

Auburn University

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

For the Year Ended September 30, 2012

EIN: 63-6000724

Auburn University
Report on Federal Awards in Accordance with OMB Circular A-133
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September 30, 2012

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Part I
Financial Statements



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 business-type activities of the University and its discretely presented component units at September 30, 2012 and 2011 (June 30, 2012 and 2011 for Tigers Unlimited Foundation), and the respective changes in financial position of the University and its discretely presented component units, and cash flows of the University 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 an opinion 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"), two of the University's discretely presented component units, as of September 30, 2012 and 2011 and for the years then ended. The Associations' statements reflect total assets of 3 percent and 4 percent of the total assets and total revenues of 3 percent and 3 percent of all discretely presented component units as of September 30, 2012 and 2011, respectively and for the year then ended. The Foundations' statements reflect total assets of 81 percent and 80 percent of the total assets and total revenues of 52 percent and 50 percent of all discretely presented component units as of September 30, 2012 and 2011, respectively and for the year then ended. 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 report of other auditors. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Association and the Foundation were not audited in accordance with Government Auditing standards. 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 reports of other auditors provide a reasonable basis for our opinion.

The accompanying management's discussion and analysis and the required supplemental information for the year ended September 30, 2012 on pages 3 through 11 and 48 through 51, respectively, are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in the appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of



management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and the knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The University has omitted the management's discussion and analysis for the year ended September 30, 2011 that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Our opinions on the basic financial statements are not affected by this missing information.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2013 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, 2012. 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 financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. As described in Note 1 to the Schedule of Expenditures of Federal Awards, the accompanying schedule of expenditures of federal awards was prepared on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the basic financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects, on the basis of accounting described in Note 1, in relation to the financial statements taken as a whole.

PricewaterhouseCoopers LLP

Birmingham, Alabama
January 23, 2013

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, 2012, with a comparison to the year ended September 30, 2011. 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 2012 enrollment included 30,123 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 5,251 full-time employees, including 1,394 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 "2012," "2011," 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 report financial results under principles prescribed by the Financial Accounting Standards Board (FASB) and are subject to standards under the Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles and present net assets in three classes: unrestricted, temporarily restricted, and permanently restricted. The four component units of the University reported herein are:

- (1) **Auburn University Foundation (AUF)** - AUF was organized on February 9, 1960, and is the fundraising foundation for the University. As of September 30, 2012, AUF holds endowments and distributes earnings from those endowments to the University. AUF is incorporated as a legally separate, tax-exempt nonprofit organization established to solicit individual and corporate donations for the direct benefit of the University. The Auburn University Real Estate Foundation, Inc. (AUREFI) has been consolidated into AUF's financial statements.
- (2) **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, 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.
- (4) **Auburn Research and Technology Foundation (ARTF)** - ARTF was organized on August 24, 2004, as a separate nonprofit organization to develop and operate the Auburn Research Park and to assist the University with the attraction, development, and commercialization of technology. The vision of ARTF is to establish

an entrepreneurial atmosphere for businesses to foster economic diversification and vitality of the local community, state, and region.

The University has one other related foundation. Due to immateriality, the statements for the Auburn Spirit Foundation for Scholarships (ASFS) are not presented as a component unit in these financial statements.

Financial Highlights

Statement of Net Assets

A summary of assets, liabilities, and net assets as of September 30, 2012 and 2011, is as follows:

	2012	2011
Assets		
Current assets	\$ 281,987,061	\$ 271,064,254
Capital assets	1,397,087,900	1,241,577,442
Other noncurrent assets	<u>945,591,324</u>	<u>971,757,052</u>
Total assets	<u>2,624,666,285</u>	<u>2,484,398,748</u>
Liabilities		
Current liabilities	314,780,822	275,549,125
Noncurrent liabilities	<u>787,021,909</u>	<u>773,429,383</u>
Total liabilities	<u>1,101,802,731</u>	<u>1,048,978,508</u>
Net assets		
Invested in capital assets, net of related debt	738,586,642	677,203,700
Restricted-nonexpendable	25,977,276	25,407,409
Restricted-expendable	180,857,774	176,298,403
Unrestricted	<u>577,441,862</u>	<u>556,510,728</u>
Total net assets	<u>\$ 1,522,863,554</u>	<u>\$ 1,435,420,240</u>

The University's Assets

Current assets consist of cash and cash equivalents, operating investments (those investments that are expected to be liquidated during the course of normal operations), net accounts receivable (primarily amounts due from the federal and state governments and other agencies as reimbursements for sponsored programs), net student accounts receivable (including amounts due from third parties on behalf of the students), current portion of loans receivable, accrued interest receivable, inventories, and prepaid expenses. The University's current assets increased \$10.9 million from 2011 to 2012. Of this increase, cash and cash equivalents and operating investments increased by \$6.8 million. This increase was mainly due to holding additional funds out of long-term investments to pay expenditures accrued at year end. In addition, prepaid expenses increased \$2.0 million. Approximately half of this increase was due to additional issuance costs relating to the 2012A General Fee Bonds the University issued in March. The remaining increase was from additional scholarship waiver and expense deferrals. Current receivables increased by \$1.3 million, which was the result of increases in receivables on federally sponsored projects. The remaining increase in current assets is due to the University's inventories growing \$900,000.

The University's long-term investments decreased \$26.9 million. As stated above, some of this decrease is attributable to holding additional funds in current assets to pay operating costs subsequent to year end. However, the majority of the decrease is due to spending previously-invested bond funds for construction projects. The University saw increases in capital assets, net of depreciation, shown as "Investment in plant, net" on the Statement of Net Assets, of 12.5% from 2011 to 2012. Capital assets generally represent the historical cost of land improvements, buildings, construction in progress, infrastructure, equipment, library books and livestock, less any accumulated depreciation, with buildings comprising approximately 64.0% of the total capital asset value. The increase, offset by disposal activity,

depreciation and transfers, was the result of \$219.7 million, net, of new additions to property, plant and equipment. In addition to the following construction projects totaling \$61.1 million, which were completed and placed into service during 2012, the University experienced a growth of projects under construction of \$199.5 million.

AUM Wellness Center	\$ 19.1 million
MRI Research Center Building	\$ 10.3 million
AUM Taylor Center Expansion	\$ 7.3 million
Multi-Sport Indoor Practice Facility	\$ 4.9 million
Federal Highway Admin Center for Technology Phase II	\$ 2.9 million
Facilities Division Building 6	\$ 2.3 million
Anniston Kennels	\$ 2.2 million
Facilities Division Building 7	\$ 1.8 million
Student Village Housing	\$ 1.3 million
Office of Information Technology Building	\$ 1.2 million
Alabama Farmer's Federation Admin Building	\$ 1.1 million
Athletic Locker Room, Lobby and Lounge	\$ 0.9 million
Other Small Projects	\$ 5.8 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 \$39.2 million from 2011 to 2012. The majority is due to an increase in accounts payable of \$24.6 million. A large number of payables accrued for at year end were expended on construction projects funded by bond proceeds. Deferred revenue increased \$12.3 million, which is comprised of deferred tuition revenue and contracts and grants funding received prior to expenditures. For Fall 2012, the Board approved an 8% tuition increase for main campus and AUM. Sixty percent of Fall tuition is reported as deferred revenue due to the fiscal year end of September 30.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Noncurrent liabilities include principal amounts due on University bonds payable, accrued compensated absences and other compensation-related liabilities that are payable beyond September 30, 2013.

Noncurrent liabilities increased \$13.6 million from 2011 to 2012, primarily due to the issuance of the 2012A General Fee Bonds, which also included a refunding of previously issued bonds (see Note 8).

The University's Net Assets

The three major net asset categories are discussed below:

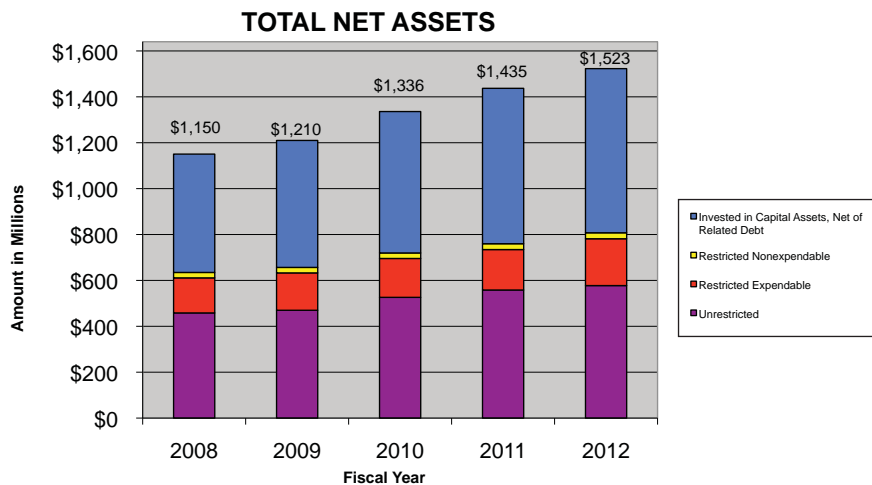
Net assets invested in capital, net of related debt, represent expended capital debt proceeds, the University's capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. These net assets increased 9.1% from 2011 to 2012. This increase is due to capitalization of assets as previously described.

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 2.2% from 2011 to 2012. This increase is the result of additional gifts to permanently endowed funds as well as investment earnings that were added back to current permanent endowments.

Restricted-expendable net assets are also subject to external restrictions governing their use. Such net assets include gifts, contracts, and grants restricted by federal, state, local governments, or private sources for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. Restricted funds functioning as endowments, restricted funds available for student loans and funds restricted for construction purposes are also included in this category. Restricted-expendable net assets increased \$4.6 million. The University showed a net increase in new funds for capital projects of \$4.6 million, while expending approximately \$7.5 million on construction projects from funds held in capital projects net assets at September 30, 2011. The remaining increase is due to additional amounts received and held at year end relating to scholarship and gift funds.

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, auxiliary operations (including athletics, housing, and the bookstore), unrestricted quasi-endowments, and capital projects. Unrestricted net assets increased \$20.9 million from 2011 to 2012. 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.



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:

	2012	2011
Operating revenues	\$ 602,442,097	\$ 574,629,881
Operating expenses	<u>856,818,917</u>	<u>851,820,633</u>
Operating loss	(254,376,820)	(277,190,752)
Net nonoperating revenues and other changes in net assets	<u>341,820,134</u>	<u>376,740,747</u>
Increase in net assets	87,443,314	99,549,995
Net assets - beginning of year	<u>1,435,420,240</u>	<u>1,335,870,245</u>
Net assets - end of year	<u>\$ 1,522,863,554</u>	<u>\$ 1,435,420,240</u>

The 2012 Statement of Revenues, Expenses and Changes in Net Assets reflects an increase in net assets at the end of the year of \$87.4 million. Operating revenues increased 4.8% when comparing operating revenues from 2011 to 2012. The majority of this increase is attributable to the increase in student tuition and fee revenue, net of discounts. The \$28.4 million tuition and fee increase over fiscal year 2011 was the result of an 8% increase in tuition for both main campus and AUM, approved by the Board. The University also saw increases in sales and services of educational departments of \$4.9 million. This increase was due to revenue generated by the opening of the Magnetic Resonance Imaging (MRI) facility and increases in clinic and pharmacy sales. The University recognized a net decrease in federal appropriations, federal, state and nongovernmental contract and grant revenues of \$1.4 million, which was the result of a decrease in spending of federal funds appropriated and awarded for research. Auxiliary revenue decreased approximately \$4.6 million. The majority of this decrease was due to a reduction in earned radio and television income from the University's athletic programs.

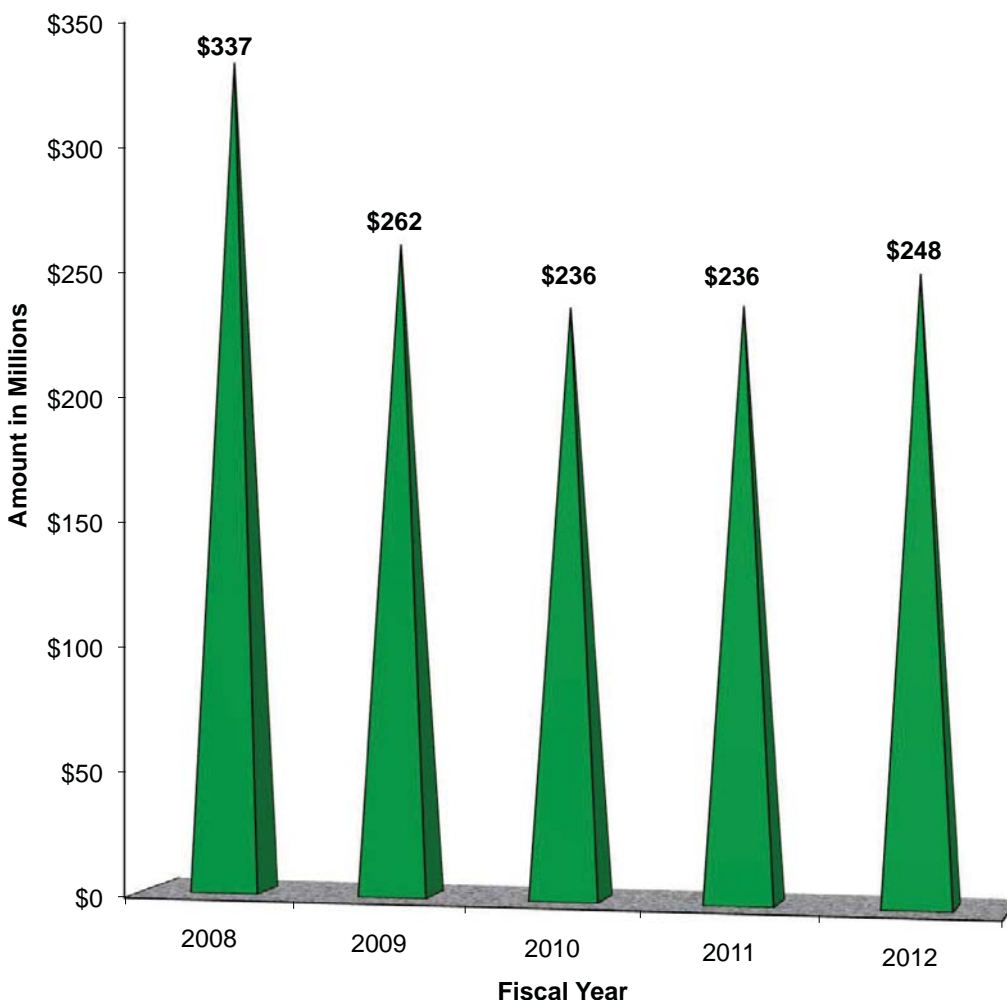
Operating expenses increased \$5.0 million from 2011 to 2012. Multiple factors contributed to this net increase. Compensation and benefit costs showed a minimal increase of \$2.7 million. Other supplies and services expenses decreased \$6.0 million. This decrease was attributable to a reduction in repairs and maintenance expenditures, while more spending occurred on capital projects. These reductions were offset

by the 13.5% increase in depreciation expense. This increase was a result of recording depreciation beginning in fiscal year 2012 on projects completed in 2011. The buildings completed include the Office of Information Technology building, the Multi-Sport Indoor Practice Facility, and the second phase of the Federal Highway Administration Center for Technology.

Net nonoperating revenues decreased \$3.1 million from 2011 to 2012. Although the University received additional appropriations from the State of Alabama of \$12.1 million, the \$24.4 million ARRA State Fiscal Stabilization funding the University received in fiscal year 2011 ended. Revenue recognized on Pell grants awarded to students in fiscal year 2012 decreased \$3.2 million. The University's net investment income increased from \$19.7 million in fiscal year 2011 to \$28.4 million in fiscal year 2012. Due to the low interest rate environment, the University recognized decreases in interest income and realized gains; however, in fiscal year 2012, the University recognized unrealized gains of \$7.8 million, whereas, in fiscal year 2011, the University recognized unrealized losses of \$6.7 million.

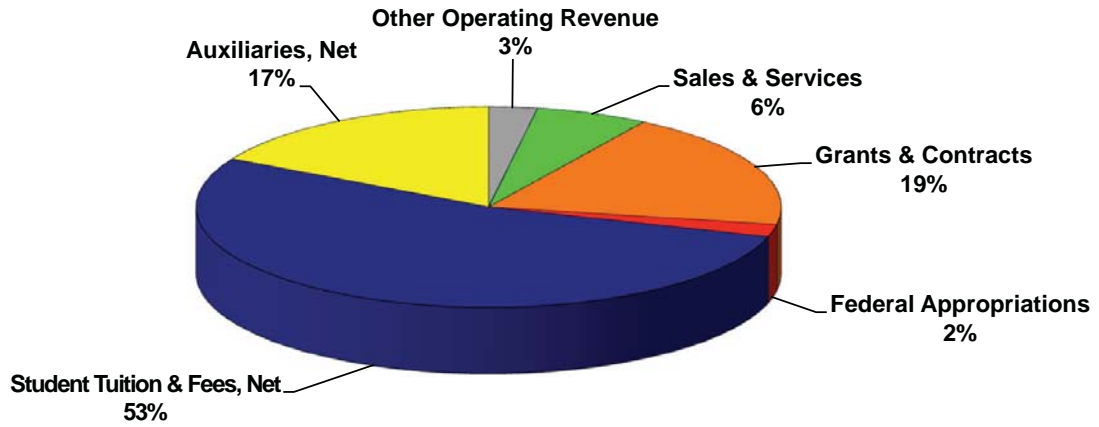
Other Changes in Net Assets decreased \$31.8 million in fiscal year 2012 from fiscal year 2011. This decrease is the direct result of completing construction projects such as the Federal Highway Administration Center for Technology and the airport expansion, for which the University received outside funding in fiscal year 2011.

STATE APPROPRIATIONS



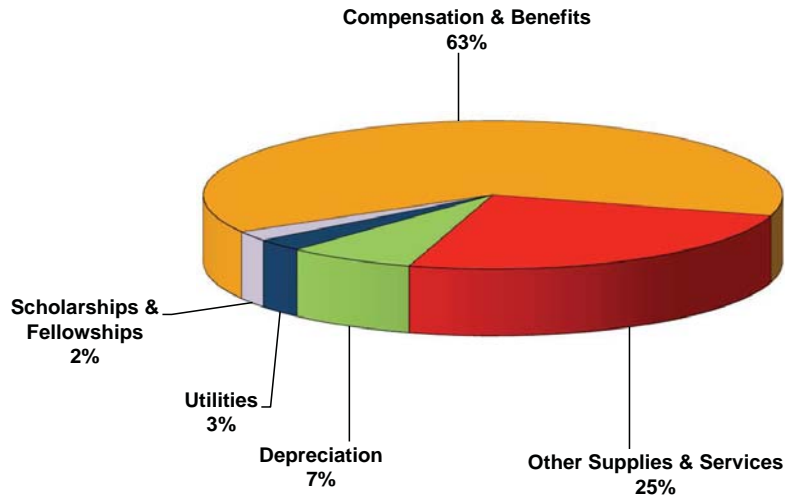
OPERATING REVENUES SUPPORTING CORE ACTIVITIES

For the year ended September 30, 2012



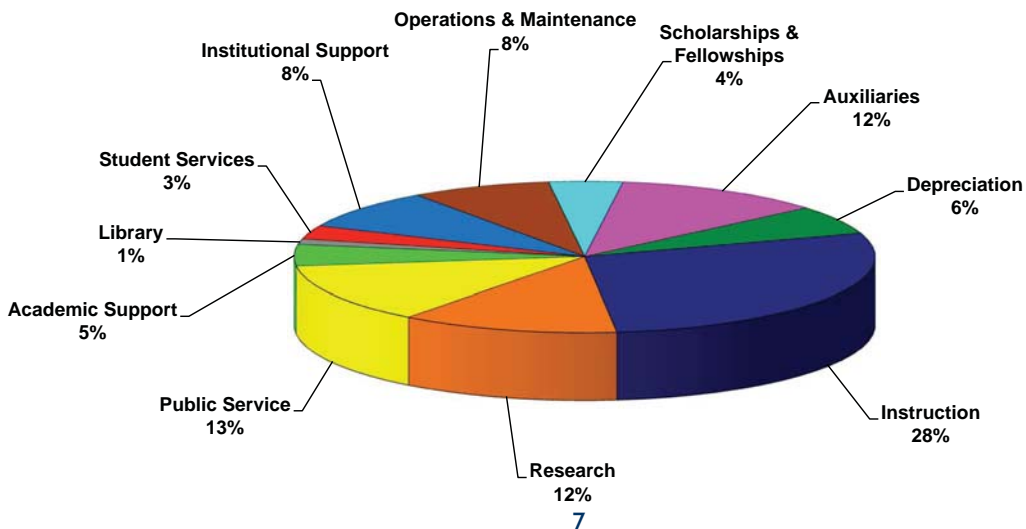
OPERATING EXPENSES BY NATURAL CLASSIFICATION

For the year ended September 30, 2012



OPERATING EXPENSES BY FUNCTION

For the year ended September 30, 2012



Statement of Cash Flows

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

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

The University's cash flows are summarized below:

	2012	2011
Cash provided by (used in):		
Net operating activities	\$ (165,997,216)	\$ (216,643,418)
Net noncapital financing activities	310,756,753	317,653,417
Net capital and related financing activities	(193,743,815)	92,755,052
Net investing activities	<u>63,708,912</u>	<u>(180,809,559)</u>
Net increase in cash	14,724,634	12,955,492
Cash and cash equivalents beginning of year	<u>82,631,687</u>	<u>69,676,195</u>
Cash and cash equivalents end of year	<u>\$ 97,356,321</u>	<u>\$ 82,631,687</u>

Net cash used for operating activities decreased from 2011 to 2012 by 23.4%. This decrease was primarily due to a reduction in payments to suppliers during the fiscal year, offset by additional funds received from tuition and fees as a result of a Board-approved tuition rate increase.

Net cash provided by noncapital financing activities decreased \$6.9 million. The end of the ARRA State Fiscal Stabilization Funds program in fiscal year 2012 resulted in a decrease of \$24.1 million from this source of funding. That decrease was partially offset by a \$12.1 million increase in State appropriations and a net excess of direct loan activity totaling \$2.8 million, as compared to a net deficit in direct loan activity of \$2.4 million in 2011.

Net cash used in/provided by capital and related financing activities decreased \$286.5 million from 2011 to 2012. Although the University received proceeds of \$132.7 million from issuing bonds in fiscal year 2012, \$100.9 million was used to advance refund previously issued debt (see Note 8). In fiscal year 2011, the University issued bonds and the entire proceeds of \$231.8 million were provided for capital activities. Contributing to the overall decrease were reductions in funding from capital appropriations and capital gifts and grants totaling \$34.9 million, an increase in debt service payments of \$6.9 million related to the 2011A debt issuance, and an increase in purchases of capital assets of \$44.8 million, including the MRI facility, AUM's Wellness Center and Taylor Center Expansion.

