

Auburn University

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

For the Year Ended September 30, 2009

EIN: 63-6000724

Auburn University
Report on Federal Awards
in Accordance with OMB Circular A-133
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September 30, 2009

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Report of Independent Auditors

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

In our opinion, based upon our audits and the reports of other auditors, the financial statements listed in the accompanying table of contents, which collectively comprise the financial statements of Auburn University (the "University"), a component unit of the State of Alabama, present fairly, in all material respects, the respective financial position of the University and its discretely presented component units at September 30, 2009 and 2008 (June 30, 2009 and 2008 for Tigers Unlimited Foundation), and the respective changes in financial position and cash flows (as applicable), of the University and its component units for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the University's management. Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the Auburn Alumni Association (the "Association") and the Auburn University Foundation (the "Foundation"), which represent 85 percent and 84 percent of assets, 85 percent and 84 percent of net assets and 60 percent and 56 percent of revenues of the discretely presented component units at September 30, 2009 and 2008 (at June 30, 2009 and 2008 for Tigers Unlimited Foundation) and for the years then ended (for the years ended June 30, 2009 and 2008 for Tigers Unlimited Foundation), respectively. Each of those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for the Association and the Foundation, is based solely on the reports of other auditors. We conducted our audits of these statements in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinions. The financial statements of the University's discretely presented component units were not audited in accordance with *Government Auditing Standards*.

The management's discussion and analysis and required supplemental information on pages 2 through 9 and pages 45 through 48 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

The University has not presented the management's discussion and analysis for the year ended September 30, 2008, that accounting principles generally accepted in the United States of America require to supplement, although not to be part of, the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2010 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, for the year ended September 30, 2009. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards as of September 30, 2009 is presented for purposes of additional analysis as required by US Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

January 22, 2010

Part I
Financial Statements

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The following discussion and analysis provides an overview of the financial position and activities of Auburn University (the University) for the year ended September 30, 2009, with a comparison to the year ended September 30, 2008. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section. The financial statements, footnotes, and this discussion are the responsibility of University management.

The University is a land grant institution and is classified by the Carnegie Foundation as "Doctoral/Research-Extensive," while Auburn University at Montgomery (AUM) is classified as "Master's I." Fall 2009 enrollment included 30,157 total students at the main campus at Auburn and at AUM. The University offers a diverse range of degree programs in 12 colleges and schools and has approximately 5,253 full-time employees, including approximately 1,383 faculty members, who contribute to the University's mission of serving the citizens of the State of Alabama through its instructional, research and outreach programs.

Using the Annual Report

The University's financial report includes three financial statements: the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that financial statements be presented on an entity-wide basis to focus on the University as a whole. All references to "2009," "2008," or another year refer to the fiscal year ended September 30, unless otherwise noted.

The University's financial statements are summarized as follows:

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

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

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

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

- (1) **Auburn University Foundation (AUF)** - AUF was organized on February 9, 1960, and is the fundraising foundation for the University. As of September 30, 2009, AUF holds endowments and distributes earnings from those endowments to the University. AUF is incorporated as a legally separate, tax-exempt nonprofit organization established to solicit individual and corporate donations for the direct benefit of the University. The Auburn University Real Estate Foundation, Inc. (AUREFI) has been consolidated into AUF's financial statements, as a blended component unit.
- (2) **Tigers Unlimited Foundation (TUF)** - TUF is a legally separate nonprofit organization incorporated in December 2002, which began operations on April 21, 2004. TUF was organized exclusively for charitable purposes, pursuant to Sections 501(a) and 501(c)(3) of the Internal Revenue Code to support athletic fund raising and athletic programs. TUF has a June 30 fiscal year end. TUF provides economic resources to the University for athletic scholarships, athletic building maintenance or new construction, and for athletic department programs.
- (3) **Auburn Alumni Association (the Association)** - The Association is a nonprofit corporation organized on April 14, 1945, which was created to promote mutually beneficial relationships between the University and its alumni, to encourage loyalty among alumni, and to undertake various other actions for the benefit of the University, its alumni, and the State of Alabama. Membership is comprised of alumni, friends, and students of the University. The Association provides monetary support to the University in the form of faculty awards and student scholarships.

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

Financial Highlights

Statement of Net Assets

A summary of assets, liabilities, and net assets as of September 30, 2009 and 2008, is as follows:

	2009	2008
Assets		
Current assets	\$ 240,967,072	\$ 211,411,952
Capital assets	1,044,435,194	865,261,061
Other noncurrent assets	<u>736,553,896</u>	<u>889,422,754</u>
Total assets	<u>2,021,956,162</u>	<u>1,966,095,767</u>
Liabilities		
Current liabilities	236,354,392	225,926,382
Noncurrent liabilities	<u>575,689,578</u>	<u>589,751,160</u>
Total liabilities	<u>812,043,970</u>	<u>815,677,542</u>
Net assets		
Invested in capital assets, net of related debt	553,281,602	515,706,670
Restricted-nonexpendable	23,886,049	23,630,616
Restricted-expendable	162,874,294	152,763,953
Unrestricted	<u>469,870,247</u>	<u>458,316,986</u>
Total net assets	<u>\$ 1,209,912,192</u>	<u>\$ 1,150,418,225</u>

The University's Assets

Current assets consist of cash and cash equivalents, operating investments (those investments that are expected to be liquidated during the course of normal operations), net accounts receivable (primarily amounts due from the federal and state governments and other agencies as reimbursements for sponsored programs), net student accounts receivable (including amounts due from third parties on behalf of the students), current portion of loans receivable, accrued interest receivable, inventories, and prepaid expenses. These assets increased \$30 million from 2008 to 2009. The University's total receivables remained constant. Although the net accounts receivable decreased approximately \$3 million, the net student accounts receivable increased roughly the same amount. This increase is primarily due to the board approved tuition increases. Accrued interest receivable decreased approximately \$2.5 million, due to decreases in investment distributions received from the component units. Prepaid expenses decreased approximately \$1.1 million, due to amortization of bond issuance costs. The increases in current assets occurred in cash and cash equivalents and operating investments. The University will have increased bond principal payments due in fiscal year 2010, so additional funds for those payments are being maintained in short term investments. The University is also maintaining additional funds in operating investments due to the uncertainty of future state funding.

Other noncurrent assets decreased due to spending of bond proceeds for construction, which were invested at September 30, 2008. Capital assets generally represent the historical cost of land improvements, buildings, construction in progress, infrastructure, equipment, library books, livestock, less any accumulated depreciation, with buildings comprising over 64% of the total capital asset value. Capital assets, net of depreciation, shown as "Investment in plant, net" on the Statement of Net Assets increased 21% from 2008 to 2009.

The increase, offset by disposal activity, depreciation and transfers, was the result of \$402 million of new additions to property, plant and equipment. The following construction projects were completed and placed into service totaling \$144 million:

Student Village Housing	\$118.6 million
West Campus Dining	\$ 14.1 million
Student Center	\$ 3.1 million
Cary Hall Renovations	\$ 1.9 million
AU Hotel Dixon Conference Center Guest Rooms	\$ 1.0 million
Athletic Facility Museum	\$ 1.0 million
Other Small Projects	\$ 4.3 million

The University's Liabilities

Current liabilities consist of accounts payable, the current portion of compensation related liabilities, accrued interest payable, student and other deposits (including Perkins and Health Professions loan liability), deferred revenues, the current portion of noncurrent liabilities, and other accrued liabilities. Current liabilities increased by \$10.4 million from 2008 to 2009 for deferred tuition revenue and contracts and grants revenues received prior to expenditures. For fall 2009, the Board of Trustees approved a 12% tuition increase. Sixty percent of fall tuition is reported as deferred revenue due to our fiscal year end of September 30. The University also had an increase in accrued interest payable due to the new bond issues in 2008. The University will have additional bond principal payments due in fiscal year 2010; therefore, the current portion of noncurrent liabilities increased approximately \$4 million relating to these payments. These increases were offset slightly by the payment of payroll liabilities at year end and less accrued payables as of September 30, 2009.

Noncurrent liabilities include principal amounts due on University bonds payable, accrued compensated absences and other compensation-related liabilities that are payable beyond September 30, 2010. Noncurrent liabilities decreased 2.4% from 2008 to 2009, primarily due to principal payments on the 2007A and 2008 bonds that become due in fiscal year 2010 being reclassified to current liabilities. Previously, there were only interest payments due on this debt, and no new debt was incurred in 2009.

The University's Net Assets

The three major net asset categories are discussed below:

Net assets invested in capital, net of related debt, represent unexpended capital debt proceeds, the University's capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. These net assets increased 7.3% from 2008 to 2009. This increase is due to capitalization of assets as described previously.

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

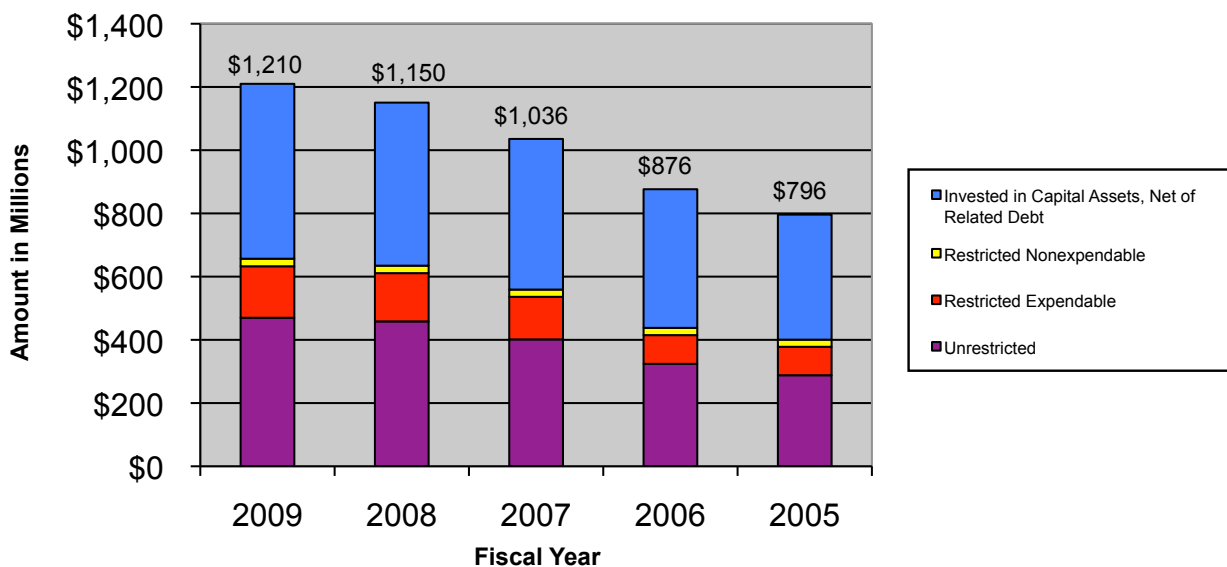
Restricted-nonexpendable net assets are subject to external restrictions governing their use and consist of the University's permanent endowment funds. These net assets increased \$255,433 from 2008 to 2009, primarily due to investment earnings added back to permanent endowments.

Restricted-expendable net assets are also subject to external restrictions governing their use. Such net assets include gifts and contracts and grants restricted by federal, state, or local governments and private

sources, which are restricted for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. Restricted funds functioning as endowments, restricted funds available for student loans and funds restricted for construction purposes are also included in this category. These net assets increased by \$10.1 million from 2008 to 2009. Approximately half of the increase is due to restricted gift funds which are unspent at year-end. The other half of the increase is due to additional funds received for capital projects, which have not been spent at September 30, 2009.

Unrestricted net assets are the third major class of net assets, and they are not subject to externally imposed stipulations; however, the majority of the University's unrestricted net assets have been internally designated for various mission-related purposes. These assets include funds for general operations of the University, for auxiliary operations (including athletics, housing, and the bookstore), for unrestricted quasi-endowments, and for capital projects. Unrestricted net assets increased \$11.6 million from 2008 to 2009. The increase in unrestricted net assets is mainly due to holding unrestricted funds for future mission related priorities and deferred maintenance needs during this uncertain economic time.

TOTAL NET ASSETS



Statement of Revenues, Expenses and Changes in Net Assets

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

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

A condensed statement is provided below:

	2009	2008
Operating revenues	\$ 492,118,082	\$ 473,173,597
Operating expenses	<u>784,042,362</u>	<u>766,590,509</u>
Operating loss	(291,924,280)	(293,416,912)
Net nonoperating revenues and other changes in net assets	<u>351,418,247</u>	<u>408,295,511</u>
Increase in net assets	59,493,967	114,878,599
Net assets - beginning of year	<u>1,150,418,225</u>	<u>1,035,539,626</u>
Net assets - end of year	<u>\$ 1,209,912,192</u>	<u>\$ 1,150,418,225</u>

The 2009 Statement of Revenues, Expenses and Changes in Net Assets reflects an increase in net assets at the end of the year of \$59.5 million. Operating revenues increased a modest 4% when comparing operating revenues from 2008 to 2009. Student tuition and fee revenue, net of discounts, increased \$22.3 million, which is primarily the result of Board-approved tuition increases of 12% in the 2008-2009 and 5% in the 2007-2008 academic years for the main campus and AUM. Because the University's fiscal year crosses fall semester, tuition revenues in the fiscal year ending September 30, 2009, include 60% of fall semester of 2008, spring semester of 2009, summer term of 2009, and 40% of fall semester of 2009. Student tuition and fees are presented net of scholarships and fellowships applied to student accounts.

During fiscal year 2009, contract and grant revenues decreased \$6.6 million. This is primarily due to the completion of a few large projects in fiscal year 2008. Although the University began receiving and expending federal funding under the American Recovery and Reinvestment Act (ARRA) in the form of sponsored research grants, significant ARRA funds were not expended during fiscal year 2009 and, therefore, have no material impact on the fiscal year 2009 financial statements. Based on awards received during fiscal year 2009 and at the beginning of fiscal year 2010, ARRA expenditures are expected to be significant in fiscal year 2010 and fiscal year 2011. The University began receiving State Fiscal Stabilization Funds in fiscal year 2010.

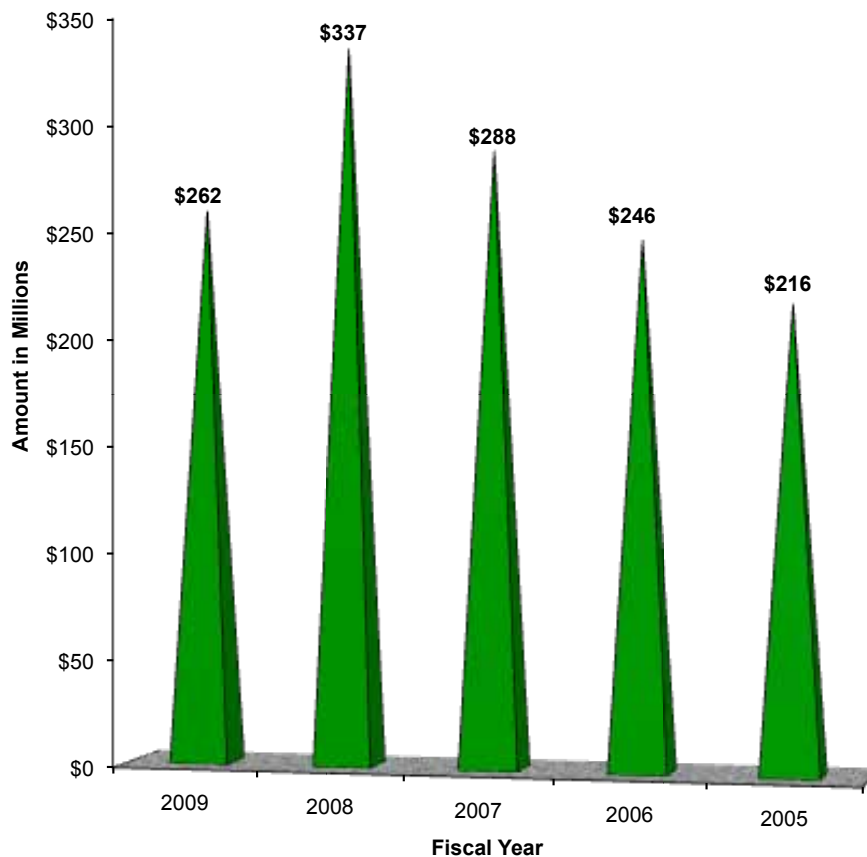
Operating expenses increased \$17.5 million from 2008 to 2009. Expenses for compensation and employee benefits increased \$18.3 million, which is attributable to increases in health insurance, teacher's retirement and other employee benefits. Other supplies and services expenses decreased \$3.5 million. This decrease reflects reductions

in spending due to reduced State appropriation budgets. Depreciation expense increased \$2.9 million, mainly due to depreciation being recorded beginning in fiscal year 2009 on new projects completed in 2008. Scholarship and fellowship expense decreased \$1 million and represents a decrease in stipends and other payments made directly to students, not applied to tuition or auxiliaries.

Net nonoperating revenues decreased \$49.2 million from 2008 to 2009, and this decrease is largely the result of a decrease in State appropriations. State appropriations went from \$336.9 million in fiscal year 2008 to \$261.7 million in fiscal year 2009. The \$75.2 million decrease is attributable to a combined 23% reduction in budget and proration from the State of Alabama. This \$75.2 million decrease was offset by \$26 million increases in gifts, grants, investment income, and interest expense, net. The University saw investments start to turn upward in fiscal year 2009. Although the University recognized a decrease of \$15 million related to endowment and investment income from fiscal year 2008 to 2009, the University saw an increase in unrealized gains/losses of \$37.2 million. In 2008, the University recognized \$23.8 million in unrealized losses, while 2009 experienced unrealized gains of \$13.4 million.

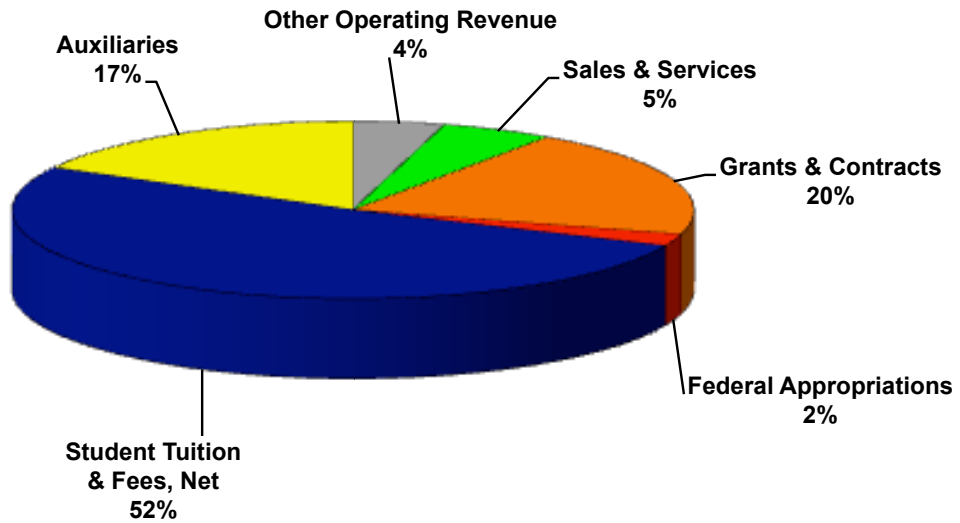
Capital appropriations, capital gifts and grants, additions to permanent endowments decreased \$7.7 million when comparing \$16.2 million recognized in 2009 to \$23.9 million recognized in 2008. In fiscal year 2008, the University received a gift of \$5 million for infrastructure improvements on University owned land from the City of Auburn. In addition, in fiscal year 2009, the University received \$2 million less in gifts for the Shelby Transportation Technology Center.

STATE APPROPRIATIONS



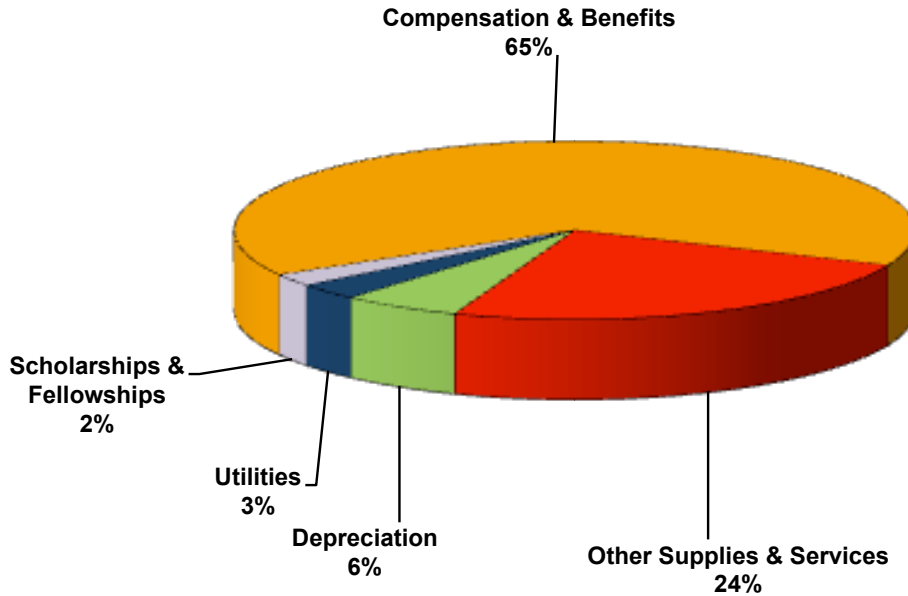
OPERATING REVENUES SUPPORTING CORE ACTIVITIES

For the year ended September 30, 2009



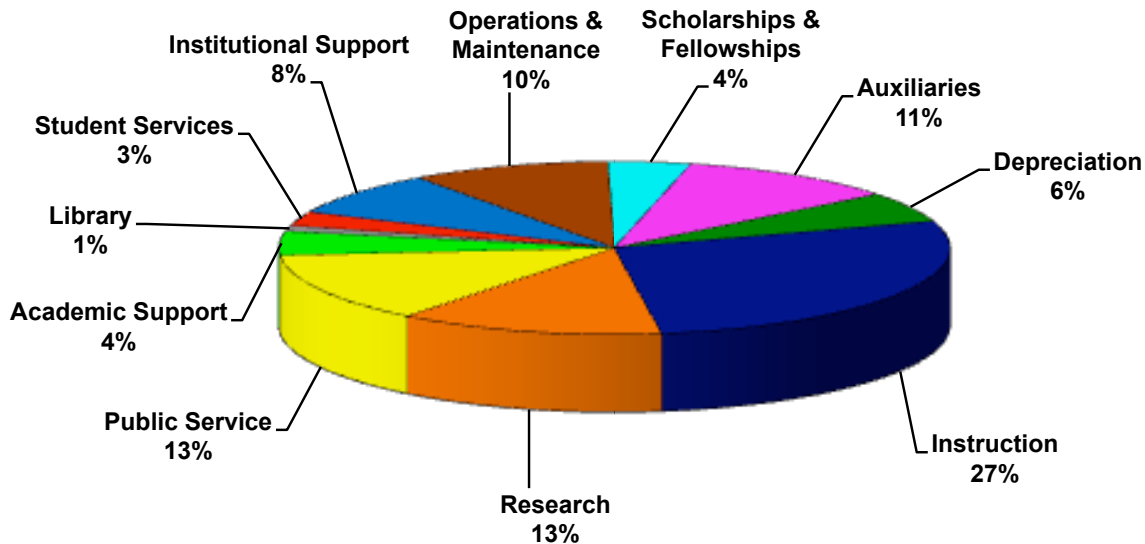
OPERATING EXPENSES BY NATURAL CLASSIFICATION

For the year ended September 30, 2009



OPERATING EXPENSES BY FUNCTION

For the year ended September 30, 2009



Statement of Cash Flows

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

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

The University's cash flows are summarized below:

	2009	2008
Cash provided by (used in):		
Operating activities	\$ (246,180,837)	\$ (225,114,266)
Net noncapital financing activities	310,913,714	382,030,973
Net capital and related financing activities	(228,497,676)	127,481,994
Net investing activities	<u>171,637,841</u>	<u>(274,259,217)</u>
Net increase in cash	7,873,042	10,139,484
Cash and cash equivalents beginning of year	<u>49,223,563</u>	<u>39,084,079</u>
Cash and cash equivalents end of year	<u>\$ 57,096,605</u>	<u>\$ 49,223,563</u>

The University increased its use of cash for operating activities from 2008 to 2009 by 9.4%. However, the increase in cash used for operating activities was offset by cash provided by noncapital financing activities. Cash provided by noncapital financing activities decreased 18.6%, which was primarily due to the decrease in state appropriations. However, the University received gifts for other than capital purposes of \$49 million.

Cash used in capital and related financing activities increased \$356 million from 2008 to 2009, which is primarily attributable to expenditures relating to capital projects and other capital asset outlays with no corresponding increase in cash from proceeds of debt issuance in 2009 as there was in 2008.

Cash provided by investing activities was \$172 million in 2009. In fiscal year 2008, the University used approximately \$274 million in investment activities, largely related to the purchases of investments from bond proceeds. In the current year, these investments were sold to utilize the funds for construction projects. Although the University purchased approximately \$664 million in investments in fiscal year 2009, the proceeds from the current year sales plus investment income totaling \$836 million provided the \$172 million.

Economic factors that will affect the future

While the University is impacted by the general economic conditions, management believes the University will continue its high level of excellence in service to students, sponsors, the State of Alabama, and other constituents. In addition to legislative appropriation reductions for fiscal year 2010, the Governor announced the 7.5% proration of the Special Education Trust Fund, which effectively reduced the appropriations for Auburn University by an additional 9% in the fiscal year ending September 30, 2010. The University's strong financial position and internal financial planning process provides the University some protection against the funding reductions and adverse economic conditions. Nonetheless, a continuation of the economic downturn and future reductions in state support must be anticipated and managed carefully to maintain excellence. Neither external nor internal efforts to mitigate the impact, however, are intended to eliminate the effects of future prorations or decrease in state funding. As a labor intensive organization, the University faces competitive pressures related to

attracting and retaining faculty and staff. The rising cost of health care remains a concern, particularly in light of the post-retirement health care benefits offered to retirees.

