UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

STANDING COMMITTEES

2007-2010

EXECUTIVE COMMITTEE:

Dr. Steven H. Stokes, **Chair Pro Tempore**
Mr. James A. Yance, **Vice Chair**
Ms. Bettye R. Maye, **Secretary**
Mr. J. Cecil Gardner
Mr. Donald L. Langham, Past Chair
Mayor James P. Nix
Mayor Samuel L. Jones

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Dr. Scott A. Charlton
Mr. J. L. Chestnut, Jr.
Ms. Bettye R. Maye
Ms. Arlene Mitchell
Mr. John M. Peek

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Mr. J. L. Chestnut, Jr.
Dr. Scott A. Charlton
Ms. Bettye R. Maye
Sheriff Bryant Mixon
Mr. John M. Peek

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Dr. Steven P. Furr
Mr. Donald L. Langham
Ms. Arlene Mitchell
Sheriff Bryant Mixon
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BUDGET AND FINANCE COMMITTEE / AUDIT CTE.:

Mayor James P. Nix, **Chair**
Mr. J. Cecil Gardner
Mayor Samuel L. Jones
Ms. Christie D. Miree
Mr. Larry D. Striplin, Jr.
Mr. James A. Yance

ENDOWMENT AND INVESTMENTS COMMITTEE:

Mr. James A. Yance, **Chair**
Mr. J. Cecil Gardner
Mr. Donald L. Langham
President V. Gordon Moulton
Mr. Larry D. Striplin, Jr.

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

JUNE 5, 2008
10:00 A.M.

USA BALDWIN COUNTY
CLASSROOM AND COLLEGE OF NURSING COMPLEX

REVISED AGENDA

** Item(s) added or revised.*

MEMORANDUM

UNIVERSITY OF SOUTH ALABAMA

May 27, 2008

TO: USA Board of Trustees

FROM: Bettye R. Maye BRM
Secretary, USA Board of Trustees

Enclosed are the unapproved minutes for the March 13, 2008, meeting of the USA Board of Trustees. Please review them for amendment or approval during the June 5 meeting of the Board.

BRM:mgc

Enclosure

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES MEETING

March 13, 2008
10:00 a.m.

A meeting of the University of South Alabama Board of Trustees was duly convened by Dr. Steven H. Stokes, Chair Pro Tempore, on Thursday, March 13, 2008, at 10:00 a.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present:	Trustees Steven Furr, Samuel Jones, Donald Langham, Bettye Maye, Christie Miree, Arlene Mitchell, Bryant Mixon, James Nix, John Peek, Steven Stokes, Larry Striplin, and James Yance.
Members Absent:	Trustees Scott Charlton, J. L. Chestnut, Cecil Gardner, Joseph Morton, and Bob Riley.
Administration and Others:	President Gordon Moulton; Drs. Michael Boyd, Joseph Busta, Pat Covey, Becky Devillier, Lamar Duffy (COM Alumni Assn.), Ron Franks, Michael Jacobs, Russ Lea, Carl Moore, Robert Moore, John Sachs (Faculty Senate), Robert Shearer, John Smith, and David Stearns; Messrs. Terry Albano, Ken Davis, Wayne Davis, Stan Hammack, Norman Pitman, and Tommy Zoghby (USA National Alumni Assn.); and Mss. Vicki Tate (Faculty Senate) and Jean Tucker.
Press:	Mr. George Altman (Press-Register).

Upon the call to order, Chairman Stokes called for adoption of the revised agenda. On motion by Mayor Nix, seconded by Dr. Furr, the revised agenda was unanimously approved.

Chairman Stokes called for consideration of **ITEM 1**, the minutes of the December 6, 2007, meeting of the Board of Trustees, as well as the minutes of the December 5, 2007, Committee of the Whole meeting. On motion by Ms. Miree, seconded by Ms. Maye, the minutes were unanimously adopted.

President Moulton presented **ITEM 2**, the President's Report. He recognized Ms. Vicki Tate and Dr. John Sachs of the Faculty Senate, and introduced Mr. Tommy Zoghby, Vice President of the USA National Alumni Association and new member of the USA Foundation Board of Directors. He welcomed Drs. Lamar Duffy, President of the Medical Alumni Association, and John Smith, Vice President for Student Affairs.

President Moulton welcomed Dr. Carl Moore, Dean of the Mitchell College of Business. He announced that the University's annual Spring Concert would take place on March 27. He provided an update about the EADS/Northrup Grumman contract, saying that USA had been actively engaged with the city, county, and state during the bid process. He discussed the proposed new building for the College of Engineering, a project that has received federal funding through the efforts of U.S. Senator Richard Shelby. A detailed outline of direct appropriations was distributed, showing a total of $155 million in federal appropriations since 1998, including $40 million for the engineering building and $43 million for the Mitchell Cancer Institute. President Moulton thanked the congressional delegation for its support of the University of South Alabama.

President Moulton reported that USA hosted the Sun Belt Conference Basketball Tournament in February. The final game was broadcast on ESPN. Video clips were shown of the Distinguished Alumni and Service Awards Program; Homecoming, at which head football coach Joey Jones and family were introduced; and the Bell Tower and Alumni Plaza groundbreaking ceremony on February 15 and 16. President Moulton thanked Mr. Yance for serving on the Search Committee for the Head Football Coach, as well as Mr. Joe Gottfried for his tireless efforts throughout the search process. Mr. Gottfried expressed appreciation to the Board for their leadership, and introduced Coach Jones. He conveyed appreciation for the opportunity to serve as USA's first head football coach.

Mr. Gottfried introduced Basketball Coach Ronnie Arrow, and provided highlights of a successful season, noting a 26 - 6 record. He added that Coach Arrow had been named the Sun Belt Conference's *Coach of the Year*. President Moulton read aloud **ITEM 1.A** as follows. On motion by Mr. Striplin, seconded by Ms. Mitchell, the resolution was unanimously approved. Coach Arrow expressed gratitude for the recognition and said that the team's accomplishments were a reflection of the community and the leadership at USA. He invited guests to campus on Sunday, March 16, to watch the NCAA Tournament broadcast for wildcard team selection:

RESOLUTION
COMMENDATION OF COACH RONNIE ARROW AND THE JAGUAR MEN'S BASKETBALL TEAM

WHEREAS, the USA Men's Head Basketball Coach Ronnie Arrow has guided the USA Jaguars to one of its best seasons in history with an overall record of 26-6, including the Sun Belt Conference's best regular season record of 25-5, and

WHEREAS, the Sun Belt Conference has named Coach Arrow Coach of the Year for the third time, and

WHEREAS, four Jaguar players – Demetric Bennett (first team), Daon Merritt (second team), Brandon Davis and Domonic Tilford (third team) – have been awarded All Conference honors for their outstanding performances during the 2007-2008 season,

THEREFORE, BE IT RESOLVED, that the Board of Trustees commends Coach Ronnie Arrow and the USA Jaguars men's basketball team for these outstanding achievements.