Net cash provided by investing activities totaled \$63.7 million, which represents an increase of \$244.5 million over 2011. The largest part of the increase is explained by a reduction in purchases of investments of \$196.6 million over 2011. In 2011, proceeds from the 2011A General Fee Bond issuance were invested until spending occurred. An increase of proceeds from sales and maturities of investments and reinvestments of \$49.2 million was the result of maturity and spending during 2012 of the bond funds invested in fiscal year 2011. Investment income received showed a modest decrease of \$1.3 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. 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 proration or decreases 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

	2008-09	2009-10	2010-11	2011-12	2012-13
Auburn Main Campus/ Auburn University at Montgomery					
Full Time Students:					
In-State	\$6,500/\$5,580	\$6,972/\$5,970	\$7,900/\$6,730	\$8,698/\$6,930	\$9,446/\$7,500
Out-of-State	\$18,260/\$16,200	\$19,452/\$17,250	\$21,916/\$19,090	\$23,290/\$20,790	\$25,190/\$22,500

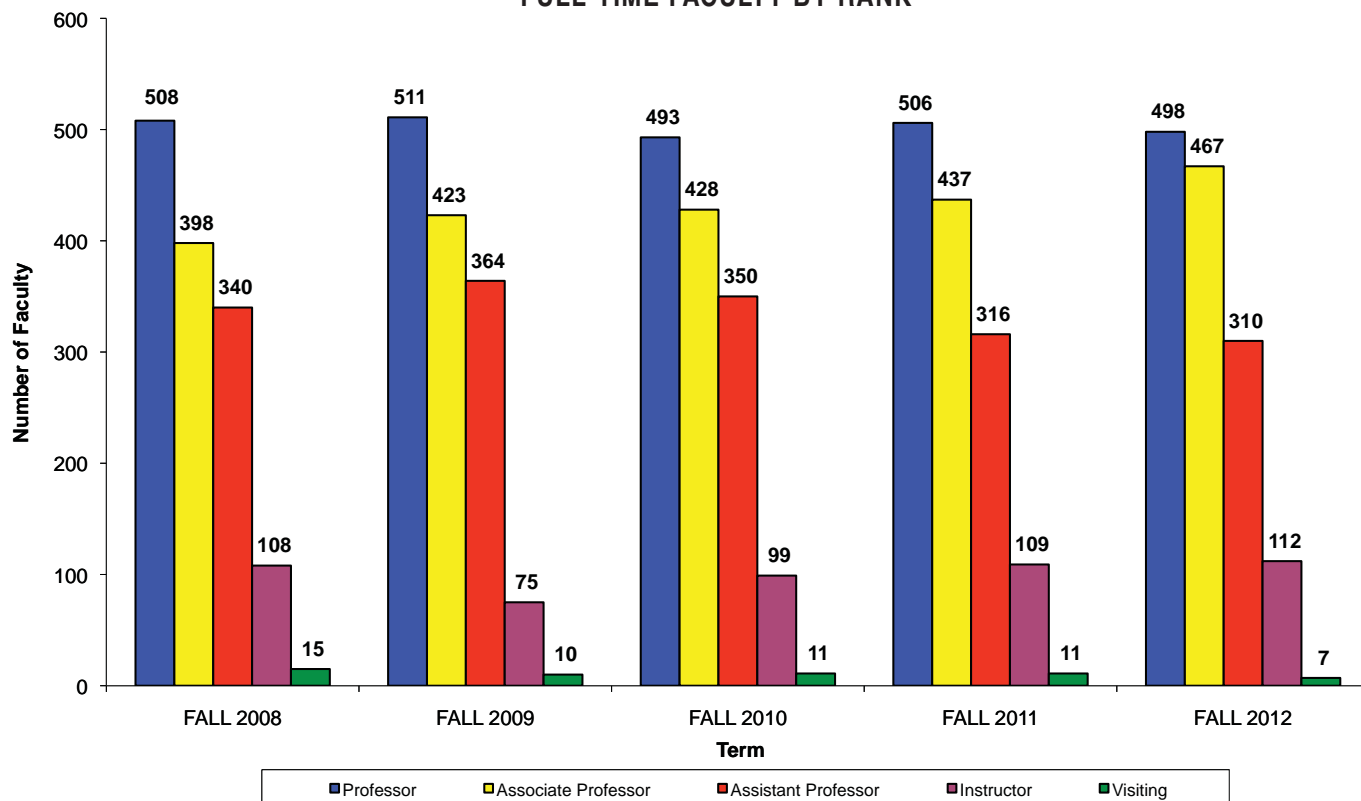
FALL STUDENT ENROLLMENT

	2008	2009	2010	2011	2012
Auburn Main Campus and Auburn University at Montgomery					
Undergraduate and Professional	25,471	25,599	26,025	25,868	25,442
Graduate	4,346	4,558	4,864	4,906	4,681

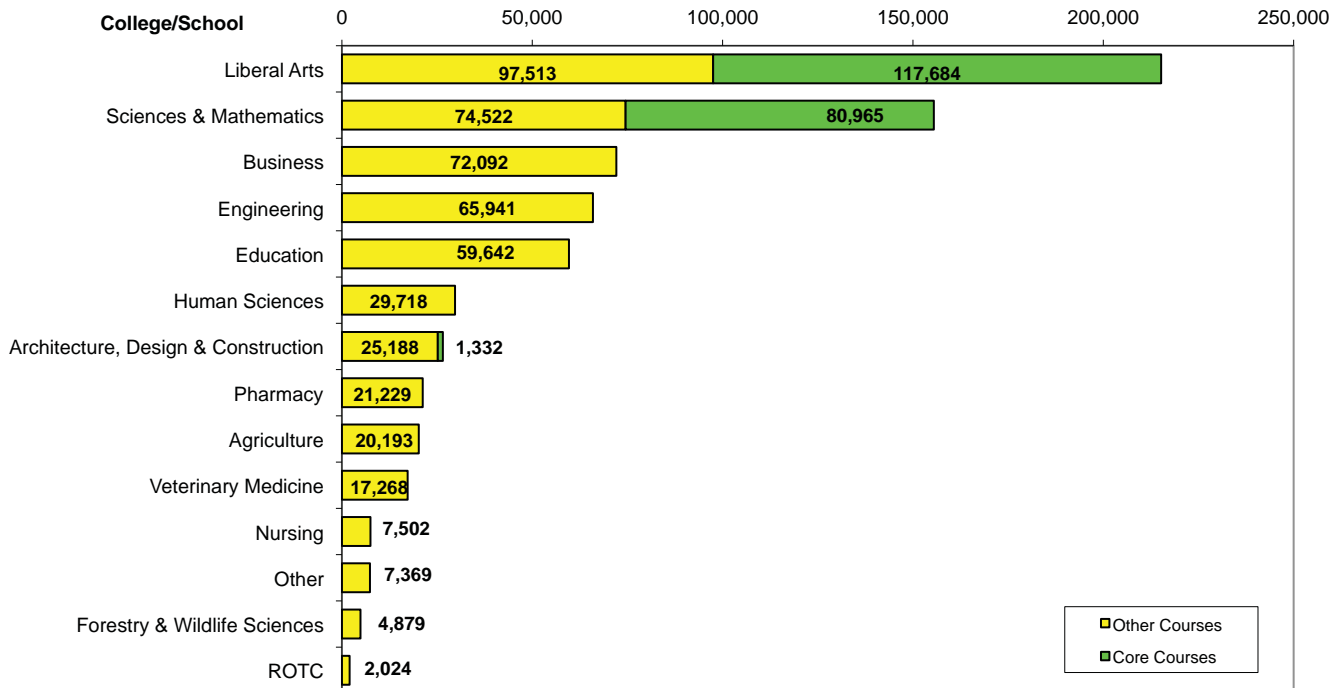
DEGREES AWARDED FOR THE ACADEMIC YEAR

	2007-08	2008-09	2009-10	2010-11	2011-12
Auburn Main Campus and Auburn University at Montgomery					
Bachelor	4,441	4,593	4,700	4,800	4,925
Advanced	1,520	1,561	1,670	1,809	1,827

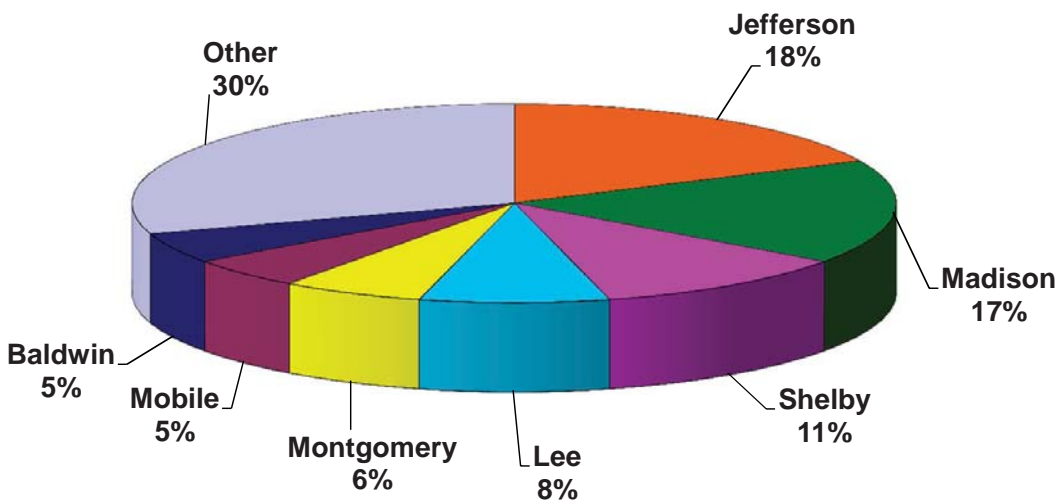
**AUBURN UNIVERSITY MAIN CAMPUS AND AUBURN UNIVERSITY AT MONTGOMERY
FULL-TIME FACULTY BY RANK**



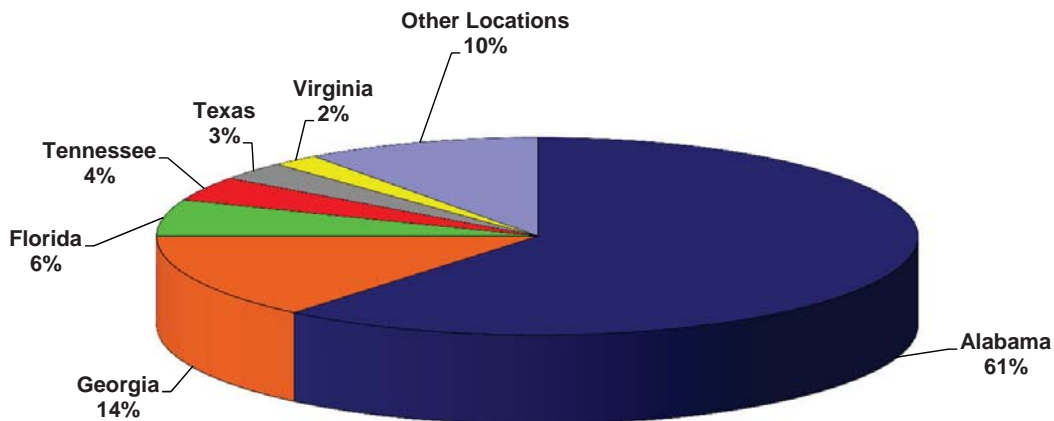
**AUBURN UNIVERSITY MAIN CAMPUS
TOTAL STUDENT CREDIT HOURS BY COLLEGE/SCHOOL 2011-12**



**AUBURN UNIVERSITY MAIN CAMPUS FRESHMEN
ENROLLMENT BY ALABAMA COUNTIES
SUMMER/FALL TERMS 2012**



**SOURCES OF ENTERING FRESHMEN BY STATE
MAIN CAMPUS SUMMER/FALL TERMS 2012**



AUBURN UNIVERSITY
STATEMENTS OF NET ASSETS
SEPTEMBER 30, 2012 AND 2011

	2012	2011
ASSETS		
Current assets		
Cash and cash equivalents	\$ 97,356,321	\$ 82,631,687
Operating investments	48,141,852	56,063,476
Accounts receivable, net	51,311,777	50,333,462
Student accounts receivable, net	36,106,557	35,212,931
Loans receivable, net	2,378,014	2,436,436
Accrued interest receivable	1,932,483	2,495,526
Inventories	4,691,546	3,781,634
Prepaid expenses	40,068,511	38,109,102
Total current assets	281,987,061	271,064,254
Noncurrent assets		
Investments	927,288,928	954,153,351
Loans receivable, net	18,302,396	17,603,701
Investment in plant, net	1,397,087,900	1,241,577,442
Total noncurrent assets	2,342,679,224	2,213,334,494
Total assets	2,624,666,285	2,484,398,748
LIABILITIES		
Current liabilities		
Accounts payable	64,224,308	39,603,875
Accrued salaries and wages	2,401,088	1,711,941
Accrued compensated absences	17,070,517	17,714,570
Accrued interest payable	12,601,718	12,998,481
Other accrued liabilities	4,245,267	4,548,958
Student deposits	2,238,003	2,225,065
Deposits held in custody	21,182,492	17,206,619
Deferred revenues	169,772,354	157,471,859
Noncurrent liabilities-current portion	21,045,075	22,067,757
Total current liabilities	314,780,822	275,549,125
Noncurrent liabilities		
Bonds and notes payable	750,425,261	740,408,161
Lease obligations	441,003	678,965
Other noncurrent liabilities	36,155,645	32,342,257
Total noncurrent liabilities	787,021,909	773,429,383
Total liabilities	1,101,802,731	1,048,978,508
NET ASSETS		
Invested in capital assets, net of related debt	738,586,642	677,203,700
Restricted		
Nonexpendable	25,977,276	25,407,409
Expendable:		
Scholarships, research, instruction, other	161,495,334	151,231,848
Loans	5,160,622	5,083,520
Capital projects	14,201,818	19,983,035
Unrestricted	577,441,862	556,510,728
Total net assets	\$ 1,522,863,554	\$ 1,435,420,240

See accompanying notes to financial statements.

AUBURN UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	2012	2011
OPERATING REVENUES		
Tuition & fees, net of scholarship allowances of \$106,702,821 and \$98,233,496, respectively	\$ 323,136,139	\$ 294,726,600
Federal appropriations	11,840,435	14,324,010
Federal grants & contracts, net	82,499,718	82,288,355
State & local grants & contracts, net	19,069,123	18,675,902
Nongovernmental grants & contracts, net	11,317,521	10,854,763
Sales & services of educational departments	37,061,728	32,165,275
Auxiliary revenue, net of scholarship allowances of \$6,207,278 and \$6,024,982, respectively	101,537,350	106,170,330
Other operating revenues	<u>15,980,083</u>	<u>15,424,646</u>
Total operating revenues	<u>602,442,097</u>	<u>574,629,881</u>
OPERATING EXPENSES		
Compensation & benefits	539,232,639	536,562,158
Scholarships & fellowships	18,354,074	17,327,167
Utilities	23,425,151	23,353,732
Other supplies & services	214,703,052	220,750,931
Depreciation	<u>61,104,001</u>	<u>53,826,645</u>
Total operating expenses	<u>856,818,917</u>	<u>851,820,633</u>
Operating loss	<u>(254,376,820)</u>	<u>(277,190,752)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	247,816,148	235,724,142
ARRA state fiscal stabilization funds	-	24,429,089
Gifts	36,603,692	32,334,055
Grants	21,620,329	24,829,086
Net investment income	28,359,822	19,687,771
Interest expense on capital debt	<u>(10,344,360)</u>	<u>(9,803,075)</u>
Nonoperating revenues, net	<u>324,055,631</u>	<u>327,201,068</u>
Income before other changes in net assets	69,678,811	50,010,316
OTHER CHANGES IN NET ASSETS		
Capital appropriations	1,801,433	18,663,689
Capital gifts & grants	15,393,203	29,520,158
Additions to permanent endowments	<u>569,867</u>	<u>1,355,832</u>
Net increase in net assets	87,443,314	99,549,995
Net assets - beginning of year	<u>1,435,420,240</u>	<u>1,335,870,245</u>
Net assets - end of year	<u>\$ 1,522,863,554</u>	<u>\$ 1,435,420,240</u>

See accompanying notes to financial statements.

AUBURN UNIVERSITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition & fees	\$ 334,911,633	\$ 306,929,089
Federal appropriations	11,622,794	13,760,249
Grants & contracts	111,100,719	109,972,801
Sales & services of educational departments	30,502,811	31,045,066
Auxiliary enterprises	108,091,559	107,582,914
Other operating revenues	15,878,174	13,587,249
Payments to suppliers	(196,028,989)	(217,648,567)
Payments for utilities	(23,425,151)	(23,353,732)
Payments for employee compensation & benefits	(537,396,915)	(536,234,185)
Payments for scholarships & fellowships	(20,734,008)	(22,072,010)
Student loans issued	(2,853,108)	(2,720,614)
Student loans collected	<u>2,333,265</u>	<u>2,508,322</u>
Net cash used in operating activities	<u>(165,997,216)</u>	<u>(216,643,418)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	247,816,148	235,724,142
ARRA state fiscal stabilization funds	1,145,665	25,230,325
Gifts and grants for other than capital purposes	58,958,075	59,068,303
Direct and private loans receipts	171,213,542	161,829,745
Direct and private loans disbursements	<u>(168,376,677)</u>	<u>(164,199,098)</u>
Net cash provided by noncapital financing activities	<u>310,756,753</u>	<u>317,653,417</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from capital debt, net of issuance cost	-	231,837,816
Proceeds from advanced refunding and capital debt, net of issuance cost	132,658,243	-
Capital appropriations	1,801,433	18,663,689
Capital grants & gifts received	12,599,786	30,602,867
Purchases of capital assets	(208,175,723)	(163,423,358)
Proceeds received from sale of capital assets	140,858	104,846
Principal paid on debt & capital leases	(20,871,247)	(19,133,816)
Interest paid on debt & capital leases	(11,037,165)	(5,896,992)
Payment to escrow on advanced refunding of debt	<u>(100,860,000)</u>	<u>-</u>
Net cash (used in) provided by capital and related financing activities	<u>(193,743,815)</u>	<u>92,755,052</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments and reinvestments	1,003,830,593	954,611,542
Investment income	18,191,995	19,459,109
Purchases of investments	<u>(958,313,676)</u>	<u>(1,154,880,210)</u>
Net cash provided by (used in) investing activities	<u>63,708,912</u>	<u>(180,809,559)</u>
Net increase in cash and cash equivalents	14,724,634	12,955,492
Cash and cash equivalents, beginning of year	<u>82,631,687</u>	<u>69,676,195</u>
Cash and cash equivalents, end of year	<u>\$ 97,356,321</u>	<u>\$ 82,631,687</u>

See accompanying notes to financial statements.

AUBURN UNIVERSITY
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	2012	2011
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (254,376,820)	\$ (277,190,752)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	58,933,459	54,208,416
Write-off of loans receivable	(120,430)	419,518
Loss on sale of capital assets	2,948,970	1,271,353
Changes in assets and liabilities:		
Accounts receivable	(1,856,452)	(4,703,493)
Student accounts receivable	(893,627)	(3,438,188)
Inventories	(909,912)	224,535
Deferred revenue	12,300,495	14,417,502
Accounts payable	15,453,574	(2,171,768)
Prepaid expenses	(1,959,409)	(6,070,718)
Accrued salaries, wages and compensated absences	45,094	(3,481,229)
Student deposits and deposits held in custody	1,151,946	2,505,072
Loans to students	(519,843)	(212,292)
Other accrued liabilities	(303,691)	1,438,992
Other noncurrent liabilities	4,109,430	6,139,634
Net cash used in operating activities	<u>\$ (165,997,216)</u>	<u>\$ (216,643,418)</u>

SUPPLEMENTAL NONCASH ACTIVITIES INFORMATION

Capital assets acquired with a liability at year-end	\$ 19,492,748	\$ 10,325,889
Gifts of capital assets	2,361,703	1,097,060
Capitalized interest	25,154,169	20,196,845

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2012 AND 2011

	Auburn University Foundation		Auburn Alumni Association	
	2012	2011	2012	2011
ASSETS				
Cash and cash equivalents	\$ 2,146,059	\$ 1,225,367	\$ 58,447	\$ 24,961
Investments	323,877,142	289,239,557	4,008,504	4,467,186
Investment in Auburn University Foundation Securities Pool	-	-	7,521,948	7,048,602
Accrued interest receivable	146,490	227,849	8,044	14,442
Contributions receivable, net	25,850,614	22,844,436	522,955	697,664
Other assets	51,116	241,467	1,211	268
Investment in real estate	2,426,897	2,587,883	674,799	674,799
Cash surrender value of life insurance	4,398,340	3,982,012	-	-
Beneficial interest in outside trusts	4,520,683	4,392,086	-	-
Property and equipment, net	373,151	264,492	1,899,551	1,973,401
Prepaid rent	-	-	27	28
Due from Auburn University	141,300	150,000	-	6,669
Due from Auburn University Foundation	-	-	-	3,499
Total assets	<u>\$ 363,931,792</u>	<u>\$ 325,155,149</u>	<u>\$ 14,695,486</u>	<u>\$ 14,911,519</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 132,511	\$ 519,053	\$ 85,025	\$ 96,120
Annuities payable	6,459,762	6,610,399	-	-
Due to Auburn University	10,215	45,867	7,981	257,473
Due to Auburn University Foundation	-	-	16,800	219,697
Due to Auburn Alumni Association	7,523,855	7,052,102	-	-
Due to Tigers Unlimited Foundation	7,081,653	6,541,338	-	-
Deferred revenue	104,450	67,000	8,150,857	8,180,129
Total liabilities	<u>21,312,446</u>	<u>20,835,759</u>	<u>8,260,663</u>	<u>8,753,419</u>
NET ASSETS				
Unrestricted	17,619,650	8,484,815	6,434,823	6,158,100
Temporarily restricted	67,403,823	53,129,553	-	-
Permanently restricted	257,595,873	242,705,022	-	-
Total net assets	<u>342,619,346</u>	<u>304,319,390</u>	<u>6,434,823</u>	<u>6,158,100</u>
Total liabilities and net assets	<u>\$ 363,931,792</u>	<u>\$ 325,155,149</u>	<u>\$ 14,695,486</u>	<u>\$ 14,911,519</u>

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	Auburn University Foundation		Auburn Alumni Association	
	2012	2011	2012	2011
REVENUES AND OTHER SUPPORT				
Public support - contributions	\$ 37,611,370	\$ 34,602,140	\$ 1,558,661	\$ 1,497,565
Investment income	1,551,994	2,357,626	337,637	345,218
Other revenues	<u>2,347,268</u>	<u>2,168,273</u>	<u>747,229</u>	<u>872,485</u>
Total operating revenues	<u>41,510,632</u>	<u>39,128,039</u>	<u>2,643,527</u>	<u>2,715,268</u>
 EXPENSES AND LOSSES				
Program services				
Contributions to and support for Auburn University	26,841,051	27,649,313	-	-
Other program services	<u>2,867,100</u>	<u>2,673,661</u>	<u>738,325</u>	<u>795,695</u>
Total program services	<u>29,708,151</u>	<u>30,322,974</u>	<u>738,325</u>	<u>795,695</u>
Support services				
General and administrative	1,398,912	1,662,567	1,850,920	1,715,286
Fund raising	<u>2,717,525</u>	<u>2,660,131</u>	<u>241,401</u>	<u>170,326</u>
Total support services	<u>4,116,437</u>	<u>4,322,698</u>	<u>2,092,321</u>	<u>1,885,612</u>
Total expenses	33,824,588	34,645,672	2,830,646	2,681,307
Unrealized (gains) losses on investments	(24,994,725)	6,370,434	(463,842)	235,802
Realized gains on investments	(4,060,794)	(7,763,538)	-	-
Change in valuation of split-interest agreements	(1,593,483)	(973,365)	-	-
Impairment in real estate	<u>35,090</u>	<u>276,625</u>	<u>-</u>	<u>-</u>
Total expenses, (gains) and losses	<u>3,210,676</u>	<u>32,555,828</u>	<u>2,366,804</u>	<u>2,917,109</u>
 *Change in net assets	 38,299,956	 6,572,211	 276,723	 (201,841)
Net assets - beginning of year	<u>304,319,390</u>	<u>297,747,179</u>	<u>6,158,100</u>	<u>6,359,941</u>
Net assets - end of year	<u>\$ 342,619,346</u>	<u>\$ 304,319,390</u>	<u>\$ 6,434,823</u>	<u>\$ 6,158,100</u>
 *Change in net assets				
Unrestricted	\$ 9,134,835	\$ (2,176,440)	\$ 276,723	\$ (201,841)
Temporarily restricted	14,274,270	4,349,722	-	-
Permanently restricted	<u>14,890,851</u>	<u>4,398,929</u>	<u>-</u>	<u>-</u>
Total change in net assets	<u>\$ 38,299,956</u>	<u>\$ 6,572,211</u>	<u>\$ 276,723</u>	<u>\$ (201,841)</u>

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2012 AND 2011

Tigers Unlimited Foundation
2012 **2011**

ASSETS

Cash and cash equivalents	\$ 660,212	\$ 763,219
Investments	42,094,386	39,521,045
Investment in Auburn University Foundation Securities Pool	6,770,285	7,111,461
Accrued interest receivable	78,354	130,672
Contributions receivable, net	7,745,463	7,599,305
Other receivables	669,251	609,935
Other assets	199,509	199,114
Property and equipment, net	<u>9,127</u>	<u>12,594</u>
Total assets	<u>\$ 58,226,587</u>	<u>\$ 55,947,345</u>

LIABILITIES

Accounts payable and accrued liabilities	\$ 323,458	\$ 957,251
Deferred revenue	1,295,858	1,306,469
Due to Auburn University	<u>2,565,950</u>	<u>2,772,900</u>
Total liabilities	<u>4,185,266</u>	<u>5,036,620</u>

NET ASSETS

Unrestricted	34,215,016	32,265,819
Temporarily restricted	12,875,448	11,713,785
Permanently restricted	<u>6,950,857</u>	<u>6,931,121</u>
Total net assets	<u>54,041,321</u>	<u>50,910,725</u>
Total liabilities and net assets	<u>\$ 58,226,587</u>	<u>\$ 55,947,345</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, 2012 AND 2011

	Tigers Unlimited Foundation	
	2012	2011
REVENUES AND OTHER SUPPORT		
Public support - contributions	\$ 29,144,504	\$ 29,470,802
Investment income	626,700	855,538
Other revenues	4,910,105	5,009,586
Total operating revenues	34,681,309	35,335,926
 EXPENSES AND LOSSES		
Program services		
Contributions to and support for Auburn University	13,157,617	10,784,213
Other program services	10,508,502	9,562,912
Total program services	23,666,119	20,347,125
Support services		
General and administrative	1,011,146	1,206,662
Fund raising	6,191,663	6,409,893
Total support services	7,202,809	7,616,555
Total expenses	30,868,928	27,963,680
Unrealized losses (gains) on investments	213,590	(547,044)
Realized losses on investments	1,151	2,435
Loss on write-off of contributions receivable	467,044	2,660,644
Total expenses, (gains) and losses	31,550,713	30,079,715
 *Change in net assets	3,130,596	5,256,211
Net assets - beginning of year	50,910,725	45,654,514
Net assets - end of year	\$ 54,041,321	\$ 50,910,725
 *Change in net assets		
Unrestricted	\$ 1,949,197	\$ 4,290,162
Temporarily restricted	1,161,663	926,202
Permanently restricted	19,736	39,847
Total change in net assets	\$ 3,130,596	\$ 5,256,211

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2012 AND 2011

Auburn Research and Technology Foundation

2012

2011

ASSETS

Cash and cash equivalents	\$ 626,705	\$ 621,929
Deposits	27,113	28,810
Other assets	15,695	18,879
Accounts receivable	40,817	53,664
Contributions receivable, net	357,010	377,159
Property and equipment, net	<u>8,798,746</u>	<u>9,051,320</u>
Total assets	<u>\$ 9,866,086</u>	<u>\$ 10,151,761</u>

LIABILITIES

Accounts payable	\$ 55,015	\$ 77,014
Deferred revenue	119,179	77,459
Deposits held in custody	27,113	28,810
Interest payable	39,310	40,640
Loan payable to Auburn University	945,662	977,650
Other payable to Auburn University	<u>96,156</u>	<u>109,967</u>
Total liabilities	<u>1,282,435</u>	<u>1,311,540</u>

NET ASSETS

Unrestricted	8,226,601	8,463,021
Temporarily restricted	<u>357,050</u>	<u>377,200</u>
Total net assets	<u>8,583,651</u>	<u>8,840,221</u>
Total liabilities and net assets	<u>\$ 9,866,086</u>	<u>\$ 10,151,761</u>

See accompanying notes to financial statements.