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

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

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

Cautionary note regarding forward-looking statements

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

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

UNDERGRADUATE TUITION FOR THE ACADEMIC YEAR

	2009-10	2008-09	2007-08	2006-07	2005-06
Auburn Main Campus/ Auburn University at Montgomery					
Full Time Students In-State	\$6,732/\$5,970	\$6,260/\$5,580	\$5,594/\$5,010	\$5,256/\$4,760	\$5,038/\$4,410
Full Time Students Out-of-State	\$19,212/\$17,250	\$18,020/\$16,200	\$16,094/\$14,490	\$15,256/\$13,760	\$14,638/\$13,230

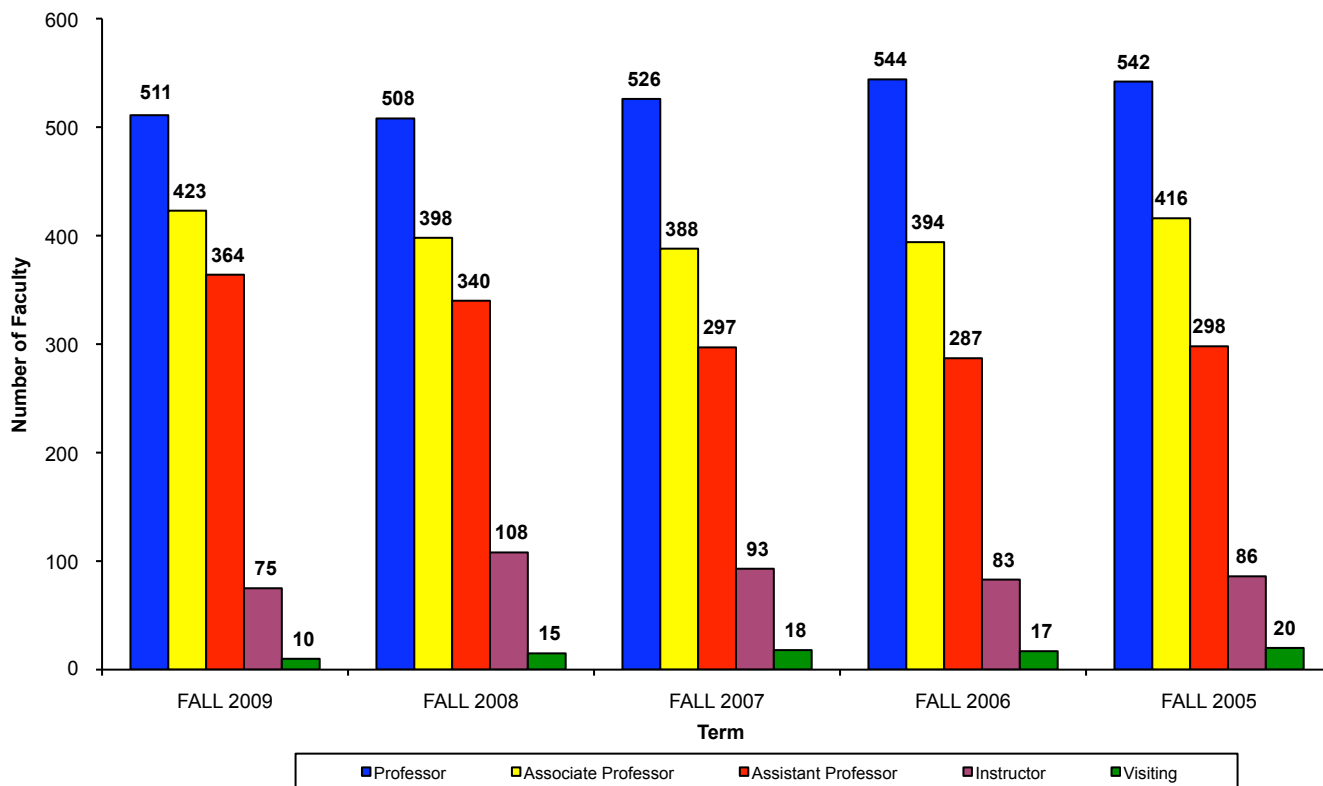
FALL STUDENT ENROLLMENT

	2009	2008	2007	2006	2005
Auburn Main Campus and Auburn University at Montgomery					
Undergraduate and Professional	25,599	25,471	25,115	24,602	24,464
Graduate	4,558	4,346	4,146	4,024	3,997

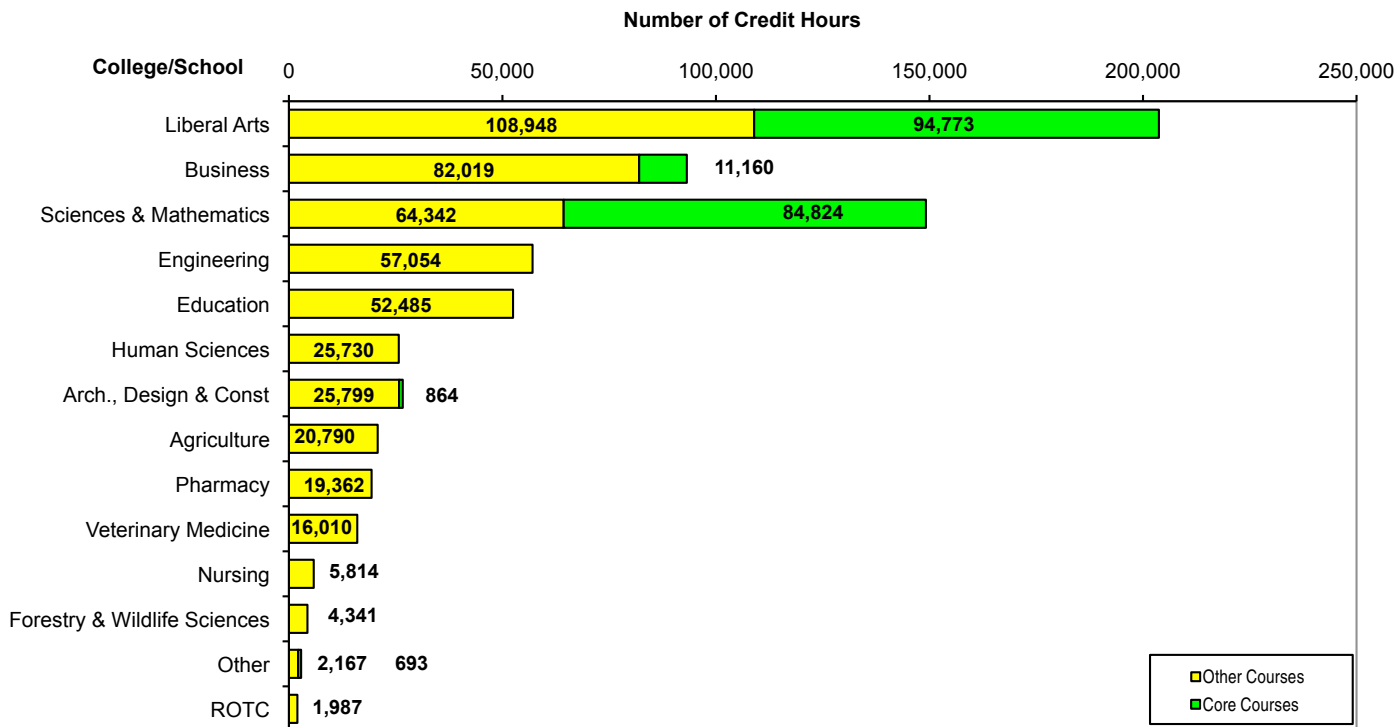
DEGREES AWARDED FOR THE ACADEMIC YEAR

	2008-09	2007-08	2006-07	2005-06	2004-05
Auburn Main Campus and Auburn University at Montgomery					
Bachelor	4,593	4,441	4,373	4,658	4,538
Advanced	1,561	1,520	1,465	1,493	1,394

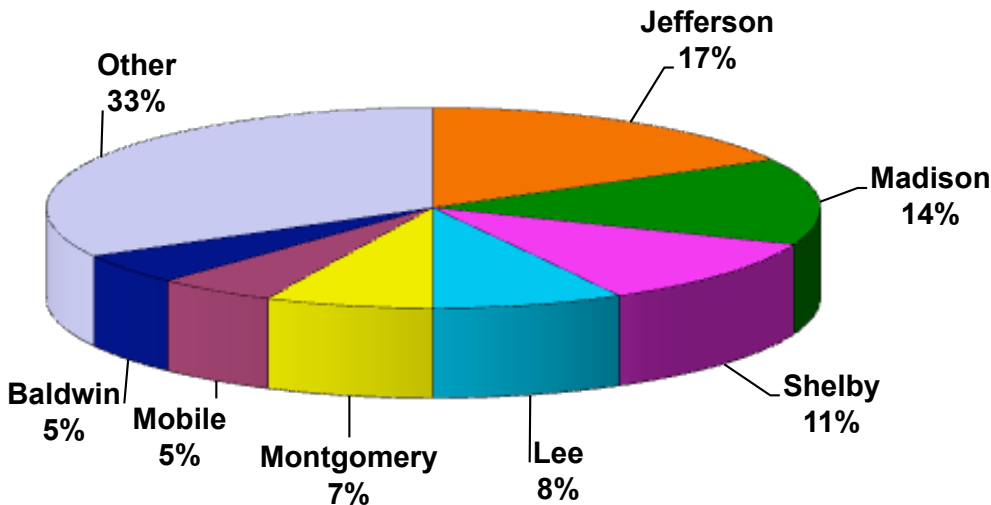
**AUBURN UNIVERSITY MAIN CAMPUS AND AUBURN UNIVERSITY AT MONTGOMERY
FULL-TIME FACULTY BY RANK**



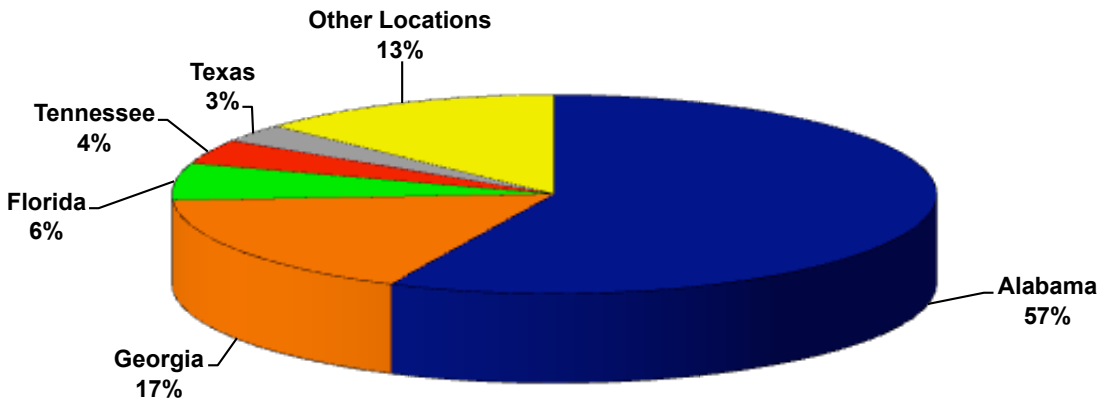
**AUBURN UNIVERSITY MAIN CAMPUS
TOTAL STUDENT CREDIT HOURS BY COLLEGE/SCHOOL 2008-09**



**AUBURN UNIVERSITY MAIN CAMPUS FRESHMEN
ENROLLMENT BY ALABAMA COUNTIES
SUMMER/FALL TERMS 2009**



**SOURCES OF ENTERING FRESHMEN BY STATE
MAIN CAMPUS SUMMER/FALL TERMS 2009**



AUBURN UNIVERSITY
STATEMENTS OF NET ASSETS
SEPTEMBER 30, 2009 AND 2008

	2009	2008
ASSETS		
Current assets		
Cash and cash equivalents	\$ 57,096,605	\$ 49,223,563
Operating investments	100,197,782	74,913,022
Accounts receivable, net	40,127,137	43,074,194
Student accounts receivable, net	28,635,482	25,305,164
Loans receivable, net	2,895,997	3,239,360
Accrued interest receivable	3,488,574	5,950,208
Inventories	3,595,380	3,724,421
Prepaid expenses	4,930,115	5,982,020
Total current assets	<u>240,967,072</u>	<u>211,411,952</u>
Noncurrent assets		
Investments	719,525,726	872,550,112
Loans receivable, net	17,028,170	16,872,642
Investment in plant, net	1,044,435,194	865,261,061
Total noncurrent assets	<u>1,780,989,090</u>	<u>1,754,683,815</u>
Total assets	<u>2,021,956,162</u>	<u>1,966,095,767</u>
LIABILITIES		
Current liabilities		
Accounts payable	43,492,762	54,925,814
Accrued salaries and wages	5,077,503	4,817,509
Accrued compensated absences	17,029,736	16,624,393
Accrued interest payable	9,006,785	7,790,748
Other accrued liabilities	2,814,171	2,868,084
Student deposits	816,355	751,409
Deposits held in custody	19,848,095	19,532,659
Deferred revenues	117,424,351	102,759,552
Noncurrent liabilities-current portion	20,844,634	15,856,214
Total current liabilities	<u>236,354,392</u>	<u>225,926,382</u>
Noncurrent liabilities		
Accrued compensated absences	691,230	671,604
Bonds and notes payable	550,080,467	567,895,472
Lease obligations	1,540,660	2,009,286
Other noncurrent liabilities	23,377,221	19,174,798
Total noncurrent liabilities	<u>575,689,578</u>	<u>589,751,160</u>
Total liabilities	<u>812,043,970</u>	<u>815,677,542</u>
NET ASSETS		
Invested in capital assets, net of related debt	553,281,602	515,706,670
Restricted		
Nonexpendable	23,886,049	23,630,616
Expendable:		
Scholarships, research, instruction, other	139,000,957	135,955,184
Loans	5,023,192	4,943,568
Capital projects	18,850,145	11,865,201
Unrestricted	469,870,247	458,316,986
Total net assets	<u>\$ 1,209,912,192</u>	<u>\$ 1,150,418,225</u>

See accompanying notes to financial statements.

AUBURN UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008

	2009	2008
OPERATING REVENUES		
Tuition & fees, net of scholarship allowances of \$60,575,755 and \$46,236,982, respectively	\$ 257,628,293	\$ 235,307,172
Federal appropriations	10,946,114	15,709,270
Federal grants & contracts, net	69,512,621	72,370,376
State & local grants & contracts, net	18,187,145	23,662,282
Nongovernmental grants & contracts, net	11,516,685	9,812,888
Sales & services of educational departments	26,720,309	25,471,196
Auxiliary revenue, net of scholarship allowances of \$3,125,629 and \$2,030,040, respectively	80,754,997	75,495,395
Other operating revenues	<u>16,851,918</u>	<u>15,345,018</u>
Total operating revenues	<u>492,118,082</u>	<u>473,173,597</u>
OPERATING EXPENSES		
Compensation & benefits	507,894,296	489,624,707
Scholarships & fellowships	17,903,346	18,922,374
Utilities	23,708,155	22,880,676
Other supplies & services	190,348,713	193,892,295
Depreciation	<u>44,187,852</u>	<u>41,270,457</u>
Total operating expenses	<u>784,042,362</u>	<u>766,590,509</u>
Operating loss	<u>(291,924,280)</u>	<u>(293,416,912)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	261,691,096	336,941,382
Gifts	29,786,518	28,522,474
Grants	16,424,734	12,990,511
Net investment income	41,436,581	21,994,083
Interest expense on capital debt	<u>(14,150,603)</u>	<u>(16,071,668)</u>
Nonoperating revenues, net	<u>335,188,326</u>	<u>384,376,782</u>
Income before other changes in net assets	43,264,046	90,959,870
OTHER CHANGES IN NET ASSETS		
Capital appropriations	292,609	-
Capital gifts & grants	15,681,879	23,506,851
Additions to permanent endowments	<u>255,433</u>	<u>411,878</u>
Net increase in net assets	59,493,967	114,878,599
Net assets - beginning of year	<u>1,150,418,225</u>	<u>1,035,539,626</u>
Net assets - end of year	<u>\$ 1,209,912,192</u>	<u>\$ 1,150,418,225</u>

See accompanying notes to financial statements.

AUBURN UNIVERSITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition & fees	\$ 262,875,230	\$ 251,479,652
Federal appropriations	10,601,588	15,709,270
Grants & contracts	98,800,123	115,904,169
Sales & services of educational departments	25,562,933	19,545,447
Auxiliary enterprises	87,337,187	73,154,519
Other operating revenues	17,418,059	16,645,882
Payments to suppliers	(202,348,794)	(188,817,474)
Payments for utilities	(23,708,155)	(22,880,676)
Payments for employee compensation & benefits	(504,676,629)	(486,418,042)
Payments for scholarships & fellowships	(17,932,871)	(18,922,374)
Student loans issued	(2,558,526)	(3,281,931)
Student loans collected	<u>2,449,018</u>	<u>2,767,292</u>
Net cash used in operating activities	<u>(246,180,837)</u>	<u>(225,114,266)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	261,691,096	336,941,382
Gifts and grants for other than capital purposes	49,465,542	45,264,062
Federal Family Education Loan receipts	142,384,346	131,378,587
Federal Family Education Loan disbursements	<u>(142,627,270)</u>	<u>(131,553,058)</u>
Net cash provided by noncapital financing activities	<u>310,913,714</u>	<u>382,030,973</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from capital debt, net of issuance cost	-	272,333,120
Capital appropriations	292,608	-
Capital grants & gifts received	12,679,929	14,194,969
Purchases of capital assets	(221,493,168)	(133,338,157)
Proceeds received from sale of capital assets	6,769,654	68,992
Principal paid on debt & capital leases	(15,268,177)	(14,327,841)
Interest paid on debt & capital leases	<u>(11,478,522)</u>	<u>(11,449,089)</u>
Net cash (used in) provided by capital and related financing activities	<u>(228,497,676)</u>	<u>127,481,994</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments and reinvestments	804,344,342	971,952,317
Investment income	31,290,907	42,679,624
Purchases of investments	<u>(663,997,408)</u>	<u>(1,288,891,158)</u>
Net cash provided by (used in) investing activities	<u>171,637,841</u>	<u>(274,259,217)</u>
Net increase in cash and cash equivalents	7,873,042	10,139,484
Cash and cash equivalents, beginning of year	<u>49,223,563</u>	<u>39,084,079</u>
Cash and cash equivalents, end of year	<u>\$ 57,096,605</u>	<u>\$ 49,223,563</u>

See accompanying notes to financial statements.

AUBURN UNIVERSITY
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008

	2009	2008
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (291,924,280)	\$ (293,416,912)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	43,542,274	40,636,487
Write-off of loans receivable	297,343	755,002
(Gain) loss on sale of net assets	(2,421,038)	385,234
Other	-	1,259,061
Changes in assets and liabilities:		
Accounts receivable	(1,517,742)	6,302,520
Student accounts receivable	(3,330,318)	2,582,460
Inventories	129,041	60,065
Deferred revenue	14,664,799	10,523,750
Accounts payable	(10,564,048)	6,037,512
Prepaid expenses	1,051,905	(2,403,902)
Accrued salaries, wages and compensated absences	684,963	1,271,499
Student deposits and deposits held in custody	623,306	(444,694)
Loans to students	(109,508)	(514,639)
Other accrued liabilities	(53,913)	68,384
Other noncurrent liabilities	2,746,379	1,783,907
Net cash used in operating activities	<u>\$ (246,180,837)</u>	<u>\$ (225,114,266)</u>

SUPPLEMENTAL NONCASH ACTIVITIES INFORMATION

Capital assets acquired with a liability at year-end	\$ 19,735,848	\$ 17,986,309
Gifts of capital assets	4,467,893	8,639,686
Capital assets acquired through capital leases	-	25,200
Capitalized interest	14,228,375	8,533,667

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2009 AND 2008

	Auburn University Foundation		Auburn Alumni Association	
	2009	2008	2009	2008
ASSETS				
Cash and cash equivalents	\$ 615,925	\$ 1,020,903	\$ 61,520	\$ 20,966
Investments	250,294,773	250,717,765	3,772,017	3,741,494
Investment in Auburn University Foundation Securities Pool	-	-	6,412,561	6,534,704
Accrued interest receivable	891,323	809,590	16,230	34,964
Contributions receivable, net	31,411,275	29,360,343	401,240	483,427
Notes receivable	798,137	741,577	-	-
Other assets	42,733	37,954	-	4,548
Investment in real estate	2,240,356	1,219,696	674,799	674,799
Cash surrender value of life insurance	3,057,945	2,847,439	-	-
Beneficial interest in outside trusts	969,723	1,031,616	-	-
Property and equipment, net	1,916,801	2,559,498	2,087,765	2,086,847
Prepaid rent	-	-	30	31
Due from Auburn University Foundation	-	-	178	93,788
Total assets	\$ 292,238,991	\$ 290,346,381	\$ 13,426,340	\$ 13,675,568
LIABILITIES				
Accounts payable and accrued liabilities	\$ 376,293	\$ 420,435	\$ 86,580	\$ 107,214
Annuities payable	6,820,790	7,460,283	-	-
Due to Auburn University	256,417	2,851,353	159,846	51,242
Due to Auburn University Foundation	-	-	1,555	-
Due to Auburn Alumni Association	6,411,182	6,627,852	-	-
Due to Tigers Unlimited Foundation	5,701,268	6,206,026	-	-
Deferred revenue	-	-	7,295,068	7,242,423
Total liabilities	19,565,950	23,565,949	7,543,049	7,400,879
NET ASSETS				
Unrestricted	19,982,749	21,065,627	5,883,291	6,274,689
Temporarily restricted	24,685,063	41,236,206	-	-
Permanently restricted	228,005,229	204,478,599	-	-
Total net assets	272,673,041	266,780,432	5,883,291	6,274,689
Total liabilities and net assets	\$ 292,238,991	\$ 290,346,381	\$ 13,426,340	\$ 13,675,568

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008

	Auburn University Foundation		Auburn Alumni Association	
	2009	2008	2009	2008
REVENUES AND OTHER SUPPORT				
Public support - contributions	\$ 40,431,304	\$ 36,807,291	\$ 1,471,028	\$ 1,488,980
Investment income	3,651,701	4,509,394	347,211	490,178
Other revenues	<u>1,922,900</u>	<u>699,105</u>	<u>830,451</u>	<u>659,386</u>
Total operating revenues	<u>46,005,905</u>	<u>42,015,790</u>	<u>2,648,690</u>	<u>2,638,544</u>
EXPENSES AND LOSSES				
Program services				
Contributions to and support for Auburn University	24,871,876	24,318,937	-	-
Other program services	<u>1,781,213</u>	<u>1,744,884</u>	<u>804,487</u>	<u>760,742</u>
Total program services	<u>26,653,089</u>	<u>26,063,821</u>	<u>804,487</u>	<u>760,742</u>
Support services				
General and administrative	2,027,449	1,962,211	1,565,152	1,659,826
Fund raising	<u>2,850,797</u>	<u>4,604,415</u>	<u>169,605</u>	<u>214,528</u>
Total support services	<u>4,878,246</u>	<u>6,566,626</u>	<u>1,734,757</u>	<u>1,874,354</u>
Total expenses	31,531,335	32,630,447	2,539,244	2,635,096
Unrealized losses on investments	3,388,239	39,172,041	500,844	1,392,806
Realized losses (gains) on investments	3,619,719	(5,032,720)	-	-
Change in valuation of split-interest agreements	901,779	3,945,074	-	-
Impairment in real estate	<u>672,224</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses, (gains) and losses	<u>40,113,296</u>	<u>70,714,842</u>	<u>3,040,088</u>	<u>4,027,902</u>
*Change in net assets	5,892,609	(28,699,052)	(391,398)	(1,389,358)
Net assets - beginning of year	<u>266,780,432</u>	<u>295,479,484</u>	<u>6,274,689</u>	<u>7,664,047</u>
Net assets - end of year	<u>\$ 272,673,041</u>	<u>\$ 266,780,432</u>	<u>\$ 5,883,291</u>	<u>\$ 6,274,689</u>
*Change in net assets				
Unrestricted	\$ (1,082,878)	\$ (53,211)	\$ (391,398)	\$ (1,389,358)
Temporarily restricted	(16,551,143)	(39,189,384)	-	-
Permanently restricted	<u>23,526,630</u>	<u>10,543,543</u>	<u>-</u>	<u>-</u>
Total change in net assets	<u>\$ 5,892,609</u>	<u>\$ (28,699,052)</u>	<u>\$ (391,398)</u>	<u>\$ (1,389,358)</u>

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2009 AND 2008

	Tigers Unlimited Foundation	
	2009	2008
ASSETS		
Cash and cash equivalents	\$ 543,077	\$ 1,291,444
Investments	32,086,163	35,276,250
Investment in Auburn University Foundation Securities Pool	5,106,545	6,106,026
Accrued interest receivable	134,472	260,402
Contributions receivable, net	14,606,450	14,055,067
Other receivables	314	8,911
Notes receivable	800,000	-
Other assets	248,792	51,306
Property and equipment, net	2,140	3,273
Due from Auburn University	-	50,082
Due from Auburn University Foundation	100,000	100,000
Total assets	<u>\$ 53,627,953</u>	<u>\$ 57,202,761</u>
 LIABILITIES		
Accounts payable and accrued liabilities	\$ 2,525,995	\$ 174,150
Deferred revenue	1,193,181	955,794
Due to Auburn University	<u>2,022,800</u>	<u>2,222,218</u>
Total liabilities	<u>5,741,976</u>	<u>3,352,162</u>
 NET ASSETS		
Unrestricted	19,054,280	26,347,798
Temporarily restricted	21,236,224	19,950,494
Permanently restricted	<u>7,595,473</u>	<u>7,552,307</u>
Total net assets	<u>47,885,977</u>	<u>53,850,599</u>
Total liabilities and net assets	<u>\$ 53,627,953</u>	<u>\$ 57,202,761</u>

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	Tigers Unlimited Foundation	
	2009	2008
REVENUES AND OTHER SUPPORT		
Public support - contributions	\$ 28,272,549	\$ 30,280,006
Investment income	1,386,722	1,433,359
Other revenues	<u>3,348,179</u>	<u>3,954,790</u>
Total operating revenues	<u>33,007,450</u>	<u>35,668,155</u>
 EXPENSES AND LOSSES		
Program services		
Contributions to and support for Auburn University	17,321,887	13,418,420
Other program services	<u>10,527,120</u>	<u>6,041,620</u>
Total program services	<u>27,849,007</u>	<u>19,460,040</u>
Support services		
General and administrative	1,225,214	1,221,525
Fund raising	<u>8,165,443</u>	<u>5,659,055</u>
Total support services	<u>9,390,657</u>	<u>6,880,580</u>
Total expenses	37,239,664	26,340,620
Unrealized losses on investments	1,730,351	379,388
Realized losses on investments	<u>2,057</u>	<u>1,584</u>
Total expenses and losses	<u>38,972,072</u>	<u>26,721,592</u>
 *Change in net assets	 (5,964,622)	 8,946,563
Net assets - beginning of year	<u>53,850,599</u>	<u>44,904,036</u>
Net assets - end of year	<u>\$ 47,885,977</u>	<u>\$ 53,850,599</u>
 *Change in net assets		
Unrestricted	\$ (7,293,518)	\$ 5,414,049
Temporarily restricted	1,285,730	3,417,345
Permanently restricted	<u>43,166</u>	<u>115,169</u>
Total change in net assets	<u>\$ (5,964,622)</u>	<u>\$ 8,946,563</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

(1) NATURE OF OPERATIONS

Auburn University (the University) is a land grant university originally chartered on February 1, 1856, as the East Alabama Male College. The Federal Land Grant Act of 1862, by which the University was established as a land grant university, donated public lands to several states and territories with the intent that the states would use these properties for the benefit of agriculture and the mechanical arts. Several pertinent laws dictate specific purposes for which the land may be used. In 1960, the Alabama State Legislature officially changed the name of the University to Auburn University. The University has two campuses, Auburn and Montgomery, with a combined enrollment of 30,157 students for Fall Semester 2009. It serves the State of Alabama, the nation and international business communities through instruction of students and the advancement of research and outreach programs. By statutory laws of the State of Alabama, the University is governed by the Board of Trustees (the Board) appointed by the Governor, a committee consisting of two trustees and two Alumni Association board members and approved by the Alabama State Senate.

