, which had investments with a cost of $3,248,251 and a market value of $2,617,254 at September 30, 2002.

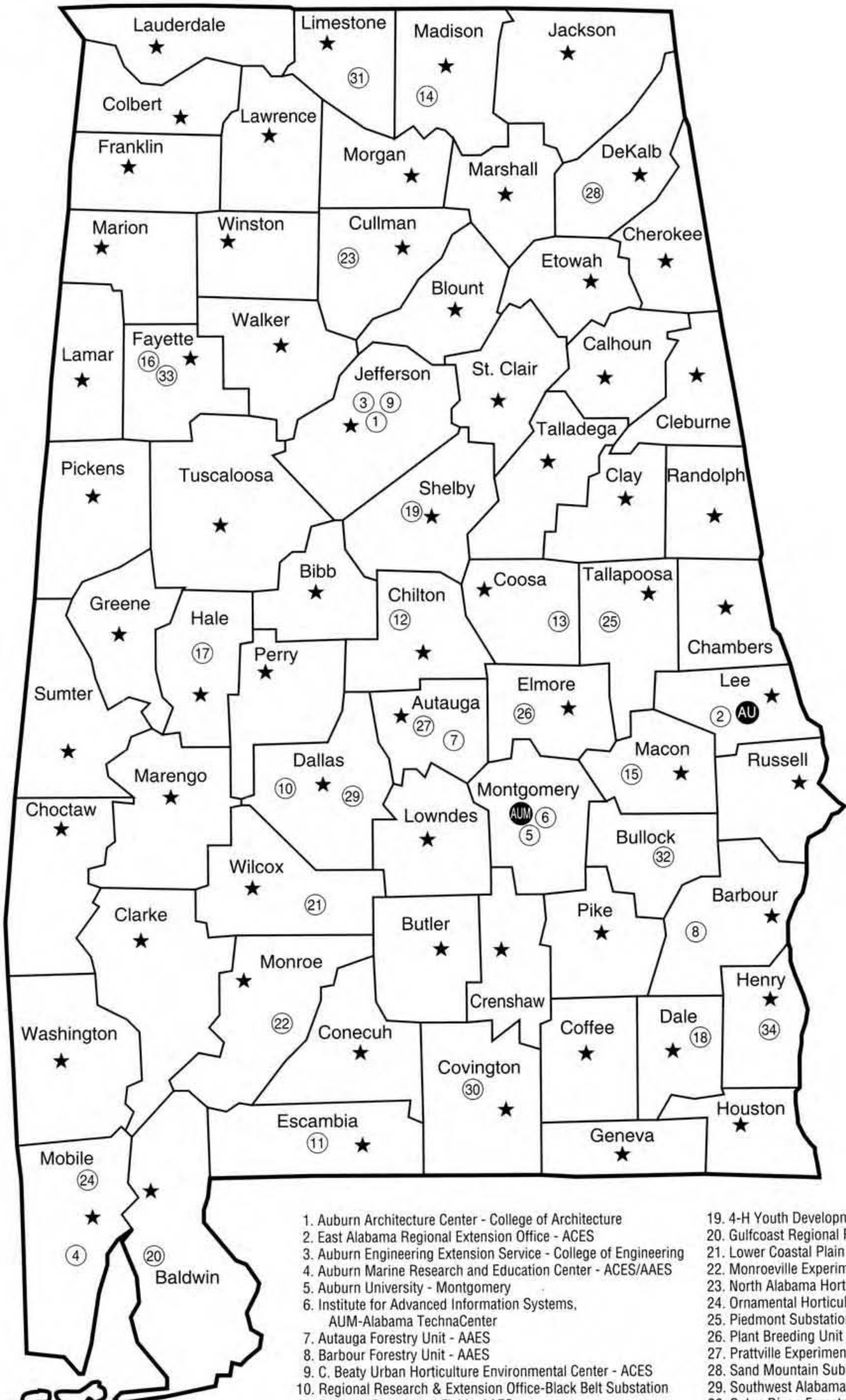
The Auburn Alumni Association (the Association) is an independent corporation. The purpose of the Association is to promote the growth, progress, and general welfare of the University, and to foster mutually beneficial relationships between the University and its alumni. The Association's activities are governed by its Board of Directors. Unaudited summarized financial information of the Association as of and for the year ended September 30, 2002 is as follows:

Assets		
Cash and Investments, at Market	$	6,558,433
Accounts Receivable		793,006
Land		674,799
Building		3,392,428
Equipment		1,656,457
Less Accumulated Depreciation		(2,395,221)
Other Assets		410,609
Total Assets	$	11,090,511
Liabilities		
Deferred Revenue	$	6,459,238
Other Liabilities		98,432
Total Liabilities		6,557,670
Net Assets		
Unrestricted Net Assets		4,532,841
Total Net Assets	$	4,532,841
Total Liabilities and Net Assets	$	11,090,511
Revenues	$	1,557,872
Expenditures	$	2,396,466
Expenditures made on behalf of Auburn University	$	1,706,387

The Foundation and the Association do not constitute component units under the provisions of GASB Statement No. 14; therefore, the activities of these organizations are not included in the University's financial statements.