AUBURN UNIVERSITY COMPONENT UNITS
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011

Auburn Research and Technology Foundation

2012

2011

REVENUES AND OTHER SUPPORT

Rental income	\$ 655,030	\$ 610,575
State contracts	-	66,983
Other contracts	143,867	103,892
Contributions	<u>16,613</u>	<u>210,865</u>
Total operating revenues	<u>815,510</u>	<u>992,315</u>

EXPENSES

Support services		
General and administrative	757,072	679,289
Amortization	22,214	22,214
Depreciation	252,574	249,170
Interest	<u>40,220</u>	<u>40,960</u>
Total support services	<u>1,072,080</u>	<u>991,633</u>
Total expenses	1,072,080	991,633

*Change in net assets	(256,570)	682
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Net assets - beginning of year	<u>8,840,221</u>	<u>8,839,539</u>
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Net assets - end of year	<u>\$ 8,583,651</u>	<u>\$ 8,840,221</u>
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*Change in net assets		
Unrestricted	\$ (236,420)	\$ (166,831)
Temporarily restricted	<u>(20,150)</u>	<u>167,513</u>
Total change in net assets	<u>\$ (256,570)</u>	<u>\$ 682</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

(1) NATURE OF OPERATIONS

Auburn University (the University) is a land grant university originally chartered on February 1, 1856, as the East Alabama Male College. The Federal Land Grant Act of 1862, by which the University was established as a land grant university, donated public lands to several states and territories with the intent that the states would use these properties for the benefit of agriculture and the mechanical arts. Several pertinent laws dictate specific purposes for which the land may be used. In 1960, the Alabama State Legislature officially changed the name to Auburn University. The University has two campuses, Auburn and Montgomery, with a combined enrollment of 30,123 students for Fall Semester 2012. 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) who are 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). 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.

Auburn University Foundation and 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.

Auburn Research and Technology Foundation and 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.

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 Section 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, Tigers Unlimited Foundation, Auburn Alumni Association and Auburn Research and Technology Foundation in these financial statements. Auburn University Real Estate Foundation, Inc. has been consolidated into Auburn University Foundation's financial statements, as an affiliated supporting organization. The University's component units' financial statements are presented following the University's statements. Due to the immateriality of Auburn Spirit Foundation for Scholarships, presentation and disclosure of its statements are not included. The component units are not GASB entities; therefore, their respective financial statements adhere to accounting principles under the FASB Accounting Standards Codification.

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.

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.

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's activities are governed by its own Board of Directors.

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. ASFS's activities are governed by its own Board of Directors.

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

The component units are not-for-profit organizations that report financial results under principles prescribed by the FASB. Authoritative accounting guidance for the Foundations' transactions is found under the Accounting Standards Codification (ASC).

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

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

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

Financial statements for AUF, the Association, and ASFS may be obtained by writing to the applicable entity at 317 South College Street, Auburn University, Alabama 36849. Financial statements for TUF may be obtained by writing to Athletic Complex, 392 South Donahue Drive, Auburn University, Alabama 36849. Financial statements for ARTF may be obtained by writing to 570 Devall Drive, Suite 101, Auburn, Alabama 36832.

Financial Statement Presentation

For financial reporting purposes, the University adheres to the provisions of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments* and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis-for Public Colleges and Universities-an amendment of GASB Statement No. 34*. 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 projects, 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. BTAs are those institutions that are financed in whole or in part by fees charged to external parties for goods or services. Under BTA reporting, it is required that statements be prepared using the economic resources measurement focus.

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

Use of Estimates

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

Reclassification

Certain reclassifications have been made to the 2011 financial statements in order to conform them to the 2012 financial statement presentation. The reclassifications had no impact on net assets.

(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 nonreadily 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. This Statement defines custodial risk for deposits as “the risk that, in the event of a failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.” As an element of interest rate risk, this statement requires certain disclosures of investments that have fair values which are highly sensitive to changes in interest rates. Deposit and investment policies related to the risks identified in this statement are also required to be disclosed (see Note 4).

The University employs a custodian to hold, and external investment managers to administer, the majority of its endowed investments and records transactions related to these investments based upon the University’s review of the custodian’s 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 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, Chemistry Glass Shop, Animal Clinic Pharmacy, Alabama Agricultural Experiment Station, Bookstores, Museum Gift Shop, Copycat Duplicating Service, and Ralph Draughon and AUM Libraries. All inventories are valued at the lower of cost or market, on the first-in, first-out basis, and are considered to be current assets.

Capital Assets

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

Art collections and historical treasures are capitalized and valued at cost or fair value at the date of purchase or gift, respectively, but not depreciated. Collections are preserved and held for public exhibition, education and research.

In accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, the University continues to evaluate prominent events or changes in circumstance to determine whether an impairment loss should be recorded and whether any insurance recoveries should be offset against the impairment loss. The University did not incur any losses related to asset impairment during fiscal year 2012 or 2011.

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 to be recorded as nonoperating revenues. These revenues include state

appropriations, private gifts, federal pell grants and investment income, including realized and unrealized gains and losses on investments.

Student Tuition, Fees and Scholarship Discounts and Allowances

Student tuition and fee revenues and certain other revenues from students are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses and Changes in Net 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.

(3) CASH AND CASH EQUIVALENTS

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

Effective January 1, 2001, any depository of University funds must provide annual evidence of its continuing designation as a qualified public depository under the Security for Alabama Fund Enhancement Act (SAFE). The enactment of the SAFE program changed the way all Alabama public deposits are collateralized. In the past, the bank pledged collateral directly to each individual public entity. Under the mandatory SAFE program, each qualified public depository (QPD) is required to hold collateral for all its public deposits on a pooled basis in a custody

account established for the State Treasurer as SAFE administrator. In the unlikely event a public entity should suffer a loss due to QPD insolvency or default, a claim form would be filed with the State Treasurer who would use the SAFE pool collateral or other means to reimburse the loss. As a result, the University believes its custodial risk related to cash is remote. In addition, the standard Federal Deposit Insurance Corporation (FDIC) insurance coverage is \$250,000 per depositor, per insured bank, for each account ownership category.

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

(4) INVESTMENTS

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

Preservation of capital is regarded as the highest priority in the investing of the cash pool. It is assumed that all investments will be suitable to be held to maturity. The University's investment portfolio is structured in such a manner to help ensure sufficient liquidity to pay obligations as they become due. The portfolio strives to provide a stable return consistent with investment policy. The Cash Pool Investment Policy authorizes investments in the following: money market accounts, repurchase and reverse repurchase agreements, 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 20, 2012, authorizes investment of the endowment portfolio to include the following: cash and cash equivalents; global fixed income; global equity securities; global private capital; absolute return/hedge funds; and real estate assets, collectively referred to as the endowment pool.

The Alabama Uniform Prudent Management of Institutional Funds Act (UPMIFA) has been enacted by the Legislature of the State of Alabama and signed into law effective January 1, 2009. Among its changes, UPMIFA prescribes new guidelines for expenditure of a donor-restricted endowment fund (in the absence of overriding, explicit donor stipulations). Its predecessor, the Uniform Management of Institutional Funds Act (UMIFA), focused on the prudent spending of the net appreciation of the fund. UPMIFA instead, focuses on the entirety of a donor-restricted endowment fund, that is, both the original gift

amount(s) and net appreciation. UPMIFA eliminates UMIFA's historic dollar-value threshold, an amount below which an organization could not spend from the fund, in favor of a more robust set of guidelines about what constitutes prudent spending, explicitly requiring consideration of the duration and preservation of the fund.

The earnings distributions are appropriated for expenditure by the Board in a manner consistent with the standard of prudence prescribed by UPMIFA. In order to conform to the standards for prudent fiduciary management of investments, the Board has adopted a spending plan whose long term objective is to maintain the purchasing power of each

endowment and provide a predictable and sustainable level of income to support current operations. In the policy approved on April 20, 2012, spending for a given year equals 80% of spending in the previous year, adjusted for inflation (Consumer Price Index (CPI) within a range of 0% and 6%), plus 20% of the long-term spending rate (4.0%) applied to the twelve month rolling average of the market values. Under previous approved policies, spending was calculated using different formulas. Accumulated net realized and unrealized gains on endowments and funds functioning as endowments total \$22,542,978 and \$21,376,978 at September 30, 2012 and 2011, 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, 2012 and 2011, are as follows:

	2012	2011
Accumulated net realized gains on sale of investments	\$ 14,275,265	\$ 19,223,511
Accumulated net unrealized gains	8,267,713	2,153,467
Net gains in fair value of investments	<u>\$ 22,542,978</u>	<u>\$ 21,376,978</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, 2012 and 2011, covering the fair value of investments by investment type and related maturity:

Auburn University Investments					
Investment Maturities at Fair Value (in Years)					
September 30, 2012					
Type of Investments	< 1 year	1-5 years	6-10 years	> 10 years	Total Fair Value
Fixed Maturity					
Commercial Paper	\$ 58,962,307	\$ -	\$ -	\$ -	\$ 58,962,307
Certificates of Deposit	-	722,627	-	-	722,627
U. S. Treasury Obligations	34,799,347	27,106,732	44,728,908	-	106,634,987
U. S. Agency Securities	12,878,076	224,786,331	289,855,165	60,145,846	587,665,418
Mortgage Backed Securities	-	26,797	10,890,908	36,641,807	47,559,512
Municipals	-	-	1,439,847	-	1,439,847
	<u>\$ 106,639,730</u>	<u>\$ 252,642,487</u>	<u>\$ 346,914,828</u>	<u>\$ 96,787,653</u>	<u>\$ 802,984,698</u>
Domestic Equities					954,801
Alternative Investments – at cost:					
Hedge Funds					56,843,085
Private Capital					13,071,882
Real Assets					21,119,918
Real Estate					740,750
Mutual Funds					73,729,429
Other					3,467,027
Money Market					86,186,567
Total investments					<u>1,059,098,157</u>
Less cash equivalents held in cash pool					<u>(83,667,377)</u>
Operating and noncurrent investments					<u>\$ 975,430,780</u>

Auburn University Investments
Investment Maturities at Fair Value (in Years)
September 30, 2011

Type of Investments	< 1 year	1-5 years	6-10 years	> 10 years	Total Fair Value
Fixed Maturity					
Commercial Paper	\$ 50,979,576	\$ -	\$ -	\$ -	\$ 50,979,576
Certificates of Deposit	3,000,000	726,213	-	-	3,726,213
U. S. Treasury Obligations	34,475,462	27,024,025	-	-	61,499,487
U. S. Agency Securities	7,922,705	296,141,698	217,563,823	126,553,713	648,181,939
Mortgage Backed Securities	-	1,372,355	10,580,655	35,314,251	47,267,261
Municipals	4,174,293	-	-	-	4,174,293
	<u>\$ 100,552,036</u>	<u>\$ 325,264,291</u>	<u>\$ 228,144,478</u>	<u>\$ 161,867,964</u>	<u>\$ 815,828,769</u>
Domestic Equities					807,216
Alternative Investments – at cost:					
Hedge Funds					53,351,971
Private Capital					12,245,958
Real Assets					28,298,082
Mutual Funds					62,010,518
Other					3,846,299
Money Market					111,468,013
Total investments					<u>1,087,856,826</u>
Less cash equivalents held in cash pool					<u>(77,639,999)</u>
Operating and noncurrent investments					<u>\$ 1,010,216,827</u>

- **Custodial Credit Risk** – GASB Statement No. 40 defines investment custodial risk as “the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.” Although no formal policy has been adopted, the University requires its safekeeping agents to hold all securities in the University’s name for both the Cash Pool and the Endowment Pool. Certain limited partnership investments in Private Capital and Real Assets represent ownership interests that do not exist in physical or book-entry form. As a result, custodial credit risk is remote.
- **Credit Quality Risk** – GASB Statement No. 40 defines credit quality risk as “the risk that an issuer or other counterparty to an investment will not fulfill its obligations” as they become due. The University’s Non-Endowment Cash Pool Investment Policy stipulates that commercial paper be rated 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, 2012 and 2011, concerning credit quality risk:

Auburn University Investments Ratings of Fixed Maturities					
Moody’s Rating	Fair Value	Fair Value as a % of Total Fixed Maturity Fair Value	Fair Value	Fair Value as a % of Total Fixed Maturity Fair Value	
	2012		2011		
US Treasury	\$ 106,634,987	13.28%	\$ 61,499,487	7.54%	
Aaa	635,224,930	79.11%	695,449,200	85.24%	
Aa	1,439,847	0.18%	4,174,293	0.51%	
P1	58,962,307	7.34%	50,979,576	6.25%	
Not rated*	722,627	0.09%	3,726,213	0.46%	
	<u>\$ 802,984,698</u>	<u>100.00%</u>	<u>\$ 815,828,769</u>	<u>100.00%</u>	

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

- **Concentration of Credit Risk** – GASB Statement No. 40 defines concentration of credit risk as “the risk of loss attributed to the magnitude of a government’s investment in a single issuer.” The University Non-Endowment Cash Pool Investment Policy does not limit the aggregate amounts that can be invested in U. S. Treasury securities with the explicit guarantee of the U. S. Government or U. S. Agency securities that carry the implicit guarantee of the U. S. Government. As of September 30, 2012 and 2011, the University Cash Pool and the University Endowment Pool were in compliance with their respective policies.

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

- **Foreign Currency Risk** – GASB Statement No. 40 defines foreign currency risk as “the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.” No formal University policy has been adopted addressing foreign currency risk. As of September 30, 2012 and 2011, the University held no direct investments in foreign currency.

Securities Lending Program

As of September 30, 2012 and 2011, there was no participation in any securities lending program.

Interest Sensitive Securities

As of September 30, 2012 and 2011, the University held \$47,559,512 and \$47,267,261, representing 4.5% and 4.3%, respectively, of its total investments in mortgage-backed securities. As of September 30, 2012 and 2011, the University held no investments in asset-backed securities. The mortgage-backed and asset-backed investments have embedded prepayment options that are expected to fluctuate with interest rate changes. Generally, this variance presents itself in variable repayment amounts, uncertain early or extended payments.

Certain fixed maturity investments have call provisions that could result in shorter maturity periods. However, it is the intent that the University’s Cash Pool fixed maturity investments be held to maturity; therefore, the fixed maturity investments are classified in the above table as if they were held to maturity. As of September 30, 2012 and 2011, the University Cash Pool held \$14,996,250 and \$26,998,500, representing 1.4% and 2.5%, respectively, of total investments in continuously callable fixed maturity investments. The University investment policies do not restrict the purchase of mortgage-backed securities, asset-backed securities, or bonds with call provisions.

The University owns shares in nine mutual funds, one common trust fund and three 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, 2012 and 2011:

2012								
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	13	\$ 62,650,000	\$ 62,650,000	\$ -	\$ -	\$ -	\$ -	\$ -
Private Capital	11	25,250,000	17,371,654	-	780,041	2,979,035	4,119,270	7,878,346
Real Assets	13	45,550,000	33,933,074	-	1,084,224	8,098,166	2,434,536	11,616,926
	<u>37</u>	<u>\$ 133,450,000</u>	<u>\$ 113,954,728</u>	<u>\$ -</u>	<u>\$ 1,864,265</u>	<u>\$ 11,077,201</u>	<u>\$ 6,553,806</u>	<u>\$ 19,495,272</u>

2011								
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	11	\$ 54,351,972	\$ 54,351,972	\$ -	\$ -	\$ -	\$ -	\$ -
Private Capital	8	17,250,000	12,245,957	-	3,047,985	1,956,058	-	5,004,043
Real Assets	11	39,550,000	31,492,366	-	1,319,451	1,534,540	5,203,643	8,057,634
	<u>30</u>	<u>\$ 111,151,972</u>	<u>\$ 98,090,295</u>	<u>\$ -</u>	<u>\$ 4,367,436</u>	<u>\$ 3,490,598</u>	<u>\$ 5,203,643</u>	<u>\$ 13,061,677</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 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 assets funds include investments in commercial real estate, residential real estate and oil and gas production.

As of September 30, 2012 and 2011, 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 asset classes (i.e., global equity, private capital, hedge funds, real assets, global fixed income and cash) in order to ensure the proper level of diversification within the endowment pool. The limited partnerships (private equity, hedge funds, and real assets) enhance diversification and provide reductions in overall portfolio volatility.

AUF investments at September 30, 2012 and 2011, include the following:

	2012		2011	
	Fair Value	Cost	Fair Value	Cost
Cash and pooled investments	\$ 4,211,940	\$ 4,211,940	\$ 13,829,656	\$ 13,829,656
Government bonds, notes and other securities	25,592,374	22,068,941	22,499,101	20,249,991
Corporate stocks	1,533,934	1,031,189	647,089	339,711
Mutual funds, business trust funds and common trust funds	121,344,380	112,168,645	98,718,525	99,669,326
Hedge funds	109,310,489	89,838,443	94,936,193	84,875,000
Private equity funds	25,704,037	23,126,058	22,586,372	20,822,766
Real asset investment funds	36,179,988	37,211,823	36,022,621	42,903,878
Total investments	<u>\$ 323,877,142</u>	<u>\$ 289,657,039</u>	<u>\$ 289,239,557</u>	<u>\$ 282,690,328</u>

AUF owns shares in seven mutual funds, three business trust funds and one common trust fund. 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, 2012, AUF had entered into subscription agreements with one corporate and thirty-nine limited partnership investments. The aggregate amount of capital committed to these investments is \$198,447,200 of which capital contributions of \$167,103,029 have been invested. A net unrealized gain of \$20,567,667 has been recorded on these investments. Of these thirty-nine commitments, fourteen subscriptions relate to hedge funds, thirteen subscriptions relate to private equity funds, and twelve subscriptions relate to real estate asset funds. The hedge funds are primarily invested in long/short equities, fixed-income arbitrage, merger arbitrage and other event driven strategies through various investment managers, investment partnerships and offshore funds. The private equity fund

On September 30, 2012 and 2011, the University was not a party in any Swap or other derivative contracts.

The table entitled, "Auburn University Investments, Investment Maturities at Fair Value (in Years)", includes funds held for pending capital expenditures at September 30, 2012 as follows: \$3,004,452, 2004 General Fee Bond proceeds; \$10,511,897, 2006 General Fee Bond proceeds; \$103,980,902, 2011 General Fee Bond proceeds; \$24,330,452, 2012A General Fee Bond proceeds; and \$55,220,002, Deferred Maintenance Building Fund. The General Liability Account holds investments of \$5,737,303.

At September 30, 2011, funds held for pending capital expenditures were as follows: \$7,526,947, 2004 General Fee Bond proceeds; \$12,324,367, 2006 General Fee Bond proceeds; \$12,545,134, 2007A General Fee Bond proceeds; \$190,773,880, 2011 General Fee Bond proceeds; and \$54,514,754, Deferred Maintenance Building Fund. The General Liability Account holds investments of \$5,721,824.

commitments are for investments in privately held companies in various industries, including alternative fuel technology. The real assets funds include investments in commercial real estate, residential real estate, and oil and gas production.

Investment income, realized gains and losses, unrealized gains and losses, and changes in values of split-interest agreements are reported on AUF's Consolidated Statements of Activities and Changes in Net Assets net of estimated investment expenses of \$3,282,000 and \$2,887,000 for the fiscal years ended September 30, 2012 and 2011, 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, 2012. 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, 2012 and 2011, were \$171,194,514 and \$153,545,186, respectively.

(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 \$258,388,087 and \$251,827,591 and the market value was \$290,802,761 and \$259,796,337 at September 30, 2012 and 2011, respectively. The portion of endowment income received by the University from these funds was \$6,761,012 and \$6,967,932 for the fiscal years ended September 30, 2012 and 2011, respectively.

(6) ACCOUNTS RECEIVABLE

Accounts receivable and the allowances for doubtful accounts at September 30, 2012 and 2011, are summarized as follows:

	2012	2011
NONSTUDENT ACCOUNTS RECEIVABLE		
Federal, state & local government, and other restricted expendable	\$ 35,557,890	\$ 31,714,990
Less allowance for doubtful accounts	(2,759,726)	(2,678,738)
Pledged receivables	1,187,284	1,361,431
General	14,678,338	14,001,841
Less allowance for doubtful accounts	(12,532,675)	(11,250,092)
Auxiliary	8,541,154	11,368,405
Capital gifts and grants	<u>6,639,512</u>	<u>5,815,625</u>
Total nonstudent accounts receivable	<u>\$ 51,311,777</u>	<u>\$ 50,333,462</u>

	2012	2011
STUDENT ACCOUNTS RECEIVABLE		
Unrestricted general	\$ 34,692,616	\$ 34,173,017
Less allowance for doubtful accounts	(319,085)	(722,995)
Unrestricted auxiliary	1,975,585	2,001,994
Less allowance for doubtful accounts	<u>(242,559)</u>	<u>(239,085)</u>
Total student accounts receivable	<u>\$ 36,106,557</u>	<u>\$ 35,212,931</u>

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 \$2,362,514 and \$2,387,283 and a market value of \$2,932,966 and \$2,600,092 at September 30, 2012 and 2011, 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, 2012 and 2011. The income received from the two trusts was \$75,492 and \$84,012 for the fiscal years ended September 30, 2012 and 2011, respectively.

(7) CAPITAL ASSETS

Capital assets at September 30, 2012 and 2011 are summarized as follows (dollars in thousands):

	September 30, 2011	Additions/Transfers	Deletions/Transfers	September 30, 2012
Capital assets not being depreciated				
Land	\$ 16,314	\$ 669	\$ -	\$ 16,983
Art & collectibles	8,363	608	-	8,971
Construction in progress	82,528	199,511	(97,684)	184,355
Livestock	1,821	229	-	2,050
Total capital assets not being depreciated	<u>109,026</u>	<u>201,017</u>	<u>(97,684)</u>	<u>212,359</u>
Capital assets being depreciated				
Land improvements	82,744	8,048	-	90,792
Buildings	1,209,300	62,801	(6,650)	1,265,451
Equipment	207,851	22,545	(1,969)	228,427
Infrastructure	164,040	15,025	(246)	178,819
Library books	157,490	7,016	(1,190)	163,316
Software system implementation	13,512	936	-	14,448
Total capital assets being depreciated	<u>1,834,937</u>	<u>116,371</u>	<u>(10,055)</u>	<u>1,941,253</u>
Less accumulated depreciation for				
Land improvements	26,257	5,835	-	32,092
Buildings	349,851	27,139	(5,354)	371,636
Equipment	139,817	14,592	(1,518)	152,891
Infrastructure	51,552	5,874	(16)	57,410
Library books	128,470	6,217	(78)	134,609
Software system implementation	6,439	1,447	-	7,886
Total accumulated depreciation	<u>702,386</u>	<u>61,104</u>	<u>(6,966)</u>	<u>756,524</u>
Total capital assets being depreciated, net	<u>1,132,551</u>	<u>55,267</u>	<u>(3,089)</u>	<u>1,184,729</u>
Capital assets, net	<u>\$ 1,241,577</u>	<u>\$ 256,284</u>	<u>\$ (100,773)</u>	<u>\$ 1,397,088</u>

Capital assets at September 30, 2011 and 2010 are summarized as follows (dollars in thousands):

	September 30, 2010	Additions/Transfers	Deletions/Transfers	September 30, 2011
Capital assets not being depreciated				
Land	\$ 16,239	\$ 75	\$ -	\$ 16,314
Art & collectibles	8,006	357	-	8,363
Construction in progress	76,503	154,141	(148,116)	82,528
Livestock	1,832	226	(237)	1,821
Total capital assets not being depreciated	<u>102,580</u>	<u>154,799</u>	<u>(148,353)</u>	<u>109,026</u>
Capital assets being depreciated				
Land improvements	71,366	11,415	(37)	82,744
Buildings	1,098,819	115,187	(4,706)	1,209,300
Equipment	194,019	17,197	(3,365)	207,851
Infrastructure	158,105	5,999	(64)	164,040
Library books	150,359	7,185	(54)	157,490
Software system implementation	12,737	775	-	13,512
Total capital assets being depreciated	<u>1,685,405</u>	<u>157,758</u>	<u>(8,226)</u>	<u>1,834,937</u>
Less accumulated depreciation for				
Land improvements	21,491	4,780	(14)	26,257
Buildings	329,621	24,277	(4,047)	349,851
Equipment	129,438	11,776	(1,397)	139,817
Infrastructure	45,968	5,616	(32)	51,552
Library books	122,465	6,027	(22)	128,470
Software system implementation	5,088	1,351	-	6,439
Total accumulated depreciation	<u>654,071</u>	<u>53,827</u>	<u>(5,512)</u>	<u>702,386</u>
Total capital assets being depreciated, net	<u>1,031,334</u>	<u>103,931</u>	<u>(2,714)</u>	<u>1,132,551</u>
Capital assets, net	\$ <u>1,133,914</u>	\$ <u>258,730</u>	\$ <u>(151,067)</u>	\$ <u>1,241,577</u>

During the fiscal years ended September 30, 2012 and 2011, approximately \$1.8 million and \$18.7 million, respectively, was received from the State of Alabama to fund construction.