Dr. Stokes called for a report of the Long-Range Planning Committee. Mayor Jones, Committee Chair, called upon Dr. Shearer to address. Dr. Shearer presented **ITEM 3** as follows (refer to **APPENDIX A** for copies of policies and other authorized documentation). He referenced the report entitled *University of South Alabama Long-Range Planning Goals and Objectives (2008-2013)* and discussed the University's ongoing planning and assessment process. He said conducting an exhaustive study allows the University to be in compliance with entities and bodies to which it is accountable and for the purpose of continuous improvement. On motion by Mr. Langham, seconded by Sheriff Mixon, the resolution was unanimously approved:

RESOLUTION
UNIVERSITY OF SOUTH ALABAMA LONG-RANGE PLANNING GOALS AND OBJECTIVES (2008 - 2013)

WHEREAS, in 2003 the University of South Alabama adopted long-range institutional goals and objectives for the period 2003-2008, and

WHEREAS, as a matter of continuous assessment and improvement, the University mission statement and overarching institutional goals and objectives have been reviewed and revised to address future challenges and opportunities,

NOW, THEREFORE BE IT RESOLVED, the Board of Trustees adopts the attached long-range planning report entitled *University of South Alabama: Long-Range Planning Goals and Objectives (2008 – 2013)*.

Chairman Stokes called for consideration of health affairs items. Dr. Furr, Chair of the Health Affairs Committee, moved for the approval of **ITEM 4** as follows. Ms. Mitchell seconded and the resolution was unanimously approved:

RESOLUTION
USA HOSPITALS MEDICAL STAFF APPOINTMENTS AND REAPPOINTMENTS FOR NOVEMBER AND DECEMBER 2007, JANUARY 2008, AND JANUARY 28, 2008

WHEREAS, the Medical Staff appointments and reappointments for November and December 2007, January 2008, and January 28, 2008, for the University of South Alabama Hospitals are recommended for approval by the Medical Executive Committees of the University of South Alabama Hospitals,

THEREFORE, BE IT RESOLVED, that the appointments and reappointments be approved as submitted.

Mr. Hammack presented **ITEM 5** as follows. A visual rendering of the proposed expansion of USA Children's and Women's Hospital was shown to Board members. Mr. Hammack said that the plan called for adding an area almost one-third of the size of the current space, and added that a future second phase would include space for clinical operations. On motion by Mr. Striplin, seconded by Dr. Furr, the resolution was unanimously approved:

RESOLUTION
UNIVERSITY OF SOUTH ALABAMA CHILDREN'S AND WOMEN'S HOSPITAL EXPANSION PLAN

WHEREAS, USA Children's and Women's Hospital, "Hospital," offers regionally unique services and educational experiences specific to the health care needs of women, newborns and children, and

WHEREAS, the Hospital has experienced substantial growth demonstrated by increases in average daily census (20%), deliveries (15%) and surgical cases (14%), and

WHEREAS, this growth is expected to continue through growth in the region's population, the uniqueness of the services offered, the recruitment of additional specialized and regionally unique surgeons and other medical professionals, and

WHEREAS, the USA Mitchell Cancer Institute and the addition of several clinics near the Hospital will have substantial impact on the Hospital's support services including food, security and environmental services, and

WHEREAS, the Hospital's current facilities for patient care, academic programs and support services are not adequate for the continued and predicted growth, and

WHEREAS, the University of South Alabama desires to address these needs by expanding and improving the Hospital's current facilities,

NOW THEREFORE, BE IT RESOLVED, that the Board of Trustees authorizes the University President to initiate the necessary planning and engineering studies to expand and to improve USA Children's and Women's Hospital.

Concerning **ITEM 6**, a report on the USA / IHS Strategic Health Alliance, President Moulton called upon Dr. Franks to introduce Dr. Robert Moore, Chair - Department of Speech Pathology and Audiology, and Dr. Michael Jacobs - Director of the USA Simulation Laboratories. He discussed the intricate capabilities of the simulators to mimic most physical conditions. He talked about opportunities identified by the University to provide emergency response training and other health services in conjunction with the local EADS / Northrup Grumman and Thyssen Krupp industrial initiatives.

Dr. Boyd presented **ITEM 7**, a report on the USA Mitchell Cancer Institute (MCI). Photos of the building were shown, including space for treatment, research, and administrative areas. Dr. Boyd reminded the Trustees that the design process began five years ago, and said that completion of the facility is anticipated for June 2008. In-patient activities will be conducted at Mobile Infirmary which can be easily accessed via a connected walkway from the MCI. Responding to questions, Dr. Boyd provided an update on positions and stated that the appointment of USA College of Medicine graduates is not an option at the present time, adding that cancer training at the University of South Alabama is an opportunity for the future.

Dr. Stokes called for a consideration of the Academic and Student Affairs Committee. Ms. Miree, Committee Chair, called upon Dr. Covey to present **ITEM 8**, a report of academic affairs. Dr. Covey announced that a new Ph.D. program in Combined Clinical and Counseling Psychology will soon be evaluated by the Alabama Commission on Higher Education. She said that a huge market demand for psychologists exists in the immediate area, as well as the state and nation. She discussed a $471,000 annual pledge by the USA Foundation to provide 22 new research fellowships in engineering, environmental toxicology, the new Ph.D. program in psychology, computer and information sciences, and communication sciences and disorders. She introduced Dr. Carl Moore, Dean of the Mitchell College of Business, who talked about overwhelming public interest in the recent *Gulf Coast Commercial Real Estate Summit* sponsored by Dr. Don Epley, Professor of Marketing and E-Commerce and holder of a Distinguished Professorship in Real Estate. Dr. Moore and President Moulton thanked Ms. Mitchell for a gift of $2 million for the Mitchell College of Business general endowment. Dr. Moore noted that private giving and support such as this allows the College to attain a higher level of quality, and added that Ms. Mitchell's contribution would help with faculty recruitment.

Dr. Covey presented **ITEM 9** as follows, stating that the University Committee for Honorary Doctorate Degrees had approved the awarding of an honorary degree to Dr. Benjamin Carson, a leading pediatric neurosurgeon at Johns Hopkins University who will serve as Commencement Speaker on May 3. She provided brief biographical information. On motion by Ms. Maye, seconded by Ms. Miree, the resolution was unanimously approved:

RESOLUTION
HONORARY DOCTORATE DEGREE FOR DR. BENJAMIN S. CARSON, SR.