(20) DIRECT LOANS

The Federal Direct Student Loan Program (FDSLP) was established under the Higher Education Act of 1965, as amended in the Student Loan Reform Act of 1993. The FDSLP enables an eligible student or parent to obtain a loan to pay for the student's cost of attendance directly through the University rather than through private lenders. The University began participation in the FDSLP on July 1, 1995. As a university qualified to originate loans, the University is responsible for handling the complete loan process, including funds management as well as promissory note functions. The University is not responsible for the collection of these loans. The University managed approximately $60,962,600 under the FDSLP during the fiscal year ended September 30, 2002.



1. Auburn Architecture Center - College of Architecture
2. East Alabama Regional Extension Office - ACES
3. Auburn Engineering Extension Service - College of Engineering
4. Auburn Marine Research and Education Center - ACES/AAES
5. Auburn University - Montgomery
6. Institute for Advanced Information Systems, AUM-Alabama TechnaCenter
7. Autauga Forestry Unit - AAES
8. Barbour Forestry Unit - AAES
9. C. Beaty Urban Horticulture Environmental Center - ACES
10. Regional Research & Extension Office-Black Belt Substation
11. Brewton Experiment Field - AAES
12. Chilton Area Horticulture Substation - AAES
13. Coosa Forestry Unit - AAES
14. North Alabama Regional Extension Office - ACES
15. E. V. Smith Research Center - AAES
16. Fayette Forestry Unit - AAES
17. Fish Farming Center - ACES/AAES
18. Ft. Rucker Extension Office - ACES
19. 4-H Youth Development Center - ACES
20. Gulfcoast Regional Research and Extension Center
21. Lower Coastal Plain Substation - AAES
22. Monroeville Experiment Station - AAES
23. North Alabama Horticulture Substation - AAES
24. Ornamental Horticulture Substation - AAES
25. Piedmont Substation - AAES
26. Plant Breeding Unit - AAES
27. Prattville Experiment Field - AAES
28. Sand Mountain Substation - AAES
29. Southwest Alabama Regional Extension Office - ACES
30. Solon Dixon Forestry Education Center - School of Forestry
31. Regional Research & Extension Office-Tennessee Valley Substation
32. Turnipseed-Ikenberry Place - AAES
33. Upper Coastal Plain Substation - AAES
34. Wiregrass Regional Research and Extension Center

★ County Extension Offices

Auburn University Board of Trustees

The University is governed by a Board of Trustees comprised of 14 voting members. The Board includes one person from each of the nine Congressional districts (as the districts were constituted on January 1, 1961), one additional member from the Congressional district in which the Auburn Campus is located, the Governor of Alabama (ex officio) (who serves as the Board president) and the State Superintendent of Education (ex officio). Two non-voting student representatives also sit on the Board, one from the Auburn Campus and one from AUM. Based upon a state constitutional amendment approved by voters in 2000, two additional at-large members have been appointed. The trustees who were serving prior to the adoption of the amendment were appointed for 12 year terms. The constitutional amendment also changed the term of office of new trustees from 12 to seven years except in the case of one of the initially appointed at-large members, who shall serve a four year term for the purpose of staggering appointments. After the four year term of the initial at-large member expires, all trustees will have seven year appointments. A third at-large member will be added to replace the State Superintendent of Education at the end of his term of office, and his ex officio position will be eliminated. Under these changed criteria, new appointments will be made by a committee consisting of the Governor of Alabama and representatives of the Board and the Auburn Alumni Association, with the advice and consent of the Alabama Senate. No member of the Board receives compensation for his or her services.

Members EX Officio

Don Siegelman,
Governor of Alabama,
President, Montgomery

Edward R. Richardson
State Superintendent of
Education, Montgomery

Appointed Members

William James Samford, Jr.,
President Pro Tempore, Opelika,
Third Congressional District

John C.H. Miller, Jr.,
Mobile, First
Congressional District

Robert E. Lowder,
Montgomery, Second
Congressional District

James W. Rane,
Abbeville, Third
Congressional District

Jack B. Venable,
Tallassee, Fourth
Congressional District

Lowell Barron,
Fyffe, Fifth
Congressional District

Paul Spina, Jr.,
Hoover, Sixth
Congressional District

Charles G. Glover,
Cullman, Seventh
Congressional District

John G. Blackwell,
Huntsville, Eighth
Congressional District

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

Golda McDaniel,
Mississippi, At-Large
Member

Earlon C. McWhorter,
Anniston, At-Large Member
Vice President, Pro Tempore