These revenues are classified as capital appropriations on the Statement of Revenues, Expenses and Changes in Net 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, 2011	Principal New Debt	Repayment	Balance at September 30, 2012
1978 Auburn University at Montgomery Dormitory Revenue Bonds, \$3,279,000 face value, 3.0%, due annually through 2018, a reserve of \$146,442 and a \$138,299 contingency fund.	\$ 1,025,000	\$ -	\$ (115,000)	\$ 910,000
2001A Athletic Revenue Bonds, \$24,412,607 face value, 2.125% to 5.49%, due annually through 2021.	18,429,162	-	(2,389,833)	16,039,329
2003 General Fee Revenue Bonds, \$49,460,000 face value, 1.45% to 5.25%, due annually through 2016.	21,975,000	-	(21,975,000)	-
2003 Housing and Dining Revenue Bonds, \$15,645,000 face value, 1.4% to 5.0%, due annually through 2012.	1,875,000	-	(1,875,000)	-
2004 General Fee Revenue Bonds, \$76,875,000 face value, 3.0% to 5.25%, due annually through 2034.	66,120,000	-	(62,605,000)	3,515,000
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.	21,460,000	-	(20,140,000)	1,320,000
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.	55,785,000	-	(1,155,000)	54,630,000
2007A General Fee Revenue Bonds, \$162,530,000 face value, 3.6% to 5.0%, due annually from 2009 through 2038.	160,590,000	-	(695,000)	159,895,000
2007B General Fee Revenue Bonds, \$14,465,000 face value, 4.625% to 5.125%, due annually from 2010 through 2014.	9,090,000	-	(2,890,000)	6,200,000
2008 General Fee Revenue Bonds, \$92,500,000 face value, 3.0% to 5.0%, due annually from 2010 through 2038.	89,010,000	-	(1,825,000)	87,185,000
2009 General Fee Revenue Bonds, \$79,500,000 face value, 2.0% to 5.0%, due annually from 2011 through 2026.	77,985,000	-	(2,460,000)	75,525,000
2011A General Fee Revenue Bonds, \$226,035,000 face value, 4.0% to 5.0%, due annually from 2015 through 2041.	226,035,000	-	-	226,035,000
2012A General Fee Revenue Bonds, \$120,135,000 face value, 2.0% to 5.0%, due annually from 2013 through 2042.	-	120,135,000	-	120,135,000
2012B General Fee Revenue Bonds, \$3,505,000 face value, 2.9%, due annually from 2013 through 2024.	-	3,505,000	-	3,505,000
Total bonds and notes payable	<u>752,429,162</u>	<u>123,640,000</u>	<u>(121,174,833)</u>	<u>754,894,329</u>
Plus unamortized bond premium	14,620,893	19,362,869	(4,378,471)	29,605,291
Less unamortized bond discount	(245,630)	-	229,766	(15,864)
Less unamortized loss on refunding	<u>(4,884,921)</u>	<u>(10,344,626)</u>	<u>1,978,165</u>	<u>(13,251,382)</u>
	<u>761,919,504</u>	<u>\$ 132,658,243</u>	<u>\$ (123,345,373)</u>	<u>771,232,374</u>
Less: current portion				
Bonds payable	(20,314,832)			(19,075,538)
Unamortized bond premium	(1,937,261)			(3,481,036)
Unamortized bond discount	25,788			7,695
Unamortized loss on refunding	<u>714,962</u>			<u>1,741,766</u>
Total noncurrent bonds and notes payable	<u>\$ 740,408,161</u>			<u>\$ 750,425,261</u>

Bonds and notes payable	Balance at September 30, 2010	Principal New Debt	Repayment	Balance at September 30, 2011
1978 Auburn University at Montgomery Dormitory Revenue Bonds, \$3,279,000 face value, 3.0%, due annually through 2018, a reserve of \$146,443 and a \$138,299 contingency fund.	\$ 1,135,000	\$ -	\$ (110,000)	\$ 1,025,000
2001A Athletic Revenue Bonds, \$24,412,607 face value, 2.125% to 5.49%, due annually through 2021.	20,963,772	-	(2,534,610)	18,429,162
2003 General Fee Revenue Bonds, \$49,460,000 face value, 1.45% to 5.25%, due annually through 2016.	26,100,000	-	(4,125,000)	21,975,000
2003 Housing and Dining Revenue Bonds, \$15,645,000 face value, 1.4% to 5.0%, due annually through 2012.	3,685,000	-	(1,810,000)	1,875,000
2004 General Fee Revenue Bonds, \$76,875,000 face value, 3.0% to 5.25%, due annually through 2034.	67,705,000	-	(1,585,000)	66,120,000
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.	22,070,000	-	(610,000)	21,460,000
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.	56,895,000	-	(1,110,000)	55,785,000
2007A General Fee Revenue Bonds, \$162,530,000 face value, 3.6% to 5.0%, due annually from 2009 through 2038.	161,240,000	-	(650,000)	160,590,000
2007B General Fee Revenue Bonds, \$14,465,000 face value, 4.625% to 5.125%, due annually from 2010 through 2014.	11,865,000	-	(2,775,000)	9,090,000
2008 General Fee Revenue Bonds, \$92,500,000 face value, 3.0% to 5.0%, due annually from 2010 through 2038.	90,780,000	-	(1,770,000)	89,010,000
2009 General Fee Revenue Bonds, \$79,500,000 face value, 2.0% to 5.0%, due annually from 2011 through 2026.	79,500,000	-	(1,515,000)	77,985,000
2011A General Fee Revenue Bonds, \$226,035,000 face value, 4.0% to 5.0%, due annually from 2015 through 2041.	-	226,035,000	-	226,035,000
Total bonds and notes payable	<u>544,988,772</u>	<u>226,035,000</u>	<u>(18,594,610)</u>	<u>752,429,162</u>
Plus unamortized bond premium	10,838,886	5,802,815	(2,020,808)	14,620,893
Less unamortized bond discount	(275,306)	-	29,676	(245,630)
Less unamortized loss on refunding	<u>(5,681,638)</u>	<u>-</u>	<u>796,717</u>	<u>(4,884,921)</u>
	549,870,714	\$ 231,837,815	\$ (19,789,025)	761,919,504
Less: current portion				
Bonds payable	(18,594,610)			(20,314,832)
Unamortized bond premium	(1,334,446)			(1,937,261)
Unamortized bond discount	29,676			25,788
Unamortized loss on refunding	<u>796,719</u>			<u>714,962</u>
Total noncurrent bonds and notes payable	<u>\$ 530,768,053</u>			<u>\$ 740,408,161</u>

On March 27, 2012, the University issued the 2012A General Fee Bonds with a par value of \$120,135,000 and interest rates ranging from 2.0% to 5.0% to advance refund \$97,810,000 of outstanding 2003 General Fee, 2004A General Fee, and 2004A Athletic Bonds with interest rates ranging from 1.45% to 5.25% and to finance certain capital improvements at AUM. The portion of the net proceeds of this new bond issue to be used for refunding were deposited in an irrevocable trust with an escrow agent and were used to purchase U.S. Government securities which will provide sufficient funds to pay all future debt service payments on the previously outstanding bonds. As a result, the previously outstanding bonds are considered to be defeased and the liability for those bonds has been removed from the University's financial statements. This refunding resulted in the University recognizing a loss of \$9,868,373 for the difference between the acquisition price of the new debt and the net carrying amount of the old debt. Although the University recognized an accounting loss, the refunding decreases the University's total debt service payments over the next 23 years by \$21,386,601 and resulted in an economic gain (the difference between the present values of the debt service payments on the old and new bonds) for the University of \$18,721,021.

On March 27, 2012, the University issued the 2012B General Fee Bonds with a par value of \$3,505,000 and an interest rate of 2.9% to advance refund \$3,050,000 of outstanding 2004B Athletic Bonds with an interest rate of 5.75%. The net proceeds of this new bond issue were deposited in an irrevocable trust with an escrow agent and were used to purchase U.S. Government securities which will provide sufficient funds to pay all future debt service payments on the previously outstanding bonds. As a result, the previously outstanding bonds are considered to be defeased and the liability for those bonds has been removed from the University's financial statements. This refunding resulted in the University recognizing a loss of \$476,253 for the difference between the acquisition price of the new debt and the net carrying amount of the old debt. Although the University recognized an accounting loss, the refunding decreases the University's total debt service payments over the next 13 years by \$530,135 and resulted in an economic gain (the difference between the present values of the debt service payments on the old and new bonds) for the University of \$418,242.

Future Debt Service

Future debt service payments for each of the five fiscal years subsequent to September 30, 2012, and thereafter, are as follows:

Year Ending September 30	Bonds Payable	
	Principal	Interest
2013	\$ 19,075,538	\$ 36,949,153
2014	19,302,349	36,470,352
2015	24,108,361	35,940,069
2016	24,958,719	35,097,477
2017	21,998,501	34,183,323
2018-2022	123,875,861	154,680,238
2023-2027	139,680,000	115,103,081
2028-2032	141,990,000	81,607,707
2033-2037	160,955,000	43,510,663
2038-2042	78,950,000	9,031,500
Total future debt service	\$ 754,894,329	\$ 582,573,563

Capital Lease Obligations

AUM acquired a building under a capital lease agreement which provides for the University to purchase the building over a period of

25 years. The University also leases certain items of equipment which are classified as capital leases.

Lease Obligations	Balance at September 30, 2011	New Debt	Principal Repayment	Balance at September 30, 2012
Building	\$ 755,000	\$ -	\$ (175,000)	\$ 580,000
Equipment	480,379	-	(381,414)	98,965
Total lease obligations	\$ 1,235,379	\$ -	\$ (556,414)	\$ 678,965

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
2012-2013	\$ 213,815	\$ 58,829	\$ 272,644
2013-2014	214,750	48,106	262,856
2014-2015	210,000	-	210,000
2015-2016	-	-	-
2016-2017	-	-	-
Minimum lease payments	<u>638,565</u>	<u>106,935</u>	<u>745,500</u>
Less interest	<u>(58,565)</u>	<u>(7,970)</u>	<u>(66,535)</u>
Present value of minimum lease payments	580,000	98,965	678,965
Less current portion	<u>(185,000)</u>	<u>(52,962)</u>	<u>(237,962)</u>
Noncurrent obligations	<u>\$ 395,000</u>	<u>\$ 46,003</u>	<u>\$ 441,003</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, 2012 and 2011, amounted to approximately \$4.0 million each year.

(9) PLEDGED REVENUES

Pledged revenue for 2012 and 2011 as defined by the **Series 2003, 2004, 2006A, 2007A, 2007B, 2008, 2009, 2011A, 2012A and 2012B General Fee Revenue Trust Indentures** is as follows:

	2012	2011
Student fees collected	\$ 373,770,328	\$ 341,461,300
Less fees pledged for specific purposes:		
Athletic fees (\$96 per student per semester)	(4,224,442)	(4,400,394)
Transit fees (\$129/\$119 as of Fall 2012/2011 per student per semester)	(5,316,099)	(3,297,593)
Student activities fees (\$15 per student per semester)	<u>(662,885)</u>	<u>(688,166)</u>
Total general fees pledged	<u>\$ 363,566,902</u>	<u>\$ 333,075,147</u>

The Series 2011A Bonds expands the definition of pledged revenues. "General Fees" pledged to secure the Series 2011A Bonds and all other Parity Bonds now or hereafter outstanding under the General Fee Revenue Indenture will include the general fees levied against the University's students at both the Auburn Main Campus and the Auburn University at Montgomery Campus. "Housing Revenues" pledged to secure the Series 2011A Bonds and all other Parity Bonds now or hereafter outstanding under the General Fee Revenue Indenture will include the University's housing and dining revenues from the operation of housing and dining facilities on both the Auburn Main Campus and the Auburn University at Montgomery Campus.

The pledge of housing and dining revenues under the General Fee Revenue Indenture is subordinate in all respects to the University's prior pledge of certain dormitory revenues on the Auburn University at Montgomery campus to secure payment of the 1978 Dormitory Revenue Bonds and the University's prior pledge of the housing and dining revenues under the Housing and Dining Revenue Indenture to secure the University's Housing and Dining Revenue Bonds, Series 2003 and any other bonds hereafter issued on a parity basis with such Series 2003 Bonds under the terms and conditions of the Housing and Dining Revenue Indenture.

See section on Series 2003 Housing and Dining Revenue Trust Indenture below for information on main campus housing and dining revenues.

AUM housing and dining revenue pledged for 2012 and 2011 subordinate to prior pledges of such revenues as defined by the Series 2011A General Fee Revenue Trust Indenture is as follows:

	2012	2011
AUM housing revenues		
Room rental	\$ 2,855,495	\$ 2,967,364
Other income	<u>216,945</u>	<u>180,776</u>
Total housing	3,072,440	3,148,140
AUM dining revenue	<u>1,373,413</u>	<u>1,127,293</u>
Total AUM housing and dining revenues pledged	<u>\$ 4,445,853</u>	<u>\$ 4,275,433</u>

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

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

Pledged revenue for 2012 and 2011 as defined by the **Series 2001A and 2004 Athletic A & B Revenue Trust Indentures** is as follows:

	2012	2011
Jordan Hare and other revenues:		
Television and broadcast revenues	\$ 5,750,212	\$ 5,520,000
Conference and NCAA distributions	20,024,728	22,930,400
Sales and services revenues	29,098,531	30,837,395
Student fees	4,224,442	4,400,394
Royalties, advertisements and sponsorships	6,886,435	5,154,986
Other income	4,609,698	3,246,371
Total athletic revenues pledged	<u>\$ 70,594,046</u>	<u>\$ 72,089,546</u>

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

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

Pledged revenue for 2012 and 2011 as defined by the **Series 2003 Housing and Dining Revenue Trust Indenture** is as follows:

	2012	2011
Housing revenues:		
Room rental	\$ 21,383,293	\$ 20,537,474
Other income	1,635,711	1,667,474
Total housing revenues pledged	23,019,004	22,204,948
Food services commission revenue	3,048,371	392,479
Total housing and food services revenues pledged	<u>\$ 26,067,375</u>	<u>\$ 22,597,427</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 2012 and Fall Semester 2011 was 97.4% and 99.4%, respectively (unaudited).

Pledged revenues and related expenses for 2012 and 2011 as defined by the **1978 Auburn University at Montgomery Trust Indenture** are as follows:

The following summary shows the revenues, expenses and transfers from operations of the West Dormitories of AUM for the years ended September 30, 2012 and 2011.

	2012	2011
Revenues:		
Room rental	\$ 1,175,081	\$ 1,242,773
Other income	95,283	76,628
Total revenues	<u>1,270,364</u>	<u>1,319,401</u>
Expenses and transfers:		
Personnel costs	302,469	323,119
Operating expenses	278,484	359,093
Transfers	147,067	145,417
Total expenses and transfers	<u>728,020</u>	<u>827,629</u>
Surplus of revenues over expenses and transfers	542,344	491,772
AUM Student Housing net deficit at beginning of year	<u>(809,298)</u>	<u>(1,301,070)</u>
AUM Student Housing net deficit at end of year	<u>\$ (266,954)</u>	<u>\$ (809,298)</u>

The AUM dormitory occupancy rate for Fall Semester 2012 and Fall Semester 2011 was 96.98% and 94.96%, respectively (unaudited).

(10) RETIREMENT PROGRAMS

The employees of the University are participants in two 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 with 10 years of service or at any age 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, 2011, 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 7.25% of their salary to the Teachers' Retirement System. This rate will increase to 7.50% for fiscal year 2013. 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,	2012	2011	2010
Total percentage of covered payroll	17.25%	17.51%	17.51%
Contributions:			
Percentage contributed by the employer	10.00%	12.51%	12.51%
Percentage contributed by the employees	7.25%	5.00%	5.00%
Contributed by the employer	\$ 34,144,425	\$ 41,773,908	\$ 39,951,632
Contributed by the employees	<u>24,761,049</u>	<u>16,703,108</u>	<u>15,973,406</u>
Total contributions	<u>\$ 58,905,474</u>	<u>\$ 58,477,016</u>	<u>\$ 55,925,038</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 3.63% of their salary to the Employees' Retirement System. This rate will increase to 3.75% for fiscal year 2013. 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 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,	2012	2011	2010
Total percentage of covered payroll	39.67%	40.38%	37.54%
Contributions:			
Percentage contributed by the employer	36.04%	37.88%	35.04%
Percentage contributed by the employees	3.63%	2.50%	2.50%
Contributed by the employer	\$ 1,589,969	\$ 1,863,377	\$ 1,910,078
Contributed by the employees	<u>159,923</u>	<u>122,963</u>	<u>136,278</u>
Total contributions	<u>\$ 1,749,892</u>	<u>\$ 1,986,340</u>	<u>\$ 2,046,356</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 Valic, TIAA-CREF, Fidelity Investments and Lincoln Financial. At September 30, 2012 and 2011, 3,373 and 3,160 employees, respectively, participated in the tax deferred annuity program. The contribution for 2012 was \$17,796,298 which includes \$5,484,638 from the University and \$12,311,660 from its employees. The contribution for 2011 was \$14,585,773, which includes \$4,664,998 from the University and \$9,920,775 from its employees. Total salaries and wages during the fiscal year for covered employees participating in the plan were \$219,142,408 and \$207,601,418 for the fiscal years ended September 30, 2012 and 2011, 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, 2012 and 2011, 227 and 201 employees, respectively, participated in the plans. Contributions of \$2,180,227 and \$1,963,272 for fiscal years 2012 and 2011, respectively, were funded by employees and no employer contribution was funded. The 457(b) plans include Valic, TIAA-CREF and Fidelity Investments.

(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 Employees' Health Insurance Board (PEEHIB). PEEHIP offers a basic hospital/medical plan that provides basic medical coverage for up to 365 days of care during each hospital confinement. The basic hospital/medical plan also provides for physicians benefits, outpatient care, prescription drugs, and mental health benefits.

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

The required contribution rate of the employer was \$370 and \$420 per employee per month in the years ended September 30, 2012 and 2011, respectively. The University paid \$9,394,450 and \$10,273,162 for 2,112 and 2,062 retirees for the years ended September 30, 2012 and 2011, respectively. 100% of the required contributions were paid by PEEHIP. The required contribution rate is determined by PEEHIP in accordance with state statute.

The required monthly contribution rates for fiscal year 2012 are as follows:

Retired Member Rates

- Individual Coverage/Non-Medicare Eligible - \$151.00
- Family Coverage/Non-Medicare Eligible Retired Member and Non-Medicare Eligible Dependent(s) - \$391.00
- Family Coverage/Non-Medicare Eligible Retired Member and Dependent Medicare Eligible - \$250.00
- Individual Coverage/Medicare Eligible Retired Member - \$10.00
- Family Coverage/Medicare Eligible Retired Member and Non-Medicare Eligible Dependent(s) - \$250.00
- Family Coverage/Medicare Eligible Retired Member and Dependent Medicare Eligible - \$109.00
- Tobacco surcharge - \$28.00 per month
- PEEHIP Supplemental Plan - \$0
- Optional Plans (Hospital Indemnity, Cancer, Dental, Vision) - up to two optional plans can be taken by retirees at no cost if the retiree is not also taking one of the Hospital Medical Plans. The combining allocation program is being phased out over three years beginning October 1, 2010. While a couple combines allocations, they are required to use both allocations to pay for the PEEHIP Hospital Medical Plan and cannot use one of the allocations towards the Optional Plans. They can purchase the Optional Plans at the normal monthly rate of \$38.00 or \$45.00 for family dental.

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

Employees who retire on or after January 1, 2012, with less than 25 years of service, are required to pay 4% for each year under 25 years of service. Additionally, non-Medicare eligible employees who retire on or after January 1, 2012, are required to pay 1% more for each year less than 65 (age premium) and to pay the net difference between the

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

Surviving Spouse Rates

- Surviving Spouse Non-Medicare Eligible - \$658.00
- Surviving Spouse Non-Medicare Eligible and Dependent Non-Medicare Eligible - \$847.00
- Surviving Spouse Non-Medicare Eligible and Dependent Medicare Eligible - \$816.00
- Surviving Spouse Medicare Eligible - \$328.00
- Surviving Spouse Medicare Eligible and Dependent Non-Medicare Eligible - \$517.00
- Surviving Spouse Medicare Eligible and Dependent Medicare Eligible - \$486.00

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 \$930,342 and \$941,842 for fiscal years ended September 30, 2012 and 2011, respectively. The retirees are responsible for funding approximately 40% of the healthcare premiums.

In compliance with the provisions of GASB Statement No. 45, the University accrued an additional \$1,567,505 and \$2,086,541 in retiree healthcare expense during fiscal years 2012 and 2011, 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 for Retiree Medical Plan

Cost Element	Fiscal Year Ended September 30, 2012	
	Amount	Percent of Payroll ¹
1. Unfunded actuarial accrued liability at Oct. 1, 2011	\$ 59,795,647	1,546.6%
<u>Annual Required Contribution (ARC)</u>		
2. Normal cost	\$ 102,468	
3. Amortization of the unfunded actuarial accrued liability over 15 years using level dollar amortization	4,598,916	
4. Annual Required Contribution (ARC = 2 + 3)	<u>\$ 4,701,384</u>	121.6%
<u>Annual OPEB Cost (Expense)</u>		
5. ARC	\$ 4,701,384	
6. Interest on beginning of year accrual	233,344	
7. Adjustment to ARC	890,199	
8. Fiscal year 2012 OPEB cost (5 + 6 - 7)	<u>\$ 4,044,529</u>	104.6%
End of Year Accrual (Net OPEB Obligation)²		
9. Beginning of year accrual	\$ 11,667,182	
10. Annual OPEB cost	4,044,529	
11. Employer contribution (benefit payments) ²	<u>2,477,024</u>	
12. End of year CAFR accrual (9 + 10 - 11) ²	<u>\$ 13,234,687</u>	342.3%

¹ Annual payroll for 60 participants as of September 30, 2012, \$3,866,263.

² Actual amounts paid in fiscal year 2012 include claim costs, administrative fees, and PEEHIP subsidy less participant contributions.

Three Year Schedule of Percentage of OPEB Cost Contributed

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed ³	Net OPEB Obligation
September 30, 2010	\$ 4,850,454	54.2%	\$ 9,580,641
September 30, 2011	\$ 4,740,817	56.0%	\$ 11,667,182
September 30, 2012	\$ 4,044,529	61.2%	\$ 13,234,687

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, 2011 – September 30, 2012
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 2012, decreasing by one-half percentage point per year to an ultimate of 5.0% in fiscal year 2021 and later.

Valuation Date October 1, 2011

Monthly Per Capita Claim Costs

Age	Medical
55	\$678
60	\$813
65	\$330
70	\$366
75	\$390

Claim costs were increased by 1.8% over last year based on a weighted average of benefit plan premiums. Future claim costs are increased by health care cost trend.

Retiree Premiums

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

	As of 1/1/12	As of 1/1/11
Pre-65 Single	\$458	\$458
Pre-65 Family	\$1,008	\$947
Post-65 Single	\$139	\$139
Post-65 Family	\$638	\$638

Note: There are several other categories of premiums.

Administrative Expenses

Included in claim cost.

Assumed Health Care Trend Rate	Fiscal <u>Year</u>	Medical and Rx Combined <u>Rate</u>
	2013	9.0%
	2014	8.5%
	2015	8.0%
	2016	7.5%
	2017	7.0%
	2018	6.5%
	2019	6.0%
	2020	5.5%
	2021+	5.0%

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

Mortality RP-2000 Combined Mortality Projected 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, 2012 and 2011, was \$443,204 and \$472,999, 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, 2012 and 2011, was \$2,023,455 and \$2,004,163, 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 liability for health insurance as of September 30, 2012 and 2011, of \$8,741,124 and \$4,630,339, 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

Deferred revenues at September 30, 2012 and 2011 are as follows:

	2012	2011
Tuition and fees, net	\$ 124,577,576	\$ 118,312,584
Federal, state and local government grants and contracts	10,968,072	8,638,640
Auxiliary, net	33,688,568	29,966,669
Plant	<u>538,138</u>	<u>553,966</u>
Total deferred revenue	<u>\$ 169,772,354</u>	<u>\$ 157,471,859</u>

Pollution Remediation Obligations

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

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

As of September 30, 2012 and 2011, the total estimated pollution remediation liability (estimated using the expected cash-flow technique) is \$6,831,665 and \$4,804,510, respectively. The current portion of this amount (\$327,355 and \$875,338, respectively) is included in other accrued liabilities and the long-term portion (\$6,504,310 and \$3,929,172, respectively) is included in other noncurrent liabilities in the accompanying Statement of Net Assets. This estimate may change in future periods as additional information is obtained. The University does not expect to recover any funds from insurance or other third parties related to these obligations.

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 \$17,070,517 and \$17,714,570 at September 30, 2012 and 2011, 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 \$16,503,837 and \$16,116,648 at September 30, 2012 and 2011, respectively. Also included in deposits held in custody of others are the agency funds. These amounts totaled \$4,645,284 and \$1,084,871 for September 30, 2012 and 2011, respectively. The remaining difference relates to immaterial rental deposits.

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.

(13) CONTRACTS AND GRANTS

The University has been awarded approximately \$8.3 million (unaudited) and \$3.4 million (unaudited) in contracts and grants that have not been received or expended as of September 30, 2012 and 2011, 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 \$16,692,646 and \$17,733,310 in facilities and administrative cost recovery for the years ended September 30, 2012 and 2011, 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 \$647.8 million (unaudited). At September 30, 2012, the estimated remaining cost to complete the projects is approximately \$220.3 million (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, 2012 and 2011, 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, 2012

	Compensation and Benefits	Scholarships and Fellowships	Utilities	Other Supplies and Services	Depreciation	Total
Instruction	\$ 207,364,653	\$ 1,125,249	\$ -	\$ 31,026,179	\$ -	\$ 239,516,081
Research	64,426,343	813,360	8,182	37,404,840	-	102,652,725
Public Service	62,875,756	5,154	115,931	44,384,611	-	107,381,452
Academic Support	33,383,234	-	-	5,392,578	-	38,775,812
Library	7,182,707	-	-	2,879,270	-	10,061,977
Student Services	17,185,082	-	-	7,685,922	-	24,871,004
Institutional Support	62,587,059	-	-	9,492,116	-	72,079,175
Operation and Maintenance	26,339,343	-	18,634,528	21,276,945	-	66,250,816
Scholarships and Fellowships	18,670,225	16,233,438	-	66,385	-	34,970,048
Auxiliaries	39,218,237	176,873	4,666,510	55,094,206	-	99,155,826
Depreciation	-	-	-	-	61,104,001	61,104,001
	<u>\$ 539,232,639</u>	<u>\$ 18,354,074</u>	<u>\$ 23,425,151</u>	<u>\$ 214,703,052</u>	<u>\$ 61,104,001</u>	<u>\$ 856,818,917</u>

September 30, 2011

	Compensation and Benefits	Scholarships and Fellowships	Utilities	Other Supplies and Services	Depreciation	Total
Instruction	\$ 200,497,888	\$ 1,086,204	\$ -	\$ 28,822,650	\$ -	\$ 230,406,742
Research	68,691,802	832,023	34,173	33,259,767	-	102,817,765
Public Service	61,356,294	13,658	300,577	44,361,278	-	106,031,807
Academic Support	33,529,021	-	-	5,314,220	-	38,843,241
Library	7,056,651	-	-	1,194,681	-	8,251,332
Student Services	16,405,399	-	-	7,214,463	-	23,619,862
Institutional Support	64,434,910	-	-	9,645,032	-	74,079,942
Operation and Maintenance	26,013,430	-	18,339,338	33,408,595	-	77,761,363
Scholarships and Fellowships	18,078,359	15,169,688	-	401,945	-	33,649,992
Auxiliaries	40,498,404	225,594	4,679,644	57,128,300	-	102,531,942
Depreciation	-	-	-	-	53,826,645	53,826,645
	<u>\$ 536,562,158</u>	<u>\$ 17,327,167</u>	<u>\$ 23,353,732</u>	<u>\$ 220,750,931</u>	<u>\$ 53,826,645</u>	<u>\$ 851,820,633</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.

and \$30,322,974 during the years ended September 30, 2012 and 2011, respectively. Net undistributed grants to the University totaled \$10,215 and \$45,867 at September 30, 2012 and 2011, respectively.