WHEREAS, the University of South Alabama seeks to honor exceptional individuals who have given a substantial part of their lives to serving others and who have distinguished themselves throughout their professional careers, and

WHEREAS, Dr. Benjamin S. Carson, Sr., has achieved extraordinary distinction as an academic physician, educator and scientist and is a highly respected leader in medicine, and

WHEREAS, Dr. Carson is a Professor of Neurological Surgery, Oncology, Plastic Surgery and Pediatrics at Johns Hopkins Medical Institutions, and

WHEREAS, Dr. Carson is Director of the Division of Pediatric Neurosurgery of the Johns Hopkins Medical Institute and Co-Director of the Johns Hopkins Cleft and Craniofacial Center, and

WHEREAS, Dr. Carson is a nationally and internationally respected surgeon, teacher, and medical scientist, and is the author of numerous scientific articles, books and book chapters, and

WHEREAS, Dr. Carson is the recipient of numerous distinguished awards and honorary degrees, and

WHEREAS, in recognition of his contributions to the advancement of new knowledge in pediatric surgery and in health care, extending throughout his career,

THEREFORE, BE IT RESOLVED, for his commitment to the promotion of medical education, biomedical research, and health care delivery, the University of South Alabama bestows upon him this day the degree of Doctor of Science, *honoris causa.*

Ms. Miree called upon Dr. Smith to present **ITEM 10,** a report of student affairs. Dr. Smith reported that construction documents for the new Student Recreation Center are being prepared. He said that completion of the facility is anticipated for Fall 2010. Graphic renderings were shown of the building and amenities.

Dr. Stokes acknowledged the important role of the Mitchell Family and the Mitchell College of Business in bolstering Mobile's position as a lead candidate for the establishment of numerous major industrial enterprises.

Dr. Stokes called for consideration of budget and finance items. Mayor Nix, Chair of the Budget and Finance Committee, presented **ITEM 11** reports entitled *Monthly Fund Reports for October, November, and December 2007*, *Quarterly GASB Financial Statement for the Three Months Ended December 2007*, and *Summary Comparison of Fund Financial Reports to GASB 34 Financial Statements, December 31, 2007 and 2006*. There was no discussion.

Mr. Wayne Davis presented **ITEM 12** as follows. He discussed results of a public bid for the renovation of Alpha South for the purpose of providing additional classroom space for the Air Force ROTC program, as well as relocation of the Army ROTC program to this space. He noted that the Alpha South Building was originally constructed in 1966. The successful bidder is Trademark Construction. On motion by Dr. Furr, seconded by Ms. Maye, the resolution was unanimously approved:

RESOLUTION
RENOVATION OF ALPHA SOUTH BUILDING

WHEREAS, the University has the need to relocate the Army ROTC program and to renovate the Air Force ROTC program space, and

WHEREAS, the University has determined that the Alpha South Building, when renovated, will be the best location for these programs, and

WHEREAS, the University received the attached bids on February 15, 2008, for these renovations,

THEREFORE, BE IT RESOLVED, that the Board of Trustees authorizes the University President to approve the construction and renovation contract for the Alpha South Building with Trademark Construction, Inc., in the amount of $2,599,385.

Mr. Wayne Davis presented **ITEM 13** as follows and discussed results of a public bid to construct a Central Energy Plant Satellite Facility. He said that the new site will allow the University to increase its support of the new facilities under construction on campus. The successful bidder is Donaghey Mechanical Contractors, Inc. On motion by Ms. Maye, seconded by Mayor Nix, the resolution was unanimously approved:

RESOLUTION
CONSTRUCTION CONTRACT FOR THE CENTRAL ENERGY PLANT SATELLITE FACILITY

WHEREAS, the University opened bids on February 27, 2008, for the construction of the Central Energy Plant Satellite Facility, and

WHEREAS, the low bid for this construction was $5,850,000, plus $150,000 for Alternate 1, for a total of $6,000,000, and was submitted by Donaghey Mechanical Contractors, Inc.,

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of South Alabama hereby authorizes the University President to award the contract to Donaghey Mechanical Contractors, Inc., in the amount of $5,850,000, plus $150,000 for Alternate 1, for a total of $6,000,000 to construct the Central Energy Plant Satellite Facility, in accordance with the bid laws of the State of Alabama.

Dr. Stokes asked Mr. Ken Davis to present **ITEM 14**, the KPMG Report on the USA Intercollegiate Athletics Department, 2007. Mr. Davis indicated that this agreed-upon procedures report is required by the NCAA bylaws. He noted that this is not an audit, thus no opinion by KPMG was rendered.

Chairman Stokes called for a report of endowment and investments items. Mr. Jim Yance, Chair of the Endowment and Investments Committee, called upon Mr. Terry Albano and Mr. Norman Pitman to make comments from the previous performance presentation given at the March 12 committee meeting. Mr. Pitman provided the Board of Trustees a snapshot of current economic conditions and the reasons for the market's extreme volatility. Mr. Albano delivered additional economic information.

Mr. Yance reported on the success to-date of *Campaign USA*, the University's first comprehensive capital campaign. He said that the second year of the public phase has been completed, and the effort is entering its third and final year. Thus far, $64 million has been raised, an indication that the campaign is progressing on schedule toward its goal of $75 million. He expressed appreciation to President Moulton, the Mitchell family, and Drs. Stokes, Boyd, and Busta for their tireless efforts in moving *Campaign USA* forward.

There being no further business, the meeting adjourned at 11:40 a.m.

Attest to:	Respectfully Submitted:
______________________________	______________________________
Bettye R. Maye, Secretary	Steven H. Stokes, MD, Chair Pro Tempore

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES

COMMITTEE OF THE WHOLE

March 12, 2008
2:15 p.m.

A meeting of the Committee of the Whole was duly convened by Dr. Steven H. Stokes, Chair Pro Tempore, on Wednesday, March 12, 2008, at 2:15 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present:	Trustees Steven Furr, Donald Langham, Bettye Maye, Christie Miree, Arlene Mitchell, Bryant Mixon, James Nix, John Peek, Steven Stokes, Larry Striplin, and James Yance.
Members Absent:	Trustees Scott Charlton, J. L. Chestnut, Cecil Gardner, Sam Jones, Joseph Morton, and Bob Riley.
Administration and Others:	President Gordon Moulton; Drs. Michael Boyd, Joe Busta, Pat Covey, Ron Franks, Russ Lea, Robert Shearer, and John Smith; Messrs. Terry Albano, Wayne Davis, and Stan Hammack; Mss. Vicki Tate (Faculty Senate) and Jean Tucker.
Press:	Mr. George Altman (Press-Register).