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

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

Reporting Entity

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

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

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

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

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

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

Component Units

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial Statement Presentation

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

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

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

Basis of Accounting

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

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

Use of Estimates

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

Reclassification

The University reclassified \$12,990,511 in 2008 of Pell grant revenue from operating revenues to nonoperating revenues within the accompanying statements of revenues, expenses, and changes in net assets and from net cash used in operating activities to net cash provided by noncapital financing activities within the statements of cash flows. The impact of this reclassification was not considered material to the University's 2008 financial statements.

(2) SIGNIFICANT ACCOUNTING POLICIES OF AUBURN UNIVERSITY

Cash & Cash Equivalents

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

Investments

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

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

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

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

Operating investments consist of cash and investments designated for current operations. Investments for capital and student loan activities represent funds that are intended to be used for the related specific activities. Investments recorded as endowment and life income represent funds that are considered by management to be of long duration. Investments received by gift are recorded at fair market value or appraised value on the date of receipt. Investments in real estate are recorded at fair value. For investments other than non-readily marketable investments, investment income is recorded on the accrual basis of accounting.

Inventories

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

Capital Assets

Capital expenditures for and gifts of land, buildings and equipment are carried at cost at date of acquisition or, in the case of gifts, at fair market value at the date of donation. Depreciation is computed on a straight line basis over the estimated useful lives of buildings and building improvements (40 years), land improvements and infrastructure (10 – 40 years), library collection and software costs (10 years) and inventoried equipment (5 – 18 years). Land and construction in progress are not depreciated. The threshold for capitalizing buildings and infrastructure is \$25,000. Expenditures for maintenance, repairs and minor renewals and replacements are expensed as incurred; major renewals and replacements are capitalized if they meet the \$25,000 threshold. Equipment is capitalized if the cost exceeds \$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, historical treasures and livestock are capitalized and valued at cost or fair market value at the date of purchase or gift, respectively, but not depreciated. Collections are preserved and held for public exhibition, education and research.

In accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, the University continues to evaluate prominent events of changes in circumstance to determine whether an impairment loss should be recorded and whether any insurance recoveries should be offset against the impairment loss. The University did not incur any losses related to asset impairment during fiscal year 2009 or 2008.

Deferred Revenues

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

Classification of Revenues

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

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

Student Tuition, Fees and Scholarship Discounts and Allowances

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

Auxiliary Enterprises Revenues

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

Compensated Absences

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

Pledged Revenue

The University normally does not receive gift pledges. Pledged revenue representing unconditional promises to give is normally received by AUF or TUF and later disbursed in accordance with the donors' wishes

for the benefit of the University. Pledges are recorded at their gross, undiscounted amounts. In accordance with the recognition criteria of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the University recorded pledges of approximately \$409,000 and \$300,000 in fiscal years 2009 and 2008, respectively.

(3) CASH AND CASH EQUIVALENTS

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

Effective January 1, 2001, any depository of University funds must provide annual evidence of its continuing designation as a qualified public depository under the Security for Alabama Fund Enhancement Act (SAFE). The enactment of the SAFE program changed the way all Alabama public deposits are collateralized. In the past, the bank pledged collateral directly to each individual public entity. Under the mandatory SAFE program, each qualified public depository (QPD) is required to hold collateral for all its public deposits on a pooled basis in a custody account established for the State Treasurer as SAFE administrator. In the unlikely event a public entity should suffer a loss due to QPD insolvency or default, a claim form would be filed with the State Treasurer who would use the SAFE pool collateral or other means to reimburse the loss. As a result, the University believes its custodial risk related to cash is remote. In addition, all funds in non-interest bearing accounts are fully guaranteed by the Federal Deposit Insurance Corporation (FDIC) through 2009, regardless of the amount.

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

(4) INVESTMENTS

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

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

Bond proceeds are invested in accordance with the underlying bond agreements. The University's bond agreements generally permit

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

Diversification through asset allocation is utilized as a fundamental risk strategy for endowed funds. These strategic allocations represent a blend of assets best suited, over the long term, to achieve maximum returns without violating the risk parameters established by the Board. The Endowment Investment Policy, approved April 18, 2009, authorizes investment of the endowment portfolio to include the following: cash and cash equivalents; global fixed income; global equity securities; private capital; absolute return/hedge funds; and real estate assets, collectively referred to as the endowment pool.

The Alabama Uniform Prudent Management of Institutional Funds Act (UPMIFA) has been enacted by the Legislature of the State of Alabama and signed into law effective January 1, 2009. Among its changes, UPMIFA prescribes new guidelines for expenditure of a donor-restricted endowment fund (in the absence of overriding, explicit donor stipulations). Its predecessor, the Uniform Management of

Institutional Funds Act (UMIFA), focused on the prudent spending of the net appreciation of the fund. UPMIFA, instead, focuses on the entirety of a donor-restricted endowment fund, that is, both the original gift amount(s) and net appreciation. UPMIFA eliminates UMIFA's historic-dollar-value threshold, an amount below which an organization could not spend from the fund, in favor of a more robust set of guidelines about what constitutes prudent spending, explicitly requiring consideration of the duration and preservation of the fund.

The earnings distributions are appropriated for expenditure by the Board in a manner consistent with the standard of prudence prescribed by UPMIFA. In order to conform to the standards for prudent fiduciary management of investments, the Board has adopted a spending plan whose long term objective is to maintain the purchasing power of each endowment and provide a predictable and sustainable level of income to support current operations. Under this policy, spending for a given year equals 80% of spending in the previous year, adjusted for inflation (Consumer Price Index (CPI) within a range of 1% and 6%), plus 20% of the long-term spending rate (4.5%) applied to the twelve month rolling average of the market values. Accumulated net realized and unrealized gains on endowments and funds functioning as endowments total \$24,078,534 and \$25,197,644 at September 30, 2009 and 2008, respectively, and are recorded as restricted expendable net assets.

The components of the accumulated net gains in fair value of investments for the years ended September 30, 2009 and 2008, are as follows:

	2009	2008
Accumulated net realized gains on sale of investments	\$ 25,278,210	\$ 33,865,584
Accumulated net unrealized losses	<u>(1,199,676)</u>	<u>(8,667,940)</u>
Net gains in fair value of investments	<u>\$ 24,078,534</u>	<u>\$ 25,197,644</u>

Investment Risks

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

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

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



The following segmented time distribution tables provide information as of September 30, 2009 and 2008, covering the fair value of investments by investment type and related maturity:

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

Auburn University Investments					
Investment Maturities at Fair Value (in Years)					
September 30, 2008					
Type of Investments	< 1 year	1-5 years	6-10 years	> 10 years	Total Fair Value
Fixed Maturity					
Repurchase Agreements	\$ 2,400,000	\$ -	\$ -	\$ -	\$ 2,400,000
Commercial Paper	4,951,250	-	-	-	4,951,250
Certificates of Deposit	3,000,000	1,689,877	-	-	4,689,877
U. S. Treasury Obligations	59,734,156	39,986,696	-	-	99,720,852
U. S. Agency Securities	129,698,700	376,140,468	78,654,464	27,048,575	611,542,207
Mortgage Backed Securities	-	9,251,366	2,306,889	25,302,708	36,860,963
Asset Backed Securities	-	3,941,295	239,917	270,725	4,451,937
Corporate Bonds	794,788	2,693,927	4,337,581	2,795,375	10,621,671
	<u>\$ 200,578,894</u>	<u>\$ 433,703,629</u>	<u>\$ 85,538,851</u>	<u>\$ 55,417,383</u>	<u>\$ 775,238,757</u>
Domestic Equities					759,537
Alternative Investments – at cost:					
Hedge Funds					40,700,000
Private Capital					6,524,792
Real Assets					16,553,066
Mutual Funds					73,957,678
Other					3,756,279
Money Market					74,824,275
Total investments					<u>992,314,384</u>
Less cash equivalents held in cash pool					(44,851,250)
Operating and noncurrent investments					<u>\$ 947,463,134</u>

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

The following table provides information as of September 30, 2009 and 2008, concerning credit quality risk:

Auburn University Investments Ratings of Fixed Maturities				
Moody’s Rating	Fair Value	Fair Value as a % of Total Fixed Maturity		Fair value as a % of Total Fixed Maturity
		Fair Value	Fair Value	
	2009		2008	
US Treasury	\$ 114,132,879	17.80%	\$ 99,720,852	12.86%
Aaa	521,101,784	81.30%	653,279,622	84.27%
Aa	1,016,530	0.16%	2,446,767	0.32%
A	-	-	7,414,444	0.96%
Baa	-	-	335,945	0.04%
P1	-	-	4,951,250	0.64%
Not rated*	<u>4,711,371</u>	<u>.74%</u>	<u>7,089,877</u>	<u>0.91%</u>
	<u>\$ 640,962,564</u>	<u>100.00%</u>	<u>\$ 775,238,757</u>	<u>100.00%</u>

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

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

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

- Foreign Currency Risk** – GASB Statement No. 40 defines foreign currency risk as “the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.” No formal University policy has been adopted addressing foreign currency risk. As of September 30, 2009 and 2008, the University held no investments in foreign currency.

Securities Lending Program

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

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

Interest Sensitive Securities

As of September 30, 2009 and 2008, the University held \$45,804,176 and \$36,860,963, representing 5.27% and 3.72%, respectively, of its total investments in mortgage-backed securities. As of September 30, 2009, the University held no investments in asset backed securities compared to September 30, 2008, when the University held \$4,451,937 in asset backed securities representing 0.45% of its total investments. The mortgage-backed and asset-backed investments have embedded prepayment options that are expected to fluctuate with interest rate changes. Generally, this variance presents itself in variable repayment amounts, uncertain early or extended payments, or the possibility of no repayments.

Certain fixed maturity investments have call provisions that could result in shorter maturity periods. However, it is the intent that the University’s Cash Pool fixed maturity investments be held to maturity; therefore, the fixed maturity investments are classified in the above table as if they were held to maturity. As of September 30, 2009 and 2008, the University Cash Pool held \$12,496,715 and \$36,109,377, representing

1.44% and 3.64%, respectively, of total investments in continuously callable fixed maturity investments. The University investment policies do not restrict the purchase of mortgage-backed securities, asset-backed securities, or bonds with call provisions.

The University owns shares in eleven mutual funds, three common trust funds and four business trust funds. These funds are invested in global marketable securities, commodities and global debt securities. The University owns an interest in a corporation and limited partnership interests in several non-registered investment partnerships. The goal of the corporation and limited partnerships is to invest in readily

marketable securities, privately held companies and properties within different industry sectors. At investment inception, the University enters into a separate subscription agreement with a capital commitment to each corporation or limited partnership.

The University has entered into separate subscription agreements with a capital commitment to each alternative investment that expire periodically in the future. The following information pertains to alternative investment capital commitments at September 30, 2009 and 2008:

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

2008								
Unfunded Commitment by Commitment Expiration								
Type of Alternative Investment	Number of Commitments	Original Commitments	Capital Contributions	< 1 Year	1-5 years	6-10 years	>10 years	Total Unfunded Commitment
Hedge Funds	6	\$ 40,700,000	\$ 40,700,000	\$ -	\$ -	\$ -	\$ -	\$ -
Private Capital	7	16,000,000	7,755,623	-	-	7,244,378	1,000,000	8,244,378
Real Assets	5	23,500,000	15,322,235	-	-	2,677,765	5,500,000	8,177,765
	<u>18</u>	<u>\$ 80,200,000</u>	<u>\$ 63,777,858</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,922,143</u>	<u>\$ 6,500,000</u>	<u>\$ 16,422,143</u>

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

As of September 30, 2009 and 2008, the University's limited partnership investments are carried at cost. As required by GASB Statement No. 31, no adjustment was recorded to recognize net unrealized gains and losses. Limited partnership investments are made in accordance with the University's investment policy, which approves the allocation of funds to various assets classes (i.e., global equity, private capital, hedge funds, real assets, fixed income and cash) in order to ensure the proper level of diversification within the endowment pool. The limited partnerships (private equity, hedge funds, and real assets) enhance diversification and provide reductions in overall portfolio volatility.

On September 30, 2009 and 2008, the University was not a party to any swap contracts or other derivative instruments.

The table entitled, "Auburn University Investments, Investment Maturities at Fair Value (in Years)", includes funds held for pending capital expenditures at September 30, 2009: \$20,255,785, 2004 General Fee Bond proceeds; \$18,137,045, 2006 General Fee Bond Proceeds; \$33,941,338, 2007A General Fee Bonds Proceeds; \$45,144,557, 2008 General Fee Bond proceeds; and \$36,576,647, Deferred Maintenance Building Fund. The General Liability Account holds investments of \$5,650,670.

At September 30, 2008, funds held for pending capital expenditures were as follows: \$19,937,552, 2004 General Fee Bond proceeds; \$27,889,675, 2006 General Fee Bond Proceeds; \$117,128,306, 2007A General Fee Bonds Proceeds and \$30,274,318, Deferred Maintenance Building Fund. The General Liability Account held investments of \$5,707,690.

AUF investments at September 30, 2009 and 2008, include the following:

	2009		2008	
	Fair Value	Cost	Fair Value	Cost
Cash and pooled investments	\$ 10,580,219	\$ 10,575,371	\$ 7,396,151	\$ 7,389,915
Government bonds, notes and other securities	29,327,318	28,509,883	18,327,644	18,343,655
Municipal bonds	24,296	23,753	-	-
Corporate bonds and debentures	10,272,455	9,074,982	17,631,412	19,620,736
Corporate stocks	1,138,849	835,087	1,448,429	1,097,876
Mutual funds, business trust funds and common trust funds	100,664,111	103,568,997	118,631,811	129,333,340
Hedge funds	64,561,933	60,875,000	42,522,291	37,875,000
Private equity funds	14,628,159	17,088,446	13,282,101	13,901,284
Real asset investment funds	19,097,433	28,586,318	31,477,926	28,449,743
Total investments	\$ 250,294,773	\$ 259,137,837	\$ 250,717,765	\$ 256,011,549

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

As of September 30, 2009, AUF had entered into subscription agreements with one corporate and twenty-five limited partnership investments. The aggregate amount of capital committed to these investments is \$125,475,000 of which capital contributions of \$98,547,049 have been invested. A net unrealized loss of \$6,665,220 has been recorded on these investments. Of these twenty-six commitments, nine subscriptions relate to hedge funds, ten subscriptions relate to private equity funds, and seven subscriptions relate to real estate asset funds. The hedge funds are primarily invested in long/short equities, fixed income arbitrage, merger arbitrage and other event driven strategies through various investment managers, investment partnerships and offshore funds. The private equity fund commitments are for investments in privately held companies in various industries, including alternative fuel technology. The real assets funds include investments in commercial real estate, residential real estate, and oil and gas production.

Investment income, realized gains and losses, unrealized gains and losses, and changes in values of split-interest agreements are reported on the Consolidated Statements of Activities and Changes in Net Assets net of estimated investment expenses of \$2,347,000 and \$2,361,000 for the fiscal years ended September 30, 2009 and 2008, respectively.

AUF carries its limited partnership investments at fair value. This differs from how the University carries these investments, which is at cost, in accordance with GASB requirements. AUF believes that the carrying amount of its limited partnership investments is a reasonable estimate of fair value as of September 30, 2009. Because limited partnership investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed and such

difference could be material. Limited partnership investments are made in accordance with AUF's investment policy that approves the allocation of funds to various assets classes (i.e., global equity, private capital, hedge funds, real assets, global fixed income and cash) in order to ensure the proper level of diversification within the endowment pool. Investments in limited partnerships (private equity, hedge funds, and real assets) are designed to enhance diversification and provide reductions in overall portfolio volatility. These fair values are estimated by the general partner of each limited partnership using various valuation techniques. The fair values of these investments at September 30, 2009 and 2008, were \$91,900,500 and \$102,632,120, respectively.

The Financial Accounting Standards Board (FASB) has provided guidance in the Accounting Standards Codification (ASC) relevant to endowments of not-for-profit organizations net asset classification of funds subject to an enacted version of UPMIFA, and enhanced disclosures for all endowment funds. The ASC requires new endowment disclosures, effective for the fiscal year ending September 30, 2009.

The combination of the adoption of new ASC disclosure requirements and the enactment of UPMIFA by the State of Alabama, AUF recognized a decrease in unrestricted net assets and increase in temporarily restricted net assets in the amount of \$17,303,474 for the years ended September 30, 2009 and 2008, related to donor-restricted endowment fund deficits in existence at the time of the enactment of UPMIFA.

(5) FUNDS HELD IN TRUST

In addition to permanently restricted net assets carried on the University's financial statements, the University is the beneficiary of income earned on a number of AUF endowments. The cost of these funds was \$219,752,906 and \$214,258,429 and the market value was \$211,045,198 and \$209,491,438 at September 30, 2009 and 2008, respectively. The portion of endowment income received by the University from these funds was \$8,640,852 and \$7,833,735 for the fiscal years ended September 30, 2009 and 2008, respectively. Endowment earnings are distributed annually in January, based on the AUF endowment distribution spending rate. These amounts are reported as investment income on the Statement of Revenues, Expenses and Changes in Net Assets.

In addition, the University has been named as a beneficiary of a foundation with investments having a cost of \$2,414,034 and \$2,615,838 and a market value of \$2,481,781 and \$2,469,212 at September 30, 2009 and 2008, respectively.

The University is the beneficiary of the income earned on two additional trusts. The cost of investments held by these trusts was \$753,000 as of September 30, 2009 and 2008. The income received from the two trusts was \$62,615 and \$64,056 for the years ended September 30, 2009 and 2008, respectively.

(6) ACCOUNTS RECEIVABLE

Accounts receivable and the allowances for doubtful accounts at September 30, 2009 and 2008, are summarized as follows:

	2009	2008
NONSTUDENT ACCOUNTS RECEIVABLE		
Federal, state & local government, and other restricted expendable	\$ 27,849,191	\$ 26,985,943
Less allowance for doubtful accounts	(3,130,301)	(1,764,000)
Pledged receivables	4,401,231	5,069,221
General	9,214,566	8,739,684
Less allowance for doubtful accounts	(8,628,021)	(7,292,958)
Auxiliary	9,128,314	8,578,203
Capital gifts and grants	1,292,157	2,758,101
Total	<u>\$ 40,127,137</u>	<u>\$ 43,074,194</u>

	2009	2008
STUDENT ACCOUNTS RECEIVABLE		
Unrestricted general	\$ 30,366,605	\$ 27,076,284
Less allowance for doubtful accounts	(3,235,058)	(2,813,100)
Unrestricted auxiliary	1,528,828	1,113,451
Less allowance for doubtful accounts	(24,893)	(71,471)
Total	<u>\$ 28,635,482</u>	<u>\$ 25,305,164</u>



(7) CAPITAL ASSETS

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

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

Capital assets at September 30, 2008 and 2007, are summarized as follows (dollars in thousands):

	September 30, 2007	Additions	Deletions/Transfers	September 30, 2008
Capital assets not being depreciated				
Land	\$ 17,150	\$ -	\$ (1,260)	\$ 15,890
Art & collectibles	7,057	146	-	7,203
Construction in progress	52,542	120,937	(86,941)	86,538
Livestock	1,277	160	(76)	1,361
Total capital assets not being depreciated	<u>78,026</u>	<u>121,243</u>	<u>(88,277)</u>	<u>110,992</u>
Capital assets being depreciated				
Land improvements	41,276	1,668	-	42,944
Buildings	764,303	68,966	(1,658)	831,611
Equipment	168,945	22,726	(3,723)	187,948
Infrastructure	111,402	13,883	-	125,285
Library books	131,216	7,306	(334)	138,188
Banner system implementation	9,101	2,111	-	11,212
Total capital assets being depreciated	<u>1,226,243</u>	<u>116,660</u>	<u>(5,715)</u>	<u>1,337,188</u>
Less accumulated depreciation for				
Land improvements	13,111	2,688	-	15,799
Buildings	275,900	16,179	(1,626)	290,453
Equipment	116,896	12,083	(3,300)	125,679
Infrastructure	33,335	3,573	-	36,908
Library books	106,117	5,626	(334)	111,409
Banner system implementation	1,550	1,121	-	2,671
Total accumulated depreciation	<u>546,909</u>	<u>41,270</u>	<u>(5,260)</u>	<u>582,919</u>
Total capital assets being depreciated, net	<u>679,334</u>	<u>75,390</u>	<u>(455)</u>	<u>754,269</u>
Capital assets, net	<u>\$ 757,360</u>	<u>\$ 196,633</u>	<u>\$ (88,732)</u>	<u>\$ 865,261</u>

During the fiscal year ended September 30, 2009, approximately \$293,000, was received from the State of Alabama to fund construction. The University received no funding from the State for construction during

fiscal year 2008. These revenues are classified as capital appropriations on the Statement of Revenues, Expenses and Changes in Net Assets.

(8) LONG-TERM DEBT

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

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

Bonds and notes payable	Balance at September 30, 2007	Principal New Debt	Repayment	Balance at September 30, 2008
1978 Auburn University at Montgomery Dormitory Revenue Bonds, \$3,279,000 face value, 3.0%, due annually through 2018, a reserve of \$187,731 and a \$144,603 contingency fund.	\$ 1,455,000	\$ -	\$ (105,000)	\$ 1,350,000
2001 General Fee Revenue Bonds, \$19,460,000 face value, 3.25% to 5.0%, due annually through 2011.	8,955,000	-	(2,075,000)	6,880,000
2001A General Fee Revenue Bonds, \$74,750,000 face value, 5.0% to 6.0%, due annually from 2012 through 2026.	74,750,000	-	-	74,750,000
2001A Athletic Revenue Bonds, \$24,412,607 face value, 2.125% to 5.49%, due annually through 2021.	22,156,526	-	(382,440)	21,774,086
2003 General Fee Revenue Bonds, \$49,460,000 face value, 1.45% to 5.25%, due annually through 2016.	37,535,000	-	(3,675,000)	33,860,000
2003 Athletic Revenue Bonds, \$21,900,000 face value, 2.25% to 5.0%, due annually through 2010.	8,850,000	-	(2,880,000)	5,970,000
2003 Housing and Dining Revenue Bonds, \$15,645,000 face value, 1.4% to 5.0%, due annually through 2012.	8,800,000	-	(1,655,000)	7,145,000
2004 General Fee Revenue Bonds, \$76,875,000 face value, 3.0% to 5.25%, due annually through 2034.	72,105,000	-	(1,415,000)	70,690,000
2004A Athletic Revenue Bonds, \$24,860,000 face value, 2.0% to 5.0%, due annually from 2006 through 2021 and annually from 2025 through 2034.	23,790,000	-	(555,000)	23,235,000
2004B Athletic Revenue Bonds, \$3,050,000 face value, 5.75%, due annually from 2022 through 2024.	3,050,000	-	-	3,050,000
2006A General Fee Revenue Bonds, \$60,000,000 face value, 3.5% to 5.0% due annually from 2008 through 2037.	60,000,000	-	(995,000)	59,005,000
2007A General Fee Revenue Bonds, \$162,530,000 face value, 3.5% to 5.0% due annually from 2009 through 2038.	-	162,530,000	-	162,530,000
2007B General Fee Revenue Bonds, \$14,465,000 face value, 4.625% to 5.125%, due annually from 2010 through 2014.	-	14,465,000	-	14,465,000
2008 General Fee Revenue Bonds, \$92,500,000 face value, 3.0% to 5.0%, due annually from 2010 through 2038.	-	92,500,000	-	92,500,000
Total bonds and notes payable	321,446,526	269,495,000	(13,737,440)	577,204,086
Plus unamortized bond premium	5,806,399	2,862,647	(944,727)	7,724,319
Less unamortized bond discount	(1,127,098)	(24,527)	80,580	(1,071,045)
Less unamortized loss on refunding	(807,149)	-	230,177	(576,972)
	<u>325,318,678</u>	<u>\$ 272,333,120</u>	<u>\$ (14,371,410)</u>	<u>583,280,388</u>
Less: current portion				
Bonds payable	(13,737,440)			(14,803,294)
Unamortized bond premium	(807,402)			(840,412)
Unamortized bond discount	76,186			80,231
Unamortized loss on refunding	230,177			178,559
Total noncurrent bonds and notes payable	\$ 311,080,199			\$ 567,895,472

Future Debt Service

Future debt service payments for each of the five fiscal years subsequent to September 30, 2009, and thereafter, are as follows:

Year Ending September 30	Bonds Payable Principal	Interest
2010	\$ 19,747,020	\$ 26,129,625
2011	19,494,610	26,589,910
2012	20,079,833	26,015,555
2013	18,700,538	25,398,025
2014	19,092,349	24,728,539
2015-2019	92,312,258	113,207,028
2020-2024	98,859,184	87,171,487
2025-2029	97,080,000	57,585,584
2030-2034	105,115,000	33,918,131
2035-2039	<u>71,920,000</u>	<u>8,819,875</u>
Total future debt service	\$ <u>562,400,792</u>	\$ <u>429,563,759</u>

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

Capital Lease Obligations

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

Lease Obligations	Balance at September 30, 2008	New Debt	Principal Repayment	Balance at September 30, 2009
Building	\$ 1,235,000	\$ -	\$ (155,000)	\$ 1,080,000
Equipment	<u>1,245,584</u>	<u>-</u>	<u>(309,883)</u>	<u>935,701</u>
Total lease obligations	\$ <u>2,480,584</u>	\$ <u>-</u>	\$ <u>(464,883)</u>	\$ <u>2,015,701</u>

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
2009-2010	\$ 212,572	\$ 375,312	\$ 587,884
2010-2011	210,053	349,542	559,595
2011-2012	212,215	332,242	544,457
2012-2013	213,815	-	213,815
2013-2014	214,750	-	214,750
2014-2017	<u>210,000</u>	<u>-</u>	<u>210,000</u>
Minimum lease payments	1,273,405	1,057,096	2,330,501
Less interest	<u>(193,405)</u>	<u>(121,395)</u>	<u>(314,800)</u>
Present value of minimum lease payments	1,080,000	935,701	2,015,701
Less current portion	<u>(160,000)</u>	<u>(315,041)</u>	<u>(475,041)</u>
Noncurrent obligations	\$ <u>920,000</u>	\$ <u>620,660</u>	\$ <u>1,540,660</u>

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

leases for the years ended September 30, 2009 and 2008, amounted to approximately \$4.4 million and \$4.2 million, respectively.