(18) RELATED PARTY TRANSACTIONS

Auburn University Foundation

The majority of funds that AUF raises are donor restricted for specific schools, colleges or programs of the University. These may be transferred to the University for its use, expended by AUF for the benefit of University schools, colleges or programs, or in the case of endowments, invested with only the earnings transferred to or expended on behalf of the University. Amounts transferred to the University or expended on behalf of its programs totaled \$29,708,151

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

AUF and the University entered into an operating agreement (the AUF Agreement), which addresses the general and administrative and development financial relationships between these two entities. In summary, the AUF Agreement states that in return for raising and administering gifts for the benefit of the University, the University will provide certain services and facilities to AUF, which primarily consist

of personnel and other administrative support, and that AUF will make a quarterly determination of the relative allocable share of these costs and transfer funds as necessary. AUF and the University review the AUF Agreement annually and provide an estimate of the maximum consideration to be paid for the upcoming year for approval by the respective boards. The actual reimbursement is determined based on the actual costs incurred and is as follows:

- For the years ended September 30, 2012 and 2011, all personnel costs were incurred by the University, and AUF reimbursed the University \$1,356,555 and \$1,496,046, respectively, for its share of these central development services in accordance with the AUF 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. The amount directly incurred by the University or reimbursed to AUF totaled \$1,757,891 and \$1,893,455 for the years ended September 30, 2012 and 2011, 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 nonsalary 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, 2012 and 2011, the constituency salaries reimbursed to the University totaled \$585,766 and \$1,536,035, respectively.

During 2012 and 2011, AUF granted AUREFI \$150,000 and \$226,335, respectively, for operations and projects. AUREFI reimbursed AUF \$7,079 and \$11,591 for operating expenses paid on behalf of AUREFI during 2012 and 2011, respectively. Of these expenses, the amount due to AUF at September 30, 2011, was \$4,208 and is reported on the Consolidated Statements of Financial Position. During the year 2011, AUF received \$49,744 as a grant from the Real Estate Foundation designated for endowing scholarships for University freshmen who graduated from Wetumpka High School. These inter-entity transactions are eliminated in consolidation.

AUREFI and the University entered into an agreement with the University to provide certain services and facilities. AUREFI reimbursed the University \$100,978 and \$149,735 during the years ended September 30, 2012 and 2011 respectively, for agreement-related services and facilities of which \$37,434 was outstanding at September 30, 2011. Both reimbursements are accrued and reflected in the payable due to the University on the Consolidated Statements of Financial Position.

AUREFI provided a cash grant to the University of \$443,627 to the Samuel Ginn College of Engineering for capital construction during the year 2012. AUREFI also granted to the University real estate valued at \$740,000 for a center dedicated to the Women's Philanthropy initiative of the College of Human Science during the year 2011.

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, 2012 and 2011, AUF was committed to the Association for \$7,523,855 and \$7,052,102, respectively. Of the amount for the year ended September 30, 2012 and 2011, \$1,907 and \$3,499 relates to payables and receivables between the Association and 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 TUF on an annual basis. As of September 30, 2012 and 2011, AUF was committed to TUF for \$7,081,653 and \$6,541,338 respectively.

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 \$23,666,119 and \$20,347,125 during the years ended June 30, 2012 and 2011, respectively.

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

For the years ended June 30, 2012 and 2011, TUF reimbursed the University \$295,054 each year for TUF personnel costs incurred by the University.

During the years ended June 30, 2012 and 2011, the University contributed \$499,125 each year to TUF for the use of executive suites at University athletic events. This amount is recorded as public support-contributions revenue on the Statements of Activities and Changes in Net Assets.

During the years ended June 30, 2012 and 2011, 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, 2012 and 2011, obligations of \$2,565,950 and \$2,772,900 related to these transactions, respectively, were outstanding. TUF paid the 2011 obligation during fiscal year 2012, and it intends to pay the 2012 obligation during fiscal year 2013.

As indicated, the above TUF balances are as of June 30, 2012 and 2011; however, the University believes these figures are not materially different than September 30, 2012 and 2011, respectively.

Auburn Alumni Association

The Association, AUF, Auburn University Offices of Alumni and Development and their related support units jointly utilize operational facilities, personnel and other assets in order to effectively and efficiently carry out their required activities. All personnel are employed by the University and their services are provided to the other organizations under contractual agreements. Other operational costs are paid from budgets of each organization.

The combined expenditures are analyzed periodically and, based on each entity's utilization of the facilities, supplies and services, any necessary reimbursements are made among the organizations. In the Statements of Activities and Changes in Net Assets, amounts received by the Operating Fund from other organizations are used to offset the related expenses. The Executive Director of the Association is an employee of the University, providing services to the Association under a services and facilities contract. The Executive Director also serves as the Vice President for Alumni Affairs for the University.

A portion of the Association's investments have been pooled with AUF investments and are invested and managed by AUF. Cash receipts and disbursements records of the Association are maintained within the University accounting system.

During the years ended September 30, 2012 and 2011, the Association had a salary reimbursement expense of \$957,096 and \$1,044,068, respectively, to the University under the service and facilities agreement. All of the amount from fiscal year 2012 was paid; however, \$248,996 was accrued as an amount payable at September 30, 2011.

Rental income recorded by the Association from the University totaled \$222,500 and \$219,268, respectively for the years ended September 30, 2012 and 2011. Rental income recorded by the Association from AUF totaled \$116,588 and \$112,626 for the years ended September 30, 2012 and 2011, respectively.

During the years ended September 30, 2012 and 2011, the University provided for its share of alumni affairs activities costs by establishing a budget within the University's budgetary system; whereby, the University pays a portion of the costs, and reimburses the Association for the balance. The alumni affairs activities costs were \$640,000 for each of the years ended September 30, 2012 and 2011.

During the year ended September 30, 2012, the Association contributed \$96,863 to the Auburn Alumni Association Endowment for Scholarships held with the AUF. Of this amount, \$85,863 had been paid and \$11,000 was accrued as an amount payable shown in "Due to Auburn University Foundation" on the Association's Statement of Financial Position at September 30, 2012. During the year ended September 30, 2011, the Association contributed \$353,956 to the Auburn Alumni Association Endowment for Scholarships held with the AUF.

Auburn Research and Technology Foundation

ARTF's mission is to facilitate the acquisition, construction and equipping of a technology and research park on the University's campus in order to create new academic and entrepreneurial opportunities for the University's faculty and students. Consideration received by the

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

The Vice President for Research of the University serves as the President of ARTF and is a member of the ARTF Board of Directors with full voting powers. Contributed services in the amount of approximately \$15,000 were recognized by ARTF during fiscal years 2012 and 2011, related to services provided by the Vice President for Research serving as the President of ARTF. Additionally, ARTF's accounting records are maintained as a subsystem within the University's accounting system.

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

In accordance with the ARTF Agreement for fiscal years 2012 and 2011, personnel costs incurred by the University and charged to ARTF were \$48,190 and \$45,804, respectively. These amounts are included in "Other payables to Auburn University" at September 30, 2012 and 2011.

ARTF held lease agreements with two University departments and three University departments in fiscal years 2012 and 2011, respectively, whereby the departments lease office space from ARTF. As leasing tenants, the University departments remit a monthly rental fee to ARTF in accordance with their lease agreements.

ARTF entered into a contract with the University during fiscal year 2011 to develop and manage a full service business incubator. Revenues of \$142,902 and \$103,892 related to this contract were recognized at September 30, 2012 and 2011, respectively. The remaining amounts of \$53,206 and \$46,108 are shown as deferred revenue and will be recognized when the expenditures are incurred.

(19) DIRECT LOAN PROGRAMS

The Federal Direct Loan Program (DL) enables an eligible student or parent to obtain a loan directly through the Department of Education. Main campus returned to DL from the Federal Family Education Loan Program (FFELP) in the summer of 2009. All schools were required to process loans through DL effective July 1, 2010, which is when AUM returned to DL. Under DL, files are transmitted via the Federal Common Originator and Disbursement System (COD). Funds are received via G5, a federal website. The Department of Education is responsible for the collection of these loans.

FFELP was established under the Higher Education Act of 1965, as amended in the Student Loan Reform Act of 1993. The FFELP enabled an eligible student or parent to obtain a loan directly through FFELP

lenders. Alabama's designated state guarantor for FFELP loans was Kentucky Higher Education Assistance Authority (KHEAA). KHEAA was 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 routed loan information to the appropriate lender or guarantor and then routed 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 \$127.1 million and \$122.2 million under these programs during the fiscal years ended September 30, 2012 and 2011, respectively. AUM disbursed approximately \$27.7 million and \$30.6 million under these programs during the fiscal years ended September 30, 2012 and 2011, respectively.

(20) IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* was issued November 2010. This Statement addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. This Statement requires disclosures about an SCA including a general description of the arrangement and information about the associated assets, liabilities, and deferred inflows, the rights granted and retained, and guarantees and commitments. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. The provisions of this Statement generally are required to be adopted for all periods presented. The University is currently evaluating the financial statement impact of the adoption of this Statement.

Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34* was issued in November 2010. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. It amends the requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2012. The University is currently evaluating the financial statement impact of the adoption of this Statement.

Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* was issued in December 2010. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedure issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The requirements of this Statement are effective for periods beginning after December 15, 2011. Earlier application is encouraged. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The University is

currently evaluating the financial statement impact of the adoption of this Statement.

Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, was issued in June 2011. This Statement modifies the presentation of deferred inflows and deferred outflows in the financial statements. The University is currently evaluating the financial statement impact of the adoption of this Statement. The provisions of this Statement are effective for periods beginning after December 15, 2011.

Statement No. 64, *Derivative Instruments Application of Hedge Accounting Termination Provisions* was issued in June 2011. This Statement clarifies the existing requirements for the termination of hedge accounting. The provisions of this Statement are effective for periods beginning after June 15, 2011. The University is currently evaluating the financial statement impact of the adoption of this Statement.

Statement No. 65, *Items Previously Reported as Assets and Liabilities* was issued in March 2012. This Statement reclassifies certain items that were previously reported as assets and liabilities as deferred outflows or deferred inflows of resources. Additionally, it provides guidance related to the financial statement impact of these types of items. The provisions of this statement are effective for periods beginning after December 15, 2012. Earlier application is encouraged. The University is currently evaluating the financial statement impact of the adoption of this Statement.

Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62* was issued in March 2012. This Statement resolves conflicting guidance from the issuance of previous Statements, including guidance regarding fund-type classification of risk financing activities as well as operating lease payments, the difference between purchase price and principal amount of purchased loans, and service fees related to mortgage loans that are sold. The provisions of this statement are effective for periods beginning after December 15, 2012. Earlier application is encouraged. The University is currently evaluating the financial statement impact of the adoption of this Statement.

Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25* was issued June 2012. This Statement establishes new requirements for financial reporting, primarily through enhanced note disclosures and schedules of required supplementary information, for separately issued financial reports of state and local governmental pension plans that are administered through trusts or equivalent arrangements. The Statement is effective for periods beginning after June 15, 2013. Earlier application is encouraged. The University is currently evaluating the financial statement impact of the adoption of this Statement.

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



AUBURN UNIVERSITY

2012
FINANCIAL REPORT

REQUIRED SUPPLEMENTAL INFORMATION

REQUIRED SUPPLEMENTAL INFORMATION

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

Cost Element	Fiscal Year Ended September 30, 2012	
	Amount	Percent of Payroll ¹
1. Unfunded actuarial accrued liability at Oct. 1, 2011	\$ 59,795,647	1,546.6%
<u>Annual Required Contribution (ARC)</u>		
2. Normal cost	\$ 102,468	
3. Amortization of the unfunded actuarial accrued liability over 15 years using level dollar amortization	4,598,916	
4. Annual Required Contribution (ARC = 2 + 3)	<u>\$ 4,701,384</u>	121.6%
<u>Annual OPEB Cost (Expense)</u>		
5. ARC	\$ 4,701,384	
6. Interest on beginning of year accrual	233,344	
7. Adjustment to ARC	890,199	
8. Fiscal year 2012 OPEB cost (5 + 6 - 7)	<u>\$ 4,044,529</u>	104.6%
<u>End of Year Accrual (Net OPEB Obligation)²</u>		
9. Beginning of year accrual	\$ 11,667,182	
10. Annual OPEB cost	4,044,529	
11. Employer contribution (benefit payments) ²	2,477,024	
12. End of year CAFR accrual (9 + 10 - 11) ²	<u>\$ 13,234,687</u>	342.3%

¹ Annual payroll for 60 participants as of September 30, 2012, \$3,866,263.

² Actual amounts paid in fiscal year 2012 include claim costs, administrative fees, and PEEHIP subsidy less participant contributions.

Three Year Schedule of Percentage of OPEB Cost Contributed

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed ³	Net OPEB Obligation
September 30, 2010	\$ 4,850,454	54.2%	\$ 9,580,641
September 30, 2011	\$ 4,740,817	56.0%	\$ 11,667,182
September 30, 2012	\$ 4,044,529	61.2%	\$ 13,234,687

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, 2011 – September 30, 2012
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 2012, decreasing by one-half percentage point per year to an ultimate of 5.0% in fiscal year 2021 and later.

Valuation Date October 1, 2011

Monthly Per Capita Claim Costs

<u>Age</u>	<u>Medical</u>
55	\$678
60	\$813
65	\$330
70	\$366
75	\$390

Claim costs were increased by 1.8% over last year based on a weighted average of benefit plan premiums. Future claim costs are increased by health care cost trend.

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

	<u>As of 1/1/12</u>	<u>As of 1/1/11</u>
Pre-65 Single	\$458	\$458
Pre-65 Family	\$1,008	\$947
Post-65 Single	\$139	\$139
Post-65 Family	\$638	\$638

Note: There are several other categories of premiums.

Administrative Expenses Included in claim cost.

Assumed Health Care Trend Rate	Medical and Rx Combined
<u>Fiscal Year</u>	<u>Rate</u>
2013	9.0%
2014	8.5%
2015	8.0%
2016	7.5%
2017	7.0%
2018	6.5%
2019	6.0%
2020	5.5%
2021+	5.0%

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

Mortality RP-2000 Combined Mortality Projected 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%

Schedule of Funding Progress

Schedule of Funding Progress at 2%

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Interest on NOO</u>	<u>ARC Adjustment</u>	<u>Amortization Factor</u>
September 30, 2007	\$ 5,394,900	\$ -	\$ -	11.5631
September 30, 2008	\$ 4,386,200	\$ 109,508	\$ 236,761	11.5631
September 30, 2009	\$ 5,429,570	\$ 95,020	\$ 362,499	13.1062
September 30, 2010	\$ 5,264,830	\$ 147,204	\$ 561,580	13.1062
September 30, 2011	\$ 5,280,202	\$ 191,613	\$ 730,998	13.1062
September 30, 2012	\$ 4,701,385	\$ 233,344	\$ 890,200	13.1062

<u>Year Ended</u>	<u>OPEB Cost</u>	<u>Contributions</u>	<u>Change in Net OPEB Obligation</u>	<u>NET OPEB Obligation Balance</u>
September 30, 2007	\$ 5,394,900	\$ 2,657,200	\$ 2,737,700	\$ 2,737,700
September 30, 2008	\$ 4,258,947	\$ 2,245,000	\$ 2,013,947	\$ 4,751,000
September 30, 2009	\$ 5,162,091	\$ 2,552,888	\$ 2,609,204	\$ 7,360,204
September 30, 2010	\$ 4,850,454	\$ 2,630,017	\$ 2,220,437	\$ 9,580,641
September 30, 2011	\$ 4,740,817	\$ 2,654,276	\$ 2,086,541	\$ 11,667,182
September 30, 2012	\$ 4,044,529	\$ 2,477,024	\$ 1,567,505	\$ 13,234,687

AUBURN UNIVERSITY BOARD OF TRUSTEES

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



Robert Bentley
Governor of Alabama
President, Montgomery



Raymond J. Harbert
At-Large Member
President Pro Tempore



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



B.T. Roberts
Mobile, First
Congressional District



Clark Sahlie
Montgomery, Second
Congressional District



James W. Rane
Abbeville, Third
Congressional District



Bob Dumas
Auburn, Third
Congressional District



Jimmy Sanford
Prattville, Fourth
Congressional District



D. Gaines Lanier
Lanett, Fifth
Congressional District



Elizabeth Huntley
Clanton, Sixth
Congressional District



Sarah B. Newton
Fayette, Seventh
Congressional District



John G. Blackwell
Huntsville, Eighth
Congressional District



James Pratt
Birmingham, Ninth
Congressional District



Samuel L. Ginn
At-Large Member

Part II
Schedule of Expenditures of Federal Awards

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
RESEARCH AND DEVELOPMENT CLUSTER			
National Science Foundation Direct			
Engineering Grants		47.041	\$ 1,870,868
Mathematical and Physical Sciences Geosciences		47.049	1,733,665
Computer and Information Science and Engineering		47.050	320,781
Biological Sciences		47.070	690,999
Social, Behavioral, and Economic Sciences		47.074	1,285,935
Education and Human Resources		47.075	39,085
Polar Programs		47.076	961,613
International Science and Engineering (OISE)		47.078	70,814
Office of Cyberinfrastructure		47.079	138,819
ARRA-Trans-NSF Recovery Act		47.080	108,431
Research Support-NSF-BCS-0921271		47.082	61,637
ARRA-Trans-NSF Recovery Act		47.082	(241)
Research Support-NSF-CBET-0854010		47.082	82,756
ARRA-Trans-NSF Recovery Act		47.082	27,699
Research Support-NSF-CBET-0934860		47.082	12,132
ARRA-Trans-NSF Recovery Act		47.082	28,322
Research Support-NSF-CNS-0855182		47.082	53,728
ARRA-Trans-NSF Recovery Act		47.082	21,581
Research Support-NSF-DMS-0905818		47.082	26,642
ARRA-Trans-NSF Recovery Act		47.082	7,535,266
Research Support-NSF-DMS-0907752		47.082	
ARRA-Trans-NSF Recovery Act		47.082	
Research Support-NSF-DMS-0915045		47.082	
ARRA-Trans-NSF Recovery Act		47.082	
Research Support-NSF-EAR-0929991		47.082	
ARRA-Trans-NSF Recovery Act		47.082	
Research Support-NSF-EEC-0934800		47.082	
National Science Foundation Direct Total			26,642
			<u>7,535,266</u>

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>RESEARCH AND DEVELOPMENT CLUSTER</u>			
National Science Foundation Pass-through			
Engineering Grants	INTEGRATED SURFACE TECHNOLOGIES, INC-10-26571	47.041	62,811
Engineering Grants	LUCIGEN CORP-CHANNEL CATFISH	47.041	98,343
Engineering Grants	UNIV OF ARKANSAS-S1107010	47.041	8,910
Mathematical and Physical Sciences	VANDERBILT UNIV-20726-S1	47.049	116,163
Computer and Information Science and Engineering	CLEMSON UNIVERSITY- 1354-206-2097476	47.070	81,802
Computer and Information Science and Engineering	CLEMSON UNIVERSITY- 1420-206-2007786	47.070	1,979
Computer and Information Science and Engineering	UNIV OF NORTH CAROLINA AT CHARLOTTE-20100715-04-AUB	47.070	24,589
Computer and Information Science and Engineering	UNIV OF NORTH CAROLINA AT CHARLOTTE-2975-07-05880-AU	47.070	1,770
Biological Sciences	ALABAMA A&M UNIV- SUB-DBI-0703470-AU	47.074	(3,795)
Social, Behavioral, and Economic Sciences	MIAMI UNIV-NSF JOHNSON G01652	47.075	48,503
Education and Human Resources	TUSKEGEE UNIV-34-11530- 201-76190	47.076	168,325
Education and Human Resources	TUSKEGEE UNIV-34-21530- 198-76190	47.076	37,732
Education and Human Resources	TUSKEGEE UNIV-34-21530- 199-76190	47.076	67,192
Education and Human Resources	TUSKEGEE UNIV-34-22460-075	47.076	27,039
Education and Human Resources	UNIV OF ALABAMA AT BIRMINGHAM-000401937-001	47.076	36,026
Office of Cyberinfrastructure	ALABAMA A&M UNIV- SUB 2008-EPS-0814103-AU	47.080	(11,502)
Office of Experimental Program to Stimulate Competitive Research	TUSKEGEE UNIV-34-21530- 200-76190	47.081	401,455
National Science Foundation Pass-through Total			<u>1,167,342</u>
National Science Foundation TOTAL			<u>8,702,608</u>

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>RESEARCH AND DEVELOPMENT CLUSTER</u>			
National Aeronautics and Space Administration Direct			
Science		43.001	313,311
Aeronautics		43.002	(1,116)
Education		43.008	28,001
Cross Agency Support		43.009	60,481
NASA-NNX10AR53G		43	55,698
NASA-NNX08AL73G		43	225,488
NASA-NNM07AA04A-K		43	96,863
National Aeronautics and Space Administration Direct Total			778,726
National Aeronautics and Space Administration Pass-through			
Science	SOUTHWEST RESEARCH INSTITUTE-A99172JD	43.001	27,054
Science	SOUTHWEST RESEARCH INSTITUTE-E99006LM	43.001	24,842
Science	CARNEGIE INSTITUTE OF WASHINGTON-9-10307-04	43.001	11,666
Science	UNIV OF ALABAMA IN HUNTSVILLE-SUB2005-148	43.001	(325)
Science	UNIV OF ALABAMA IN HUNTSVILLE-SUB2010-175	43.001	77,489
Science	UNIV OF MASSACHUSETTS- 11855	43.001	10,555
Science	UNIV OF SOUTHERN MISS-GR04146-002	43.001	55,514
Science	VIRGINIA INSTITUTE OF MARINE SCIENCE-715673-712683	43.001	26,736
Science	OHIO AEROSPACE INSTITUTE- R-700-257011-40118	43.001	30,194
NASA-NNX11CE28P	GENESIC SEMICONDUCTOR	43	28

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>RESEARCH AND DEVELOPMENT CLUSTER</u>			
NASA-NNX10AN26A	UNIV OF SOUTH ALABAMA- 11-100113-01	43	44,035
NASA-NNX07AL52A	UNIV OF ALABAMA IN HUNTSVILLE-SUB2011-057	43	10,242
NASA-NNX10AJ80H	UNIV OF ALABAMA IN HUNTSVILLE-SUB2011-001	43	17,802
National Aeronautics and Space Administration Pass-through Total			<u>335,832</u>
National Aeronautics and Space Administration TOTAL			<u>1,114,558</u>
Department of Education Direct			
Graduate Assistance in Areas of National Need		84.200	21,674
Department of Education Direct Total			<u>21,674</u>
Department of Education Pass-through			
Fund for the Improvement of Postsecondary Education	TEXAS ENGINEERING EXPERIMENT STATION-37861	84.116	13,267
Education Research, Development and Dissemination	UNIV OF WISCONSIN-086K354	84.305	28,213
Department of Education Pass-through Total			<u>41,480</u>
Department of Education TOTAL			<u>63,154</u>
Department of Health and Human Services Direct			
Healthy Marriage Promotion and Responsible Fatherhood Grants		93.086	2,376,971
Food and Drug Administration_Research		93.103	619,411

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>RESEARCH AND DEVELOPMENT CLUSTER</u>			
Environmental Health		93.113	30,231
Research Related to Deafness and Communication Disorders		93.173	31,596
Mental Health Research Grants		93.242	8,297
Cancer Treatment Research		93.395	304,002
Cancer Biology Research		93.396	60,659
ARRA-Trans-NIH Recovery Act Research Support-NIH-1R21AI083852-01		93.701	89,602
ARRA-Trans-NIH Recovery Act Research Support-NIH-1RC1AA019293-01		93.701	95,528
ARRA-Trans-NIH Recovery Act Research Support-NIH-3R15ES015886-01A2S1		93.701	(584)
Cardiovascular Diseases Research		93.837	1,034,861
Diabetes, Digestive, and Kidney Diseases Extramural Research		93.847	466,581
Extramural Research Programs in the Neurosciences and Neurological Disorders		93.853	248,085
Allergy, Immunology and Transplantation Research		93.855	176,956
Child Health and Human Development Extramural Research		93.865	75,038
INTERGOVERNMENTAL PERSONNEL ACT		93	31,212
Department of Health and Human Services Direct Total			5,648,446
Department of Health and Human Services Pass-through			
Chronic Diseases: Research, Control, and Prevention	ALA DEPT PUBLIC HEALTH- GC-12-132 C20119130	93.068	3,151
Affordable Care Act (ACA) Personal Responsibility Education Program	ALA DEPT PUBLIC HEALTH- C10114241	93.092	60,513
Environmental Health	MEHARRY MEDICAL COLLEGE- 100415DBH087	93.113	59,605