Chairman Stokes called the meeting of the Committee of the Whole to order and President Moulton reminded Trustees of the meeting format. He called upon Dr. Shearer to discuss **ITEM 3** (for copies of resolutions, policies, and other authorized documentation, refer to the USA Board of Trustees meeting minutes, March 13, 2008), a resolution to adopt strategic planning goals as outlined in the report entitled *University of South Alabama: Long-Range Planning Goals and Objectives (2008 - 2013)*. Dr. Shearer explained that extensive planning and continuous assessment are practices that cover all departments and divisions. He advised that the University had recently completed a five-year review from which University goals were updated through 2013, inclusive of a new goal for promoting research and scholarly activities. He said that strategies will be developed to support each goal and objective.

Dr. Stokes inquired about possible partnerships should the EADS/Northrup Grumman contract move forward. President Moulton responded that USA would be poised for discussions early in the development stages for new businesses. Dr. Lea suggested that the University could seek to leverage those companies with federal grants that provide for the matching of funds. Dr. Franks and Mr. Hammack talked about Thyssen Krupp's interest in working with the University relative to burn treatment and emergency response training via USA's simulation program. Mr. Yance reported on meetings held to develop cooperative opportunities between the College of Engineering and local companies Austal USA and Atlantic Marine.

President Moulton addressed **ITEM 3**, a resolution to adopt a set of institutional goals as outlined in the report entitled *University of South Alabama: Long-Range Planning Goals and Objectives (2008 - 2013).* He said this document will be incorporated as part of an extensive self-study process for institutional accreditation through the Southern Association of Colleges and Schools (SACS) which is currently underway at the University. He discussed *TracDat*, a specialized software used by the University to track outcomes. Following the discussion, it was recommended that action be deferred until the Board of Trustees meeting on March 13.

President Moulton called upon Mr. Hammack to present **ITEM 5**, a resolution authorizing the President to initiate the necessary planning and engineering studies to expand and improve USA Children's and Women's Hospital (CWH). Mr. Hammack said that the hospital census dictates that an expansion is necessary, and reported that an internal analysis had been conducted to identify the exact needs for the project. The bid for the parking component will be complete in April, which may necessitate approval by the Executive Committee for this and other components in the near future. Dr. Furr, Chair of the Health Affairs Committee, inquired if the expansion would include clinical operations as well. Mr. Hammack responded that only hospital operations are covered under the current proposal. Action was deferred until the Board meeting.

President Moulton introduced **ITEM 12**, a resolution authorizing the President to approve the contract for construction and renovation of the Alpha South Building by Trademark Construction, Inc., in the amount of $2,599,385. He explained that the project would allow for the relocation of the Army ROTC program from the old barracks at the bell tower site, and provide additional classroom space for the Army and Air Force ROTC programs. Mr. Wayne Davis provided details of the bid process. Action was deferred until the Board meeting.

President Moulton presented **ITEM 13**, a resolution authorizing the President to award the construction contract for a Central Energy Plant Satellite Facility to Donaghey Mechanical Contractors, Inc., in accordance with the bid laws of the state of Alabama, in the amount of $5,850,000, plus $150,000 for Alternate 1, for a total cost of $6 million. President Moulton explained that the University must accommodate service to new campus facilities; i.e., student recreation center, engineering building. The satellite building will be located near the College of Medicine. Mr. Wayne Davis discussed details of the bid process, and noted that the firm of Donaghey Mechanical Contractors is local. Action was deferred until the Board meeting.

Chairman Stokes called upon President Moulton to address **ITEM 15**, a report of endowment and investments. President Moulton discussed the current volatile investment environment and introduced Mr. Albano to report on performance of the total endowment and each money manager for Fiscal Year 2008: Commonfund, Arlington Partners, Gerber/Taylor, Douglas, various other fund managers, and Private Advisors. Mr. Albano said that the endowment had underperformed its relative index for the first few months of fiscal year 2008 (-4.63 percent vs. -4.07 percent), but had outperformed since inception (6.51 percent vs. 3.15 percent). The underperformance of the managers Arlington Partners, Gerber/Taylor, and Commonfund was reviewed.

Dr. Furr inquired about the future of property owned by the University at the Brookley Field complex. President Moulton responded that 300 acres belong to USA, including more than 7,000 feet of shoreline. He reported that the School of Continuing Education and Special Programs and its Conference Services Center conduct activities on this campus. Additionally, housing is rented and a golf course is maintained. President Moulton said that the University intends to work in a deliberate fashion with the city, county, and state to assure the best use of this land relative to the needs of new industry that will come to Mobile. He said that the EADS enterprise would operate on land owned by the Mobile Airport Authority. He suggested that a good approach for the University-owned land may be to seek opportunities in the private sector, but in conjunction with the land plan of the airport authority.

There being no further business, the meeting adjourned at 3:11 p.m.

Attest to:	Respectfully Submitted:
__________________________	__________________________
Bettye R. Maye, Secretary	Steven H. Stokes, MD, Chair Pro Tempore

RESOLUTION

BOARD MEETING SCHEDULE

2008-2009

WHEREAS, Article II, Section 1, of the Bylaws provides that the Board shall schedule annually, in advance, regular meetings of the Board to be held during the ensuing year, and may designate one of such meetings as the annual meeting of the Board,

THEREFORE, BE IT RESOLVED, that the regular meetings of the University of South Alabama Board of Trustees shall be held on the following dates:

September 11, 2008

December 11, 2008

March 5, 2009

June 4, 2009

FURTHER, BE IT RESOLVED, that the date of June 4, 2009, be designated as the annual meeting of the University of South Alabama Board of Trustees for 2008-2009.

ITEM 4
REVISED
June 5, 2008

RESOLUTION

USA HOSPITALS MEDICAL STAFF APPOINTMENTS AND REAPPOINTMENTS FOR FEBRUARY, MARCH, APRIL, AND MAY 23, 2008

WHEREAS, the Medical Staff appointments and reappointments for February, March, and April 2008, and May 23, 2008, for the University of South Alabama Hospitals are recommended for approval by the Medical Executive Committees of the University of South Alabama Hospitals,

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of South Alabama approves the appointments and reappointments as submitted.