(9) PLEDGED REVENUES

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

	2009	2008
Student fees collected	\$ 281,903,435	\$ 250,307,172
Less AUM fees	(27,198,672)	(23,206,416)
Less fees pledged for specific purposes:		
Athletic fees (\$96 per student per semester)	(5,227,908)	(4,689,807)
Transit fees (\$100/\$106 as of Fall 2009 per student per semester)	(5,427,004)	(4,861,487)
Student activities fees (\$15 per student per semester)	(807,440)	(801,890)
Total general fees pledged	<u>\$ 243,242,411</u>	<u>\$ 216,747,572</u>

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

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

Pledged revenue for 2009 and 2008 as defined by the **Series 2001A, 2003, and 2004 Athletic A & B Revenue Trust Indentures** is as follows:

	2009	2008
Jordan Hare and other revenues:		
Television and broadcast revenues	\$ 4,900,000	\$ 4,650,000
Conference and NCAA distributions	13,202,753	13,924,900
Sales and services revenues	23,207,553	25,632,907
Student fees	5,227,908	4,689,807
Royalties, advertisements and sponsorships	3,396,585	6,079,271
Other income	5,777,724	1,445,959
Total athletic revenues pledged	<u>\$ 55,712,523</u>	<u>\$ 56,422,844</u>

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

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

Pledged revenue for 2009 and 2008 as defined by the **Series 2003 Housing and Dining Revenue Trust Indenture** is as follows:

	2009	2008
Housing revenues:		
Room rental	\$ 11,312,345	\$ 9,551,728
Other income	595,114	880,071
Total housing	11,907,459	10,431,799
Food services revenue	-	199,320
Total housing and food services revenues pledged	<u>\$ 11,907,459</u>	<u>\$ 10,631,119</u>

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

The Auburn University dormitory occupancy rate for Fall semester 2009 and Fall semester 2008 was 98.3% and 96.7%, respectively (unaudited).

Pledged revenues and related expenses for 2009 and 2008 as defined by the **1978 Auburn University at Montgomery Trust Indenture** are as follows:

The following summary shows the revenues, expenses and transfers from operations of the dormitories of AUM for the years ended September 30, 2009 and 2008.

	2009	2008
Revenues:		
Room rental	\$ 623,357	\$ 901,517
Other income	57,560	63,143
Total revenues	<u>680,917</u>	<u>964,660</u>
Expenses and transfers:		
Personnel costs	538,544	519,827
Operating expenses	254,919	290,460
Transfers	<u>123,686</u>	<u>147,870</u>
Total expenses and transfers	<u>917,149</u>	<u>958,157</u>
(Deficit) surplus of revenues over expenses and transfers	(236,232)	6,503
AUM Student Housing net deficit at beginning of year	<u>(1,315,741)</u>	<u>(1,322,244)</u>
AUM Student Housing net deficit at end of year	<u>\$ (1,551,973)</u>	<u>\$ (1,315,741)</u>

The AUM dormitory occupancy rate for Fall semester 2009 and Fall semester 2008 was 89.42% and 81.5%, respectively (unaudited).

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

(10) RETIREMENT PROGRAMS

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

A. Teachers' Retirement System of Alabama

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

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

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

The ten year historical trend information showing TRS's progress in accumulating sufficient assets to pay benefits when due and the significant actuarial assumptions used to compute the pension benefit obligation, including the discount rate, projected salary increases and post-retirement benefit increases, are presented in the September 30, 2008, annual financial report of the Teachers' Retirement System of Alabama. The Retirement System of Alabama issues a publicly available financial report that includes financial statements and required supplementary information for the Teachers' Retirement System of Alabama. That report may be obtained by writing to the Retirement System of Alabama, 135 South Union Street, Montgomery, Alabama 36130-2150.

Funding Policy

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

Fiscal year ended September 30,	2009	2008	2007
Total percentage of covered payroll	17.07%	16.75%	14.36%
Contributions:			
Percentage contributed by the employer	12.07%	11.75%	9.36%
Percentage contributed by the employees	5.00%	5.00%	5.00%
Contributed by the employer	\$ 38,697,899	\$ 36,742,052	\$ 27,514,629
Contributed by the employees	<u>16,036,739</u>	<u>15,639,571</u>	<u>14,701,877</u>
Total contributions	<u>\$ 54,734,638</u>	<u>\$ 52,381,623</u>	<u>\$ 42,216,506</u>

B. Employees' Retirement System of Alabama

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

Funding Policy

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

Fiscal year ended September 30,	2009	2008	2007
Total percentage of covered payroll	38.48%	33.05%	27.11%
Contributions:			
Percentage contributed by the employer	35.98%	30.55%	24.61%
Percentage contributed by the employees	2.50%	2.50%	2.50%
Contributed by the employer	\$ 2,216,747	\$ 1,954,795	\$ 1,626,391
Contributed by the employees	<u>154,026</u>	<u>163,172</u>	<u>165,224</u>
Total contributions	<u>\$ 2,370,773</u>	<u>\$ 2,117,967</u>	<u>\$ 1,791,615</u>

C. Tax Deferred Annuity Plans

This plan is a defined contribution plan under section 403(b) of the Internal Revenue Code. Accordingly, benefits depend solely on amounts contributed to the plan plus investment earnings. This is provided as a supplement to the aforementioned programs. All full-time regular or probationary employees are eligible to participate. Full-time temporary employees are also eligible if their employment period is for a minimum of one year. The University will match up to \$1,650 per year of a qualifying employee's contribution. This equates to five percent of gross salary with a maximum covered salary of \$33,000 per year. An employee enrolling in one of the University's tax deferred annuity plans will not vest in the University's matching portion until he/she has completed five years of full-time continuous service. Upon the employee's completion of the five year requirement, the University's matching contribution and interest earned will be vested to the participant. Nonparticipating employees with continuous service will be given credit toward the five year requirement upon joining the tax deferred annuity program. The total investment in the annuities is determined by Section 403(b). There are several investment options including fixed and variable annuities and mutual funds. The University approved investment firms employees may select are AIG Retirement, TIAA-CREF, Vanguard Fidelity Investments, Lincoln Financial and The Hartford. At September 30, 2009 and 2008, 3,482

employees and 3,313 employees, respectively, participated in the tax deferred annuity program. The contribution for 2009 was \$16,591,893, which includes \$4,753,976 from the University and \$11,837,917 from its employees. The contribution for 2008 was \$16,819,506, which includes \$4,647,335 from the University and \$12,172,171 from its employees. Total salaries and wages during the fiscal year for covered employees participating in the plan were approximately \$208,722,000 and \$211,576,000 for the fiscal years ended September 30, 2009 and 2008, respectively.

D. Deferred Compensation Plans

The University follows the provisions of GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—a rescission of GASB Statement No. 2 and an amendment of GASB Statement No. 31*. As of September 30, 2009 and 2008, 218 and 211 employees, respectively, participated in the plans. Contributions of \$2,047,116 and \$2,133,758 for fiscal years 2009 and 2008, respectively, were funded by employees and no employer contribution was funded. The 457(b) plans include AIG Retirement, TIAA-CREF, Fidelity Investments, Lincoln Financial and The Hartford.

(11) OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

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

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

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

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

The required contribution rate of the employer was \$382 and \$367 per employee per month in the year ended September 30, 2009 and 2008, respectively. The University paid \$8,719,443 and \$7,976,794 for 1,925 and 1,862 retirees for the years ended September 30, 2009 and 2008, respectively. The required contribution rate is determined by PEEHIP in accordance with state statute.

The required monthly contribution rates for fiscal year 2009 are as follows:

Retired Member Rates

- Individual Coverage/Non-Medicare Eligible - \$97.54
- Family Coverage/Non-Medicare Eligible Retired Member and Non-Medicare Eligible Dependent(s) - \$284.94
- Family Coverage/Non-Medicare Eligible Retired Member and Dependent Medicare Eligible - \$188.54
- Individual Coverage/Medicare Eligible Retired Member - \$1.14
- Family Coverage/Medicare Eligible Retired Member and Non-Medicare Eligible Dependent(s) - \$188.54
- Family Coverage/Non-Medicare Eligible Retired Member and Dependent Medicare Eligible - \$92.14
- For employees that retire other than for disability, for each year under 25 years of service, the retiree pays two percent of the employer premium and for each year over 25 years of service, the retiree premium is reduced by two percent of the employer premium.
- Tobacco surcharge - \$23.00 per month

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

Surviving Spouse Rates

- Surviving Spouse Non-Medicare Eligible - \$585.00
- Surviving Spouse Non-Medicare Eligible and Dependent Non-Medicare Eligible - \$717.00
- Surviving Spouse Non-Medicare Eligible and Dependent Medicare Eligible - \$676.00
- Surviving Spouse Medicare Eligible - \$290.00
- Surviving Spouse Medicare Eligible and Dependent Non-Medicare Eligible - \$422.00
- Surviving Spouse Medicare Eligible and Dependent Medicare Eligible \$381.00

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

B. Retiree Medical Plan (the Plan)

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

Employees included in the actuarial valuation include retirees and survivors, active Civil Service employees who are eligible to participate in the Plan upon retirement and those employees the University pays a subsidy for who elected the PEEHIP plan on or prior to October 1, 1997. Expenditures for postretirement health care benefits are recognized monthly and financed on a pay-as-you-go basis. The University funds approximately 60% of the postretirement healthcare premiums, which totaled \$930,648 and \$960,600 for fiscal years ended September 30, 2009 and 2008, respectively. The retirees are responsible for funding approximately 40% of the healthcare premiums.

In compliance with the provisions of GASB Statement No. 45, the University accrued an additional \$2,608,604 and \$2,013,900 in retiree healthcare expense during fiscal years 2009 and 2008, respectively.

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

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

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

Cost Element	Fiscal Year Ended Sept. 30, 2009	
	Amount	Percent of Payroll ¹
1. Unfunded actuarial accrued liability at Oct. 1, 2008	\$ 69,108,021	1,140.9%
Annual Required Contribution (ARC)		
2. Normal cost	\$ 107,803	
3. Amortization of the unfunded actuarial accrued liability over 15 years using level dollar amortization	<u>5,321,767</u>	
4. Annual Required Contribution (ARC = 2 + 3)	<u>\$ 5,429,570</u>	89.6%
Annual OPEB Cost (Expense)		
5. ARC	\$ 5,429,570	
6. Interest on beginning of year accrual	95,020	
7. Adjustment to ARC	<u>362,499</u>	
8. Fiscal year 2009 OPEB cost (5 + 6 - 7)	<u>\$ 5,162,091</u>	85.2%
End of Year Accrual (Net OPEB Obligation)²		
9. Beginning of year accrual ¹	\$ 4,751,600	
10. Annual OPEB cost	5,162,091	
11. Employer contribution (benefit payments) ²	<u>2,553,487</u>	
12. End of year CAFR accrual (9 + 10 - 11) ²	<u>\$ 7,360,204</u>	121.5%

¹ Annual payroll for 77 participants as of October 1, 2008, \$6,057,128.

² Actual amounts paid in fiscal year 2009 include claim costs, administrative fees, and PEEHIP subsidy less participant contributions.

Three Year Schedule of Percentage of OPEB Cost Contributed

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed ³	Net OPEB Obligation
Sept. 30, 2007	\$ 5,394,900	49.3%	\$ 2,737,700
Sept. 30, 2008	\$ 4,258,900	52.7%	\$ 4,751,600
Sept. 30, 2009	\$ 5,162,091	49.4%	\$ 7,360,204

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

Summary of Key Actuarial Methods and Assumptions

Valuation year	October 1, 2008 – September 30, 2009
Actuarial cost method	Unit Credit, Actuarial Cost Method
Amortization method	15 years, level dollar open amortization ⁴
Asset valuation method	Not applicable
Discount rate	2.0%
Projected payroll growth rate	Not applicable

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

Health care cost trend rate for medical and prescription drugs 9.0% in fiscal year 2010, decreasing by one-half percentage point per year to an ultimate of 5.0% in fiscal year 2018 and later.

Valuation Date October 1, 2008

Monthly Per Capita Claim Costs

<u>Age</u>	<u>Medical</u>
55	\$601
60	721
65	292
70	324
75	346

Claim costs are based on 2007 and 2008 calendar year experience. Future claim costs are increased by health care cost trend.

Retiree Premiums

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

	<u>As of 1/1/09</u>	<u>As of 1/1/08</u>
Pre-65 Single	\$413	\$386
Pre-65 Family	855	806
Post-65 Single	125	113
Post-65 Family	575	266

Note: There are several other categories of premiums.

Administrative Expenses

The per capita costs for 2009 include \$20.50 per contract per month.

Annual Health Care Trend Rate

<u>Fiscal Year</u>	<u>Medical and Rx Combined Rate</u>
2010	10.0%
2011	9.5%
2012	9.0%
2013	8.5%
2014	8.0%
2015	7.5%
2016	7.0%
2017	6.5%
2018	6.0%
2019+	5.5%

Spouse Age Difference

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

Mortality

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

Participation Rates

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

Retirement Rates

Employees are assumed to retire according to the following schedule:

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

Withdrawal Rates

None assumed since all are long service Civil Service employees.

Disability Rates

Sample rates are shown below

Percent assumed to terminate within one year

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

(12) SELF INSURANCE PROGRAMS AND OTHER LIABILITIES

Self Insurance

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

The Comprehensive General Liability Trust Fund is a self-insured retention program that protects the University, its faculty, staff and volunteers against claims brought by third parties arising from bodily injury, property damage and personal liability (libel, slander, etc.) Funds are held in a separate trust account with a financial institution to be used to pay claims for which the University may become legally liable. The liability at September 30, 2009 and 2008, was \$651,288 and \$474,484, respectively.

The On-The-Job-Injury program provides benefits for job-related injuries or death related from work at the University. This program is designed to cover out-of-pocket expenses of any employee who is not covered by insurance. The program will also pay for medically evidenced disability claims and provide death benefits arising from a job-related death of an employee. This self-funded program is provided to employees since the University is not subject to the workers' compensation laws of the State of Alabama. The liability at September 30, 2009 and 2008, was \$1,903,007 and \$1,925,594, respectively.

The University self-insures its health insurance program for all eligible employees. Assets have been set aside to fund the related claims of this program. Should the assets be insufficient to pay the insurance claims, the University would be liable for such claims. The accompanying Statement of Net Assets includes a self-insurance reserve for health insurance as of September 30, 2009 and 2008, of \$2,814,100 and \$2,867,200, respectively.

Other Liabilities

Other liabilities include compensated absences, deposits held in custody and deferred revenues. The University allows employees to accrue and carryover annual and sick leave up to certain maximum amounts depending on years of service. Employees will be compensated for accrued annual leave at time of separation from University employment (termination or retirement) up to a maximum of one month's additional compensation. All eligible employees hired before October 1, 1990, may be compensated for unused sick leave at the rate of 25% of their respective balances, subject to a maximum of one month's additional compensation. The liability for compensated absences was \$17,720,966 and \$17,295,997 at September 30, 2009 and 2008, respectively.

Deposits held in custody include the portion of the Federal Perkins Student Loan funds and Health Professional Student Loans which would be refunded in the event the University's operations ceased. The refundable amounts were \$16,307,677 and \$15,715,942 at September 30, 2009 and 2008, respectively. Also included in deposits held in custody of others are the agency funds. These amounts totaled \$3,620,840 and \$3,843,492 for September 30, 2009 and 2008, respectively.

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

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

Deferred revenues at September 30, 2009 and 2008, are as follows:

	2009	2008
Tuition and fees	\$ 83,119,621	\$ 75,973,302
Federal, state and local government grants and contracts	12,087,456	11,391,952
Auxiliary	21,631,653	14,676,833
Loan	-	116,016
Plant	585,621	601,449
Total deferred revenue	<u>\$ 117,424,351</u>	<u>\$ 102,759,552</u>

(13) CONTRACTS AND GRANTS

The University has been awarded approximately \$8,438,000 (unaudited) and \$7,100,000 (unaudited) in contracts and grants that have not been received or expended as of September 30, 2009 and 2008, respectively. These awards, which represent commitments of sponsors to provide funds for research and training projects, have not been reflected in the financial statements.

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

The portion of revenue recognized for all grants and contracts that represents facilities and administrative cost recovery is recognized on the Statement of Revenues, Expenses and Changes in Net Assets with contract and grant operating revenues. The University recognized \$14,680,214 and \$15,383,759 in facilities and administrative cost recovery for the years ended September 30, 2009 and 2008, respectively.

(15) CONSTRUCTION COMMITMENTS AND FINANCING

The University has entered into projects for the construction and renovation of various facilities that are estimated to cost approximately \$598,000,000 (unaudited). At September 30, 2009, the estimated remaining cost to complete the projects is approximately \$216,000,000 (unaudited) which will be funded from University funds and bond proceeds.

(16) OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the years ended September 30, 2009 and 2008, are listed below. In preparing the financial statements, all significant transactions and balances between auxiliary units and other funds have been eliminated. Some scholarships and fellowships are provided by the instruction or research function and are broken out in the charts below. In addition, the graduate waivers are shown as compensation; however, they are shown functionally as scholarship and fellowship expense. The University is able to capture auxiliary utility expenditures; therefore, those expenditures are shown separately by function.

September 30, 2009

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

September 30, 2008

	Compensation and Benefits	Scholarships and Fellowships	Utilities	Other Supplies and Services	Depreciation	Total
Instruction	\$ 183,056,641	\$ 1,112,492	\$ -	\$ 28,395,440	\$ -	\$ 212,564,573
Research	67,025,511	717,186	-	33,393,747	-	101,136,444
Public Service	60,486,179	-	-	47,541,609	-	108,027,788
Academic Support	27,908,305	-	-	4,048,547	-	31,956,852
Library	7,608,106	-	-	1,824,534	-	9,432,640
Student Services	12,585,757	-	-	6,838,024	-	19,423,781
Institutional Support	61,453,133	-	-	721,110	-	62,174,243
Operation and Maintenance	25,018,479	-	19,282,837	26,621,597	-	70,922,913
Scholarships and Fellowships	12,999,758	16,922,323	-	938,872	-	30,860,953
Auxiliaries	31,482,838	170,373	3,597,839	43,568,815	-	78,819,865
Depreciation	-	-	-	-	41,270,457	41,270,457
	<u>\$ 489,624,707</u>	<u>\$ 18,922,374</u>	<u>\$ 22,880,676</u>	<u>\$ 193,892,295</u>	<u>\$ 41,270,457</u>	<u>\$ 766,590,509</u>

(17) CONTINGENT LIABILITIES

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

(18) RELATED PARTY TRANSACTIONS

Auburn University Foundation

The majority of funds that the AUF raises are donor restricted for specific schools, colleges or programs of the University. These may be transferred to the University for its use, expended by AUF for the benefit of University schools, colleges or programs, or in the case of endowments, invested with only the earnings transferred to or expended on behalf of the University. Amounts transferred to the University or expended on behalf of its programs totaled \$26,653,089 and \$26,063,821 during the years ended September 30, 2009 and 2008, respectively. Of the \$256,417 and \$2,851,353 due to the University at September 30, 2009 and 2008, respectively, cumulative undistributed earnings on endowed funds were \$0 and \$2,291,671 at September 30, 2009 and 2008, respectively. In addition to the net undistributed earnings due to the University, other net amounts due to the University were \$256,417 and \$559,682 at September 30, 2009 and 2008, respectively.

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

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

respective boards. The actual reimbursement is determined based on the actual costs incurred and is as follows.

- For the years ended September 30, 2009 and 2008, all personnel costs were incurred by the University and AUF reimbursed the University \$1,637,538 and \$2,223,707, respectively, for its share of these central development services in accordance with the Agreement.
- Nonsalary development costs were incurred and paid primarily by AUF. The University provided for its share of Development nonpersonnel operating costs by establishing budgets within the University's budgetary system whereby it paid a portion of the costs, and reimbursed AUF for the balance. The amount directly incurred by the University or reimbursed to AUF was \$2,023,814 and \$1,546,516 for the years ended September 30, 2009 and 2008, respectively.
- Constituency development operations, which are fund raising programs restricted to one school, college or program of the University, are funded jointly by AUF and the University unit involved. While essentially all of the non-salary expenses are paid by AUF from restricted funds, the salaries are incurred by the University and reimbursed by AUF upon request by the head of the related university unit. During the years ended September 30, 2009 and 2008, the constituency salaries reimbursed to the University totaled \$402,116 and \$925,245, respectively.

During 2009 and 2008, AUF granted AUREFI \$2,514,373 and \$615,000, respectively, for operations and projects. In 2009, AUREFI reimbursed AUF \$35,923 for operating expenses paid on behalf of AUREFI. These inter-entity transactions are eliminated in consolidation.

For the year ended September 30, 2008, AUREFI and the University entered into a services and facilities agreement which addressed the construction services and facilities. The University provided certain construction services and facilities to AUREFI, which primarily consisted of personnel and other administrative support. For the year ended September 30, 2009, AUREFI reimbursed the University \$16,000

under that agreement upon the completion of the project. AUREFI also reimbursed the University \$148,428 for administrative support services. The personnel costs for the year ended September 30, 2008, were considered immaterial. Both reimbursements are accrued and reflected in the payable due to the University on the Consolidated Statements of Financial Position.

For the year ended September 30, 2009, AUREFI granted to the University \$200,000 in cash for professorships, real estate appraised at a value of \$300,000 for a University program and a constructed asset.

The amount due from AUF to the Association consists of funds from the Association's Life Membership program which are invested with AUF's pooled endowment. AUF remits income from the investments directly to the Association on an annual basis. For the years ended September 30, 2009 and 2008, AUF was committed to the Association for \$6,411,182 and \$6,627,852, respectively. Of the amount for the year ended September 30, 2009 and 2008, \$1,377 and \$641 relates to receivables from the Association to AUF for reimbursement of miscellaneous general and administrative expenses, respectively.

The amount due from AUF to TUF consists of funds which are invested with AUF's pooled endowment. AUF remits income from the investments which are designated by donor restriction for spending directly to the University on behalf of TUF on an annual basis. AUF remits income from investments which are designated by donor restriction for additions to endowment corpus directly to the TUF on an annual basis. As of September 30, 2009 and 2008, AUF was committed to TUF for \$5,701,268 and \$6,206,026, respectively. Of these amounts for both fiscal years, \$100,000 relates to a payable by AUF to TUF upon the termination of a trust. In 2009, AUF owed TUF \$500 for a routine operating transaction.

Tigers Unlimited Foundation

The funds that TUF raises are restricted for athletic-related programs of the University. These may be transferred to the University for its use, expended for the benefit of athletic programs or, in the case of endowments, invested according to donor restriction and the earnings transferred to, or expended for, the University's benefit. Amounts transferred to the University, or expended on behalf of its programs, totaled \$27,849,007 and \$19,460,040 during the years ended June 30, 2009 and 2008, respectively.

Effective July 1, 2007, TUF and the University entered into an operating agreement (the Agreement), which addresses the general and administrative and development financial relationships between these two entities. In summary, the Agreement states that the University will provide certain services and facilities to TUF, which primarily consist of personnel and other administrative support. TUF will pay to the University an amount equal to the compensation of Auburn University employees for services performed and reimbursement for space and property utilized by such employees, in an amount to be specifically approved by TUF's Board of Directors each year. The Agreement commenced on July 1, 2007, and expired on July 1, 2008, but remains in force in subsequent years unless cancelled in writing by one of the parties.

For the years ended June 30, 2009 and 2008, TUF reimbursed the University \$267,857 and \$265,000, respectively, for TUF personnel costs incurred by the University.