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>RESEARCH AND DEVELOPMENT CLUSTER</u>			
Environmental Health	MICHIGAN STATE UNIV- 61-0825AU	93.113	204,634
Environmental Health	MICHIGAN STATE UNIV- RC060825SUPP2AU	93.113	31,094
Environmental Health	UNIV OF MASSACHUSETTS-6126185/RFS2011139	93.113	28,898
Human Genome Research	LUCIGEN CORP-HIGH PERFORMANCE ENZYMES	93.172	56,731
Research and Training in Complementary and Alternative Medicine	PALMER COLLEGE OF CHIROPRACTIC-RAJU	93.213	15,170
Mental Health Research Grants	UNIV OF TEXAS HLTH SCIENCE CTR AT HOUSTON-0008570B	93.242	20,412
Occupational Safety and Health Program	UNIV OF ALABAMA AT BIRMINGHAM-000286477-019	93.262	12,340
Occupational Safety and Health Program	UNIV OF ALABAMA AT BIRMINGHAM-000286477-021	93.262	629
Occupational Safety and Health Program	UNIV OF ALABAMA AT BIRMINGHAM-OHSERC-OIPRT	93.262	(2,715)
Occupational Safety and Health Program	UNIV OF ALABAMA AT BIRMINGHAM-OHSERC-OSE	93.262	(256)
Occupational Safety and Health Program	UNIV OF ALABAMA AT BIRMINGHAM- OSHERC-000286477	93.262	238,261
Occupational Safety and Health Program	UNIV OF KENTUCKY RESEARCH FDN-3048107663-11-210	93.262	(502)
Occupational Safety and Health Program	UNIV OF UTAH-10002211- AUBURN RS	93.262	1,884
Research Infrastructure Programs	UNIV OF SOUTH ALABAMA- 12-120069-01	93.351	30,949
National Center for Research Resources	UNIV OF SOUTH ALABAMA- 10-090476-01	93.389	67,347
Cancer Cause and Prevention Research	NORTHEASTERN UNIV-500174	93.393	(2,005)

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>RESEARCH AND DEVELOPMENT CLUSTER</u>			
Cancer Cause and Prevention Research	NORTHEASTERN UNIV-500225	93.393	371,410
Cancer Biology Research	PURDUE UNIV-4102-38311	93.396	(1,198)
Cancer Biology Research	REGENTS OF THE UNIV OF CALIFORNIA DAVIS-07-000813-1 AU	93.396	(6,698)
ARRA-Trans-NIH Recovery Act Research Support	BRIGHAM & WOMEN'S HOSP INC-104867	93.701	65,702
ARRA-Trans-NIH Recovery Act Research Support	NATIONAL UNIV OF HEALTH SCIENCES-CAVITATION	93.701	(134)
ARRA-Recovery Act – Comparative Effectiveness Research - AHRQ	DUKE UNIV-203-1539	93.715	42,391
Cardiovascular Diseases Research	UNIV OF ALABAMA AT BIRMINGHAM-000374790-001	93.837	82,866
Arthritis, Musculoskeletal and Skin Diseases Research	UNIV OF MISSOURI-C00017738-1	93.846	(1,863)
Arthritis, Musculoskeletal and Skin Diseases Research	UNIV OF MISSOURI-C00036039-1	93.846	31,570
Extramural Research Programs in the Neurosciences and Neurological Disorders	UNIV OF MASSACHUSETTS-6114506/RFS900184	93.853	(11)
Extramural Research Programs in the Neurosciences and Neurological Disorders	UNIV OF MASSACHUSETTS-6127751/RFS2011165	93.853	(27,656)
Extramural Research Programs in the Neurosciences and Neurological Disorders	UNIV OF MASSACHUSETTS-6135840/RFS2012021	93.853	433,901
Allergy, Immunology and Transplantation Research	LUCIGEN CORP-LILES-15	93.855	58,923
Allergy, Immunology and Transplantation Research	MICROBIOTIX, INC.-SCHNELLER	93.855	7,698
Allergy, Immunology and Transplantation Research	VAXIN INC.-TORO-09	93.855	51,509
Allergy, Immunology and Transplantation Research	UNIV OF SOUTH FLORIDA-6408-1013-01-A	93.855	(16,446)
Child Health and Human Development Extramural Research	UNIV OF ILLINOIS-VAUGHN	93.865	71,559

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>RESEARCH AND DEVELOPMENT CLUSTER</u>			
Child Health and Human Development Extramural Research	UNIV OF KENTUCKY RESEARCH FDN-3048107325-11-110	93.865	30,892
Child Health and Human Development Extramural Research	UNIV OF MASSACHUSETTS- 6118839/RFS900298	93.865	193,536
Occupational Safety & Ergonomics Prog	UNIV OF ALABAMA AT BIRMINGHAM-NIOSH-OSE	93	56,467
Occupational Injury Prevention	UNIV OF ALABAMA AT BIRMINGHAM-NIOSH-OIP	93	14,893
Department of Health and Human Services Pass-through Total			<u>2,285,451</u>
Department of Health and Human Services TOTAL			<u>7,933,897</u>
Department of Agriculture Direct Agricultural Research_Basic and Applied Research		10.001	563,979
Plant and Animal Disease, Pest Control, and Animal Care		10.025	32,735
Wildlife Services		10.028	81,730
Grants for Agricultural Research, Special Research Grants		10.200	1,999,831
Cooperative Forestry Research		10.202	683,918
Payments to Agricultural Experiment Stations Under the Hatch Act		10.203	5,140,278
Grants for Agricultural Research_ Competitive Research Grants		10.206	407,139
Animal Health and Disease Research		10.207	74,627
Higher Education Challenge Grants		10.217	96,992
Biotechnology Risk Assessment Research		10.219	99,840
Secondary and Two-Year Postsecondary Agriculture Education Challenge Grants		10.226	8,959

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>RESEARCH AND DEVELOPMENT CLUSTER</u>			
International Science and Education Grants		10.305	30,002
Organic Agriculture Research and Extension Initiative		10.307	137,315
Specialty Crop Research Initiative		10.309	297,420
Agriculture and Food Research Initiative (AFRI)		10.310	884,674
Cooperative Extension Service		10.500	20,496
Emerging Markets Program		10.603	1,200
Forestry Research		10.652	180,918
Cooperative Forestry Assistance		10.664	17,376
Forest Stewardship Program		10.678	1,147
Forest Health Protection		10.680	51,555
ARRA-Recovery Act of 2009: Capital Improvement and Maintenance-FS-10-JV-11260489-083		10.687	(754)
ARRA-Rural Business Enterprise Grants-USDA-RURAL DVLMT		10.769	(1,999)
Rural Business Enterprise Grants		10.769	34,166
Soil Survey		10.903	16,235
Environmental Quality Incentives Program		10.912	23,761
Scientific Cooperation and Research		10.961	5,162
Cochran Fellowship Program-International Training-Foreign Participant		10.962	6,241
USDA-Red Cedar		10	69,390
USDA-Pine Bark		10	20,015
USDA-AG-4463-P-12-0005		10	19,997
USDA-687482239		10	8,765
USDA-11-8130-0073-CA		10	3,738

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>RESEARCH AND DEVELOPMENT CLUSTER</u>			
FS-10-JV-11330144-147		10	38,812
FS-10-JV-11330140-077		10	52,747
			<u>11,108,407</u>
Department of Agriculture Direct Total			
Department of Agriculture Pass-through			
Specialty Crop Block Grant Program	ALA DEPT OF AGRICULT & INDUSTRIES-PROJ 3-2011	10.169	27,787
Specialty Crop Block Grant Program	ALA DEPT OF AGRICULT & INDUSTRIES-PROJ 4-2011	10.169	22,786
Specialty Crop Block Grant Program	ALA DEPT OF AGRICULT & INDUSTRIES-PROJ 5-2011	10.169	73
Specialty Crop Block Grant Program	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 5	10.169	7,704
Specialty Crop Block Grant Program - Farm Bill	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 10	10.170	6,941
Specialty Crop Block Grant Program - Farm Bill	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 13	10.170	(6,788)
Grants for Agricultural Research, Special Research Grants	FLORIDA STATE UNIV-R01318	10.200	53,568
Grants for Agricultural Research, Special Research Grants	MISSISSIPPI STATE UNIV- SRAC-CARBON EMISSION	10.200	4,422
Grants for Agricultural Research, Special Research Grants	MISSISSIPPI STATE UNIV- SRAC-CRAWFISH BAITS	10.200	3,716
Grants for Agricultural Research, Special Research Grants	MISSISSIPPI STATE UNIV- SRAC-MARKET TRENDS	10.200	7,511
Grants for Agricultural Research, Special Research Grants	MISSISSIPPI STATE UNIV- SRAC-MKTG STRUCTURES	10.200	11,670
Grants for Agricultural Research, Special Research Grants	TEXAS A&M UNIV-570675	10.200	54,416
Grants for Agricultural Research, Special Research Grants	TEXAS A&M UNIV-S100074	10.200	(32)

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>RESEARCH AND DEVELOPMENT CLUSTER</u>			
Grants for Agricultural Research, Special Research Grants	UNIV OF FLORIDA- PO 1200139945	10.200	6,000
Grants for Agricultural Research, Special Research Grants	UNIV OF FLORIDA- PO 1200139955	10.200	12,620
Grants for Agricultural Research, Special Research Grants	UNIV OF FLORIDA- PO 1200142132	10.200	2,000
Grants for Agricultural Research, Special Research Grants	UNIV OF GEORGIA- RD318-215/4689718	10.200	(16)
Grants for Agricultural Research, Special Research Grants	UNIV OF GEORGIA- RF330-449/4892926	10.200	28,121
Grants for Agricultural Research_ Competitive Research Grants	UNIV OF MARYLAND- Z521913	10.206	43,306
Sustainable Agriculture Research and Education	TUSKEGEE UNIV- 39-22091-266	10.215	1,327
Sustainable Agriculture Research and Education	UNIV OF GEORGIA- RD309-105/4690148	10.215	65,864
Sustainable Agriculture Research and Education	UNIV OF GEORGIA- RD309-109/4892136	10.215	2,783
1994 Institutions Research Program	BLACKFEET COMM COLLEGE-2010-792	10.227	25,022
Integrated Programs	NORTH CAROLINA STATE UNIV-2007-1634-34	10.303	20,997
Integrated Programs	UNIV OF CONNECTICUT-7078	10.303	12,333
Integrated Programs	UNIV OF FLORIDA-UF10174	10.303	23,289
Integrated Programs	UNIV OF NEBRASKA- 25-6331-0198-004	10.303	36,890
International Science and Education Grants	UNIV OF GEORGIA- RF327-239/4786156	10.305	8,446
Specialty Crop Research Initiative	UNIV OF FLORIDA-UF09153	10.309	87,481
Specialty Crop Research Initiative	UNIV OF GEORGIA- RR722-132/4692308	10.309	6,879

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>RESEARCH AND DEVELOPMENT CLUSTER</u>			
Agriculture and Food Research Initiative (AFRI)	UNIV OF FLORIDA-UF11036	10.310	67,796
Agriculture and Food Research Initiative (AFRI)	UNIV OF FLORIDA-UF11101	10.310	74,121
Agriculture and Food Research Initiative (AFRI)	UNIV OF FLORIDA-UF11110	10.310	54,728
Agriculture and Food Research Initiative (AFRI)	UNIV OF MARYLAND-Z541312	10.310	91,757
Agriculture and Food Research Initiative (AFRI)	UNIV OF TENNESSEE-8500022698	10.310	239,506
Trade Adjustment Assistance for Farmers Training Coordination Program (TAAF)	UNIV OF MINNESOTA-H001344205	10.315	16,918
Environmental Quality Incentives Program	TUSKEGEE UNIV-39-22091-262	10.912	10,592
New Improved Grape Cultivars in ALA	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 4	10	28,295
USSEC-12AU01MSTR	U.S. SOYBEAN EXPORT COUNCIL-12AU01F24A-CR	10	4,595
USDA-RFA-0180	UNIV OF FLORIDA-UF09206	10	7,208
Department of Agriculture Pass-through Total			<u>1,172,632</u>
Department of Agriculture TOTAL			<u>12,281,039</u>
Department of Commerce Direct			
Coastal Zone Management		11.420	1,668
Estuarine Research Reserves		11.431	117,105
Climate and Atmospheric Research		11.433	118,322
Marine Fisheries Initiative		11.472	(602)
Unallied Science Program			
Department of Commerce Direct Total			<u>236,493</u>

The accompanying notes are an integral part of this schedule.

**Auburn University
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2012**

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>RESEARCH AND DEVELOPMENT CLUSTER</u>			
Department of Commerce Pass-through			
Sea Grant Support	MOTE MARINE LABORATORY- MML 185-470	11.417	42,286
Sea Grant Support	LOUISIANA STATE UNIV-33354	11.417	(1,778)
Sea Grant Support	LOUISIANA STATE UNIV-51962	11.417	(6,263)
Sea Grant Support	LOUISIANA STATE UNIV-64428	11.417	26,673
Sea Grant Support	UNIV OF SOUTHERN MISS- GR03924OMNIBUS- AUBURN-RCCD21A	11.417	35,187
Sea Grant Support	UNIV OF SOUTHERN MISS- GR03924OMNIBUS- AUBURN-RCCD21B	11.417	5,522
Sea Grant Support	UNIV OF SOUTHERN MISS- GR03924-R/SCD	11.417	39,793
Sea Grant Support	UNIV OF SOUTHERN MISS- GR04080-B10	11.417	19,255
Sea Grant Support	UNIV OF SOUTHERN MISS- GR04118/OMNIBUS- AUBURN-R/AT10	11.417	50,545
Sea Grant Support	UNIV OF SOUTHERN MISS- HEADWATER WETLANDS	11.417	9,996
Coastal Zone Management Administration Awards	DAUPHIN ISLAND SEA LAB- 2411RC-AU-01	11.419	5,749
Climate and Atmospheric Research	UNIV CORP FOR ATMOSPHERIC RESEARCH-Z12-94355	11.431	645
Climate and Atmospheric Research	UNIV OF FLORIDA-UF11009	11.431	60,248
NOAA-AB133C-11-CQ0051	STRATUS CONSULTING INC- Z200-2S-1813-TO	11	63,654
Department of Commerce Pass-through Total			<u>351,512</u>
Department of Commerce TOTAL			<u>588,005</u>

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>RESEARCH AND DEVELOPMENT CLUSTER</u>			
Department of Defense Direct			
Basic and Applied Scientific Research		12.300	817,006
Basic Scientific Research - Combating Weapons of Mass Destruction		12.351 12.431	412,742 355,593
Basic Scientific Research Air Force Defense Research Sciences Program		12.800	212,948
Information Security Grant Program		12.902	50,922
NELO-N41756-11-C-3805		12	77,197
NAVY-N00014-10-C-0190		12	185,526
MDA-HQ0147-11-C-6008		12	93,230
MDA-HQ0147-09-C-0011		12	(7,521)
HHM402-12-P-0094		12	49,527
HHM402-12-P-0032		12	12,059
HHM402-11-P-0194		12	76,629
HHM402-11-P-0115		12	49,076
HHM402-11-P-0086		12	2,580
HHM402-10-C-0017		12	(559)
HDTRA1-07-C-0063		12	906
FT BENNING-MIPR 088 137 0001			20,627
DOD-H98230-12-C-1102		12	2,522,327
DOD-H98230-11-C-0953		12	147,791
DOD-H98230-10-C-1055		12	2,066,350
DOD-H98230-08-C-0795		12	104,580
DARPA-HR0011-10-C-0023		12	242,084
ARMY-W912JA-12-M-0069		12	23,321
ARMY-W912HZ-10-C-0023		12	417
ARMY-W912HQ-11-C-0008		12	419,569
ARMY-W912DY-08-2-0038		12	(972)

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>RESEARCH AND DEVELOPMENT CLUSTER</u>			
ARMY-W56HZV-05-C0686		12	1,819,830
ARMY-IPA-CAHILL		12	177,289
			<u>9,931,074</u>
Department of Defense Direct Total			
Department of Defense Pass-through			
Basic and Applied Scientific Research	UNIV OF MISSISSIPPI- 12-10-018	12.300	63,393
Basic Scientific Research - Combating Weapons of Mass Destruction	PENNSYLVANIA STATE UNIV- 4107-AU-DTRA-0004	12.351	100,378
Military Medical Research and Development	UNIV OF MONTANA- PG12-24825-02	12.420	8,505
Air Force Defense Research Sciences Program	FLORIDA A&M UNIV- SUB C-2367	12.800	(4,623)
AF-FA8650-11-D-5800	UNIVERSAL TECHNOLOGY CORP-11-S7401-01-C1	12	279,798
AF-FA8650-07-D-5800	UNIVERSAL TECHNOLOGY CORP-09-S587-044-01-C1	12	(914)
Travel & Materials Costs only	TORCH TECHNOLOGIES INC-T11S047-CR	12	10,614
ARMY-W91CRB-04- D-0015 DO 0019	SCIENCE APPLICATIONS INTERNATIONAL CORP- 4400118038	12	(1,045)
ARMY-HQ0034-10-C-0031	OMNIVOX LLC INC	12	1,635
NAVY-N65540-08-D-0011	MATERIALS SCIENCES CORP- PO# 4369-AB51-101-69	12	(447)
DARPA-HR0011-09-C-0036	LOCKHEED MARTIN CORP- LC 8100002872	12	(4,319)
Thermal Chamber Human Test Trials	EXPOSUREWEAR INC- PO 2011-16	12	82,301
ARMY-W81XWH-10-C-0211	CFD RESEARCH CORP- SUB NO 1504	12	49,341
ARMY-W911NF-11-D-0001	BATTELLE MEMORIAL INSTITUTE- US001-0000294468	12	81,937

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>RESEARCH AND DEVELOPMENT CLUSTER</u>			
Stability Control Improvement & State Detection for Autonomous Vehicles	AUTONOMOUS SOLUTIONS	12	2,933
ARMY-W56HZV-07-C-0721	UNIV OF KENTUCKY RESEARCH FDN-3048103876-08-161	12	(240)
AF-FA8650-09-D-5223	UNIV OF DAYTON-RSC10038 STEVENS INSTITUTE OF TECH- SOFTWARE DESIGN	12	(101)
DOD-H98230-08-D-0171	STEVENS INSTITUTE OF TECH- RESCH TOPIC 0030A	12	54,202
DOD-H98230-08-D-0171	STEVENS INSTITUTE OF TECH- RESCH TOPIC 0019	12	83,693
DOD-H98230-08-D-0171	STEVENS INSTITUTE OF TECH- RESCH TOPIC 0019	12	182,707
US ARMY-W9113M-10-C-0007	LAMAR UNIV-DAVIS-12	12	88,260
DARPA-W31P4Q-10-C-0030	STREAMLINE AUTOMATION LLC- 1064-SC-03R0	12	100,451
NAVY-N00014-11-M-0320	ROBOTIC RESEARCH LLC- M0320-2011-AUB	12	24,574
Department of Defense Pass-through Total			<u>1,203,033</u>
Department of Defense TOTAL			<u>11,134,107</u>
Department of Interior Direct			
Fish, Wildlife and Plant Conservation Resource Management		15.231	37,638
Minerals Management Service (MMS) Environmental Studies Program (ESP)		15.423	6,032
Fish and Wildlife Management Assistance		15.608	4,052
Coastal Program		15.630	(249)
Conservation Grants Private Stewardship for Imperiled Species		15.632	16,802
ARRA-Recovery Act Funds - Habitat Enhancement, Restoration and Improvement-FWS-401881AJ015		15.656	423

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>RESEARCH AND DEVELOPMENT CLUSTER</u>			
Endangered Species Conservation – Recovery Implementation Funds		15.657	61,795
Endangered Species - Candidate Conservation Action Funds		15.660	25,904
Assistance to State Water Resources Research Institutes		15.805	144,965
Earthquake Hazards Reduction Program		15.807	8,698
U.S. Geological Survey_ Research and Data Collection		15.808	77,950
National Cooperative Geologic Mapping Program		15.810	15,565
Cooperative Research Units Program		15.812	214,758
Cooperative Research and Training Programs – Resources of the National Park System			
Department of the Interior Direct Total		15.945	5,051
Department of the Interior Pass-through			<u>619,384</u>
Cooperative Endangered Species Conservation Fund	ALA DEPT OF CONS & NAT RESOURCES-BLACK BEARS	15.615	27,879
Cooperative Endangered Species Conservation Fund	ALA DEPT OF CONS & NAT RESOURCES-LT WEASELS	15.615	8,053
Cooperative Endangered Species Conservation Fund	ALA DEPT OF CONS & NAT RESOURCES-MAP TURTLES	15.615	30,171
Cooperative Endangered Species Conservation Fund	ALA DEPT OF CONS & NAT RESOURCES-RED BELLIED TURTLE	15.615	56,523
Cooperative Endangered Species Conservation Fund	ALA DEPT OF CONS & NAT RESOURCES-RED HILLS SALAMANDER	15.615	4,999
Cooperative Endangered Species Conservation Fund	ALA DEPT OF CONS & NAT RESOURCES-RED- COCKADED WOODPECKER	15.615	4,373
Cooperative Endangered Species Conservation Fund	ALA DEPT OF CONS & NAT RESOURCES-RH SALAMANDER	15.615	7,413

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>RESEARCH AND DEVELOPMENT CLUSTER</u>			
Cooperative Endangered Species Conservation Fund	ALA DEPT OF CONS & NAT RESOURCES-UPLAND SNAKES	15.615	16,057
Cooperative Endangered Species Conservation Fund	ALA DEPT OF CONS & NAT RESOURCES-WOOD STORKS	15.615	13,424
Cooperative Endangered Species Conservation Fund	ALA DEPT OF CONS & NAT RESOURCES-WOODPECKER	15.615	900
North American Wetlands Conservation Fund	NORTH CAROLINA STATE UNIV- 2007-2093-01	15.623	(287)
State Wildlife Grants	ALA DEPT OF CONS & NAT RESOURCES-EASTERN INDIGO	15.634	61,257
State Wildlife Grants	ALA DEPT OF CONS & NAT RESOURCES-GOPHER TORTOISE	15.634	(2,949)
State Wildlife Grants	ALA DEPT OF CONS & NAT RESOURCES-INDIGO SNAKE	15.634	150
State Wildlife Grants	ALA DEPT OF CONS & NAT RESOURCES-INV & CONS PLAN	15.634	44,896
Fine Scale Movement Patterns of Red Snapper Around Artificial Reefs in NE Gulf of Mexico	ALA DEPT OF CONS & NAT RESOURCES-RED SNAPPER	15	57,503
ALA Coop Fishery Unit Spawning Pop Size & Upstream Passage of ALA Shad at Jim Woodruff Lock&Dam	ALA DEPT OF CONS & NAT RESOURCES-FAA OPERATION	15	3,810
Vascular Plant Survey	GEORGIA DEPT OF NATURAL RESOURCES-ALABAMA SHAD	15	30,617
Vascular Plant Survey	CANE RIVER NATIONAL AREA COMMISSION-PLANT SURVEY	15	539
Department of the Interior Pass-through Total	CANE RIVER NATIONAL AREA COMMISSION-2009-003 001	15	2,566
Department of the Interior TOTAL			<u>367,894</u>
			<u>987,278</u>

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>RESEARCH AND DEVELOPMENT CLUSTER</u>			
Department of Housing and Urban Development Pass-through Section 4 Capacity Building for Community Development and Affordable Housing	ENTERPRISE COMMUNITY PARTNERS, INC-11SG555	14.252	34,550
Department of Housing and Urban Development Pass-through Total			34,550
Department of Housing and Urban Development TOTAL			34,550
Department of Transportation Direct Aviation Research Grants		20.108	67,341
Air Transportation Centers of Excellence		20.109	578,744
Highway Research and Development Program		20.200	384,954
Highway Training and Education		20.215	21,501
Department of Transportation Direct Total			1,052,540
Department of Transportation Pass-through Highway Research and Development Program	PURDUE UNIV-4108-30884	20.200	(416)
Highway Research and Development Program	WESTERN RESEARCH INST-211031	20.200	67,442
State Planning and Research	ALA DEPT OF TRANSPORTATION-761	20.515	102,767
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-655	20.515	(6,780)
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-718	20.515	(16,946)
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-725	20.515	(525)

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>RESEARCH AND DEVELOPMENT CLUSTER</u>			
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-737	20.515	38,176
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-738	20.515	1,962
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-749	20.515	4,229
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-754P	20.515	569,875
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-755	20.515	8,955
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-762	20.515	114,687
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-764	20.515	14,735
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-767	20.515	(144)
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-776	20.515	65,898
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-777	20.515	94,977
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-786	20.515	44,986
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-789	20.515	52,324
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-790	20.515	20,751
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-791	20.515	119,664
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-793	20.515	50,323

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>RESEARCH AND DEVELOPMENT CLUSTER</u>			
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-794	20.515	8,370
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-795	20.515	27,300
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-799	20.515	129,023
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-802	20.515	46,853
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-804	20.515	42,549
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-805	20.515	115,532
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-816R	20.515	10,121
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-822P TPF-5(267)	20.515	856,148
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-826R	20.515	55,930
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-827	20.515	5,924
State Planning and Research	ALA DEPT OF TRANSPORTATION-930-828	20.515	2,974
State Planning and Research	GEORGIA DEPARTMENT OF TRANSPORTATION-PROJ# 06-23	20.515	80,402
University Transportation Centers Program	UNIV OF CONNECTICUT-FRS 560653	20.701	11,307
University Transportation Centers Program	YOUNGSTOWN STATE UNIV-211300-141309-22	20.701	16,052
Biobased Transportation Research	UNIV OF TENNESSEE-8500014159	20.761	95,803
Biobased Transportation Research	UNIV OF TENNESSEE-8500014160	20.761	53,592
Biobased Transportation Research	UNIV OF TENNESSEE-8500022311	20.761	33,490