REC'D
OFFICE OF THE PRESIDENT
MAY 09 2008
UNIVERSITY OF SOUTH ALABAMA

UNIVERSITY OF SOUTH ALABAMA

STANLEY K. HAMMACK
VICE PRESIDENT
HEALTH SYSTEM

TELEPHONE: (251) 471-7118
2451 FILLINGIM STREET, SUITE 3040
MOBILE, ALABAMA 36617-2293
FAX: (251) 471-7751

MEMORANDUM

TO: V. Gordon Moulton
President

FROM: SKH Stan Hammack

DATE: May 9, 2008

Attached for review and approval by the Health Affairs Committee and the Board of Trustees are:

For Approval:
University of South Alabama Hospitals:
Medical Staff Meeting-May 6, 2008
Credentials Report – February, March and April 2008

Credentials Report – May 23, 2008

approved VGM

SKH:eb

Attachments

UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
FOR BOARD OF TRUSTEES APPROVAL
FEBRUARY, MARCH & APRIL 2008

The following is a listing of recommendations for approval of new appointments, reappointments and other status changes of physicians and allied health professionals. These have been reviewed and are recommended by the Medical Executive Committee of the respective hospitals.

	USACWH			USAMC			AMBULATORY CARE		
NAME	Type/Status	Category	Dept/Ser	Type/Status	Category	Dept/Ser	Type/Status	Category	Dept/Ser
Anderson, Christina, PA	Reappt	Allied Health	IM/ID	Reappt	Allied Health	IM/ID	Reappt	Allied Health	IM/ID
Baker, Susan, MD	Reappt	Active	OB/GYN	Reappt	Active	OB/GYN	Reappt	Active	OB/GYN
Baranano, Edward, MD	Reappt	Courtesy	Surg/Ophth	Reppt	Courtesy	Surg/Oph	No Privs	N/A	N/A
Brooks, Marjorie, MD	Reappt	Active	OB/GYN	Reappt	Active	OB/GYN	Reappt	Active	OB/GYN
Bryars, William, MD	Reappt	Courtesy	Surg/Oto	Reappt	Courtesy	Surg/Oto	No Privs	N/A	N/A
Bunner, Diane, CRNP	Reappt	Allied Health	Pediatrics	No Privs	N/A	N/A	No Privs	N/A	N/A
Burch, Cynthia, CRNP	Reappt	Allied Health	Pediatrics	No Privs	N/A	N/A	No Privs	N/A	N/A
Burckhartt, Angela, PA	Reappt	Allied Health	OB/GYN	Reappt	Allied Health	OB/GYN	Reappt	Allied Health	OB/GYN
Cashwell, Leigh, MD	Reappt	Active	Radiology	Reappt	Active	Radiology	No Privs	N/A	N/A
Cepeda, Manuel, MD	No Privs	N/A	N/A	Reappt	Consulting	Psychiatry	No Privs	N/A	N/A
Cockrell, James, MD	Reappt	Courtesy	Ortho	Reappt	Courtesy	Ortho	No Privs	N/A	N/A
Cole, Jason, MD	Reappt	Courtesy	IM/Cardio	Reappt	Courtesy	IM/Cardio	No Privs	N/A	N/A
Cranton, John, MD	No Privs	N/A	N/A	Reappt	Consulting	Psychiatry	No Privs	N/A	N/A
DiPalma, Jack, MD	Reappt	Active	IM/GI	Reappt	Active	IM/GI	Reappt	Active	IM/GI
Duke, Elizabeth, MD	New Appt	Associate	OB/GYN	New Appt	Associate	OB/GYN	New Appt	Associate	OB/GYN
Duncan, Clinton, PA	Reappt	Allied Health	Ortho	Reappt	Allied Health	Ortho	No Privs	N/A	N/A
Fagan, Karen, MD	New Appt	Associate	IM/Pulmo	New Appt	Associate	IM/Pul	New Appt	Associate	IM/Pul
Fagbongbe, Eniola, MD	Reappt	Active	OB/GYN	Reappt	Active	OB/GYN	No Privs	N/A	N/A
Fillingim, Elizabeth, RN	New Appt	Allied Health	Pediatrics	No Privs	N/A	N/A	No Privs	N/A	N/A
Fondren, Lisa, RN	Reappt	Allied Health	Ortho	Reappt	Allied Health	Ortho	No Privs	N/A	N/A
Formwalt, David, PhD	No Privs	N/A	N/A	Reappt	Allied Health	Psychiatry	No Privs	N/A	N/A
Fouty, Brian, MD	Reappt	Active	IM/Pulm	Reappt	Active	IM/Pulm	Reappt	Active	IM/Pulm
Franks, Ronald, MD	New Appt	Associate	Psychiatry	New Appt	Associate	Psychiatry	New Appt	Associate	Psychiatry
Galle, Gerard, MD	Reappt	Courtesy	Pediatrics	No Privs	N/A	N/A	No Privs	N/A	N/A
Green, Kelly, MD	New Appt	Associate	Pediatrics	No Privs	N/A	N/A	New Appt	Associate	Pediatrics
Gupta, Sunil, MD	Reappt	Courtesy	Surg/Oph	Reappt	Courtesy	Surg/Oph	No Privs	N/A	N/A
Hart, Eugene, MD	Reappt	Active	Pathology	Reappt	Active	Pathology	No Privs	N/A	N/A
Hashimi, Mir, MD	No Privs	N/A	N/A	Reappt	Courtesy	IM/Card	No Privs	N/A	N/A
Herrera, Jorge L., MD	Reappt	Active	IM/GI	Reappt	Active	IM/GI	Reappt	Active	IM/GI
Hightower, Brenda, RN	Reappt	Allied Health	Surg/Plas	Reappt	Allied Health	Surg/Plas	No Privs	N/A	N/A
Hole, James, DO	New Appt	Associate	OB/GYN	New Appt	Associate	OB/GYN	New Appt	Associate	OB/GYN

UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
FOR BOARD OF TRUSTEES APPROVAL
FEBRUARY, MARCH & APRIL 2008

The following is a listing of recommendations for approval of new appointments, reappointments and other status changes of physicians and allied health professionals. These have been reviewed and are recommended by the Medical Executive Committee of the respective hospitals.