During the years ended June 30, 2009 and 2008, the University contributed \$515,588 and \$584,800, respectively, to TUF for the use of executive suites at University athletic events. This amount is recorded as public support-contribution revenue on the Statements of Activities and Changes in Net Assets.

During the years ended June 30, 2009 and 2008, TUF paid the University for normal, recurring expense transactions including, but not limited to, purchasing athletic event tickets, reimbursing athletic staff salaries, sponsoring student scholarships, and funding the debt, repair, maintenance and operations of athletic facilities. At June 30, 2009 and 2008, obligations of \$2,022,800 and \$2,222,218 related to these transactions, respectively, were outstanding. These obligations were paid during the subsequent fiscal year.

At June 30, 2009 and 2008, amounts payable from AUF to TUF were \$100,000. At June 30, 2008, \$50,082 was payable from the University to TUF.

As indicated, the above TUF balances are as of June 30, 2009 and 2008; however, the University believes these figures are not materially different than September 30, 2009 and 2008, respectively.

Auburn Alumni Association

The Association, AUF, Auburn University Offices of Alumni and Development and their related support units jointly utilize operational facilities, personnel and other assets in order to effectively and efficiently carry out their required activities. All personnel are employed by the University and their services are provided to the other organizations under contractual agreements. Other operational costs are paid from budgets of each organization. The combined expenditures are analyzed periodically and, based on each entity's utilization of the facilities, supplies and services, any necessary reimbursements are made among the organizations. In the Statements of Activities and Changes in Net Assets, amounts received by the Operating Fund from other organizations are used to offset the related expenses. The Executive Director of the Association is an employee of the University, providing services to the Association under a services and facilities contract. She also serves as the Vice President for Alumni Affairs for the University. A portion of the Association's investments have been pooled with AUF investments and are invested and managed by AUF. Cash receipts and disbursements records of the Association are maintained within the University accounting system. During the years ended September 30, 2009 and 2008, the Association had a salary reimbursement expense of \$885,693 and \$797,991, respectively, to the University under the service and facilities agreement. Of this amount, \$725,847 and \$746,749 had been paid and \$159,846 and \$51,242 was accrued as an amount payable at September 30, 2009 and 2008, respectively.

Rental income recorded by the Association from the University totaled \$210,878 and \$206,481, respectively for the years ended September 30, 2009 and 2008. Rental income recorded by the Association from AUF totaled \$111,374 and \$107,386 for the years ended September 30, 2009 and 2008, respectively.

During the year ended September 30, 2009, the University provided for its share of alumni affairs activities costs by establishing a budget within the University's budgetary system; whereby, the University pays a portion of the costs, and reimburses the Association for the balance. The alumni affairs activities costs for the years ended September 30, 2009 and 2008, were \$740,000.

During the years ended September 30, 2009 and 2008, the Association contributed \$347,338 and 585,347, respectively, to the Auburn Alumni Association Endowment for Scholarships held with the AUF.

(19) THE FEDERAL FAMILY EDUCATION LOAN PROGRAM (FFELP)

The Federal Family Education Loan Program (FFELP) was established under the Higher Education Act of 1965, as amended in the Student Loan Reform Act of 1993. The FFELP enables an eligible student or parent to obtain a loan directly through FFELP lenders. Alabama's designated state guarantor for FFELP loans is Kentucky Higher Education Assistance Authority (KHEAA). KHEAA is responsible for handling the complete loan process, including funds management as well as promissory note functions. Other guarantors are also involved in the process depending on the lender's guarantor of choice. Files are transmitted via the ELM-Electronic Loan Maintenance System which routes loan information to the appropriate lender or guarantor and then routes the response files back to the University. The FFELP lenders, and not the University, are responsible for the collection of these loans. The University's Main Campus disbursed approximately \$111,900,000 and \$109,700,000 under the FFELP during the fiscal years ended September 30, 2009 and 2008, respectively. AUM disbursed approximately \$30,700,000 and \$21,900,000 under the FFELP during the fiscal years ended September 30, 2009 and 2008, respectively.

(20) SUBSEQUENT EVENTS

Change in Capitalization Threshold for Equipment

Effective October 1, 2009, the threshold for capitalization of equipment was changed from \$2,500 to \$5,000. Beginning in fiscal year 2010, equipment having a cost greater than or equal to \$5,000 and a useful life of more than one year will be capitalized.

Bond Refunding

On December 29, 2009, the University issued \$79,500,000 of Auburn University General Fee Revenue Bonds, series 2009. A portion of the proceeds of the Bonds will be used to purchase United States Treasury Notes which will be placed in an irrevocable trust together with an initial cash deposit to be used solely to refund that portion of the General Fee Revenue Bonds, Series 2001 and General Fee Revenue Bonds, Series 2001A. The 2009 Bonds will mature, subject to mandatory and optional redemption, from June 1, 2010 to December 1, 2020. The 2009 Bonds have an interest rate range of 3% to 5%.

(21) IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, was issued by the GASB in November 2006. This Statement requires that governments provide more detailed information regarding the effect of environmental cleanups is effective for financial periods beginning after December 15, 2007. There was no impact on the University's financial statements from the adoption of this Statement.

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

particularly in the areas of recognition, initial measurement, and amortization. Implementation of this standard should enhance the comparability of the accounting and financial reporting of such assets among state and local governments. This Statement is effective for periods beginning after June 15, 2009, and is required to be applied retroactively by Phase I and Phase II governments for intangible assets acquired or generated in fiscal years ending after June 30, 1980. The University is currently evaluating the financial statement impact of the adoption of this Statement.

Statement No. 52, *Land and Other Real Estate Held as Investments By Endowments*, was issued in November 2007. This Statement, effective for periods beginning after June 15, 2008, will require public institutions holding land and any other real estate investments in their endowment portfolios to report these assets at fair value. This Statement establishes consistent standards for the reporting of these assets held as investments by essentially similar entities. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value. There was no material impact on the University's financial statements from the adoption of this Statement.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, was issued in June 2008. This Statement, which will be effective for periods beginning after June 15, 2009, dictates guidelines for the recognition, measurement and disclosure of financial transactions involving derivative instruments. Although the University does not currently hold any derivative instruments, an evaluation of the impact of this Statement will be completed upon the purchase of such instruments.

Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was issued in March 2009. This Statement, which will be effective for periods beginning after June 15, 2010, provides clearer fund balance classifications which can be consistently applied. These new classifications will enhance usefulness of financial statements by specifying which funds are considered non-spendable as well as detailing which funds are restricted, committed, assigned and unassigned based on constraints which control how funds may be spent. The University is currently evaluating the financial statement impact of the adoption of this Statement.

Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, was issued in March 2009 and is effective on issuance. The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The "GAAP hierarchy" consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. The GASB is responsible for establishing GAAP for state and local governments. However, the current GAAP hierarchy is set forth in the American Institute of Certified Public Accountants' (AICPA) Statement on Auditing Standards No. 69, *The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles*, rather than in the authoritative literature of the GASB. There was no impact on the University's financial statements from the adoption of this Statement.

Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, was issued in March 2009 and is effective on issuance. The objective of Statement No. 56 is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes accounting

principles—related party transactions, going concern considerations, and subsequent events. This Statement does not establish new accounting standards but rather incorporates the existing guidance (to the extent appropriate in a governmental environment) into the GASB standards. The University adopted this Statement effective March 2009. There was no impact on the University's financial statements from the adoption of this Statement.





AUBURN UNIVERSITY

2009
FINANCIAL REPORT

REQUIRED SUPPLEMENTAL INFORMATION

REQUIRED SUPPLEMENTAL INFORMATION

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

Cost Element	Fiscal Year Ended Sept. 30, 2009	
	Amount	Percent of Payroll ¹
1. Unfunded actuarial accrued liability at Oct. 1, 2008	\$ 69,108,021	1,140.9%
Annual Required Contribution (ARC)		
2. Normal cost	\$ 107,803	
3. Amortization of the unfunded actuarial accrued liability over 15 years using level dollar amortization	<u>5,321,767</u>	
4. Annual Required Contribution (ARC = 2 + 3)	<u>\$ 5,429,570</u>	89.6%
Annual OPEB Cost (Expense)		
5. ARC	\$ 5,429,570	
6. Interest on beginning of year accrual	95,020	
7. Adjustment to ARC	<u>362,499</u>	
8. Fiscal year 2009 OPEB cost (5 + 6 - 7)	<u>\$ 5,162,091</u>	85.2%
End of Year Accrual (Net OPEB Obligation)²		
9. Beginning of year accrual ¹	\$ 4,751,600	
10. Annual OPEB cost	5,162,091	
11. Employer contribution (benefit payments) ²	<u>2,553,487</u>	
12. End of year CAFR accrual (9 + 10 - 11) ²	<u>\$ 7,360,204</u>	121.5%

¹ Annual payroll for 77 participants as of October 1, 2008, \$6,057,128.

² Actual amounts paid in fiscal year 2009 include claim costs, administrative fees, and PEEHIP subsidy less participant contributions.

Three Year Schedule of Percentage of OPEB Cost Contributed

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed ³	Net OPEB Obligation
Sept. 30, 2007	\$ 5,394,900	49.3%	\$ 2,737,700
Sept. 30, 2008	\$ 4,258,900	52.7%	\$ 4,751,600
Sept. 30, 2009	\$ 5,162,091	49.4%	\$ 7,360,204

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

Summary of Key Actuarial Methods and Assumptions

Valuation year	October 1, 2008 – September 30, 2009
Actuarial cost method	Unit Credit, Actuarial Cost Method
Amortization method	15 years, level dollar open amortization ⁴
Asset valuation method	Not applicable
Discount rate	2.0%
Projected payroll growth rate	Not applicable

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

Health care cost trend rate for medical and prescription drugs

9.0% in fiscal year 2010, decreasing by one-half percentage point per year to an ultimate of 5.0% in fiscal year 2018 and later.

Valuation Date

October 1, 2008

Monthly Per Capita Claim Costs

<u>Age</u>	<u>Medical</u>
55	\$601
60	721
65	292
70	324
75	346

Claim costs are based on 2007 and 2008 calendar year experience. Future claim costs are increased by health care cost trend.

Retiree Premiums

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

	<u>As of 1/1/09</u>	<u>As of 1/1/08</u>
Pre-65 Single	\$413	\$386
Pre-65 Family	855	806
Post-65 Single	125	113
Post-65 Family	575	266

Note: There are several other categories of premiums.

Administrative Expenses

The per capita costs for 2009 include \$20.50 per contract per month.

Annual Health Care Trend Rate

<u>Fiscal Year</u>	<u>Medical and Rx Combined Rate</u>
2010	10.0%
2011	9.5%
2012	9.0%
2013	8.5%
2014	8.0%
2015	7.5%
2016	7.0%
2017	6.5%
2018	6.0%
2019+	5.5%

Spouse Age Difference

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

Mortality

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

Participation Rates

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

Retirement Rates

Employees are assumed to retire according to the following schedule:

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

Withdrawal Rates

None assumed since all are long service Civil Service employees.

Disability Rates

Sample rates are shown below

Percent assumed to terminate within one year

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

AUBURN UNIVERSITY BOARD OF TRUSTEES

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



Bob Riley
Governor of Alabama
President, Montgomery



Sarah B. Newton
Fayette, Seventh
Congressional District
President Pro Tempore



Robert E. Lowder
Montgomery, Second
Congressional District



James W. Rane
Abbeville, Third
Congressional District



Virginia N. Thompson
Opelika, Third
Congressional District



Dwight L. Carlisle
Tallapoosa, Fourth
Congressional District



D. Gaines Lanier
Lanett, Fifth
Congressional District



Paul J. Spina, Jr.
Hoover, Sixth
Congressional District



John G. Blackwell
Huntsville, Eighth
Congressional District



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



Samuel L. Ginn
At-Large Member



Raymond J. Harbert
At-Large Member



Charles D. McCrary
At-Large Member

Part II
Schedule of Expenditures of Federal Awards

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2009

Federal Grantor/Program/Cluster Title	Pass-through Entity / Pass-through Number	Federal CFDA Number	Federal Expenditures
RESEARCH AND DEVELOPMENT CLUSTER			
National Science Foundation Direct			
Engineering Grants		47.041	\$ 1,175,704
Mathematical and Physical Sciences		47.049	797,363
Geosciences		47.050	263,200
Computer and Information Science Engineering		47.070	1,048,760
Biological Sciences		47.074	719,042
Social, Behavioral and Economic Science		47.075	593,168
Education and Human Resources		47.076	623,547
Polar Programs		47.078	10,726
International Sci and Engineering		47.079	122,027
Office of Cyberinfrastructure		47.080	91,795
ARRA-NSF-DMS-0907752/TRANS-NSF RECOVERY ACT RESEARCH SUPPORT		47.082	21,265
ARRA-NSF-EAR-0929991/TRANS-NSF RECOVERY ACT RESEARCH SUPPORT		47.082	21,351
ARRA-NSF-EEC-0934800/TRANS-NSF RECOVERY ACT RESEARCH SUPPORT		47.082	31,011
ARRA-NSF-CBET-0854010/TRANS-NSF RECOVERY ACT RESEARCH SUPPORT		47.082	4,257
ARRA-NSF-DMS-0905818/TRANS-NSF RECOVERY ACT RESEARCH SUPPORT		47.082	1,831
ARRA-NSF-ECCS-0947832/TRANS-NSF RECOVERY ACT RESEARCH SUPPORT		47.082	3,227
ARRA-NSF-BCS-0921271/TRANS-NSF RECOVERY ACT RESEARCH SUPPORT		47.082	6,080
National Science Foundation Direct Total			<u>5,534,354</u>
National Science Foundation Pass-through			
Engineering Grants	TUSKEGEE UNIVERSITY-34-2246003662112A	47.041	(2,048)
Engineering Grants	UNIV ALABAMA-B'HAM-AUBURN-AMP-2005B	47.041	(86)
Engineering Grants	NEW JERSEY INSTITUTE TECH-BENIGN MIXING	47.041	52,987
Engineering Grants	NORTH CAROLINA STATE UNIV-2008-1015-05	47.041	36,503
Engineering Grants	ST OLAF COLLEGE-10-54614	47.041	2,907
Engineering Grants	MEMSense, LLC-DEAN-08	47.041	60,939
Mathematical and Physical Sciences	TUSKEGEE UNIVERSITY-39 21530 049 66122	47.049	(499)
Mathematical and Physical Sciences	FLORIDA AG & MECH UNIVERSITY-SUB C-2464	47.049	15,598
Computer and Information Science Engineering	RUTGERS UNIVERSITY-PO# S543039	47.070	(19,369)
Computer and Information Science Engineering	UNIV NO CAROLINA-CHARLOTTE-2975-05-0520-B	47.070	57,222
Computer and Information Science Engineering	UNIVERSITY OF COLORADO-SPO 0000063785	47.070	28,304
Computer and Information Science Engineering	UNIV NO CAROLINA-CHARLOTTE-2975-07-0580-AU	47.070	14,323
Biological Sciences	UNIVERSITY OF FLORIDA-UF03054	47.074	2,826
Biological Sciences	Alabama Ag & Mech Univ-SUB-DBI-0703470-AU	47.074	55,985
Social, Behavioral and Economic Science	MIAMI UNIVERSITY-NSF JOHNSON G01652	47.075	36,039
Education and Human Resources	TUSKEGEE UNIVERSITY-34 2153003862112	47.076	824
Education and Human Resources	UNIVERSITY OF ALABAMA-B'HAM-AGEP-2004-B	47.076	41,931
Education and Human Resources	ALA SO COMM COLL-CULLINAN-NSF-DUE-0402625	47.076	93,129
Education and Human Resources	TUSKEGEE UNIVERSITY-34 21530 075	47.076	4,354
Education and Human Resources	UNIVERSITY OF ALABAMA-NSF-EPSCOR-05026A	47.076	77,415
Office of Cyberinfrastructure	Ala Ag & Mech Univ-SUB 2008-EPS-0814103-AU	47.080	162,877
Office of Cyberinfrastructure	Tuskegee University-39-21530-081	47.080	47,912
TRANS-NSF RECOVERY ACT RESEARCH SUPPORT	ARRA-Integrated Surface Tech-0911783-AU	47.082	2,749
TRANS-NSF RECOVERY ACT RESEARCH SUPPORT	ARRA-LUCIGEN CORP-CHANNEL CATFISH	47.082	15,970
National Science Foundation Pass-through Total			<u>788,792</u>
National Science Foundation Total			
			<u>6,323,146</u>
National Aeronautics and Space Administration Direct			
Aerospace Education Services Program		43.001	(3,218)
NASA-NCC8-237		43	53,136
NASA-NNX07AN46G		43	8,264
NASA-NCC8-247M		43	(87)
NASA-NNM07AA04A		43	171,548
NASA-NNX09AL63G		43	11,128
NASA-NNX08AK51G		43	922
NASA-NNX08AK51G		43	(1,287)
NASA-NNX08AL73G		43	224,700
NASA-NNX09AD38G		43	25,003
NASA-NNX09AD90G		43	123,756
NASA-NNL05AA04H		43	3,410
NASA-NNX07AC64A		43	151,992
NASA-TSK-H-31231D		43	100
National Aeronautics and Space Administration Direct Total			<u>769,367</u>

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2009

Federal Grantor/Program/Cluster Title	Pass-through Entity / Pass-through Number	Federal CFDA Number	Federal Expenditures
<u>RESEARCH AND DEVELOPMENT CLUSTER</u>			
National Aeronautics and Space Administration Pass-through			
NASA 06-SA-13/NNM06AA17 G	RADIANCE TECHNOLOGIES-06S-1574	43	(799)
NASA-08-060287-01	RADIANCE TECHNOLOGIES-08S-0615	43	20,518
NNM06AA10Z	TELEDYNE-PO 955483	43	40,318
NAS5-01095	SOUTHWEST RESEARCH INSTITUTE-A99172JD	43	9,507
Stretched-Lens Concentrator	ENTECH-PO#2662	43	207
NCC3-989	UNIVERSITY of MARYLAND-Z 634014	43	26,386
Extreme Environmental Electronic Pkg	JET PROPULSION LAB-1262429	43	(65)
NNG05GE0H	UNIV ALABAMA-HUNTSVILLE-SUB2005-149	43	37,945
NASA-NNL06AA29C	GEORGIA TECH UNIVERSITY-R7183-S1	43	342,904
NASA0T0 NM0170824	JET PROPULSION LAB-1306937	43	28,503
NASA-NNX07AG09G	UNIVERSITY ALABAMA- HUNTSVILLE-2007-297	43	16,116
NNH07AF371	PRINCETON PLAS PHYS LAB-PRINCETON UN-S007683-F	43	33,189
NNG05GE80H	UNIV ALABAMA- HUNTSVILLE-SUB2005-148	43	63,198
NCC07A11A	OHIO AEROSPACE INST-R-700-257011-40118	43	53,152
National Aeronautics and Space Administration Pass-through Total			671,079
National Aeronautics and Space Administration Total			1,440,446
National Endowment for the Arts Pass-through			
Promotion- Arts Grants to Orgs and Individuals	ALA STATE COUNCIL ON THE ARTS-2009-15887	45.024	13,038
National Endowment for the Arts Total			13,038
Department of Education Direct			
Funds for Improvement of Post-secondary Education		84.116	14,702
Graduate Assistance in Areas of National Need		84.200	247,582
Department of Education Direct Total			262,284
Department of Education Pass-through			
Funds for Improvement of Post-secondary Education	TEXAS ENGINEERING EXPER STATION-37861	84.116	21,619
Ed Research, Development and Dissemination	UNIVERSITY OF WISCONSIN-086K354	84.305	70,272
Department of Education Pass-through Total			91,891
Department of Education Total			354,175
Department of Health and Human Services Direct			
Healthy Marriage Promotion and Resp Fatherhood		93.086	1,871,297
Biological Response to Environ Health Hazards		93.113	554
Mental Health Grants		93.242	160,541
Research/Tech Innovations to Improve Human Health		93.286	126,865
Cancer Treatment Research		93.395	615,352
Welfare Reform Rsch, Eval & Nat Study		93.595	199
Social Services Research and Demonstration		93.647	181,677
ARRA-NIH-1R21AI083852-01/TRANS-NIH RECOVERY ACT			
RESEARCH SUPPORT		93.701	87,318
ARRA-NIH-1R03HD058792-01A1/TRANS-NIH RECOVERY ACT			
RESEARCH SUPPORT		93.701	10,674
ARRA-NIH-1R03AI078154-01/TRANS-NIH RECOVERY ACT			
RESEARCH SUPPORT		93.701	1,605
ARRA-NIH-1R21AI076893-01A1/TRANS-NIH RECOVERY ACT			
RESEARCH SUPPORT		93.701	47,598
ARRA-NIH-1R03HD058792-01A1/TRANS-NIH RECOVERY ACT			
RESEARCH SUPPORT		93.701	4,442
Heart & Vascular Diseases Rsch		93.837	265,009
Diabetes, Endocrinology and Metabolism Research		93.847	136,038
Extramural Rsrch Prog in Neurosciences & Neurological Disorders		93.853	93,497
Allergy, Immunology & Transplant Research		93.855	119,924
Child Health & Human Dev Extr Rsrch		93.865	298,846
CDC-200-2003-02695A		93	(10,666)
Department of Health and Human Services Direct Total			4,010,770

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2009

Federal Grantor/Program/Cluster Title	Pass-through Entity / Pass-through Number	Federal CFDA Number	Federal Expenditures
RESEARCH AND DEVELOPMENT CLUSTER			
Department of Health and Human Services Pass-through			
Child Care and Development Block Grant	ALA DEPT HUMAN RESOURCES-832-FY08	93.575	1,175,678
Child Support Enforcement	CHILDRENS TRUST FUND-OSCE SIP 2008-301	93.563	3,344
Allergy, Immunology & Transplant Research	VAXIN INC-TORO	93.855	86,842
Biological Response to Environ Health Hazards	MICHIGAN STATE UNIVERSITY-61-0825AU	93.113	182,958
Mental Health Grants	CENTRAL MICHIGAN UNIVERSITY-07	93.242	6,300
Mental Health Grants	UNIV TEXAS HLTH SCI CTR-HOUSTON-005456A-08	93.242	26,194
Occupational Safety and Health Program	UNIV ALABAMA BHAM-OHSERC-OIPRT-09	93.262	123,645
Drug Abuse & Addiction Research Prog	UNIVERSITY of ALABAMA-TUSC-04-012	93.279	(30,591)
Drug Abuse & Addiction Research Prog	DUKE UNIVERSITY-04-SC-NIH-1016	93.279	125
Occupational Safety and Health Program	UNIV ALABAMA-BHAM-OHSERC-OSE	93.262	233,769
Ctr for Disease Control & Prevention & Tech Assist	UNIV ALABAMA-BHAM-WEST NILE-07B	93.283	(26,601)
Research/Tech Innovations to Improve Hum Health	UNIV ALABAMA-BHAM-MRI-REEVES-08	93.286	26,577
Cancer Treatment Research	UNIV ALABAMA-BHAM-CANINE MODEL	93.395	(264)
Cancer Biology Research	UNIV CALIFORNIA-DAVIS-07-000813-1 AU	93.396	27,695
Heart & Vascular Diseases Rsch	UNIV ALABAMA-BHAM-CARDIAC DISEASE-4	93.837	70,579
Heart & Vascular Diseases Rsch	UNIV ALABAMA-BHAM-REMODELING-09	93.837	84,211
Blood Diseases and Resources Rsch	MEDICAL COLLEGE-WISCONSIN-BOUDREAUX-09	93.839	55,871
Arthritis, Musculoskeletal & Skin Diseases Rsch	UNIV MISSOURI-COLUMBIA-C00017738-1	93.846	31,376
Arthritis, Musculoskeletal & Skin Diseases Rsch	UNIV MISSOURI-COLUMBIA-C00020719-1	93.846	31,490
Extramural Rsch Prog in Neurosciences & Neurological Disorders	UNIV WISCONSIN-P860333	93.853	(17,248)
Allergy, Immunology & Transplant Research	UNIV ALABAMA-BHAM-ENCEPHALITIS-08C	93.855	(18,761)
Allergy, Immunology & Transplant Research	UNIV SOUTH FLORIDA-6408-1013-01-A-AA	93.855	334,104
Aging Research	Univ KENTUCKY RSCH FD-3048105150-09-177	93.866	7,319
Department of Health and Human Services Pass-through Total			2,414,612
Department of Health and Human Services Total			6,425,382
Department of Agriculture Direct			
Agricultural Rsrch Basic & Applied		10.001	62,057
Agricultural Rsrch Basic & Applied		10.001	1,154,864
Wildlife Services		10.028	51,030
Grants for Agric Rsrch, Spec Rsrch Grants		10.200	2,247,634
McIntire Stennis		10.202	751,884
Hatch		10.203	2,080,988
Regional - Hatch		10.203	815,070
Animal Health		10.207	83,283
Animal Health		10.207	12,143
Grants for Agric Rsrch, Competitive Rsrch Grnts		10.206	857,184
Higher Ed Challenge Grants		10.217	21,098
Integrated Programs		10.303	56,422
International Science & Education Grants		10.305	2,660
Organic Agric Rsrch & Extension Initiative		10.307	124,390
Cooperative Ext Service		10.500	(995)
Forestry Research		10.652	254,807
Cooperative Forestry Assistance		10.664	76,136
Urban & Community Forestry Prg		10.675	28,017
Forest Legacy Prg		10.676	19,771
Forest Health Protection		10.680	8,552
Technical Agricultural Assistance		10.960	12,971
Scientific Cooperation & Rsrch		10.961	(1,155)
Cochran Fellowship Prgm-Intnl Trng-For Participant		10.962	44,917
FS-PNW 09-JV-11261935-001		10	1,149
USDA-58-6420-9-117		10	91,046
USDA-58-6420-8-115		10	4,873
FS-07-CS-11330132-169		10	4,964
USDA-58-6420-8-116-RR		10	3,249
USDA-58-6420-9-116		10	240,380
USDA-AG-4463-P-09-0002		10	27,425
USDA-58-6420-7-116		10	760
FS-09-JV-11242305-090		10	3,475
USDA-687482239-MOD 28		10	14,668
USDA-687482239-MOD 46		10	2,421
NRCS-GCCESU-68-7482-8-423		10	6
NRCS-GCCESU-68-7482-8-434		10	20,030
Department of Agriculture Direct Total			9,178,174