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>RESEARCH AND DEVELOPMENT CLUSTER</u>			
Biobased Transportation Research	UNIV OF TENNESSEE-SUB 101565	20.761	90,657
Accelerated Performance Testing for 2012 NCAT Pavement Test Track	ALA DEPT OF TRANSPORTATION-930-822P TPF-5(267)-CONST	20	1,148,189
Update of Bridge Design Standards for AASHTO LRDF Seismic Design Requirements	ALA DEPT OF TRANSPORTATION-930-803	20	101,050
Warm Mix Asphalt Field Study	ALA DEPT OF TRANSPORTATION-930-717	20	(4,987)
FHA-DTFH61-11-C-00015	RESOURCE SYSTEMS GROUP INC-LAMONDIA	20	45,865
Vehicle Stability & Dynamics: Longer Combination Vehicles	NATL TRANSPORT RESEARCH CENTER INC-DTRT06G0043-04-U32-27-004	20	(2,631)
Vehicle Stability & Dynamics: Electronic Stability Control	NATL TRANSPORT RESEARCH CENTER INC-DTRT06G0043-04-U31-27-003	20	874
US DOT DTRT06-G-0043	NATL TRANSPORT RESEARCH CENTER INC-DTRT-06-G-0043-04-U29-27-001	20	(31,832)
Friction Testing for the NATL Transportation Research Center	NATL TRANSPORT RESEARCH CENTER INC-15783470-P05-27-002	20	72,695
DTFH61-06-D-00038	APPLIED RESEARCH ASSOCIATES INC -L00028.11001	20	12,003
Development of Instrumentation Resources for Accelerated Pavement Facilities	KANSAS STATE UNIV-S12257	20	12,017
Department of Transportation Pass-through Total			<u>4,382,210</u>
Department of Transportation TOTAL			<u>5,434,750</u>

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>RESEARCH AND DEVELOPMENT CLUSTER</u>			
Environmental Protection Agency Direct			
Regional Wetland Program Development Grants		66.461	88,936
Gulf of Mexico Program		66.475	83,287
Science To Achieve Results (STAR) Fellowship Program		66.514	2,315
Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies		66.716	31,511
Environmental Protection Agency Direct Total			<u>206,049</u>
Environmental Protection Agency Pass-through			
Water Pollution Control State, Interstate, and Tribal Program Support	ALA DEPT OF ENVIRON MGMT-C10595050	66.419	122,554
Capitalization Grants for Clean Water State Revolving Funds	ALA DEPT OF ENVIRON MGMT-C00594038	66.458	46
Capitalization Grants for Clean Water State Revolving Funds	ALA DEPT OF ENVIRON MGMT-C10595035	66.458	130,971
Capitalization Grants for Clean Water State Revolving Funds	ALA DEPT OF ENVIRON MGMT-C10595083	66.458	159,964
Nonpoint Source Implementation Grants	ALA DEPT OF ENVIRON MGMT-C00594025	66.460	7,850
Nonpoint Source Implementation Grants	ALA DEPT OF ENVIRON MGMT-C90593028	66.460	(248)
Performance Partnership Grants Mill Creek Watershed Project	ALA DEPT OF ENVIRON MGMT-C20596056	66.605	12,936
EPA-EP-C-11-006	ALA DEPT OF ENVIRON MGMT-C20596049	66	25,166
Environmental Protection Agency Pass-through Total	PEGASUS TECHNICAL SERVICES INC-PO AUB-12-001	66	<u>29,914</u>
Environmental Protection Agency TOTAL			<u>489,153</u>
			<u>695,202</u>

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>RESEARCH AND DEVELOPMENT CLUSTER</u>			
Agency for International Development Pass-through			
USAID Foreign Assistance for Programs Overseas	OREGON STATE UNIV- RD011G-G	98.001	171,030
USAID Development Partnerships for University Cooperation and Development	UNIV OF GEORGIA- RC710-025/3842028	98.012	65,861
USAID-442-C-11-00001	FINTRAC INC-2011- HARVEST-02	98	<u>27,337</u>
Agency for International Development Pass-through Total			
Agency for International Development TOTAL			
Department of Energy Direct			
Office of Science Financial Assistance Program		81.049	1,600,721
Renewable Energy Research and Development		81.087	966,056
Defense Nuclear Nonproliferation Research		81.113	1,888
Electricity Delivery and Energy Reliability, Research, Development and Analysis		81.122	<u>111,464</u>
Department of Energy Direct Total			
Department of Energy Pass-through			
State Energy Program	TETRA TECH NUS, INC.- ORDER 1070408	81.041	8,460
Renewable Energy Research and Development	GE HEALTHCARE SYSTEM- PO 400005926	81.087	19,632
Renewable Energy Research and Development	GE HEALTHCARE SYSTEM- PO 400041371	81.087	96,048
ARRA-DE-AC04-94AL85000	SANDIA NATIONAL LABORATORIES-PO 1113355	81	64,171
Sic Packaging	SANDIA NATIONAL LABORATORIES-PO 1056653	81	13,761

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>RESEARCH AND DEVELOPMENT CLUSTER</u>			
Office of Science Financial Assistance Program	UNIV OF ALABAMA-EPSCOR-09-075	81.049	519,380
Office of Science Financial Assistance Program	WEST VIRGINIA UNIVERSITY RESEARCH CORP-10-692-AU	81.049	27,494
Regional Biomass Energy Programs	SOUTH DAKOTA STATE UNIV-3TC154	81.079	20,315
Renewable Energy Research and Development	MISSISSIPPI STATE UNIV-080100-331937-01	81.087	15,000
Fossil Energy Research and Development	UNIV OF KENTUCKY-469001-05-502	81.089	61,449
Conservation Research and Development	RESEARCH TRIANGLE INSTITUTE INTERNATIONAL-1-340-0213159	81.086	77,838
DE-AC05-00OR22725	UT-BATTELLE LLC-B-4000103043	81	21,445
DE-AC05-00OR22725	UT-BATTELLE LLC-B-4000087151	81	238
DE-AC05-00OR22726	UT-BATTELLE LLC-B-4000086682	81	(3)
DE-AC09-08SR22470	SAVANNAH RIVER NUCLEAR SOLUTIONS LLC-AC 70067 O	81	44,703
DE-AC36-08GO28308	ALLIANCE FOR SUSTAINABLE ENERGY LLC-XCO-9-99343-01	81	85,864
Department of Energy Pass-through Total			<u>1,075,795</u>
Department of Energy TOTAL			<u>3,755,924</u>
Department of Justice Direct			
National Institute of Justice Research, Evaluation, and Development Project Grants		16.560	
Department of Justice Direct Total			<u>118,343</u>
Department of Justice TOTAL			<u>118,343</u>
Appalachian Regional Commission Direct			
Appalachian Regional Development-ARC-AL-14638-C7-2010		23.001	523

The accompanying notes are an integral part of this schedule.

**Auburn University
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2012**

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>RESEARCH AND DEVELOPMENT CLUSTER</u>			
Appalachian Regional Development- ARC-AL-16578-2010		23.001	25,149
Appalachian Regional Commission Direct Total			25,672
Appalachian Regional Commission TOTAL			25,672
Department of Homeland Security Direct			
Aviation Research Grants		97.069	(44)
Department of Homeland Security Direct Total			(44)
Department of Homeland Security TOTAL			(44)
Nuclear Regulatory Commission Pass-through			
NRC-HQ-11-C-04-0041	M TUTTLE & ASSOC-MTA- SC2011-AU-1	77	18,058
Nuclear Regulatory Commission Pass-through Total			18,058
Nuclear Regulatory Commission TOTAL			18,058
RESEARCH AND DEVELOPMENT CLUSTER TOTAL			53,151,329

The accompanying notes are an integral part of this schedule.

**Auburn University
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2012**

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>STUDENT FINANCIAL AID CLUSTER</u>			
Department of Education Direct			
Federal Supplemental Educational Opportunity Grants		84.007	510,230
Federal Work-Study Program		84.033	810,926
Federal Pell Grant Program		84.063	21,787,352
Academic Competitiveness Grants		84.375	(375)
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)			175,052
Department of Education Direct Total			23,283,185
Department of Education TOTAL			23,283,185
<u>STUDENT FINANCIAL AID CLUSTER TOTAL</u>			
<u>SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM CLUSTER</u>			
Department of Agriculture Pass-through			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	ALA DEPT HUMAN RESOURCES-AGREEMENT NO 4153	10.561	3,108,666
Department of Agriculture Pass-through Total			3,108,666
Department of Agriculture TOTAL			3,108,666
<u>SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM CLUSTER TOTAL</u>			
<u>HIGHWAY PLANNING & CONSTRUCTION CLUSTER</u>			
Department of Transportation Direct			
Highway Planning and Construction		20.205	215,818
Department of Transportation Direct Total			215,818

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>HIGHWAY PLANNING & CONSTRUCTION CLUSTER</u>			
Department of Transportation Pass-through			
Highway Planning and Construction	APPLIED RESEARCH ASSOC INC-L00028.09003	20.205	11,782
Highway Planning and Construction	NATIONAL ACADEMY OF SCIENCES-HR 04-35	20.205	20,648
Highway Planning and Construction	NATIONAL ACADEMY OF SCIENCES-HR 09-47A	20.205	254,557
Highway Planning and Construction	NATIONAL ACADEMY OF SCIENCES-SHRP R-06(D)	20.205	<u>57,813</u>
CFDA # 20.205 Subtotal			344,800
Recreational Trails Program	ALA DEPT ECON&COMM AFFAIRS-RTP-2010	20.219	<u>67,384</u>
Department of Transportation Pass-through Total			<u>412,184</u>
Department of Transportation TOTAL			<u>628,002</u>
<u>HIGHWAY PLANNING & CONSTRUCTION CLUSTER TOTAL</u>			
<u>SPECIAL EDUCATION (IDEA) CLUSTER</u>			
Department of Education Pass-through			
Special Education_Grants to States	ALA DEPT OF EDUCATION-AL POSITIVE BEHAVIORAL SUPPORT	84.027	90
Special Education_Grants to States	ALA DEPT OF EDUCATION-C200002	84.027	49,442
Special Education_Grants to States	ALA DEPT OF EDUCATION-C200003	84.027	125,357
Special Education_Grants to States	ALA DEPT OF EDUCATION-C200005	84.027	26,768
Special Education_Grants to States	ALA DEPT OF EDUCATION-C200006	84.027	109,020
Special Education_Grants to States	ALA DEPT OF EDUCATION-C200007	84.027	62,380

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**Auburn University
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2012**

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>SPECIAL EDUCATION (IDEA) CLUSTER</u>			
Special Education_Grants to States	ALA DEPT OF EDUCATION- CONSORTIUM 2012	84.027	32,000
Special Education_Grants to States	ALA DEPT OF EDUCATION- U100420	84.027	443
CFDA 84.027 Subtotal			405,500
Special Education_Preschool Grants	ALA DEPT OF EDUCATION- C200004	84.173	69,321
Department of Education Pass-through Total			474,821
Department of Education TOTAL			474,821
SPECIAL EDUCATION (IDEA) CLUSTER TOTAL			474,821
<u>VOCATIONAL REHABILITATION CLUSTER</u>			
Department of Education Pass-through Rehabilitation Services_Vocational Rehabilitation Grants to States	ALA DEPT REHAB SERVICES-AE1087UN01	84.126	4
Rehabilitation Services_Vocational Rehabilitation Grants to States	ALA DEPT REHAB SERVICES-C10870035	84.126	242,487
Rehabilitation Services_Vocational Rehabilitation Grants to States	ALA DEPT REHAB SERVICES-2011 STRATEGIC PLAN EXECUTION	84.126	200
CFDA 84.126 Subtotal			242,691
ARRA-Rehabilitation Services_ Vocational Rehabilitation Grants to States, Recovery Act	ALA DEPT REHAB SERVICES-2011 STRATEGIC PLAN EXECUTION	84.390	2,340
ARRA-Rehabilitation Services_ Vocational Rehabilitation Grants to States, Recovery Act	ALA DEPT REHAB SERVICES-AE1087MS24	84.390	(150)

The accompanying notes are an integral part of this schedule.

**Auburn University
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2012**

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>VOCATIONAL REHABILITATION CLUSTER</u>			
ARRA-Rehabilitation Services_ Vocational Rehabilitation Grants to States, Recovery Act	ALA DEPT REHAB SERVICES-C10870035-ARRA	84.390	(235,546)
ARRA-Rehabilitation Services_ Vocational Rehabilitation Grants to States, Recovery Act	ALA DEPT REHAB SERVICES-BLIND SERV STRATEGIC PLANNING	84.390	290
CFDA 84.390 Subtotal			<u>(233,066)</u>
Department of Education Pass-through Total			<u>9,625</u>
Department of Education TOTAL			<u>9,625</u>
VOCATIONAL REHABILITATION CLUSTER TOTAL			<u>9,625</u>
<u>HEAD START CLUSTER</u>			
Department of Health and Human Services Pass-through	MONTGOMERY COMMUNITY ACTION COMMITTEE, INC.- HEAD START	93.600	<u>24,949</u>
Head Start			<u>24,949</u>
Department of Health and Human Services Pass-through Total			<u>24,949</u>
Department of Health and Human Services TOTAL			<u>24,949</u>
HEAD START CLUSTER TOTAL			<u>24,949</u>
<u>CHILDCARE AND DEVELOPMENT FUND CLUSTER</u>			
Department of Health and Human Services Pass-through Child Care and Development Block Grant	ALA DEPT HUMAN RESOURCES-832	93.575	<u>1,190,435</u>
Department of Health and Human Services Pass-through Total			<u>1,190,435</u>
Department of Health and Human Services TOTAL			<u>1,190,435</u>
CHILDCARE AND DEVELOPMENT FUND CLUSTER TOTAL			<u>1,190,435</u>

The accompanying notes are an integral part of this schedule.

**Auburn University
 Schedule of Expenditures of Federal Awards
 Year Ended September 30, 2012**

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>COMMUNITY FACILITIES LOANS AND GRANTS CLUSTER</u>			
Department of Agriculture Direct Community Facilities Loans and Grants	10.766		39,033
Department of Agriculture Direct Total			39,033
Department of Agriculture TOTAL			39,033
COMMUNITY FACILITIES LOANS AND GRANTS CLUSTER TOTAL			
<u>ECONOMIC DEVELOPMENT CLUSTER</u>			
Department of Commerce Direct Economic Adjustment Assistance	11.307		26,804
Department of Commerce Direct Total			26,804
Department of Commerce Pass-through Economic Adjustment Assistance			71,863
Department of Commerce Pass-through Total			71,863
Department of Commerce TOTAL			98,667
ECONOMIC DEVELOPMENT CLUSTER TOTAL			
<u>FISH AND WILDLIFE CLUSTER</u>			
Department of Interior Pass-through Sport Fish Restoration Program	15.605		67,444
Department of Interior Pass-through Sport Fish Restoration Program	15.605		5,529

The accompanying notes are an integral part of this schedule.

**Auburn University
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2012**

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>FISH AND WILDLIFE CLUSTER</u>			
Sport Fish Restoration Program	ALA DEPT OF CONS & NAT RESOURCES- BLUEFACE DARTER	15.605	22,767
Sport Fish Restoration Program	ALA DEPT OF CONS & NAT RESOURCES- DROUGHT EFFECTS-FISHES	15.605	2,412
Sport Fish Restoration Program	ALA DEPT OF CONS & NAT RESOURCES- MOLLUSK DISEASES	15.605	6,328
Sport Fish Restoration Program	ALA DEPT OF CONS & NAT RESOURCES- MUSSEL HOST FISH	15.605	30,208
Sport Fish Restoration Program	ALA DEPT OF CONS & NAT RESOURCES- PYGMY SCULPIN	15.605	32,445
Sport Fish Restoration Program	ALA DEPT OF CONS & NAT RESOURCES- REC FISHING	15.605	151,421
Sport Fish Restoration Program	ALA DEPT OF CONS & NAT RESOURCES- SPORT FISH	15.605	53,369
Sport Fish Restoration Program	ALA DEPT OF CONS & NAT RESOURCES- STANDARDIZED SAMPLING	15.605	6,317
Sport Fish Restoration Program	ALA DEPT OF CONS & NAT RESOURCES- STRIPED BASS	15.605	174
Sport Fish Restoration Program	ALA DEPT OF CONS & NAT RESOURCES- TN RIV SURV	15.605	26,179
Sport Fish Restoration Program	ALA DEPT OF CONS & NAT RESOURCES- YELLOW PERCH	15.605	79,056

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>FISH AND WILDLIFE CLUSTER</u>			
Sport Fish Restoration Program	HAWAII DEPT OF LAND & NAT RESOURCES- PO C21927	15.605	3,216
CFDA 15.605 Subtotal			486,865
Wildlife Restoration and Basic Hunter Education	ALA DEPT OF CONS & NAT RESOURCES- HUNTING SURVEY	15.611	4,600
Department of Interior Pass-through Total			491,465
Department of Interior TOTAL			491,465
FISH AND WILDLIFE CLUSTER TOTAL			
<u>OTHER PROGRAMS</u>			
National Science Foundation Direct Engineering Grants		47.041	204,487
Mathematical and Physical Sciences		47.049	108,238
Biological Sciences		47.074	52,147
Education and Human Resources		47.076	559,431
ARRA-Trans-NSF Recovery Act Research Support-NSF-DMS-0907752		47.082	234,924
ARRA-Trans-NSF Recovery Act Research Support-NSF-DUE-0934821		47.082	116,666
ARRA-Trans-NSF Recovery Act Research Support-NSF-OIA-0963407		47.082	242,600
CFDA 47.082 Subtotal			594,190
NSF-CBET-1152046		47	227,248
National Science Foundation Direct Total			1,745,741

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>OTHER PROGRAMS</u>			
National Science Foundation Pass-through Education and Human Resources	UNIV OF ALABAMA AT BIRMINGHAM-000398033-011	47.076	45,437
National Science Foundation Pass-through Education and Human Resources	UNIV OF ALABAMA AT BIRMINGHAM-LSAMP-PHASE IV	47.076	(4,549)
CFDA 47.076 Subtotal			40,888
National Science Foundation Pass-through Total			40,888
National Science Foundation TOTAL			1,786,629
National Aeronautics and Space Administration Direct Science		43.001	75,129
NASA-NNG12PF24P		43	2,176
National Aeronautics and Space Administration Direct Total			77,305
National Aeronautics and Space Administration Pass-through			
FY12 Summer of Innovation	WILL TECHNOLOGY INC- SUMMER OF INNOVATION-12	43	7,238
National Aeronautics and Space Administration Pass-through Total			7,238
National Aeronautics and Space Administration TOTAL			84,543
National Endowments for the Arts Direct Promotion of the Arts_Grants to Organizations and Individuals		45.024	23,268
National Endowments for the Arts Direct Total			23,268

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
OTHER PROGRAMS			
National Endowment for the Arts Pass-through Promotion of the Arts Grants to Organizations and Individuals	AMERICAN ARCHITECTURAL FDN-MAYORS INSTITUTE	45.024	37,125
Promotion of the Humanities_ Federal/State Partnership	ALA HUMANITIES FDN-0311-2021PD	45.129	4,875
Promotion of the Humanities_ Federal/State Partnership	ALA HUMANITIES FDN-0911-2042PD	45.129	6,783
CFDA 45.129 Subtotal			11,658
National Endowment for the Arts Pass-through Total			48,783
National Endowment for the Arts TOTAL			72,051
Department of Education Direct Rehabilitation Long-Term Training		84.129	473,053
Safe and Drug-Free Schools and Communities_National Programs		84.184	324,250
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities		84.325	417,999
Special Education_Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities		84.326	1,300,708
Department of Education Direct Total			2,516,010
Department of Education Pass-through Career and Technical Education - Basic Grants to States	ALA DEPT OF EDUCATION- U100144	84.048	428
Career and Technical Education - Basic Grants to States	ALA DEPT OF EDUCATION- U200160	84.048	1,518
CFDA 84.048 Subtotal			1,946

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>OTHER PROGRAMS</u>			
Leveraging Educational Assistance Partnership	ALA COMM OF HIGHER ED-SSIG 2012	84.069	93,369
Fund for the Improvement of Postsecondary Education	INDIANA UNIV-BL-4240318-AU	84.116	6,523
Safe and Drug-Free Schools and Communities_National Programs	MONTGOMERY PUBLIC SCHOOLS-MPS HEALTHY STUDENTS GRANT	84.184	67,122
Fund for the Improvement of Education	LEE CO BD OF ED-TAH-1	84.215	232,587
Rehabilitation Training_State Vocational Rehabilitation Unit In-Service Training	GEORGIA DEPARTMENT OF LABOR-C12M11-20311-945	84.265	500
Twenty-First Century Community Learning Centers	BALDWIN CO BD OF ED-CT-12 076	84.287	3,212
Twenty-First Century Community Learning Centers	BALDWIN CO BD OF ED-CT-12 078	84.287	4,735
Twenty-First Century Community Learning Centers	BREWTON CITY SCHOOLS-11	84.287	966
Twenty-First Century Community Learning Centers	PERRY CO BD OF ED-CES 11-228	84.287	1,558
Twenty-First Century Community Learning Centers	WINSTON COUNTY BOARD OF EDUCATION-21ST	84.287	(251)
Twenty-First Century Community Learning Centers	BREWTON CITY SCHOOLS-21ST	84.287	<u>57,204</u>
CFDA 84.287 Subtotal			67,424
Special Education_Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	UNIV OF KENTUCKY-SERRC	84.326	(1,607)
Mathematics and Science Partnerships	ALA DEPT OF EDUCATION-U000700	84.366	48,057
Mathematics and Science Partnerships	ALA DEPT OF EDUCATION-U100569	84.366	216,795
Mathematics and Science Partnerships	ALA DEPT OF EDUCATION-U800104	84.366	8,043
Mathematics and Science Partnerships	ALA DEPT OF EDUCATION-X900640	84.366	<u>2,414</u>
CFDA 84.366 Subtotal			275,309

The accompanying notes are an integral part of this schedule.

**Auburn University
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2012**

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>OTHER PROGRAMS</u>			
Improving Teacher Quality State Grants	ALA COMM OF HIGHER ED- TIPS IN READING	84.367	(72)
College Access Challenge Grant Program	ALA DEPT OF EDUCATION- EXTREME MAKEOVER: COLLEGE EDITION	84.378	(288)
Department of Education Pass-through Total			<u>742,813</u>
Department of Education TOTAL			<u>3,258,823</u>
Department of Health and Human Services Direct			
Healthy Marriage Promotion and Responsible Fatherhood Grants		93.086	147,157
Food and Drug Administration_Research		93.103	38,037
Advanced Nursing Education Traineeships		93.358	23,280
ARRA - State Grants to Promote Health Information Technology- Medicaid Transformation Initiative		93.719	36,727
CDC-IPA-SMIDT		93	<u>89,294</u>
Department of Health and Human Services Direct Total			<u>334,495</u>
Department of Health and Human Services Pass-through			
Special Programs for the Aging_ Title IV _ and Title II_Discretionary Projects	ALA DEPT OF SENIOR SERVICES- HHS CONFERENCE PLANNING	93.048	16,969
Innovations in Applied Public Health Research	IOWA STATE UNIV-PROSPER	93.061	(21,685)
Food and Drug Administration_Research	INTERSTATE SHELLFISH SANITATION CONFERENCE-SHELLSTOCK OYSTERS	93.103	1,295
Centers for Research and Demonstration for Health Promotion and Disease Prevention	ALA DEPT PUBLIC HEALTH-C00113155	93.135	(72)
Centers for Research and Demonstration for Health Promotion and Disease Prevention	ALA DEPT PUBLIC HEALTH-C00113274	93.135	(721)

The accompanying notes are an integral part of this schedule.