	USACWH			USAMC			AMBULATORY CARE		
NAME	Type/Status	Category	Dept/Ser	Type/Status	Category	Dept/Ser	Type/Status	Category	Dept/Ser
Howell, John, MD	Reappt	Courtesy	OB/GYN	Reappt	Courtesy	OB/GYN	No Privs	N/A	N/A
Johnson, William, MD	Reappt	Courtesy	Surg/CVT	Reappt	Courtesy	Surg/CVT	No Privs	N/A	N/A
Kelly, Karen, MD	Reappt	Active	Pathology	Reappt	Active	Pathology	No Privs	N/A	N/A
Lightfoot, William, MD	Reappt	Active	Surgery	Reappt	Active	Surgery	No Privs	N/A	N/A
Massing, George, MD	No Privs	N/A	N/A	Reappt	Courtesy	IM/Card	No Privs	N/A	N/A
McAndrew, John, III, MD	Reappt	Courtesy	Ortho	Reappt	Courtesy	Ortho	No Privs	N/A	N/A
McCollum, Jeffrey, CRNA	New Appt	Allied Health	Anesth	New Appt	Allied Health	Anesth	No Privs	N/A	N/A
McGinley, Robert, MD	Reappt	Active	Ortho	Reappt	Active	Ortho	No Privs	N/A	N/A
Miller, Glenn, Scrub Tech	Reappt	Allied Health	Ortho	Reappt	Allied Health	Ortho	No Privs	N/A	N/A
Outlaw, Kitti, MD	Reappt	Courtesy	Surg/Plast	Reappt	Courtesy	Surg/Plas	No Privs	N/A	N/A
Palmer, Lauren, PA	New Appt	Allied Health	Ortho	New Appt	Allied Health	Ortho	No Privs	N/A	N/A
Roca, Theresa, MD	Reappt	Courtesy	Peds/Card	Reappt	Courtesy	Peds/Card	No Privs	N/A	N/A
Rogers, Charles, IV, MD	Reappt	Courtesy	OB/GYN	Reappt	Courtesy	OB/GYN	No Privs	N/A	N/A
Rogers, Helen, MD	Reappt	Courtesy	OB/GYN	Reappt	Courtesy	OB/GYN	No Privs	N/A	N/A
Rogers, William, DPM	Reappt	Allied Health	Ortho/Pod	Reappt	Allied Health	Ortho/Pod	No Privs	N/A	N/A
Roth, Steven, MD	No Privs	N/A	N/A	New Appt	Associate	EM/ML	No Privs	N/A	N/A
Schaphorst, Kane, MD	Reappt	Active	IM/Pulm	Reappt	Active	IM/Pulm	Reappt	Active	IM/Pulm
Sharpe, Thomasina, MD	Reappt	Courtesy	FM	Reappt	Courtesy	FM	Reappt	Courtesy	FM
Sternberg, Melville, MD	Reappt	Active	IM	Reappt	Active	IM	Reappt	Active	IM
Strickland, Michael, MD	Reappt	Active	Pediatrics	No Privs	N/A	N/A	No Privs	N/A	N/A
Uzoije, Prince, MD	No Privs	N/A	N/A	Reappt	Courtesy	IM	No Privs	N/A	N/A
Val-Gallas, John, MD	Reappt	Courtesy	OB/GYN	Reappt	Courtesy	OB/GYN	No Privs	N/A	N/A
Varner, Stephen, MD	Reappt	Active	OB/GYN	Reappt	Active	OB/GYN	Reappt	Active	OB/GYN
Wood, Robert, MD	Reappt	Courtesy	OB/GYN	Reappt	Courtesy	OB/GYN	No Privs	N/A	N/A

REQUEST FOR ADDITIONAL PRIVILEGES:

Pelekanos, Sharon, PA - Neurosurgery – Request to add VP/VA Shunt Tap; ICP Bolt Removal; Application of Gardner Wells Tongs & Halo Pin Removal USACWH & USAMC

UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
FOR BOARD OF TRUSTEES APPROVAL
FEBRUARY, MARCH & APRIL 2008

LEGEND:

New Appt	**New application for medical staff privileges recommended for approval.**
Reappt	**Reappointment application for medical staff privileges recommended for approval.**
No Privs	**No privileges requested**

RECOMMENDED BY:

Craig Sherman, MD, President, Medical Staff
USA Children's & Women's Hospital

Robert A. Perkins, MD, President, Medical Staff,
USA Medical Center

Stanley K. Hammack

Stanley K. Hammack
Vice President, USA Health System

UNIVERSITY OF SOUTH ALABAMA

STANLEY K. HAMMACK
VICE PRESIDENT
HEALTH SYSTEM

TELEPHONE: (251) 471-7118
2451 FILLINGIM STREET, SUITE 3040
MOBILE, ALABAMA 36617-2293
FAX: (251) 471-7751

April 28, 2008

President V. Gordon Moulton
University of South Alabama
A. D. 122

Dear President Moulton:

At this time, four (4) members of our Medical Staff, Ronald Franks, M.D., Elizabeth Duke, M.D., Kelly Green, M.D., and James Hole, D.O. have temporary privileges that will exceed The Joint Commission prescribed time limit. With the exception of the final approval of the University Board of Trustees, all required approvals, i.e., Clinical Department, Credentialing Committee and Medical Executive Committee have been obtained.

I am writing to request that you and two voting members of the USA Board of Trustees approve credentials for clinical privileges prior to their expiration. Credentialing documents will be provided for additional review, if desired.

I very much appreciate your assistance in this matter and should you have any questions, please do not hesitate to contact me.

Sincerely,

Stanley K. Hammack

Stanley K. Hammack

SKH:eb

Attachment

Approved:

V. Gordon Moulton

V. Gordon Moulton
President

Steven H. Stokes

Steven H. Stokes, M.D.
Chair Pro Tempore
Board of Trustees

Donald L. Langham

Donald L. Langham
Past Chair
Board of Trustees

UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
FOR BOARD OF TRUSTEES APPROVAL
May 23, 2008

The following is a listing of recommendations for approval of new appointments, reappointments and other status changes of physicians and allied health professionals. These have been reviewed and are recommended by the Medical Executive Committee of the respective hospitals.

	USACWH			USAMC			AMBULATORY CARE		
NAME	Type/Status	Category	Dept/Ser	Type/Status	Category	Dept/Ser	Type/Status	Category	Dept/Ser
Duke, Elizabeth, MD	New Appt	Associate	OB/GYN	New Appt	Associate	OB/GYN	New Appt	Associate	OB/GYN
Franks, Ronald, MD	New Appt	Associate	Psychiatry	New Appt	Associate	Psychiatry	New Appt	Associate	Psychiatry
Green, Kelly, MD	New Appt	Associate	Pediatrics	No Privs	N/A	N/A	New Appt	Associate	Pediatrics
Hole, James, DO	New Appt	Associate	OB/GYN	New Appt	Associate	OB/GYN	New Appt	Associate	OB/GYN

LEGEND:

New Appt — New application for medical staff privileges recommended for approval.
No Privs — No privileges requested

RECOMMENDED BY:

Craig Sherman, MD, President, Medical Staff
USA Children's & Women's Hospital

Robert A. Perkins, MD, President, Medical Staff,
USA Medical Center

Stanley K. Hammack
Stanley K. Hammack
Vice President, USA Health System

UNIVERSITY OF SOUTH ALABAMA HOSPITALS
MEDICAL STAFF MEETING
MAY 6, 2008
MINUTES

The quarterly meeting of the Medical Staff of the University of South Alabama Hospitals was held in the John Counts Room of the Mitchell Center on Tuesday, May 6, 2008. Richard Teplick, MD, Chief of Staff, called the meeting to order.