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2009

Federal Grantor/Program/Cluster Title	Pass-through Entity / Pass-through Number	Federal CFDA Number	Federal Expenditures
RESEARCH AND DEVELOPMENT CLUSTER			
Department of Agriculture Pass-through			
Forest Health Protection	GEORGIA FOREST COMM-MTN LONGLEAF CONF	10.680	(704)
Forestry Research	NTL COUNCIL-AIR& STREAM IMPRV, INC-WOOD PROD	10.652	16,400
Cooperative Forestry Assistance	MISSOURI FOREST FDN-SMALL SCALE HARVEST SYSTEM	10.664	(5,677)
USFS Restoration-Montane Longleaf Forest	NTL FISH & WILDLIFE FND-2007-0011-000-FED	10	951
Agricultural Rsrch Basic & Applied	PURDUE UNIVERSITY-596-0823-01	10.001	15,684
Grants for Agric Rsrch, Spec Rsrch Grants	UNIVERSITY OF FLORIDA-PO#6015-0000000508	10.200	(1,546)
Grants for Agric Rsrch, Spec Rsrch Grants	FLORIDA STATE UNIVERSITY-00668	10.200	(9,183)
Grants for Agric Rsrch, Spec Rsrch Grants	UNIVERSITY OF FLORIDA-PO#6015-0000000702	10.200	(65)
Grants for Agric Rsrch, Spec Rsrch Grants	UNIVERSITY OF FLORIDA-PO#6015-0000000694	10.200	1
Grants for Agric Rsrch, Spec Rsrch Grants	UNIVERSITY OF FLORIDA-PO#6015-0000001021	10.200	9,829
Grants for Agric Rsrch, Spec Rsrch Grants	UNIVERSITY OF FLORIDA-PO#6015-0000001053	10.200	10,054
Grants for Agric Rsrch, Spec Rsrch Grants	UNIVERSITY OF FLORIDA-PO#6015-0000000953	10.200	5,000
Grants for Agric Rsrch, Spec Rsrch Grants	SO REG AQUACULTURE CENTER-BLU-HYBRID-2B	10.200	(1)
Grants for Agric Rsrch, Spec Rsrch Grants	UNIVERSITY OF GEORGIA-RD309061/9039917	10.200	1,091
Grants for Agric Rsrch, Spec Rsrch Grants	UNIVERSITY OF GEORGIA-RD309055/9820147	10.200	301
Grants for Agric Rsrch, Spec Rsrch Grants	SO REG AQUACULTURE CENTER-BLUE HYBRID-3A	10.200	(44)
Grants for Agric Rsrch, Spec Rsrch Grants	SO REG AQUACULTURE CENTER-POND AQUACLTR07	10.200	67
Grants for Agric Rsrch, Spec Rsrch Grants	CORNELL-51379-8267	10.200	(2,599)
Grants for Agric Rsrch, Spec Rsrch Grants	SO REG AQUACULTURE CTR-BLUE HYBRID-4B	10.200	6,019
Grants for Agric Rsrch, Spec Rsrch Grants	SO REG AQUACULTURE CTR-PUBLICATIONS PROJ	10.200	2,000
Grants for Agric Rsrch, Spec Rsrch Grants	SO REG AQUACULTURE CTR-ECON FORECASTING-YR2	10.200	25,000
Grants for Agric Rsrch, Spec Rsrch Grants	FLORIDA STATE UNIVERSITY-R01042	10.200	123,690
Grants for Agric Rsrch, Spec Rsrch Grants	TEXAS AG & MECHANICAL-570503	10.200	30,047
Grants for Agric Rsrch, Spec Rsrch Grants	UNIVERSITY OF GEORGIA-RD318-215/4689718	10.200	13,952
Grants for Agric Rsrch, Spec Rsrch Grants	SO REG AQUACULTURE CTR-CULTURED FINFISH-10	10.200	17,306
Grants for Agric Rsrch, Spec Rsrch Grants	UNIVERSITY OF FLORIDA-PO#60150000000057	10.200	300
Grants for Agric Rsrch, Spec Rsrch Grants	UNIVERSITY OF FLORIDA-PO#60150000000074	10.200	319
Grants for Agric Rsrch, Spec Rsrch Grants	UNIVERSITY OF FLORIDA-PO#60150000000321	10.200	(619)
Grants for Agric Rsrch, Spec Rsrch Grants	UNIVERSITY OF FLORIDA-PO#00000000511	10.200	(1,353)
Grants for Agric Rsrch, Spec Rsrch Grants	UNIVERSITY OF FLORIDA-PO#00000000971	10.200	2,000
Grants for Agric Rsrch, Spec Rsrch Grants	UNIVERSITY OF FLORIDA-PO#00000000952	10.200	19,987
Grants for Agric Rsrch, Competitive Rsrch Grnts	UNIVERSITY OF MARYLAND-Z507216	10.206	37,488
Grants for Agric Rsrch, Competitive Rsrch Grnts	UNIVERSITY OF MARYLAND-Z521913	10.206	119,720
Grants for Agric Rsrch, Competitive Rsrch Grnts	UNIVERSITY OF ARKANSAS AES 2003-106	10.206	1,152
Sustainable Agriculture Research & Education	UNIVERSITY OF GEORGIA-RD309-097/3841698	10.215	1,777
Sustainable Agriculture Research & Education	UNIVERSITY OF GEORGIA-RD309-101/3842748	10.215	83,665
Sustainable Agriculture Research & Education	UNIVERSITY OF GEORGIA-RD309-097/4688048	10.215	8,968
Sustainable Agriculture Research & Education	UNIVERSITY OF GEORGIA-RD309-097/4688048	10.215	4,145
1890 Institution Capacity Bldg Grants	TUSKEGEE UNIVERSITY-36-12091202-76190	10.216	(70)
1890 Institution Capacity Bldg Grants	FORT VALLEY STATE UNIV-CANFVSU-06-011	10.216	13,130
1890 Institution Capacity Bldg Grants	FORT VALLEY STATE UNIV-SCUTELLARIA	10.216	10,682
1890 Institution Capacity Bldg Grants	TUSKEGEE UNIVERSITY-36-12610-186 76190	10.216	29,736
Higher Ed Challenge Grants	UNIVERSITY OF GEORGIA-RH150-127/3840038	10.217	1,458
1994 Institutional Research Program	ALA AG & MECH UNIV-SUB-2003-38424-1330-AU	10.227	(175)
Agricultural & Rural Economic Research	MISSISSIPPI STATE UNIVERSITY-018000-321104-01	10.250	5,644
Nonpoint Source Implementation Grants	ALABAMA STATE UNIVERSITY-ASU522550-A	10.302	(6,151)
Integrated Programs	NORTH CAROLINA STATE UNIV-2003-1486-25	10.303	(1,954)
Integrated Programs	NORTH CAROLINA STATE UNIV-2003-1486-27	10.303	(1,140)
Integrated Programs	FORT VALLEY STATE UNIV-CANFVSU-06-001	10.303	162
Integrated Programs	UNIVERSITY OF GEORGIA-RR188-221/3504808	10.303	9,779
Integrated Programs	NORTH CAROLINA STATE UNIV-2003-1486-41	10.303	(1,144)
Integrated Programs	NORTH CAROLINA STATE UNIV-2007-1634-02	10.303	27,283
Integrated Programs	FORT VALLEY STATE UNIV-CANFVSU-08-014	10.303	46,266
Integrated Programs	FORT VALLEY STATE UNIV-CANFVSU-08-014	10.303	639
Cooperative Extension Service	NORTH CAROLINA STATE UNIV-2008-0590-01	10.500	73,173
Cooperative Extension Service	NORTH CAROLINA STATE UNIV-2008-1004-01	10.500	3,087
Cooperative Extension Service	UNIVERSITY OF GEORGIA-RE670-081/3842698	10.500	6,750
Cooperative Extension Service	NORTH CAROLINA STATE UNIV-2007-0376-03	10.500	(5)
Urban & Community Forestry Prg	WEST VIRGINIA UNIV RSCH CORP.-07-286-AU	10.675	11,236
Soil & Water Conservation	UNIVERSITY OF IDAHO-PO NO-P0016075	10.902	4,246
Environmental Quality Incentive Program	TUSKEGEE UNIVERSITY-39-22091-262	10.912	24
Department of Agriculture Pass-through Total			767,778
Department of Agriculture Total			9,945,952

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2009

Federal Grantor/Program/Cluster Title	Pass-through Entity / Pass-through Number	Federal CFDA Number	Federal Expenditures
RESEARCH AND DEVELOPMENT CLUSTER			
Department of Commerce Direct			
ITA Special Grants		11.113	901,020
Sea Grnt Support		11.417	224,627
Marine Fisheries Initiative		11.433	74,476
Unalied Science Program		11.472	134,968
Department of Commerce Direct Total			<u>1,335,091</u>
Department of Commerce Pass-through			
ITA Special Grants	National Textile Center	11.113	177,780
Sea Grant Support	SO CAR DEPT OF NAT RES-SHRIMP FARMING-YR2	11.417	40,362
Sea Grant Support	UNIV SO MISS-GR02639/OMNIBUS-R/CCD-11	11.417	1,013
Sea Grant Support	UNIV SO MISS-GR02638/OMNIBUS-R/CCD-14	11.417	54,578
Sea Grant Support	UNIV PUERTO RICO-MAYAGUEZ-R-101-1-08	11.417	33,676
Sea Grant Support	UNIV SO MISS-GR01167-RAT6GOIP	11.417	(125)
Sea Grant Support	UNIV SO MISS-GR02638RSP-14	11.417	180
Sea Grant Support	UNIV SO MISS-GR011660MRSP-17-PD-B	11.417	(11)
Sea Grant Support	UNIV SO MISS-GR02639/OMNIBUS-R/SP-17-P	11.417	(2,672)
Sea Grant Support	UNIV SO MISS-GR02638/OMNIBUS-R-SP-20	11.417	42,253
Sea Grant Support	LOUISIANA STATE UNIVERSITY-33354	11.417	17,575
Sea Grant Support	UNIVERSITY OF ALASKA-FAIRBANKS-05-0143	11.417	(227)
Habitat Conservation	MISS STATE UNIV-015900 320528-06	11.463	23,309
Coastal Zone Management Admin Awards	SMITHSONIAN INST-08-SUBC-440-0000138010	11.419	40,454
NIST-SB134109SE0595	E M OPTOMECHANICAL	11	14,093
Department of Commerce Pass-through Total			<u>442,238</u>
Department of Commerce Total			<u>1,777,329</u>
Department of Defense - Other Direct			
HDTRA1-09-1-0023		12.351	78,898
NSA-H98230-08-1-0212-A		12.902	124,947
NSA-H98230-04-C1177		12	112,097
HHM402-07-P-0021		12	95,551
DOD-H98230-08-C-0795		12	337,274
HHM402-09-C-0059-ME		12	43,026
MDA-HQ0147-09-C-0011		12	28,167
NSA-H98230-06-1-0115-A		12	(1,168)
HDTRA1-07-1-0014		12	189,698
HHM402-09-C-0059-PS		12	2,585
NSA-H98230-07-1-0224-A2-ORA		12	(4,550)
Department of Defense - Other Direct Total			<u>1,006,525</u>
Department of Defense - Other Pass-through			
MDA904-03-G-0004/0002	CONCURRENT TECHNOLOGIES CORP-060400164	12	(591)
DARPA-W31P4Q-07-C-0264	LATEL CORP-UNIVERSAL IMAGING SENSOR, PHASE 1	12	(14,952)
MDA/UV-VUV&Proton Irradiation, Cover Glasses	DR TECH-PO NO. 100-1309	12	60,057
US DD/Self Healing Mixed Signal Integ. Circuits	BAE SYSTEMS INC-LS NO 660637	12	201,049
DARPA/Navigation&Control for Urban Challenge Team	OSHKOSH TRUCK-URBAN CHALLENGE	12	(7,021)
Department of Defense - Other Pass-through Total			<u>238,542</u>
Department of Defense - Other Total			<u>1,245,067</u>

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2009

Federal Grantor/Program/Cluster Title	Pass-through Entity / Pass-through Number	Federal CFDA Number	Federal Expenditures
RESEARCH AND DEVELOPMENT CLUSTER			
Army Direct			
Basic Scientific Rsrch		12.431	360,145
DASG60-00-C0070		12	146,783
ARMY-W56HZV-05-C0686		12	1,890,828
ARMYW31P4Q05CR1382		12	32,269
ARMYW31P4Q05CR1383AB		12	(1,043)
ARMY-W31P4Q05CR1384AA		12	6,213
ARMY-W31P4Q05CR1384AE		12	28,383
FT BENNING-MIPR0771600002		12	(1)
ARMY-W912DY-07-2-0048		12	13,730
FT BENNING-DITCHKOFF		12	133,092
ARMY-W31P4Q05CR1384AF		12	(9,176)
ARMY-W31P4Q05CR1384AG-4AH		12	(15,697)
FT BENNING-MIPR 088009001		12	80,399
ARMY-W31P4Q05CR1385AA		12	78,893
DASG60-00-C-0070-R		12	114,709
FT BENNING-MIPR 088 137 0001		12	84,563
ARMY-W31P4Q05CR1386AA		12	78,983
ARMY-W911NF-07-2-0046		12	157,518
ARMY-W912DY-08-2-0014		12	73,904
ARMY-W912DY-08-2-0038		12	28,562
ARMY-W31P4Q05CR1385		12	146,709
Army Direct Total			3,429,766
Army Pass-through			
DAAD0599D7015/	SCIENCE APP INTL CORP-4400040131-B	12	(41,848)
DAAB0703DC2130014	ALION SUB1170933RB-3	12	(1,993)
W91CRB-04-D0015 DO 0019	SCIENCE APPLICATION INTL CORP-4400118038	12	38,834
ARMY-W91CRB-04-D-0015 DO 0019	SCIENCE APP INTL CORP-4400118038-DB	12	(602)
ARMY-W56HZV-07-C-0577	CERAMATEC INC	12	275,708
ARMY-W56HZV-07-C-0055	GLOBAL TECH CONNECTION, INC-UGV-0002	12	118,414
Vehicle Navigation Research	GENERAL DYNAMICS ROBOTIC SYS-S-80001JR	12	436
ARMY-W911NR-07-D-0001	BATTELLE-TCN 08062	12	273,177
Free Piston Stirling Engine Controller	RADIANCE-08S-0783	12	159,071
Continue DRTK Support-Line 002	GENERAL DYNAMICS ROBOTICS SYS-S-80001JR-L2	12	51,262
Custom Integrated Circuit Project	ERC, INC-PO NO FLO90252	12	2,171
ARMY-W9113M-09-C-0126	KYMA TECHNOLOGIES-09	12	25,965
ARMY-W56HZV-06-C-0228	PURDUE UNIVERSITY-531-0827-01	12	(15,156)
ARMY-W56HZV-07-C-0721	UNIV KY RSCH FDN-3048103876-08-161-CR	12	186,243
ARMY-W911NF-07-2-0062/	UNIV MISSOURI-COLUMBIA-C00022047-1	12	130,801
Army Pass-through Total			1,202,583
Army Total			4,632,349
Navy Direct			
Basic and Applied Scientific Rsrch		12.300	224,958
Navy Direct Total			224,958
Navy Pass-through			
Basic and Applied Scientific Rsrch	PURDUE UNIVERSITY-531-0590-01	12.300	(363)
NAVY-N00014-05-C-0412	GEORGIA TECH-A-7916-S2	12	24,235
NAVY-N00014-08-C-0398	DOW CORNING CORP-DEVELOPMENT 4H-SIC	12	92,067
Navy Pass-through Total			115,939
Navy Total			340,897
Air Force Direct			
Air Force Defense Rsrch Sciences Prg		12.800	261,657
Research & Technology Development		12.910	81,167
Air Force Direct Total			342,824
Air Force Pass-through			
F33615-02-D2299	UNIVERSAL TECH CORP-06-S530-0024-01-C3	12	(3,240)
FA8903-08-D-8768	BLACK & VEATCH SPECIAL PROJECTS CORP-09	12	70,447
AF-FA8650-07-D-5800	UNIVERSAL TECH CORP-09-S587-044-01-C1	12	28,826
Community Economic Adjustment	UNIVERSAL TECH CORP-08-S530-0037-27-C1	12.600	3,240
AF-FA4819-07-D-0001	APPLIED RESEARCH ASSOCIATES-S-29000.33	12	25,303
Capacity Enhance, Ceramic Matrix Composites	GOODRICH-SUB NO 08-025	12	82,366
AF-FA9550-06-1-0103	UNIV MARYLAND, BALTIMORE CNTY-CG0620	12	15,736
AF-FA9550-08-1-0119/	FLORIDA A&M UNIVERSITY-SUB C-2367	12	36,751
Air Force Pass-through Total			259,429
Air Force Total			602,253

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2009

Federal Grantor/Program/Cluster Title	Pass-through Entity / Pass-through Number	Federal CFDA Number	Federal Expenditures
RESEARCH AND DEVELOPMENT CLUSTER			
Department of Interior Direct			
Fish & Wildlife Mgmt Assistance		15.608	1,823
Cooperative Endangered Species Conserv Fund		15.615	27,128
Conservation Grnts Private Stewardship-Imperiled Spec		15.632	47,823
Assistance to State Water Res Rsrch Insitt		15.805	77,475
Earthquake Hazards Reduction Prg		15.807	18,850
USGS Rsrch & Data Collection		15.808	19,871
Nat'l Cooperative Geologic Mapping Prgm		15.810	13,257
Cooperative Rsrch Units Prgm		15.812	191,387
NPS-TO J5023 04 0065-MOD 3		15	31,896
FWS-4242-05-M-166		15	6,258
FWS-4391-07-M-006		15	395
NPS-TO J2115 04 0011		15	(275)
FWS-435509M244		15	1,032
BLM-GDA040025		15	39,882
Department of Interior Direct Total			476,802
Department of Interior Pass-through			
Sport Fish Restoration	ALA DEPT CON&NAT RES-CFISH-WILSON RESERVOIR	15.605	(20)
Sport Fish Restoration	ALA DEPT CON&NAT RES-ARTIFICIAL REEFS	15.605	106,047
Sport Fish Restoration	ALA DEPT CON&NAT RES-SLACKWATER DARTER	15.605	(824)
Sport Fish Restoration	ALA DEPT CON&NAT RES-CFISH AND SPTFISH	15.605	18,874
Sport Fish Restoration	ALA DEPT CON&NAT RES-BASS-LEWIS SMITH LAKE	15.605	(97)
Sport Fish Restoration	ALA DEPT CON&NAT RES-L MOUTH BASS-MOBILE RIVER DELTA	15.605	88,331
Fish & Wildlife Mgmt Assistance	ALA DEPT CON&NAT RES-TAILWT FISH-COOSA RIVER	15.608	57,179
Fish & Wildlife Mgmt Assistance	ALA DEPT CON&NAT RES-STATUS OF RED&BLUE SHINER	15.608	29,460
Fish & Wildlife Mgmt Assistance	ALA DEPT CON&NAT RES-PYGMY SCULPIN	15.608	20,413
Wildlife Restoration	ALA DEPT CON&NAT RES-HUNTING SURVEY	15.611	14,312
Cooperative Endangered Species Conserv Fund	ALA DEPT CON&NAT RES-STATUS CRYSTAL DARTER	15.615	(1,158)
Landowner Incentive	ALA DEPT CON&NAT RES-RED HILLS SALAMANDER	15.633	(29,333)
Landowner Incentive	ALA DEPT CON&NAT RES-EAST GULF COASTAL PLAIN	15.633	3
Landowner Incentive	ALA DEPT CON&NAT RES-MULLUSKS&CRAWFISH	15.633	369
State Wildlife Grants	ALA DEPT CON&NAT RES-ECO ASSESS-BLACK BELT PRAIRIES	15.634	44,173
State Wildlife Grants	ALA DEPT CON&NAT RES-INDIGO SNAKE- CONECUH NAT FOREST	15.634	27,721
State Wildlife Grants	ALA DEPT CON&NAT RES-SAFE HARBOR RC WOODPECKER	15.634	24,863
State Wildlife Grants	ALA DEPT CON&NAT RES-RED BELLIED TURTLE	15.634	24,790
State Wildlife Grants	ALA DEPT CON&NAT RES-GOPHER TORTOISE	15.634	39,060
State Wildlife Grants	ALA DEPT CON&NAT RES-INVENTORY&CONS PLAN	15.634	351,663
State Wildlife Grants	ALA DEPT CON&NAT RES-SHOAL HABITATS	15.634	84,192
State Wildlife Grants	ALA DEPT CON&NAT RES-SHOAL BASS	15.634	53,091
State Wildlife Grants	ALA DEPT CON&NAT RES-ALA COOP FISHERY UNIT	15.634	11,424
State Wildlife Grants	ALA DEPT CON&NAT RES-ALA COOPERATIVE FWS UNIT	15.634	14,735
Sport Fish Restoration	TENN WILDLIFE RESOURCES AGCY-FISH DISEASE	15.605	13,332
Cooperative Endangered Species Conserv Fund	TENN DEPT ENVIRON&CONS-HARPER'S UMBRELLA	15.615	(4,993)
State Wildlife Grants	THE NATURE CONSERVANCY-ALCO-11/01/06-01	15.634	(81)
State Wildlife Grants	KY DEPT OF FISH & WILDLIFE RESOURCES-EGCPJV	15.634	(3)
Marine Turtle Conservation	GEORGIA DEPT OF NATURAL RES-RARE PLANT-09	15.645	6,189
Fish & Wildlife Mgmt Assistance	NATL FISH & WILDLIFE FDN-2006-0106-014	15.608	(437)
Fish & Wildlife Mgmt Assistance	NATL FISH & WILDLIFE FDN-2004-0162-000-FED	15.608	743
Fish & Wildlife Mgmt Assistance	NATL FISH & WILDLIFE FDN-2007-0078-004	15.608	19,465
No American Wetlands Conservation Fund	NO CAROLINA STATE UNIV-2007-2093-01	15.623	27,497
State Wildlife Grants	UNIV ALABAMA-08-004	15.634	21,808
Vascular Plant Survey	CANE RIVER NATL HERITAGE AREA COMM-PLANT SURVEY	15	3,058
Department of Interior Pass-through Total			1,065,846
Department of Interior Total			1,542,648

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Schedule of Expenditures of Federal Awards