**Auburn University
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2012**

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>OTHER PROGRAMS</u>			
Centers for Research and Demonstration for Health Promotion and Disease Prevention	ALA DEPT PUBLIC HEALTH-GC 11-439 C10114298	93.135	71,300
CFDA 93.135 Subtotal			70,507
Affordable Care Act (ACA) Abstinence Education Program	ALA DEPT PUBLIC HEALTH-C20119069	93.235	322,632
Affordable Care Act (ACA) Abstinence Education Program	ALA DEPT PUBLIC HEALTH-GC 11-278 C10114229	93.235	18,326
CFDA 93.235 Subtotal			340,958
Universal Newborn Hearing Screening	ALA DEPT PUBLIC HEALTH-GC 11-435 C10114261	93.251	4,800
Occupational Safety and Health Program	UNIV OF KENTUCKY RESEARCH FDN- 3048107663-11-212	93.262	(1,094)
Centers for Disease Control and Prevention Investigations and Technical Assistance	ALA DEPT PUBLIC HEALTH-C10114219	93.283	(3,583)
Centers for Disease Control and Prevention Investigations and Technical Assistance	ALA DEPT PUBLIC HEALTH-C20119186	93.283	3,593
Centers for Disease Control and Prevention Investigations and Technical Assistance	ALA DEPT PUBLIC HEALTH-GC 11-535 C10114213	93.283	67,293
Centers for Disease Control and Prevention Investigations and Technical Assistance	ALA DEPT PUBLIC HEALTH-GC-12-015 C20119008	93.283	10,653
Centers for Disease Control and Prevention Investigations and Technical Assistance	SOWING SEEDS OF HOPE	93.283	7,500
CFDA 93.283 Subtotal			85,456
Community-Based Child Abuse Prevention Grants	CHILDREN'S TRUST FUND OF ALA- CBCAP 2011-101	93.590	(876)

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>OTHER PROGRAMS</u>			
Grants to States for Access and Visitation Programs	AL ADMIN OFFICE COURTS	93.597	(13)
Grants to States for Access and Visitation Programs	AL ADMIN OFFICE COURTS-CARDWELL	93.597	15,752
Grants to States for Access and Visitation Programs	AL ADMIN OFFICE COURTS-FUSSELL	93.597	<u>17,859</u>
CFDA 93.597 Subtotal			33,598
Developmental Disabilities Basic Support and Advocacy Grants	ALA DEPT MENT HEALTH-MARTIN-FY11	93.630	3,152
ARRA – Strengthening Communities Fund	CITY OF MONTGOMERY-CAPACITY BUILDING	93.711	8,875
Health Information Technology Regional Extension Centers Program	UNIV OF SOUTH ALABAMA-10-100146-05	93.718	(3,097)
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program	CAHABA CTR MENT HEALTH & MENTAL REDARDATION-DRAP 2010	93.912	<u>(1,587)</u>
Department of Health and Human Services Pass-through Total			<u>537,271</u>
Department of Health and Human Services TOTAL			<u>871,766</u>
Department of Agriculture Direct Plant and Animal Disease, Pest Control, and Animal Care		10.025	5,187
Higher Education Multicultural Scholars Program		10.220	8,370
Secondary and Two-Year Postsecondary Agriculture Education Challenge Grants		10.226	22,518
Organic Agriculture Research and Extension Initiative		10.307	931

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>OTHER PROGRAMS</u>			
Agriculture and Food Research Initiative (AFRI)			
Cooperative Extension Service		10.310	184,058
Forestry Research		10.500	8,361,998
Forest Stewardship Program		10.652	7,200
Forest Health Protection		10.678	4,421
Rural Business Enterprise Grants		10.680	923
Environmental Quality Incentives Program		10.769	1,250
Cochran Fellowship Program- International Training- Foreign Participant		10.912	42,240
Department of Agriculture Direct Total		10.962	<u>20,439</u>
			<u>8,659,535</u>
Department of Agriculture Pass-through			
Specialty Crop Block Grant Program	ALA DEPT OF AGRICULT & INDUSTRIES-PROJ 10-2011	10.169	274
Specialty Crop Block Grant Program	ALA DEPT OF AGRICULT & INDUSTRIES-PROJ 11	10.169	<u>1,609</u>
CFDA 10.169 Subtotal			1,883
Specialty Crop Block Grant Program - Farm Bill	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 1	10.170	14,459
Specialty Crop Block Grant Program - Farm Bill	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 2	10.170	10,127
Specialty Crop Block Grant Program - Farm Bill	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 7	10.170	10,278
Specialty Crop Block Grant Program - Farm Bill	ALA DEPT OF AGRICULT & INDUSTRIES-PROJECT 9	10.170	<u>8,525</u>
CFDA 10.170 Subtotal			43,389
1890 Institution Capacity Building Grants	ALABAMA A&M UNIV - SUB-2011-38821-30831-AU	10.216	6,528

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>OTHER PROGRAMS</u>			
1890 Institution Capacity Building Grants	SOUTHERN UNIV AGRICULTURAL RESEARCH & EXTENSION CENTER- SUAGCENTER-2011-02-0011	10.216	34,277
1890 Institution Capacity Building Grants	TUSKEGEE UNIV- 35-31244-095-62112	10.216	14,472
1890 Institution Capacity Building Grants	TUSKEGEE UNIV- 35-31244-097-62112	10.216	24,905
CFDA 10.216 Subtotal			80,182
Higher Education Challenge Grants	UNIV OF GEORGIA- RH150-127/3840038	10.217	29,956
Integrated Programs	TEXAS COOPERATIVE EXTENSION-451001	10.303	70,778
Homeland Security_Agricultural	PURDUE UNIV-8000037046-AG	10.304	39,931
Homeland Security_Agricultural	UNIV OF FLORIDA-IFAS 00069553	10.304	32,032
CFDA 10.304 Subtotal			71,963
Specialty Crop Research Initiative	LOUISIANA STATE UNIV-42958	10.309	14,519
Beginning Farmer and Rancher Development Program	TUSKEGEE UNIV- 35 21244 102 62112	10.311	11,736
Trade Adjustment Assistance for Farmers Training Coordination Program (TAAF)	UNIV OF MINNESOTA- H001344217	10.315	50,983
Farm Business Management and Benchmarking Competitive Grants Program	UNIV OF GEORGIA- RE670-421/4943136	10.319	11,744
Cooperative Extension Service	KANSAS STATE UNIV- 2012.4H CLUB S12081	10.500	26,112
Cooperative Extension Service	KANSAS STATE UNIV- 4H ARMY YOUTH-S12249	10.500	26,447
Cooperative Extension Service	KANSAS STATE UNIV-S11094	10.500	130
Cooperative Extension Service	KANSAS STATE UNIV-S11200	10.500	13,488

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>OTHER PROGRAMS</u>			
Cooperative Extension Service	KANSAS STATE UNIV-S12144	10.500	15,941
Cooperative Extension Service	KANSAS STATE UNIV-S12216	10.500	49,492
Cooperative Extension Service	LOUISIANA STATE UNIV-49212	10.500	19,069
Cooperative Extension Service	MICHIGAN STATE UNIV- RC100253ACEC	10.500	33,159
Cooperative Extension Service	MISSISSIPPI STATE UNIV- 018000-340409-01	10.500	161
Cooperative Extension Service	TUSKEGEE UNIV- 35-31243-044-62112	10.500	33,095
Cooperative Extension Service	TUSKEGEE UNIV- 39-21244-096-66122	10.500	3,888
Cooperative Extension Service	UNIV OF ARKANSAS AT PINE BLUFF-AQUACULTURE COP	10.500	(2,425)
Cooperative Extension Service	UNIV OF NEBRASKA- 25-6265-0040-118	10.500	6,799
Cooperative Extension Service	UNIV OF NEBRASKA- 25-6365-0023-101	10.500	3,849
Cooperative Extension Service	UNIV OF NEBRASKA- 25-6365-0023-250	10.500	5,258
Cooperative Extension Service	UNIV OF NEBRASKA- 25-6365-0023-252	10.500	8,101
Cooperative Extension Service	UNIV OF NEBRASKA- 25-6365-0023-352	10.500	7,138
Cooperative Extension Service	UNIV OF NEBRASKA- 25-6365-0023-455	10.500	4,458
Cooperative Extension Service	UNIV OF NEBRASKA- 25-6365-0030-017	10.500	132,901
Cooperative Extension Service	UNIV OF NEBRASKA- 25-6365-0040-106	10.500	10,457

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>OTHER PROGRAMS</u>			
Cooperative Extension Service	UNIV OF NEBRASKA- 25-6365-0040-111	10.500	6,162
Cooperative Extension Service	UNIV OF NEBRASKA- 25-6365-0040-114	10.500	1,823
Cooperative Extension Service	UNIV OF NEBRASKA- 25-6365-0040-116	10.500	4,693
Cooperative Extension Service	UNIV OF NEBRASKA- 25-6365-0040-133	10.500	8,027
Cooperative Extension Service	UNIV OF NEBRASKA- 26-6365-0040-127	10.500	14,566
Cooperative Extension Service	WEST VIRGINIA STATE UNIV RESEARCH & DEVELOPMENT CORP-CE-0704-0001	10.500	1,048
CFDA 10.500 Subtotal			433,837
Trade Adjustment Assistance EA HAUSS Demo Forest: Agroforestry Demonstration Maintenance	UNIV OF MINNESOTA-TAA-TRAVEL	10.609	10,204
Stronger Economies Together	ALA FORESTRY COMM-12-7-1029 MISSISSIPPI STATE UNIV- 018000-340452-14	10	579
USDA-2010-48661-21868	KANSAS STATE UNIV-2012-S-12047	10	18,796
USDA-2010-38821-21602	ALABAMA A&M UNIV-SUB- 2010-38821-21602-AU	10	73,118
USDA-2010-JU-FX-0016	ALABAMA A&M UNIV- 2010-JU-FX-0016-AU	10	14,804
Leadership Wilcox V	ALA-TOM RESOURCE CONSERVATION & DEVELOPMENT COUNCIL-TOM RC&D-LDRSHP WILCOX V	10	38,256
CFDA 10 Subtotal			1,525
Department of Agriculture Pass-through Total			147,078
Department of Agriculture TOTAL			978,252
			9,637,787

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
OTHER PROGRAMS			
Department of Commerce Direct Economic Development_Technical Assistance		11.303	134,737
Congressionally Identified Awards and Projects		11.469	2,921
ARRA-Broadband Technology Opportunities Program (BTOP)- NIST-01-42-B10580		11.557	1,575,613
ARRA-National Institute of Standards and Technology Construction Grant Program-NIST-60NANB9D9140		11.618	3,644,265
Department of Commerce Direct Total			<u>5,357,536</u>
Department of Commerce Pass-through			
Sea Grant Support	UNIV OF SOUTHERN MISS- GR02638/OMNIBUS- AUBURN-O-1	11.417	(4,662)
Sea Grant Support	UNIV OF SOUTHERN MISS- GR03924/OMNIBUS-A/O-32	11.417	102,837
Sea Grant Support	UNIV OF SOUTHERN MISS- GR04072/OMNIBUS-NSI-A/O-34	11.417	102,315
Sea Grant Support	UNIV OF SOUTHERN MISS- GR04114/OMNIBUS-CSP II-A/O-33	11.417	<u>14,676</u>
CFDA 11.417 Subtotal			215,166
Environmental Sciences, Applications, Data, and Education	UNIV OF ALABAMA IN HUNTSVILLE-2009-005 GULF STATES MARINE FISHERIES COMMISSION-MM- 925-050-2011-AL/SG	11.440	(18,411)
Fisheries Disaster Relief	ALA DEPT OF ECON&COMM AFFAIRS-BB-SBA-002-10	11.477	103,277
ARRA-Broadband Technology Opportunities Program (BTOP)	ALA TECH NETWORK-2010- MEP-SDCC-01	11.557	486,577
Manufacturing Extension Partnership	ALA TECH NETWORK- MEP-NIST-11-12	11.611	31,848
Manufacturing Extension Partnership		11.611	<u>223,522</u>
CFDA 11.611 Subtotal			<u>255,370</u>

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>OTHER PROGRAMS</u>			
Department of Commerce Pass-through Total			1,041,979
Department of Commerce TOTAL			6,399,515
Department of Defense Direct			
AWC-IPA-SEROKA		12	41,853
ARMY-W911SF-09-C-0024		12	348,652
ACSC-IPA-WRIGHT		12	7,861
ACSC-IPA-NUSBAUM		12	5,596
ACSC-IPA-NORTON		12	9,022
ACSC-IPA-KELLIHER		12	8,113
CFDA 12 Subtotal			421,097
Department of Defense Direct Total			421,097
Department of Defense TOTAL			421,097
Department of the Interior Pass-through			
National Land Remote Sensing_			
Education Outreach and Research		15.815	1,744
National Land Remote Sensing_			
Education Outreach and Research		15.815	10,652
National Land Remote Sensing_			
Education Outreach and Research		15.815	184
CFDA 15.815 Subtotal			12,580
Department of the Interior Pass-through Total			12,580
Department of the Interior TOTAL			12,580
Department of Transportation Direct			
Public Transportation Research		20.514	(313)
FTA-AL-04-0031-00		20	346,394
FAA-DTFAWA-11-A-80000		20	139,378
CFDA 20 Subtotal			485,772
Department of Transportation Direct Total			485,459

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>OTHER PROGRAMS</u>			
Department of Transportation Pass-through			
Airport Improvement Program	ALA DEPT OF TRANSPORTATION- PARALLEL TAXIWAY	20.106	2,664,637
Formula Grants for Other Than Urbanized Areas	ALA DEPT OF TRANSPORTATION- LTAP	20.509	225,271
Formula Grants for Other Than Urbanized Areas	ALA DEPT OF TRANSPORTATION- RTAP	20.509	151,202
ARRA-Formula Grants for Other Than Urbanized Areas	ALA DEPT OF TRANSPORTATION- RTAP-ARRA	20.509	<u>74,945</u>
CFDA 20.509 Subtotal			451,418
Wire Rd Bicycle Facilities	ALA DEPT OF TRANSPORTATION- STPTE-TE08(925)	20	<u>291,306</u>
Department of Transportation Pass-through Total			<u>3,407,361</u>
Department of Transportation TOTAL			<u>3,892,820</u>
Environmental Protection Agency Direct Regional Wetland Program Development Grants		66.461	<u>98,492</u>
Environmental Protection Agency Direct Total			<u>98,492</u>
Environmental Protection Agency Pass-through			
State Indoor Radon Grants	ALA DEPT PUBLIC HEALTH- C00113146	66.032	191,922
Nonpoint Source Implementation Grants	ALA DEPT OF ENVIRON MGMT- C20596011	66.460	362
Nonpoint Source Implementation Grants	ALA DEPT OF ENVIRON MGMT- C80592037	66.460	152,172
Nonpoint Source Implementation Grants	ALA DEPT OF ENVIRON MGMT- C90593025	66.460	<u>30,330</u>
CFDA 66.460 Subtotal			182,864

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>OTHER PROGRAMS</u>			
EPA-EP-W-07-080	NATURESERVE-EPA0C031	66	10,844
Environmental Protection Agency Pass-through Total			385,630
Environmental Protection Agency TOTAL			484,122
Department of Energy Direct			
ARRA-Office of Science Financial Assistance Program- DE-FG02-00ER54610		81.049	320
Renewable Energy Research and Development		81.087	1,939,459
Department of Energy Direct Total			1,939,779
Department of Energy Pass-through			
State Energy Program	ALA DEPT OF ECON&COMM AFFAIRS-1SEP08 DOE 04	81.041	(4,528)
Department of Energy Pass-through Total			(4,528)
Department of Energy TOTAL			1,935,251
Small Business Administration Pass-through			
Small Business Development Centers	UNIV OF ALABAMA- AU-11-048	59.037	25,721
Small Business Development Centers	UNIV OF ALABAMA-SBA- AU-11-ANT	59.037	(920)
Small Business Development Centers	UNIV OF ALABAMA-SBA- UA 12-018	59.037	58,584
Small Business Development Centers	UNIV OF ALABAMA-STATE- UA12-044	59.037	18,045
CFDA 59.037 Subtotal			101,430
Small Business Administration Pass-through Total			101,430
Small Business Administration TOTAL			101,430

The accompanying notes are an integral part of this schedule.

Auburn University Schedule of Expenditures of Federal Awards Year Ended September 30, 2012

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>OTHER PROGRAMS</u>			
Department of Justice Direct Congressionally Recommended Awards		16.753	452,894
Department of Justice Direct Total			<u>452,894</u>
Department of Justice Pass-through Juvenile Justice and Delinquency Prevention_Allocation to States	ALA DEPT OF ECON&COMM AFFAIRS-JF-CM-001	16.540	46,364
Juvenile Justice and Delinquency Prevention_Allocation to States	ALA DEPT OF ECON&COMM AFFAIRS-JUNVENILE JAIL COMPLIANCE MONITORING	16.540	71,023
CFDA 16.540 Subtotal			117,387
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	MONTG COUNTY COMM- FJC-PROTECTION ORDER DB	16.590	12,448
Public Safety Partnership and Community Policing Grants	ALA DEPT ECON&COMM AFFAIRS-09-DJ-ST-005	16.710	16,682
Public Safety Partnership and Community Policing Grants	ALA DEPT OF ECON&COMM AFFAIRS-ALA CRIME PREVENTION CLEARINGHOUSE	16.710	148,845
CFDA 16.710 Subtotal			165,527
Juvenile Mentoring Program	ALABAMA A&M UNIV- 2011-MU-MU-026-AU	16.726	11,556
Criminal and Juvenile Justice and Mental Health Collaboration Program	MONTG COUNTY COMM-JUSTICE & MENTAL HEALTH PHASE II	16.745	2,962
ARRA-Recovery Act Transitional Housing	FAMILY SUNSHINE CENTER- CENTER FOR DEMOGRAPHIC RESEARCH	16.805	2,829
Department of Justice Pass-through Total			<u>312,709</u>
Department of Justice TOTAL			<u>765,603</u>

The accompanying notes are an integral part of this schedule.

**Auburn University
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2012**

Federal Grant/Program/Cluster Title	Pass-through Entity/ Pass-through Number	Federal CFDA#	Federal Expenditures
<u>OTHER PROGRAMS</u>			
Department of Labor Pass-through			
Veterans' Employment Program	ALA DEPT OF INDUSTRIAL RELATIONS-ALIVE XIV EXTEND	17.802	(335)
Department of Labor Pass-through Total			(335)
Department of Labor TOTAL			(335)
Department of State Pass-through			
US DEPT STATE-S-LMAQM- 10-CA-384	UNIV OF FLORIDA-UF10265	19	38,018
Department of State Pass-through Total			38,018
Department of State TOTAL			38,018
Appalachian Regional Commission Direct			
Appalachian Local Development District Assistance		23.009	62,567
Appalachian Regional Commission Direct Total			62,567
Appalachian Regional Commission Pass-through			
Appalachian Research, Technical Assistance, and Demonstration Projects	EAST TENNESSEE STATE UNIV-220011-16	23.011	3,998
Appalachian Regional Commission Pass-through Total			3,998
Appalachian Regional Commission TOTAL			66,565
OTHER PROGRAMS TOTAL			29,828,265
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TOTAL			\$ 112,328,442

The accompanying notes are an integral part of this schedule.

Auburn University
Notes to Schedules of Expenditures of Federal Awards
Year Ended September 30, 2012

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, 2012.

The schedule has been prepared using the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget ("OMB") Circular A-133. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements of the University. Negative amounts represent adjustments or credits to amounts reported as expenditures in prior years. This results in accurate reporting on a cumulative basis over multiple periods. Catalog of Federal Domestic Assistance ("CFDA") numbers and pass-through numbers are provided when available.

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

The University has obtained 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.

2. Subrecipients

Certain funds are passed through to subrecipient organizations by the University. Expenditures incurred by the subrecipient and reimbursed by the University are included in the Schedule. The University provided \$8,941,558 of federal awards to subrecipients during the year ended September 30, 2012, as follows:

Agency	Programs					Total
	R&D Cluster	Economic Development Cluster	Highway Planning & Construction Cluster	SNAP Cluster	Other Programs	
Agency for International Development	\$ 21,723	\$ -	\$ -	\$ -	\$ -	\$ 21,723
Appalachian Regional Commission	-	-	-	-	19,923	19,923
Department of Agriculture	638,776	-	-	871,592	737,660	2,248,028
Department of Commerce	75,055	31,539	-	-	61,715	168,309
Department of Defense	2,161,566	-	-	-	-	2,161,566
Department of Education	-	-	-	-	5,480	5,480
Department of Energy	326,285	-	-	-	1,642,874	1,969,159
Department of Health and Human Services	1,213,793	-	-	-	(987)	1,212,806
Department of Justice	-	-	-	-	21,852	21,852
Department of the Interior	27,748	-	-	-	-	27,748
Department of Transportation	72,319	-	120,680	-	63,920	256,919
Environmental Protection Agency	10,000	-	-	-	194,514	204,514
National Aeronautics and Space Administration (NASA)	37,258	-	-	-	-	37,258
National Science Foundation	563,140	-	-	-	23,133	586,273
	<u>\$ 5,147,663</u>	<u>\$ 31,539</u>	<u>\$ 120,680</u>	<u>\$ 871,592</u>	<u>\$ 2,770,084</u>	<u>\$ 8,941,558</u>

Auburn University
Notes to Schedules of Expenditures of Federal Awards
Year Ended September 30, 2012

3. Summary of Significant Accounting Policies

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

4. Facilities and Administrative Costs

The University operates under predetermined facilities and administrative cost rates, which were effective beginning October 1, 2009 and are effective through September 30, 2014. The base rate for on-campus research is 47.5%. Base rates for other facilities and administrative cost recoveries range from 40% to 51%.

5. Federal Student Loan Programs

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

The balances of loans outstanding at September 30, 2012, and funds advanced by the University to eligible students during the year ended September 30, 2012, under the Federal student loan programs are summarized as follows:

	Perkins (CFDA#84.038)	Perkins Cancellations (CFDA#84.037)	HPSL (CFDA#93.342)
Funds advanced to students during fiscal year 2012	\$ 2,189,976	\$ -	\$ 293,250
Loan balances outstanding, September 30, 2012	15,644,694	-	1,968,683
Loan cancellations during fiscal year 2012		275,788	3

6. 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 the University rather than through private lenders. The University began participation in the FDSLPL on June 1, 2009, except for Auburn University at Montgomery ("AUM"), which began participating in the program July 1, 2010. 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.

Auburn University
Notes to Schedules of Expenditures of Federal Awards
Year Ended September 30, 2012

During the program year ended June 30, 2012, the University processed the following amount of student loans under FDSLPL:

	CFDA#	Total 2012
Federal Direct Loans	84.268	\$ 152,521,354

7. Administrative Cost Allowance

During the program year ended June 30, 2012, the University charged \$78,556 and AUM charged zero to the Federal Work-Study program for administrative cost allowance. In addition, AUM charged \$30,073 and the University charged zero to the Federal Perkins Loan Program. No administrative cost allowance was charged to the FSEOG for either campus.

Part III
Reports on Internal Control and Compliance



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 Auburn Research and Technology Foundation, its discretely presented component unit, as of and for the year ended September 30, 2012, and the financial statements of Tigers Unlimited Foundation, the University's discretely presented component unit, as of and for the year ended June 30, 2012, and have issued our report thereon dated January 23, 2013 and October 26, 2012. Our report was modified to include an additional paragraph regarding the lack of certain required supplemental information. Our report was also 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. Other auditors audited the financial statements of Auburn Alumni Association (the "Association") and Auburn University Foundation (the "Foundation"), two of the University's discretely presented component units, as described in our report on the University's financial statements. The financial statements of the University's discretely presented component units were not audited in accordance with *Government Auditing Standards*.

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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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*.

This report is intended solely for the information and use of the University's management, Board of Trustees, others within the entity, 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

Birmingham, Alabama
January 23, 2013



**Report of Independent Auditors on Compliance with Requirements
That Could Have a Direct and Material Effect on Each Major Program and on Internal
Control Over Compliance in Accordance with 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"), a component unit of the State of Alabama, with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012, 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, which are 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 could have a direct and material effect on each of its major federal programs for the year ended September 30, 2012. 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 2012-1.

Internal Control Over Compliance

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 in the following paragraph, we considered the University's internal control over compliance with the 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

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

Our consideration and the other auditor's consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. Also, the report of the other auditors did not identify any deficiencies in internal control over compliance that they consider to be material weaknesses, as defined above.

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 the responses.



This report is intended solely for the information and use of management, the University's Board of Trustees, Audit Committee, others within the entity, 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

Birmingham, Alabama
June 21, 2013

Part IV
Schedule of Findings and Questioned Costs

Auburn University
Schedule of Findings and Questioned Costs
Year Ended September 30, 2012

I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? yes no

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

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes no

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

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

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
Various	Research and Development cluster
Various	Student Financial Aid Cluster
10.500	Cooperative Extension Service
10.561	Supplemental Nutrition Assistance Program Cluster
11.618	National Institute of Standards and Technology Construction Grant

Dollar threshold used to distinguish between type A and type B programs? \$ 3,000,000

Auditee qualified as low-risk auditee? yes no

Auburn University
Schedule of Findings and Questioned Costs
Year Ended September 30, 2012

II – Financial Statements Findings

No matters were noted.

Auburn University

Schedule of Findings and Questioned Costs

Year Ended September 30, 2012

Finding 2012-1: Verification Process

Federal Agency: Department of Education

Program: Student Financial Aid Cluster

CFDA #: 84.063

Award #: GM0350094 and GM0350097

Award year: October 1, 2011 – September 30, 2012

Criteria

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

2011-12 Application and Verification Guide, page AVG-19 – "Making work pay tax credit... counts as untaxed income."

Condition

As part of our student file testing, we tested a sample of verification compliance cases at Auburn University's main campus and its Montgomery campus ("AUM"). We selected 40 cases from the main campus's total population of 3,013 and 40 cases from AUM's total population of 1,260. We noted no exceptions from the main campus sample. However, of the 40 cases selected for testing at AUM, we noted the following:

- 35 students had a Making Work Pay credit reported on their tax return (or the Parent's tax return for dependant students). This credit is considered other untaxed income but was not recorded on the verification worksheet or the information system utilized by AUM.
- 1 of the 35 students noted above had \$1,500 in education credits reported on their parent's tax return. However, this amount was allocated to the student's income and assets, not the parent's.
- For 1 of the 35 students noted above, AUM utilized the wrong line on the student's income tax return to report the student's income taxes, resulting in a difference of \$85 in taxes.

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

Questioned Costs

The errors found relating to the Making Work Pay credit resulted in 13 of the students being over awarded Pell Grant aid. These over awards totaled \$2,809. The error related to the education credit resulted in a \$400 over award. The error related to the incorrect tax amount did not result in an over award.

Cause

The employees performing the verification erroneously excluded the Making Work Pay credit as they were not aware that new guidance had been released requiring the inclusion of this credit. The two additional errors were due to the employees performing the verification entering the data into AUM's information system erroneously.

Effect

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

Auburn University
Schedule of Findings and Questioned Costs
Year Ended September 30, 2012

Recommendation

We recommend that the University ensure accurate processing of loan applications by examining its control process and modifying the process such that information entered into the verification worksheet will be done so accurately.

We also recommend that the University evaluate the training that its employees receive, given that certain of those employees were unaware of the new guidance.

Management's View and Corrective Action Plan

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

Auburn University
Schedule of Prior Year Findings and Questioned Costs
Year Ended September 30, 2012

III – Schedule of Prior Year Findings and Questioned Costs

There are no findings from prior years which require an update in this report.



ASSOCIATE VICE PRESIDENT FOR
BUSINESS AND FINANCE

OFFICE OF CONTROLLER

June 21, 2013

MANAGEMENT VIEWS AND CORRECTIVE ACTION PLAN
REPORT ON FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Finding 2012-1: Verification Process

To ensure Auburn University Montgomery campus (AUM) is in compliance with Department of Education regulations and to improve the controls surrounding the Student Financial Aid verification process, AUM implemented the following corrective action plan. The AUM Financial Aid Office established control procedures to ensure all professional level staff have proper access to resources and information related to regulatory updates and notification of upcoming regulations for the administration and processing of federal student aid. To ensure all personnel are skilled in the verification process, training is provided annually by the Associate Director. The Director will assess, periodically, the knowledge of the staff and provide additional training as necessary. Recurring training for new staff and refresher training for current staff is available throughout the year.

AUM also implemented new procedures, in the event a change to current regulations occurs subsequent to completing the verification process. Upon notification, AUM's Financial Aid office will review all verified files, recalculate need, and make adjustments to awarded aid, if applicable. Any corrections necessary to previously verified files will be corrected in the financial system and sent to the Central Processing System in a timely manner.

In addition to reimbursing the Federal Pell Grant program for the known over award of \$3,209 identified during the audit, AUM will complete a review of all verified files to ensure no additional over awards occurred. If additional amounts are identified, those over awards will be returned as well.

Contact: Amy Douglas, Controller
Anticipated implementation date: June 21, 2013

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