A roster of attendance is available in the Medical Staff Credentials Office.

Following welcoming remarks, Dr. Richard Teplick introduced new Medical Staff members. Dr. Teplick also discussed with the Medical Staff a proposed by-laws addition and opened the floor to questions and comments. Changes to the by-laws were required secondary to new Joint Commission standards requiring focused professional practice evaluation for initial granting of physician privileges and a focused review due to peer review variance. After extended discussion, the Medical Staff members felt the wording in the suggested by-laws additions needed to be changed and sent back to the respective Medical Executive Committees for further review. A proposal was made and seconded to table approval of the by-laws addition.

Stan Hammack, Vice President, Health System discussed the State Budget, Blue Cross, Quality, Medicaid and other Health System issues that would affect the hospital financially in 2008/2009.

Dr. Samuel Strada, Dean, College of Medicine gave an update on the College of Medicine and informed the medical staff that a Search Committee headed by Dr. Loran Clement had been formed to recommend a permanent Chairman for the Department of Surgery.

Dr. Ronald Franks, Vice President Health Sciences discussed some upcoming changes that could affect practitioner and pharmaceutical companies' relations. The floor was then opened for questions or concerns.

Beth Anderson, Hospital Administrator for the USA Medical Center presented Core Measures and HCAHPS scores for the USA Medical Center compared to surrounding area hospitals and the national/state average. The floor was then opened for any questions or comments.

Steve Burford, Assistant Administrator for USA Children's and Women's Hospital provided an update on construction projects in progress at USA Children's and Women's Hospital.

With no further business the meeting adjourned at 7:15 p.m.

Respectfully submitted,

Tracee Andrews

Tracee Andrews
Medical Credentialing Specialist

RESOLUTION

COLLEGE OF MEDICINE TUITION AND FEES

WHEREAS, it is anticipated that there will be continued increases in operational costs for the College of Medicine that must be addressed through increased tuition and fees, and

WHEREAS, as a matter of prudent fiscal management and operational viability, and after extensive analysis of the financial needs of the USA College of Medicine in 2008-2009 and beyond, the University Administration and Budget Council have determined that increases in charges for College of Medicine tuition and the creation of and/or increase in certain other fees are necessary, and

WHEREAS, additional funding is required to provide for appropriate renovations of buildings and purchase of capital equipment, and to have productive research and educational initiatives, and to improve the curriculum through the inclusion of new technologies,

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of South Alabama hereby approves the 12 percent increase of College of Medicine tuition from $13,480 to $15,098.

REC'D
OFFICE OF THE PRESIDENT

MAY 16 2008

UNIVERSITY OF SOUTH ALABAMA

OFFICE OF THE VICE PRESIDENT
FOR HEALTH SCIENCES

UNIVERSITY OF SOUTH ALABAMA
TELEPHONE: (251) 460-7189
MOBILE, ALABAMA 36688-0002
FAX: (251) 460-6073

May 15, 2008

TO: V. Gordon Moulton
President
University of South Alabama

FROM: Ronald D. Franks, M.D.
Vice President for Health Sciences
Professor of Psychiatry

SUBJECT: Resolution for College of Medicine Tuition Increase

I recommend a 12% increase in medical school tuition to keep the College of Medicine competitive and in parity with the UAB School of Medicine. With the 12% increase, the tuition at the College of Medicine at USA will still be significantly below the average tuition level for public medical schools nationally, and below the tuition level for comparable public schools in the southeast.

Thank you.

/cwc

approved VGM

AAMC Tuition and Fees Report
Public Medical Schools
2008 Survey

School	Tuition		Fees		Tuition & Fees		Health Insurance				Total incl Health Ins	
	Resident	Non-Resident	Resident	Non-Resident	Resident	Non-Resident	Resident	Non-Resident	Required	Waived	Resident	Non-Resident
Mississippi	9,649	20,482	-	-	9,649	20,482	2,059	2,059	YES	YES	11,708	22,541
North Carolina	10,292	33,958	1,672	1,672	11,964	35,630	1,713	1,713	YES	NO	13,677	37,343
LSU New Orleans	11,534	25,682	1,332	1,332	12,866	27,014	1,260	1,260	YES	YES	14,126	28,274
Georgia	13,550	30,976	687	687	14,237	31,663	1,125	1,125	YES	YES	15,362	32,788
Alabama	13,620	40,860	2,988	2,988	16,608	43,848	1,367	1,367	YES	YES	17,975	45,215
South Alabama	13,480	26,960	2,602	2,602	16,082	29,562	2,500	2,500	YES	YES	18,582	32,062
Tennessee	18,256	36,168	1,129	1,129	19,385	37,297	1,728	1,728	YES	YES	21,113	39,025
South Florida	18,999	49,355	2,193	3,711	21,192	53,066	1,200	1,200	YES	YES	22,392	54,266
Florida	20,808	48,656	2,362	3,754	23,170	52,410	-	-	YES	N/A	23,170	52,410
South Carolina	22,544	59,860	50	50	22,594	59,910	945	945	YES	YES	23,539	60,855

Proposed 2009 Tuition and Fees (fees unchanged at 04/23/08)

(6% tuition increase)					236,170							
South Alabama	14,289	28,578	2,602	2,602	16,891	31,180	2,500	2,500	YES	YES	19,391	33,680
(8% tuition increase)					314,893							
South Alabama	14,558	29,117	2,602	2,602	17,160	31,719	2,500	2,500	YES	YES	19,660	34,219
(10% tuition increase)					393,616							
South Alabama	14,828	29,656	2,602	2,602	17,430	32,258	2,500	2,500	YES	YES	19,930	34,758
(12% tuition increase)					472,339							
South Alabama	15,098	30,195	2,602	2,602	17,700	32,797	2,500	2,500	YES	YES	20,200	35,297
(12% tuition increase)												
Alabama	15,254	45,763	2,988	2,988	18,242	48,751	1,367	1,367	YES	YES	19,609	50,118

RESOLUTION

PROFESSORS EMERITI

WHEREAS, the following faculty have retired from the University of South Alabama:

Wayne C. Isphording, Ph.D., Professor of Geology
Pat C. Covey, Ph.D., Professor of Biomedical Sciences
Senior Vice President for Academic Affairs
Charles P. Gray, D.P.T., Clinical Associate Professor of Physical Therapy

and

WHEREAS, in recognition of their contributions to the University through extraordinary accomplishments in teaching and in the generation of new knowledge through research and scholarship, and for serving as a consistently inspiring influence to students and colleagues for a period of time, and

WHEREAS, the faculty and chairpersons from their departments, academic deans, the Senior Vice President for Academic Affairs or the Vice President for Health Sciences, and the President have duly recommended the aforementioned retirees from the University faculty,

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of South Alabama hereby appoints the aforenamed individuals to the rank of *Associate Professor Emeritus* or *Professor Emeritus*, as appropriate, with the rights and privileges thereunto appertaining, and

FURTHER, BE IT RESOLVED, that the Board of Trustees, in recognition of their extraordinary accomplishments and dedicated service, wishes to convey its deep appreciation to these individuals.