Year Ended September 30, 2009

Federal Grantor/Program/Cluster Title	Pass-through Entity / Pass-through Number	Federal CFDA Number	Federal Expenditures
RESEARCH AND DEVELOPMENT CLUSTER			
Department of Transportation Direct			
Aviation Rsrch Grnts		20.108	928,755
Air Transportation Centers of Excellence		20.109	70,535
Highway Rsrch & Dev Prgm		20.200	187,646
Highway Training & Education		20.215	34,459
DTFH61-01-X00057-343		20	(1,303)
FAA COE 04-C-ACE-AU		20	866,431
DTFH61-05-P-00317		20	(1,625)
DTFH6105H00002-AU		20	842,143
Department of Transportation Direct Total			2,927,041
Department of Transportation Pass-through			
CURVED COMPOSITE BOX GIRDER BRIDGE	ALA DEPT OF TRANSPORTATION-930-563	20	(157)
PRESTRESSED CONCRETE GIRDERS	ALA DEPT OF TRANSPORTATION-930-602	20	(430)
MIX DESIGN CRITERIA FOR 4.75MM SUPERPAVE	ALA DEPT OF TRANSPORTATION-930-615P	20	33,422
RAPID REHAB/REPL OF BRIDGE DECKS	ALA DEPT OF TRANSPORTATION-930-436	20	(4)
EVAL HORIZNTL CRACKING IN BRIDGE DECKS	ALA DEPT OF TRANSPORTATION-930-645	20	11,652
ACCELERATED PERF TEST ON 2006 NCAT PA	ALA DEPT OF TRANSPORT-930-637P TPF-5(124)-OP	20	1,515,079
TESTING OF COHESIVE SOILS&SCOUR ESTIMATION	ALA DEPT OF TRANSPORTATION-930-644	20	19,411
DVLMT OF TEST FACILITY,EVAL OPTIMAL DESIGN OF BMPs	ALA DEPT OF TRANSPORTATION-930-655	20	162,504
GUIDANCE, M-E PVMT DESIGN IMPLEMENTATION	ALA DEPT OF TRANSPORTATION-930-685	20	24,929
DVLMT OF OPTIMAL VIRGIN BINDER S	ALA DEPT OF TRANSPORTATION-930-710	20	144,343
EVAL HIGH PERFORMANCE DRILLED SHAFT CONCRETE ON BB COMER	ALA DEPT OF TRANSPORTATION-930-688S	20	123,048
REFINEMENT OF THE BOND STRENGTH PROCEDURE & INVESTIGATION OF A	ALA DEPT OF TRANSPORTATION-930-715	20	77,836
WARM MIX ASPHALT FIELD STUDY	ALA DEPT OF TRANSPORTATION-930-717	20	31,783
RAPID REPLACEMENT OF BRIDGE DECKS-PHASE IV	ALA DEPT OF TRANSPORTATION-930-726	20	4,325
PLASTIC PIPE FOR HIGHWAY CONSTRUCTION	ALA DEPT OF TRANSPORTATION-930-718	20	42,217
RAPID REPLACEMENT OF BRIDGE DECKS-PHASE III	ALA DEPT OF TRANSPORTATION-930-725	20	76,160
BRIDGE HEALTH MONITORING APPLICATIONS	ALA DEPT OF TRANSPORTATION-930-734	20	3,751
IMPLEMENTATION OF SELF-CONSOLIDATING CONCRETE FRP STRENGTHENING-CONTINUOUS RC BRIDGE-LETOHATCHEE	ALA DEPT OF TRANSPORTATION-930-745S	20	62,641
DRIVER PERCEPTIONS & SAFETY IMPACTS OF INNOVATIVE-INTERNALLY ILLUMINATED	ALA DEPT OF TRANSPORTATION-930-755-1	20	2,320
PAVEMENT CONDITION MODEL	ALA DEPT OF TRANSPORTATION-930-758	20	10,902
RAPID REPLACEMENT OF BRIDGE DECKS-PHASE V	ALA DEPT OF TRANSPORTATION-930-762	20	31,028
ACCELERATED PERF TESTING FOR THE 2009 NCAT PAVEMENT	ALA DEPT OF TRANSPORTATION-930-754P	20	457,135
NCAT PAVEMENT TEST TRACK RECONSTRUCTION	ALA DEPT OF TRANSPORT-930-754P-CONST	20	2,623,001
DVMNT RIDE QUALITY SMOOTHNESS SPEC&TECH EVALU	ALA DEPT OF TRANSPORTATION-930-761	20	4,378
ASPHALT MIXTURES CONTAINING GREATER THAN 25% RECLAIMED ASPHALT PA	ALA DEPT OF TRANSPORTATION-930-764	20	3,244
INTEGRATED LAND USE& TRANSPORT FORECASTING MODEL	ALA DEPT OF TRANSPORTATION-930-766	20	7,885
VEGETATION MGT FOR ALA'S HIGHWAY RIGHT OF WAY	ALA DEPT OF TRANSPORTATION-930-678	20	63,126
VEGETATION FOR LONG TERM EROSION CONTROL	ALA DEPT OF TRANSPORTATION-930-751	20	42,443
EVAL OF THERMAL SEGREGATION	ALA DEPT OF TRANSPORTATION-930-737	20	39,364
National Motor Carrier Safety	ADPS-AERODYNAMIC DRA	20.218	9
DESIGN INPUTS FOR MECHANISTIC-EMPIRICAL PAVEMENT DESIGN	GEORGIA DEPT OF TRANSPORT-PROJ 06-21	20	(7,553)
ANTI-STRIP AGENTS IN HMA MIX	GEORGIA DEPT OF TRANSPORT-PROJ# 06-23	20	2,994
TSA-HSTS04-04-C-RED956	TENSOR TECH-NEUTRON	20	(19,138)
INSTRUMENTATION DATA SERVICES	APPLIED RESEARCH ASSOC. INC.-PROJ #17207	20	(1,546)
HOT MIX ASPHALT CONSTRUCTION TRAINING COURSE-D	APPLIED RESEARCH ASSOC. INC.-PROJ# 17214	20	(745)
REVISE NHI-FWHA DRILLED SHAFT MANUAL & COURSE	PB AMERICAS INC-REVISE NHI FWHA DRILLED SHAFT MANUAL & COURSE	20	(2,925)
DTFH61-06-D-00038	APPLIED RESEARCH ASSOC. INC.-PROJ #18082	20	23,738
Biobased Transportation Research	UNIVERSITY OF TENN-SUB 101565	20.761	57,005
Biobased Transportation Research	UNIVERSITY OF TENN-SUB 101567	20.761	(251)
IMPROVE LATERAL RESISTANCE OF PILE FOUNDATIONS	BRIGHAM YOUNG UNIVERSITY-06-0201	20	27,493
DOT-6200-099	NATIONAL ACADEMY OF SCIENCES-HR 09-38	20	9,101
DOT-6400-099	NATIONAL ACADEMY OF SCIENCES-HR-09-39	20	(49,601)
DOT-6507-001	NATIONAL ACADEMY OF SCIENCES-HR 09-46	20	228,498
DOT-6505-099	NATIONAL ACADEMY OF SCIENCES-HR 04-35	20	120,725
DTFH61-06-H-00009	NATIONAL ACADEMY OF SCIENCES-SHRP R-06(D)	20	100,351
PROPERTIES &PERFORMANCE OF WARM MIX ASPHALT	NATIONAL ACADEMY OF SCIENCES-HR 09-47A	20	35,298
Department of Transportation Pass-through Total			6,200,690
Department of Transportation Total			9,127,731

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2009

Federal Grantor/Program/Cluster Title	Pass-through Entity / Pass-through Number	Federal CFDA Number	Federal Expenditures
RESEARCH AND DEVELOPMENT CLUSTER			
Environmental Protection Agency Direct			
Surveys, Studies, Invest., Spec purpose related to			
Clean Air Act		66.034	28,834
EPA-GR-83237301-B		66	32,645
Regional Wetland Prgm Development Grnt		66.461	(921)
Gulf of Mexico Program		66.475	52,699
Science to Achieve Results Rsrch Prgm		66.509	841
Science to Achieve Results Fellowship Prgm		66.514	10,228
Greater Opportunities Rsrch Prgm		66.515	5,297
Surveys, Studies, Invest., Trng Demonstr. Ed Outreach		66.716	20,348
Environmental Protection Agency Direct Total			<u>149,971</u>
Environmental Protection Agency Pass-through			
Water Pollution Control State, Interstate & Tribal Prg Support	ALABAMA DEPT OF ENVIRON MGMT-C70591009	66.419	204,033
Nonpoint Source Implementation Grants	ALABAMA DEPT OF ENVIRON MGMT-C60590025	66.460	197
Nonpoint Source Implementation Grants	ALABAMA DEPT OF ENVIRON MGMT-C80592014	66.460	1,745
Nonpoint Source Implementation Grants	ALABAMA DEPT OF ENVIRON MGMT-C80592035	66.460	84,417
Nonpoint Source Implementation Grants	ALABAMA DEPT OF ENVIRON MGMT-C90593028	66.460	19,179
Nonpoint Source Implementation Grants	ALABAMA DEPT OF ENVIRON MGMT-C90593062	66.460	2,573
Nonpoint Source Implementation Grants	ALABAMA DEPT OF ENVIRON MGMT-C90593061	66.460	400
State Indoor Radon Grants	ALABAMA DEPT PUBLIC HEALTH-C90118037	66.032	306
Special purpose Activities Relating to Clean Air Act	UNIVERSITY OF MINNESOTA-R3969069101	66.034	6,519
Science to Achieve Results Rsrch Prgm	GEORGIA TECH UNIV-G-35-C39-G1	66.509	22,415
National Estuary Program	DAUPHIN IS SEA LAB-MOBILE BAY NATL ESTUARY PROG-BAYOU LA BATRE	66.456	16,997
National Estuary Program	DAUPHIN IS SEA LAB-MOBILE BAY NATL ESTUARY PROG-PO NO. 29216	66.456	26,422
National Estuary Program	DAUPHIN IS SEA LAB-MOBILE BAY NAT ESTUARY PROG-PO NO. 28723	66.456	3,235
Environmental Protection Agency Pass-through Total			<u>388,438</u>
Environmental Protection Agency Total			<u>538,409</u>
Agency for International Development Direct			
AID-617-A00050000300		98	124,300
Agency for International Development Direct Total			<u>124,300</u>
Agency for International Development Pass-through			
POND SOIL CHARACTER & DYNAMICS-CRSP	OREGON STATE UNIVERSITY-RD010A-17B	98	342
US AID-ECG-A-00-07-00001-00	UNIVERSITY OF GEORGIA-RC710-025/3842028	98	41,035
Cooperative Development Program	INTL FERTILIZER DEV CTR-COTTON IMPRVMT	98.002	7,670
Agency for International Development Pass-through Total			<u>49,047</u>
Agency for International Development Total			<u>173,347</u>
Department of Energy Direct			
Office of Science Financial Assist Prgm		81.049	1,154,476
Renewable Energy Rsrch Dev		81.087	905,329
DE-FG02-00ER54610		81	432,233
DE-FG02-00ER54577		81	90,628
Department of Energy Direct Total			<u>2,582,666</u>

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2009

Federal Grantor/Program/Cluster Title	Pass-through Entity / Pass-through Number	Federal CFDA Number	Federal Expenditures
RESEARCH AND DEVELOPMENT CLUSTER			
Department of Energy Pass-through			
State Energy Program	ALA DEPT OF ECON & COM AFF-1STR 07 TX 01	81.041	(100)
State Energy Program	ALA DEPT OF ECON & COM AFF-1SEPT08 DOE 07	81.041	921
Weatherization Assist for Low-income Persons	ALA DEPT OF ECON & COM AFF-1STR07 TX 08	81.042	36,201
Weatherization Assist for Low-income Persons	ALA DEPT OF ECON & COM AFF-1STR07 TX 04	81.042	(1,153)
Energy Efficiency, Renewable, Outreach Trng & Tech Assist	ALA DEPT OF ECON & COM AFF-1STR 07 TX 05	81.117	33,965
Office of Science Financial Assist Prgm	CHEMAT TECHNOLOGY, INC-PO#-57-01	81.049	3,968
Renewable Energy Research Dev	GE HEALTHCARE SYS-GLOBAL RESCH- PO 400005926	81.087	49,737
NOVEL SOIL AMENDMENT STRATEGIES	UT-BATTELLE, LLC-4000023577	81	(2)
ERROR EST FOR PARTIAL DIFF EQU	SANDIA NATIONAL LAB-PO #224968	81	(2,190)
TARGET MATLS FOR RADIOACTIVE ION BEAMS	OAK RIDGE ASSOC UNIVERSITIES-PO# 8-16806	81	904
TARGETS FOR RADIOACTIVE ION BEAMS	OAK RIDGE ASSOC UNIVERSITIES-PO 8-19377	81	8,639
PRES EARLY CAREER AWD, SCIENTISTS & ENGINEERS	SANDIA-PRES EARLY CAREER AWD-SCIENTISTS & ENGINEERS-ROY	81	78
Office of Science Financial Assist Prgm	AWWA RESEARCH FOUNDTION-PFA 4057	81.049	(781)
Office of Science Financial Assist Prgm	UNIVERSITY OF ALABAMA-EPSCOR-KHODADADI	81.049	603
Office of Science Financial Assist Prgm	DUKE UNIVERSITY-07-SC-NICCR-1016	81.049	94,587
Regional Biomass Energy Programs	SAN DIEGO STATE UNIVERSITY-3TC154	81.079	27,615
Regional Biomass Energy Programs	SAN DIEGO STATE UNIVERSITY-3TD148	81.079	1,263
Renewable Energy Rsrch Dev	DARTMOUTH UNIVERSITY-500572.5000.L00406	81.087	(2,906)
Renewable Energy Rsrch Dev	UNIV OF CAL-RIVERSIDE-S-00000307	81.087	118,611
Fossil Energy Rsch & Development	UNIV OF KY RESEARCH FDN-466330-03-130-A	81.089	(3,085)
Fossil Energy Rsch & Development	UNIV OF KY RESEARCH FDN-469001-05-502-A	81.089	94,790
US DEPT ENER-W-31-109-ENG38	UNIVERISTY OF CHICAGO-ANL-5F00528	81	28,815
DEFC3604GO14049	SO STATES ENERGY BOARD-RPSSEB2004ALAU1	81	(583)
DE-AC05-00OR-22725	UT-BATTELLE, LLC-4000054640	81	14,312
DE-AC05-00OR22725	UT-BATTELLE, LLC-4000076336	81	43,602
DE-AC09-08SR22470	SAVANNAH RIVER NUCLEAR SOL, LLC-AC 70067 O	81	39,773
DE-AC36-08GO28308	ALLAINCE SUSTAINABLE EGY, LLC-LGC-9-99147-01	81	13,626
DEAC05-00OR22725	UT-BATTELLE, LLC-4000059060-FWS	81	49,068
DEAC05-00OR22725	UT-BATTELLE, LLC-4000059060-BS	81	45,348
DE-AC02-06CH11357	UNIV OF CHICAGO-ARGONNE, LLC-FACULTY IMPR LEAVE	81	9,824
Department of Energy Pass-through Total			<u>705,450</u>
Department of Energy Total			<u>3,288,116</u>
Small Business Administration Pass-through			
Small Business Development Center	UNIV OF ALA-B'HAM-SMALL BUS ADMIN	59.037	(7,084)
Small Business Administration Total			<u>(7,084)</u>
Department of Justice Direct			
DOJ-2006-DN-BX-K016		16.560	190,329
Department of Justice Total			<u>190,329</u>
Appalachian Regional Commission Direct			
ARC-AL-14638-C4-07		23.001	74,326
Appalachian Regional Commission Total			<u>74,326</u>
Department of State Pass-through			
Study-East Europe&Indep States-Former Soviet Union	WILLIAM DAVIDSON INSTITUTE	19.300	(2,598)
Department of State Total			<u>(2,598)</u>
Library of Congress Pass-through			
NDIIPP:METARCHIVE-SOUTH CUL	EMORY UNIVERSITY-NDIIPP529915C1	42	(2,038)
Library of Congress Total			<u>(2,038)</u>
Department of Homeland Security Pass-through			
Aviation Research Grants	FEDERAL AVIATION ADMINISTRATION-01-G-022-DHS	97.069	490,021
Canine Standards Coordination	UT-BATTELLE, LLC-4000062844	97	(781)
Department of Homeland Security Total			<u>489,240</u>
RESEARCH AND DEVELOPMENT CLUSTER TOTAL			<u>48,512,460</u>

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2009

Federal Grantor/Program/Cluster Title	Pass-through Entity / Pass-through Number	Federal CFDA Number	Federal Expenditures
Department of Education Direct			
Federal Supplemental Ed Opportunity Grants		84.007	1,056,758
Federal Work-Study Program		84.033	1,109,243
Federal Pell Grant Program		84.063	16,444,337
Teacher Ed Assist for College and Higher Education Grants (TEACH Grants)		84.379	141,500
Academic Competitiveness Grants		84.375	329,576
Science & Mathematics Access to Retain Talent		84.376	676,288
STUDENT FINANCIAL AID CLUSTER			<u>19,757,702</u>
OTHER PROGRAMS			
Cooperative Extension Service			
Department of Agriculture Cooperative Extension Service		10.500	<u>8,983,845</u>
Cooperative Extension Service Total			<u>8,983,845</u>
Department of Transportation			
FHWA-AUCTT(1)		20.205	<u>4,492,605</u>
Department of Transportation Total			<u>4,492,605</u>
National Science Foundation Direct			
Engineering Grants		47.041	(3,633)
Mathematical and Physical Sciences		47.049	1,535,180
Computer and Information Science Eng		47.070	74
Biological Sciences		47.074	65,881
Social, Behavioral and Economic Sciences		47.075	8,091
Education and Human Resources		47.076	516,453
NSF-CBET-0852725		47	153,580
ARRA-TRANS-NSF RECOVERY ACT RESEARCH SUPPORT		47.082	66
National Science Foundation Direct Total			<u>2,275,692</u>
National Science Foundation Pass-through			
Education and Human Resources	UNIV ALA-BHAM-MGE-JENDA-A	47.076	52
Education and Human Resources	UNIV ALA-BHAM-L. STOKES ALLI-MIN PART-PHASE IV-PSC	47.076	17,602
Education and Human Resources	UNIV ALA-BHAM SUBAWARD NO 001-332659	47.076	<u>344,938</u>
National Science Foundation - Pass-through Total			<u>362,592</u>
National Science Foundation Total			<u>2,638,284</u>
National Aeronautics and Space Administration Direct			
NASA-NNX09AL73G-PSC		43	21,132
NASA-NNX09AL73G		43	<u>55,951</u>
National Aeronautics and Space Administration Direct Total			<u>77,083</u>
National Aeronautics and Space Administration Pass-through			
NNG05GE80H	UNIV ALA-HUNTSVILLE-SUB2005-149	43	4,629
NNG05GE80H	UNIV ALA-HUNTSVILLE-SUB2005-148-O	43	<u>2,267</u>
National Aeronautics and Space Administration Pass-through Total			<u>6,896</u>
National Aeronautics and Space Administration Total			<u>83,979</u>
National Endowments for the Arts Direct			
Promotion of the Arts Grants to Orgs & Ind		45.024	22,020
ARRA-Promotion of the Arts Grants to Orgs & Ind		45.024	<u>174</u>
National Endowments for the Arts Direct Total			<u>22,194</u>

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2009

Federal Grantor/Program/Cluster Title	Pass-through Entity / Pass-through Number	Federal CFDA Number	Federal Expenditures
OTHER PROGRAMS			
National Endowment for the Arts Pass-through			
Alabama Book Project	ALA STATE COUNCIL ARTS-2008-15407	45.023	(20)
Promotion of Arts Partnership Agreements	ALA STATE COUNCIL ARTS-2008-15508	45.025	3,750
Promotion of Arts Partnership Agreements	ALA STATE COUNCIL ARTS-2009-15906	45.025	6,300
Promotion of Arts Partnership Agreements	ALA STATE COUNCIL ARTS-2009-15887	45.025	60
Promotion of Arts Partnership Agreements	ALA STATE COUNCIL ARTS-2007-14719	45.025	(208)
Promotion of Arts Partnership Agreements	ALA STATE COUNCIL ARTS-2008-15326	45.025	207
Promotion of Arts Partnership Agreements	ALA STATE COUNCIL ARTS-2008-15180	45.025	(207)
Promotion of Arts Partnership Agreements	ALA STATE COUNCIL ARTS-2009-16362	45.025	15,741
National Leadership Grants	ALA COMM HIGHER EDUCATION-ADPNet	45.312	3,970
Promotion of Humanities-Federal /State Partnership Grants to States	ALA HUMANITIES FDN-0605-1762 MN	45.129	(350)
	ALA PUBLIC LIBRARY SERVICE-PROJ # 07-12-3	45.310	(250)
Promotion of Humanities-Federal /State Partnership	ALA HUMANITIES FDN-0908-1876PD	45.129	7,708
Promotion of Humanities-Federal /State Partnership	ALA HUMANITIES FDN-0308-1876 PD	45.129	8,320
Promotion of Arts Grants to Org & Individual	ARTS MIDWEST-eGRANT 27400	45.024	(1)
National Endowment for the Arts Pass-through Total			45,020
National Endowment for the Arts Total			67,214
Department of Education Direct			
Rehabilitation Long-Term Training		84.129	869,942
Business Int'l Education Prgms		84.153	35,156
Spec Ed-State Personnel Development		84.323	9,357
Spec Ed Personnel Dev Improve Services		84.325	323,588
Spec Ed Tech Assistance to improve Services		84.326	1,321,963
Department of Education Direct Total			2,560,006
Department of Education Pass-through			
Special Education Grants to States	ALA DEPT OF EDUCATION-C8U0464	84.027	1,193
Special Education Grants to States	ALA DEPT OF EDUCATION-C8U0414	84.027	90,932
Special Education Grants to States	ALA DEPT OF EDUCATION-C9U0002	84.027	18,776
Vocational Ed-Basic Grant to States	ALA DEPT OF EDUCATION-U800169	84.048	1,025
Vocational Ed-Basic Grant to States	ALA DEPT OF EDUCATION-U900138	84.048	2,665
Leveraging Educational Assistance Partnership	ALA COM HIGHER ED-STATE STUDENT INCENT GRANT	84.069	171,305
Special Education-State Personnel Devel	ALA DEPT OF ED-HELPING HAND-09-COMM LEARN CTR	84.287	43,137
Reading First State Grants	ALA DEPT OF EDUCATION-C7U0132	84.323	(26,236)
Mathematics & Science Partnership	ALA DEPT OF ED-READING INITIATIVE-08-B	84.366	1,286
Mathematics & Science Partnership	ALA DEPT OF EDUCATION-U700202A	84.366	(243)
Mathematics & Science Partnership	ALA DEPT OF EDUCATION-U800104-FED	84.366	24,111
Improving Teacher Quality State Grants	ALA DEPT OF ED-LEADERSHIP, EFF ACAD REFORM NOW-09	84.367	150,515
Improving Teacher Quality State Grants	ALA DEPT OF EDUCATION-C8U0148-B	84.367	1,969
Mathematics & Science Partnership	ALA DEPT OF EDUCATION-U900133-FED	84.366	564,058
Arts in Education	ALA COUNCIL ON THE ARTS-2008-15450	84.351	3,159
Improving Teacher Quality State Grants	ALA COMM HIGHER ED-TIPS IN READING	84.367	13,575
Rehab Serv Vocational Rehab Grnts to States	ALA DEPT REHAB SERVICES-AE7087UN01	84.126	149
Safe & Drug Free Schools-National Prgs	MONTG PUBLIC SCHOOLS-BEHAVIOR ANALYST	84.184	84,706
Safe & Drug Free Schools-National Prgs	MONTG PUBLIC SCHOOLS-MCCS Grant	84.184	83,119
Twenty first Century Community Learning Ctrs	CLARKE CO BD OF ED-COMM LEARNING CTR	84.287	1
Twenty first Century Community Learning Ctrs	CRENSHAW CO BOE-21ST CENT COMM LEARNING CTR	84.287	9,104
Twenty first Century Community Learning Ctrs	WALKER CO-21ST CENT FARM-TOWNLEY JR HIGH	84.287	1,622
Twenty first Century Community Learning Ctrs	WINSTON CO SCHOOLS-21ST CENT COMM LEARNING CTR	84.287	7,606
Twenty first Century Community Learning Ctrs	COFFEE CO BD ED-NEW BROCKTON AFTER SCHOOL PROG	84.287	1,500
Twenty first Century Community Learning Ctrs	ELBA CITY SCH-21ST CENTURY COMM LEARN CTR	84.287	6,728
Twenty first Century Community Learning Ctrs	BREWTON CITY SCH-21ST CENT COMM LEARN CTR	84.287	47,324
Twenty first Century Community Learning Ctrs	AUBURN CITY SCH-LOCAL TRANSITION PARTNERSHIP	84.287	3,023
Twenty first Century Community Learning Ctrs	OPELIKA CITY SCHOOLS-BEHAVIOR ANALYSIS	84.287	16,232
Twenty first Century Community Learning Ctrs	WALKER CO-CARBON HILL EL-21ST CENTURY-JR HIGH CHAMPS PROGRAM	84.287	3,637
Twenty first Century Community Learning Ctrs	NATIONAL WRITING PROJECT CORP-92-AL02	84.287	50,140
Research in Special Education	UNIVERSITY OF GEORGIA-RH769-0038920787	84.324	(1,151)
Fund for Improvement of Post-secondary Ed	INDIANA UNIVERSITY-PO# 10509-0141	84.116	(2,027)
Fund for Improvement of Post-secondary Ed	UNIVERSITY OF ALABAMA-06-064	84.116	7
Department of Education Pass-through Total			1,372,947
Department of Education Total			3,932,953

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Schedule of Expenditures of Federal Awards

Year Ended September 30, 2009

Federal Grantor/Program/Cluster Title	Pass-through Entity / Pass-through Number	Federal CFDA Number	Federal Expenditures
<u>OTHER PROGRAMS</u>			
Department of Health and Human Services Direct			
Healthy Marriage Promotion and Responsible Fatherhood Grants		93.086	11,542
Advanced Education Nursing Traineeships		93.358	7,088
Cardiovascular Diseases Research		93.837	639
Child Health and Human Development Extramural Research		93.865	170
Department of Health and Human Services Direct Total			<u>19,439</u>
Department of Health and Human Services Pass-through			
Sub Abuse & Mental Health Services	ALA DEPT MENT HLTH MENT RETARDATION-STATE INCENTIVE GRANT-08	93.243	(493)
Medicaid Infrastr -Employment of People of Disability	ALA DEPT MENT HLTH MENT RETARDATION-JOHNSTON-ABA/DD PROGRAM	93.768	(360)
Abstinence Education Program	ALA DEPT PUBLIC HEALTH-C70119040	93.235	5,682
Abstinence Education Program	ALA DEPT PUBLIC HEALTH-C80117058	93.235	(1,517)
Abstinence Education Program	ALA DEPT PUBLIC HEALTH-C70119041	93.235	(914)
Abstinence Education Program	ALA DEPT PUBLIC HEALTH-C80117057	93.235	11,332
Abstinence Education Program	ALA DEPT PUBLIC HEALTH-C90118111	93.235	87,547
Universal Newborn Hearing Screening	ALA DEPT PUBLIC HEALTH-C90118133	93.251	5,246
Universal Newborn Hearing Screening	ALA DEPT PUBLIC HEALTH-C80117138	93.251	4,800
Child Care & Development Block Grant	ALA DEPT HUMAN RESOURCES-832-FY09	93.575	385
Community-Based Child Abuse Prevention Grants	CHILDRENS TRUST FUND-CBCAP 2009-101	93.590	54,240
Grants to States for Access & Visitation Prgs	ALA ADM OFFICE COURTS-SEROKA-FAMILY VISITATION PROGRAM	93.597	8,000
National Bioterrorism Hospital Preparedness Prgm	ALA DEPT PUBLIC HEALTH-CEP-44-QW5-05	93.889	8
Healthy Marr Promotion & Resp Fatherhood Grt	HIVE CREATIVE GROUP-BABY SMARTS CURRICULUM SUPPORT PROGRAM	93.086	(2)
Biological Response to Environmental Health Haz	MICHIGAN STATE UNIVERSITY-61-0825AU	93.113	1,132
Occupational Safety & Health Program	UNIVERSITY ALABAMA-B'HAM-OHSERC-OSE-09	93.262	1,777
Occupational Safety & Health Program	UNIV ALABAMA-B'HAM-OHSERC-OIPRT-09-B	93.262	2,271
Occupational Safety & Health Program	UNIV ALABAMA-B'HAM-OHSERC-OSE-10	93.262	78
Cancer Biology Rsch	UNIV CALIFORNIA-DAVIS-07-000813-1 AU	93.396	599
Foster Care Title IV-E	UNIVERSITY OF ALABAMA-08-006	93.658	2,519
Heart & Vascular Diseases Rsch	UNIV ALABAMA-B'HAM-CARDIAC DISEASE-4	93.837	40,709
Healthy Marr Promotion & Resp Fatherhood Grt	CHILDREN'S TRUST FUND-HMI-FRC-101	93.086	77,779
Head Start	ELMORE-AUTAUGA COM ACTION COMMITTEE-SERVICE AGREE-08	93.600	1,290
Department of Health and Human Services Pass-through total			<u>302,108</u>
Department of Health and Human Services Total			<u>321,547</u>
Department of Agriculture Direct			
Agricultural Rsrch Basic & Applied		10.001	2,061
Plant & Animal Disease, Pest Control & Animal Care		10.025	36,814
Grants for Ag Rsch, Special Rsch Grants		10.200	12,405
Higher Education Challenge Grants		10.217	14,600
Forestry Research		10.652	(117)
Cooperative Forestry Assistance		10.664	73,020
Urban & Community Forestry Program		10.675	46,316
Environmentals Quality Incentives Program		10.912	4,865
FS-05-DG11083150020		10	260,854
NRCS-GCCESU-68-7482-8-423		10	19,813
FS-08-PA-11080100-005		10	2,942
Department of Agriculture Direct Total			<u>473,573</u>

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Auburn University

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Year Ended September 30, 2009

Federal Grantor/Program/Cluster Title	Pass-through Entity / Pass-through Number	Federal CFDA Number	Federal Expenditures
<u>OTHER PROGRAMS</u>			
Department of Agriculture Pass-through			
State Admin Match Grnt for Food Stamp Prog	ALA DEPT OF HUMAN RES-FOOD STAMP-08	10.561	2,005,638
Plant and Animal Disease, Pest Control, and Animal Care	MISSISSIPPI STATE UNIV-080300-330301-07	10.028	5,116
USDA-68-3A75-4-143	SO FOREST RSCH PARTN, INC-SMIDT-08-WOODY BIOMASS	10	1,470
Grants for Ag Rsch, Special Rsch Grants	SO REG AQUACULTURE CTR-MS STATE UNIV-CLINE-09	10.200	2,500
Grants for Agricultural Research, Competitive Rsch Grants	UNIVERSITY OF MARYLAND-Z507216	10.206	56
Higher Education Challenge Grants	UNIVERSITY OF GEORGIA-RH150-127/3840038	10.217	36,968
Intergrated Programs	TEXAS AG&MECHNICAL-TEXAS COOP EXT 450006	10.303	104,895
Intergrated Programs	TEXAS AGRILIFE EXT SERV-451001	10.303	1,932
Homeland Security Agricultural	UNIVERSITY OF FLORIDA-SC02062150-1-1	10.304	(4,560)
Homeland Security Agricultural	UNIVERSITY OF FLORIDA-IFAS 00069553	10.304	34,506
Homeland Security Agricultural	PURDUE UNIVERSITY-8000028464AG	10.304	11,132
Cooperative Extension Service	UNIVERSITY OF NEBRASKA-26-63650001306	10.500	7,145
Cooperative Extension Service	NO.CAROLINA STATE UNIVERSITY-2006-0457-15	10.500	(3,848)
Cooperative Extension Service	NO.CAROLINA STATE UNIVERSITY-2006-0457-14	10.500	(2,878)
Cooperative Extension Service	UNIVERSITY OF FLORIDA-IFAS 00064379	10.500	(631)
Cooperative Extension Service	UNIVERSITY OF NEBRASKA-25-6365-0020-146	10.500	(53)
Cooperative Extension Service	UNIVERSITY OF NEBRASKA-26-6365-0001-320	10.500	14,885
Cooperative Extension Service	NO. CAROLINA STATE UNIVERSITY-2007-0376-03	10.500	(7,058)
Cooperative Extension Service	UNIVERSITY OF FLORIDA-IFAS 00069679	10.500	(1,104)
Cooperative Extension Service	KANSAS STATE UNIVERSITY-S08096	10.500	16,203
Cooperative Extension Service	TEXAS AG&MECHNICAL-TEXAS COOP EXT 633003	10.500	16,052
Cooperative Extension Service	UNIVERSITY OF NEBRASKA-25-6365-0023-101	10.500	10,434
Cooperative Extension Service	UNIV ARKANSAS-UA COOP EXTEN SV 23481-02	10.500	11,579
Cooperative Extension Service	LOUISIANA STATE UNIVERSITY-24708	10.500	11,656
Cooperative Extension Service	UNIVERSITY OF NEBRASKA-25-6365-0023-250	10.500	9,529
Cooperative Extension Service	KANSAS STATE UNIVERSITY-MILITARY KIDS	10.500	23,991
Cooperative Extension Service	UNIVERSITY OF NEBRASKA-25-6365-0023-252	10.500	4,017
Cooperative Extension Service	UNIVERSITY OF NEBRASKA-26-6365-0001-339	10.500	2,936
Cooperative Extension Service	PURDUE UNIVERSITY-8000022846-AG	10.500	6,622
Department of Agriculture Pass-through Total			<u>2,319,130</u>
Department of Agriculture Total			<u>2,792,703</u>
Department of Commerce Direct			
Economic Development - Technical Assistance		11.303	134,116
Congressionally Identified Awards and Projects		11.469	331,009
Department of Commerce Direct Total			<u>465,125</u>
Department of Commerce Pass-through			
Sea Grant Support	UNIV SO MISS-GR02639/OMNIBUS-R/CCD-11-PD	11.417	63
Sea Grant Support	UNIV PUERTO RICO-MAYAGUEZ-R-101-1-08	11.417	77
Sea Grant Support	UNIV SO MISS-GR03091-R/MG/CSP-10	11.417	1,910
Sea Grant Support	UNIV SO MISS-GR02638/OMNIBUS-AUBURN-O-1	11.417	160,484
ITA Special Projects	NAT'L TEXTILE CENTER-PROTECT MATERIALS	11.113	(2,158)
Coastal Zone Mgmt Administration Awds	ALA DEPT CONS NAT RES-AUMERC-CZM-306-08-1	11.419	8,952
Sea Grant Support	UNIVERSITY OF ALA-HUNTSVILLE-2009-005-SF	11.417	62,857
Environmental Science Application Data & Education	UNIVERSITY OF ALA-HUNTSVILLE-2007-010	11.440	90,423
Manufacturing Extension Partnership	ALA TECH NET-MFG EXTEN PARTNER-NIST-06-07	11.611	223,101
Department of Commerce Pass-through Total			<u>545,709</u>
Department of Commerce Total			<u>1,010,834</u>
Army Direct			
FT RUCKER-FAMILY PROGRAMS		12	241,074
Army Direct Total			<u>241,074</u>
Army Pass-through			
ARMY-W911NR-07-D-0001	BATTELLE MEMORIAL INSTITUTE-TCN 08062	12	865
Army Pass-through Total			<u>865</u>
Army Total			<u>241,939</u>

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2009

Federal Grantor/Program/Cluster Title	Pass-through Entity / Pass-through Number	Federal CFDA Number	Federal Expenditures
<u>OTHER PROGRAMS</u>			
Navy Direct			
Basic & Applied Scientific Research		12.300	9,926
Navy Direct Total			<u>9,926</u>
Navy Pass-through			
M00264-04-D-0005/003	POTOMAC INST-POLICY STUDIES-S06-02-CDRI	12	(73,527)
M00264-04-D-0005/003	POTOMAC INST-POLICY STUDIES-S06-02-CS	12	(6,100)
USMC-M00264-04-D-0005-0002	POTOMAC INST-POLICY STUDIES-S06-02-T3-CDRI	12	(11,207)
USMC-M00264-04-D-0005-0002	POTOMAC INST-POLICY STUDIES-S06-02-T4-CDRI	12	(7,357)
Navy Pass-through Total			<u>(98,191)</u>
Navy Total			<u>(88,265)</u>
Air Force Direct			
AIR WAR COLLEGE-IPA-SEROKA-09		12	123,235
Air Force Direct Total			<u>123,235</u>
Air Force Pass-through			
Air Force Defense Rsch Sciences Program	FLORIDA AG & MECH UNIVERSITY-SUB C-2367	12.800	329
Air Force Pass-through Total			<u>329</u>
Air Force Total			<u>123,564</u>
Department of the Interior Direct			
Partners for Fish and Wildlife		15.631	19,813
Conserv Grnts Private Stewardship for Imp Species		15.632	57,598
Assistance to State Water Resources Rsch Inst		15.805	94
NPS-CREEK WAR		15	8,533
Department of the Interior Direct Total			<u>86,038</u>
Department of the Interior Pass-through			
State Wildlife Grants	ALA SOIL & WATER CONS COMM-LONGLEAF	15.634	4,157
USGS Research & Data Collection	AMERICAVIEW, INC-AV03-AL01	15.808	22,595
Department of the Interior Pass-through Total			<u>26,752</u>
Department of the Interior Total			<u>112,790</u>
Department of Transportation Direct			
Public Transportation Research		20.514	124,212
Department of Transportation Direct Total			<u>124,212</u>
Department of Transportation Pass-through			
TECH TRANS PROG FOR LTA	ALA DEPT OF TRANSPORTATION-930-369	20	(13,346)
LOCAL TECHNICAL ASSISTANCE PROGRAM	ALA DEPT OF TRANSPORTATION-930-748	20	103,919
RURAL TRANSIT ASSISTANCE PROGRAM IN AL	ALA DEPT OF TRANSPORTATION-07-0648	20	193,320
LOCAL TECHNICAL ASSISTANCE PROG-	ALA DEPT OF TRANSPORTATION-930-765	20	127,296
TECH TRANS-LOCAL TRANSPORTATION AGENCIES IN ALABAMA	ALA DEPT OF TRANSPORTATION-930-705	20	(5,478)
FAA PROJ# 3-01-0011-018-2006	ALA DEPT OF TRANS-SITE PREP-APRON	20	60,349
FAA PROJ# 3-01-0011-019-2006,Phase 2	ALA DEPT OF TRANS-APRON& TAXIWAY, PHASE 2	20	126,404
FAA-3-01-0011-020-2007, Phase 3	ALA DEPT OF TRANS-APRON PHASE III-FED	20	313,339
FAA-3-01-0011-022-2008	ALA DEPT OF TRANSPORTATION-STPTETE04(955)	20	181,457
FAA-3-01-0011-021-2008, Phase 4	ALA DEPT OF TRANS-APRON PHASE IV-FED	20	948,942
Department of Transportation Pass-through Total			<u>2,036,202</u>
Department of Transportation Total			<u>2,160,414</u>
Environmental Protection Agency Direct			
Regional Wetland Program Development Grants		66.461	(2,150)
Environmental Protection Agency Direct Total			<u>(2,150)</u>

The accompanying notes are an integral part of this schedule.

Auburn University

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2009

Federal Grantor/Program/Cluster Title	Pass-through Entity / Pass-through Number	Federal CFDA Number	Federal Expenditures
<u>OTHER PROGRAMS</u>			
Environmental Protection Agency Pass-through Water Pollution Control State, Interstate, and Tribal Program Support	ALA DEPT OF ENVIRON MGMT-C705910009-D	66.419	15,947
Nonpoint Source Implementation Grants	ALA DEPT OF ENVIRON MGMT-C40598060	66.460	(86)
Nonpoint Source Implementation Grants	ALA DEPT OF ENVIRON MGMT-C80592009	66.460	28,474
Nonpoint Source Implementation Grants	ALA DEPT OF ENVIRON MGMT-C80592015	66.460	9,496
Nonpoint Source Implementation Grants	ALA DEPT OF ENVIRON MGMT-C80592037	66.460	37,611
Nonpoint Source Implementation Grants	ALA DEPT OF PUBLIC HEALTH-C90593025	66.460	268,759
State Indoor Radon Grants	ALA DEPT OF PUBLIC HEALTH-C90118037	66.032	207,318
State Indoor Radon Grants	ALA DEPT OF PUBLIC HEALTH-C70119082	66.032	(596)
State Indoor Radon Grants	ALA DEPT OF PUBLIC HEALTH-80117038	66.032	(2,511)
Targeted Watersheds Grants	UNIV NO CAROLINA-CH HILL-ACCT NO. 5-35202	66.439	26,444
National Estuary Programs	DAUPHIN ISLAND SEA LAB-MOBILE BAY NAT'L ESTUARY PROGRAM-BAYOU LA BATRE	66.456	71
Natl Community-Based Lead Outreach&Trng Grant Program	NAT'L CENTER FOR HEALTHY HOUSING-08-1119	66.718	6,429
Environmental Protection Agency Pass-through Total			<u>597,356</u>
Environmental Protection Agency Total			<u>595,206</u>
Department of Energy Direct DE-FG02-00ER54610		81	4
Department of Energy Direct Total			<u>4</u>
Department of Energy Pass-through State Energy Program	ALA DEPT OF ECON COMM AFF-1EX SEP08 15	81.041	(48)
Weatherization Assistance for Low-income Persons	ALA DEPT OF ECON COMM AFF-1STR07 TX 08	81.042	188
State Energy Program	ALA DEPT OF ECON COMM AFF-1STR07 TX 07	81.041	5,124
State Energy Program	ALA DEPT OF ECON COMM AFF-1EX SEP08 02	81.041	2,364
State Energy Program	ALA DEPT OF ECON COMM AFF-1SEP08 DOE 04	81.041	7,806
DE-AC05-76RL01830	BATTELLE MEMORIAL INSTITUTE-23213	81	(3,800)
Office of Science Financial Assistance Prg DE-AC09-08SR22470	DUKE UNIVERSITY-07-SC-NICCR-1016 SAVANNAH RVR NUCLEAR SOL,LLC-AC 70067 O	81.049 81	(15) 388
Department of Energy Pass-through Total			<u>12,007</u>
Department of Energy Total			<u>12,011</u>
Small Business Administration Pass-through Small Business Development Centers	UNIVERSITY ALABAMA-SBA-AU-09-045	59.037	62,423
Small Business Development Centers	UNIVERSITY ALABAMA-B'HAM-SBA FY 2007-2008	59.037	(23,208)
Small Business Administration Total			<u>39,215</u>
Appalachian Regional Commission Direct Appalachian Regional Development		23.001	(309)
Appalachian Area Development		23.002	15,771
Appalachian Regional Commission Total			<u>15,462</u>
Nuclear Regulatory Commission Direct NRC-IPA-RQASL09303		77	106,275
Nuclear Regulatory Commission Total			<u>106,275</u>
Elections Assistance Commission Direct Help America Vote College Program		90.400	24,956
Elections Assistance Commission Total			<u>24,956</u>
Department of Homeland Security Pass-through State & Local Homeland Security Exercise Support	CALHOUN COUNTY EMA	97.006	(1,262)
Department of Homeland Security Total			<u>(1,262)</u>
Department of Justice Direct Edward Byrne Memorial Justice Assistance Grant Program		16.738	21,436
Juvenile Justice and Delinquency Prevention Allocation to States		16.540	76,433
Department of Justice Total			<u>97,869</u>

The accompanying notes are an integral part of this schedule.

Auburn University
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2009

Federal Grantor/Program/Cluster Title	Pass-through Entity / Pass-through Number	Federal CFDA Number	Federal Expenditures
Department of Labor Pass-through DOL-24003R	GEORGIA TECH UNIVERSITY-R9712-S1	17	<u>10,509</u>
Department of Labor Total			<u>10,509</u>
Department of State Pass-through Fellowship for Giap Van Nguyen	VIETNAM ED FDN-FELLOWSHIP FOR NGUYEN	19	<u>(1,096)</u>
Department of State Total			<u>(1,096)</u>
Library of Congress Pass-through NDIIPP:METAARCHIVE-South Culture	EMORY-NDIIPP529915C1	42	<u>5,801</u>
Library of Congress Total			<u>5,801</u>
OTHER PROGRAMS TOTAL			<u>27,779,352</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 96,049,514</u>

The accompanying notes are an integral part of this schedule.

Auburn University

Notes to Schedules of Expenditures of Federal Awards

Year Ended September 30, 2009

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal expenditures of Auburn University (the University) under programs of the federal government for the year ended September 30, 2009. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements of the University. Negative amounts represent adjustments or credits to amounts reported as expenditures in prior years. CFDA numbers and pass-through numbers are provided when available.

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

A. Research and Development

The research and development cluster includes awards for research and development work primarily under grants with agencies and divisions of the Department of Agriculture, the Department of Defense, the National Aeronautics and Space Administration, the Department of Health and Human Services, Department of Transportation, Department of Energy, and the National Science Foundation.

B. Student Financial Aid

The student financial aid cluster includes certain awards to provide financial assistance to students, primarily under the Federal Work-Study (FWS), Federal Pell Grant (Pell), and Federal Supplemental Educational Opportunity Grant (FSEOG) programs of the Department of Education. The University receives awards to make loans to eligible students under certain federal student loan programs, and federally guaranteed loans are issued to students of the University by various financial institutions.

C. Other

Additional programs include grants and contracts with the Department of Transportation (Transportation Technology Building Construction), Cooperative Extension Service, and other programs from various agencies.

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

Auburn University
Notes to Schedules of Expenditures of Federal Awards
Year Ended September 30, 2009

2. Subrecipient

Certain funds are passed through to subrecipient organizations by the University. Expenditures incurred by the subrecipient and reimbursed by the University are included in the Schedule. The University provided \$5,656,130 of federal awards to subrecipients during the year ended September 30, 2009, as follows:

Agency	Programs			Total
	R&D	Comperative Extension	Other Programs	
Department of Agriculture	\$ 312,022	\$ 983,215	\$ 220,275	\$ 1,515,512
Department of Defense	51,892	-	-	51,892
Department of Education	14,702	-	-	14,702
Department of Energy	290,836	-	-	290,836
Department of Health and Human Services	1,036,499	-	-	1,036,499
Department of the Interior	14,065	-	-	14,065
Department of Transportation	1,077,280	-	-	1,077,280
Agency for International Development	16,539	-	-	16,539
Environmental Protection Agency	1,457	-	-	1,457
National Academy of Sciences	67,856	-	-	67,856
National Aeronautics and Space Administration (NASA)	275,097	-	-	275,097
National Institutes of Health	268,494	-	-	268,494
National Science Foundation	243,280	-	521,069	764,349
United States Army	257,204	-	-	257,204
United States Geological Survey	4,348	-	-	4,348
	\$ 3,931,571	\$ 983,215	\$ 741,344	\$ 5,656,130

3. Summary of Significant Accounting Policies

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

4. Facilities and Administrative Costs (F&A Costs)

The University operates under predetermined facilities and administrative cost rates, which were effective beginning April 19, 2007. The base rate for on-campus research is 46%. Base rates for other facilities and administrative cost recoveries range from 40% to 50%.

5. Federal Student Loan Programs

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

Auburn University
Notes to Schedules of Expenditures of Federal Awards
Year Ended September 30, 2009

The balances of loans outstanding at September 30, 2009, and funds advanced by the University to eligible students during the year ended September 30, 2009, under the Federal student loan programs can be summarized as follows:

	Perkins (CFDA#84.038)	HPSL (CFDA#93.342)
Funds advanced to students during fiscal year 2009	\$ 1,813,532	\$ 326,289
Student loans receivable, September 30, 2009	15,679,282	1,737,493

6. Federal Family Education Loans (CFDA #84.032)

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

As of the year ended September 30, 2009, the University's issued loans under the FFEL program are as follows:

	CFDA#	Total 2009
Federal Family Education Loans	84.032	\$ 80,666,720

7. Federal Direct Loans (CFDA #84.268)

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

During the year ended September 30, 2009, the University processed the following amount of student loans under FDSLPL:

	CFDA#	Total 2009
Federal Direct loans	84.268	\$ 57,580,928

8. Administrative Cost Allowance

During the program year ended June 30, 2009, Auburn University charged \$81,216 to the Federal Work-Study program for administrative cost allowance. No administrative cost allowance was charged to the Federal Perkins Loan Program or the FESOG.

Auburn University
Notes to Schedules of Expenditures of Federal Awards
Year Ended September 30, 2009

During the program year ended June 30, 2009, Auburn University at Montgomery charged \$28,531 to the Federal Perkins Loan Program for administrative cost allowance. No administrative cost allowance was charged to Federal Work-Study or FSEOG.

Part III
Reports on Internal Control and Compliance

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

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

We have audited the financial statements of Auburn University (the "University"), which is a component unit of the State of Alabama, and its discretely presented component units as of and for the year ended September 30, 2009 and 2008 (June 30, 2009 and 2008 for Tigers Unlimited Foundation), and have issued our report thereon dated January 22, 2010. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the University's discretely presented component units were not audited in accordance with *Government Auditing Standards*. Other auditors audited the financial statements of the Auburn Alumni Association (the "Association") and Auburn University Foundation (the "Foundation"), which represent 85 percent and 84 percent of assets, 85 percent and 84 percent of net assets and 60 percent and 56 percent of revenues of the discretely presented component units at September 30, 2009 and 2008 (at June 30, 2009 and 2008 for Tigers Unlimited Foundation) and for the years then ended (for the years ended June 30, 2009 and 2008 for Tigers Unlimited Foundation), respectively. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Association and the Foundation is based on the reports of other auditors.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the University in a separate letter dated January 22, 2010.

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

PricewaterhouseCoopers LLP

January 22, 2010

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**Report of Independent Auditors on Compliance With Requirements
Applicable to Each Major Program and on Internal Control Over Compliance
in Accordance with OMB Circular A-133**

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

Compliance

We have audited the compliance of Auburn University (the "University") with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2009, except as described in the second paragraph of this report. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

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

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

In our opinion, based on our audit and the report of other auditors, the University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2009-1.

Internal Control over Compliance

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

Our consideration and the other auditors' consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below.

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

The University's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the University's responses and, accordingly, we express no opinion on it.

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

PricewaterhouseCoopers LLP

June 29, 2010

Part IV
Findings

Auburn University
Schedule of Findings and Questioned Costs
Year Ended September 30, 2009

I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued Unqualified

Internal control over financial reporting

Material weakness(es) identified	___ yes	<u>X</u> no
Significant deficiency(ies) identified not considered to be material weaknesses	___ yes	<u>X</u> none reported
Noncompliance material to financial statements noted	___ yes	<u>X</u> no

Federal Awards

Internal control over major program

Material weakness(es) identified	___ yes	<u>X</u> no
Significant deficiency(ies) identified not considered to be material weaknesses	___ yes	<u>X</u> none reported

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

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section.510(a) X yes ___ no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
Various	Research and Development cluster
Various	Student Financial Aid cluster
10.500	Cooperative Extension Service
20.205	Transportation Technology Building Construction

Threshold used to determine Type A and Type B programs \$ 2,881,485

Auditee qualified as low-risk auditee X yes ___ no

**Auburn University
Schedule of Findings and Questioned Costs
Year Ended September 30, 2009**

II – Financial Statements Findings

No matters were noted.

III – Federal Awards Findings and Questioned Costs

Finding 2009-1: Inventory Transfer Monitoring

Federal Agency:	a. Various
Program:	a. Research and Development Cluster
CFDA#:	a. Various
Award#:	a. Various
Award Year:	a. Various
Pass-through	a. Various

Criteria

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

Condition

To ensure compliance with the requirements above, the University should ensure that it has properly designed and implemented controls that mitigate risk associated with federally purchased equipment loss, damage or theft. When inventories are performed within the various departments of the University, inventory designated as transferred inventory is documented, along with the corresponding department from and to which the inventory is transferred. This is documented within the count sheets utilized during the inventory count. However, a subsequent review of the transferred property is not consistently performed to ensure that transferred equipment is physically located at the transferred location. A centralized process and review of the transferred equipment will help to ensure that controls are in place to timely identify loss of equipment.

Cause

The University's process and related controls regarding transferred equipment monitoring do not adequately ensure that appropriate safeguards are in place to prevent or detect loss of federally purchased equipment as a result of transfers.

Questioned Costs

Indeterminable

Auburn University
Schedule of Findings and Questioned Costs
Year Ended September 30, 2009

Effect

The University's current equipment monitoring policies and procedures surrounding transferred equipment make it difficult for the University to comply with federal regulations to ensure safeguards are in place to mitigate loss of federally purchased equipment as a result of a transfer.

Recommendation

We recommend the University implement monitoring and transaction policies, procedures and controls to ensure federal compliance requirements are met in regards to transferred equipment. Specifically, we recommend the University implement controls to ensure it performs a detail review of equipment transfers during the inventory process to help ensure that transfers are valid and appropriate.

Management's Views and Corrective Action Plan

Following these finding are management's views and corrective action plan.

Auburn University

Summary of Prior Year Findings and Questioned Costs

Year Ended September 30, 2009

I – Federal Awards Prior Audit Findings

2008-1

Per A-110, Section_.34 (f) (3), assets purchased with federal funds are required to be inventoried at least every two years. In order to meet this requirement, the University provides inventory counts sheets to various departments on a quarterly basis in order to ensure that all equipment, both federal and non-federal, is inventoried at least every two years.

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

During the review of equipment controls and compliance, the following was noted:

1.) Inventory counts were postponed for one to two months after inventory count date for all inventory counts performed in FY2008. This is 187 out of 187 inventory in FY2008.

2.) Based on review of the Inventory Log Detail, 15 out of 187 inventories performed in fiscal 2008 remain outstanding at September 30, 2008. In addition, it was noted 85 out of 187 departments were in violation of the 45 day return policy at year-end.

3.) The notification letter of delinquency for inventories not received within 45 days was not performed after February 2008. According to the Property Service policy, notification letters are sent to department heads, the Dean of the respective department, and Provost when inventory counts are not returned within 45 days. Based on discussions with management, this procedure was suspended during the last half of fiscal 2008 while other informal notifications methods, such as phone calls, were used. With the formal notification of delinquency suspended, enforcement of Property Services' 45 day return policy was not achieved. Property Services failed to document alternative methods of supervisory notification of departments' delinquent inventory counts after February 2008.

Status: The University implemented its corrective action plan. There were no similar issues noted during fiscal 2009.



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CONTROLLER

AUBURN UNIVERSITY

ASSOCIATE VICE PRESIDENT
FOR BUSINESS AND FINANCE

June 29, 2010

MANAGEMENT VIEWS AND CORRECTIVE ACTION PLAN
REPORT ON FEDERAL AWARDS IN ACCORDANCE WITH A-133
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Finding 2009-1: Inventory Transfer Monitoring

To ensure Auburn University's compliance with Office of Management and Budget (OMB) Circular A-133 regulations and to improve the University's controls surrounding transferred equipment, we will execute the following corrective action plan. Property Services will implement procedures to verify the location of transferred items between units. This will be completed during the inventory follow-up audits. Currently, the Property Services' Director is performing an initial review of completed inventory verifications, identifying the transfers, and updating the information in the system. We are exploring an on-line transfer program, which would require an acknowledgement of receipt of the item(s).

Contact: Amy Douglas, Controller
Anticipated implementation date: July 1, 2010