REC'D
OFFICE OF THE PRESIDENT

MAY 07 2008

UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

UNIVERSITY OF SOUTH ALABAMA

OFFICE OF ACADEMIC AFFAIRS

May 2, 2008

TO: Gordon Moulton

FROM: Pat Covey

SUBJECT: Emeritus Recommendations

In accordance with the recommendation of the faculty and Chairs of the respective discipline and Dean of the college, I recommend that the retired University of South Alabama faculty listed below be granted emeritus status effective upon approval by you and the Board of Trustees.

- Wayne C. Isphording, Ph.D., Professor of Geology

A resolution for the Board of Trustees is attached.

pbm
attachments

REC'D
OFFICE OF THE PRESIDENT

MAY 14 2008

UNIVERSITY OF SOUTH ALABAMA

UNIVERSITY OF SOUTH ALABAMA

OFFICE OF THE VICE PRESIDENT
FOR HEALTH SCIENCES

TELEPHONE: (251) 460-7189
MOBILE, ALABAMA 36688-0002
FAX: (251) 460-6073

May 12, 2008

TO: V. Gordon Moulton
President
University of South Alabama

FROM: Ronald D. Franks, M.D.
Vice President for Health Sciences
Professor of Psychiatry

SUBJECT: Resolution for appointment of Dr. Pat C. Covey as Emeritus Professor

Attached is the request from Dr. Richard Talbott, Dean of the College of Allied Health Professions requesting that Dr. Covey be appointed as an Emeritus Professor. I fully support Dr. Talbott's request and I am forwarding the information to you for your approval and for approval by the Board of Trustees.

/cwc

approved
VGM

Memorandum
University of South Alabama

May 9, 2008

TO: Dr. Ron Franks
VP, Division of Health Sciences

FROM: Dr. Richard Talbott
Dean, College of Allied Health Professions

SUBJ: Emeritus Appointment – Dr. Pat C. Covey

This is to recommend the appointment of Dr. Pat C. Covey, retiring Vice President of Academic Affairs and Professor of Biomedical Sciences, to Emeritus Professor. Dr. Covey meets or exceeds the minimum requirements as set forth in the Faculty Handbook of at least 10 years of service in the University having served with distinction for over 33 years.

Dr. Covey has demonstrated long standing dedicated and productive contributions to the University as evidenced by the high esteem in which she is held by her students, her faculty colleagues, and her national professional associates alike. From her founding leadership of the College of Allied Health Professions to her dedicated tenure as the Senior Vice President of Academic Affairs she has demonstrated outstanding leadership.

I urge your favorable consideration of this unqualified recommendation for Professor Emeritus status.

Approve with enthusiasm
12 May 08

UNIVERSITY OF SOUTH ALABAMA

OFFICE OF THE VICE PRESIDENT
FOR HEALTH SCIENCES

TELEPHONE: (251) 460-7189
MOBILE, ALABAMA 36688-0002
FAX: (251) 460-6073

REC'D
OFFICE OF THE PRESIDENT
MAY 08 2008
UNIVERSITY OF SOUTH ALABAMA

May 8, 2008

TO: V. Gordon Moulton
President
University of South Alabama

FROM: Ronald D. Franks, M.D.
Vice President for Health Sciences

SUBJECT: Emeritus Appointment

Attached is a letter from Dr. Richard Talbott, Dean, Allied Health Professions, requesting that Dr. Charles Gray receive an emeritus appointment. I agree with Dr. Talbott and I am forwarding the request to you for your approval and for approval by the Board of Trustees.

/cwc

Attachment

approved
VGM

UNIVERSITY OF SOUTH ALABAMA

DEAN
COLLEGE OF
ALLIED HEALTH PROFESSIONS

TELEPHONE: (251) 380-2785
UCOM 1500 • MOBILE, ALABAMA 36688-0002
FAX: (251) 380-2787

M E M O R A N D U M

COLLEGE OF ALLIED HEALTH PROFESSIONS

OFFICE OF THE DEAN Phone: 251 380-2785 Fax: 251 380-2787
rtalbott@usouthal.edu

TO: Dr. Ron Franks, VP for Division of Health Sciences

FROM: Richard E. Talbott, Ph.D. -- Dean

SUBJECT: Emeritus Appointment--- Dr. Charles Gray

DATE: 5/6/2008

This is to recommend the appointment of Dr. Charles Gray, retiring professor in the Department of Physical Therapy, to Emeritus Professor. Dr. Gray meets or exceeds the minimum requirements as set forth in the Faculty Handbook of at least ten years of service in the University having served with distinction for over 33 years.

As the attached letter of recommendation from the Department Chair attests, Dr. Gray has been held in high esteem by his students and his peers alike over the course of his long and dedicated service to the University. He holds all of the "desirable characteristics" outlined in the Faculty Handbook for such and appointment and I recommend him for your favorable consideration without hesitation or reservation.

Thank you for your consideration in this regard.

5-8-08

Approved Date

MEMORANDUM
UNIVERSITY OF SOUTH ALABAMA
DEPARTMENT OF PHYSICAL THERAPY
Dr. Dennis W. Fell, Department Chair

DATE:	April 25, 2008
TO:	Dr Rick Talbott, Dean College of Allied Health Professions
FROM:	Dr. Dennis W. Fell, Chair, Dept of Physical Therapy
RE:	Recommending Dr Charles P. Gray for Emeritus status

I am writing to request consideration of Dr Charles P. Gray for Emeritus Professor upon his retirement from the department in August 2008. He has submitted his official notification of retirement effective August 15, 2008.

Dr Gray has served our department full-time, teaching Human Anatomy, including cadaver dissection, most recently as Clinical Associate Professor for nearly 33 years. Dr Gray was recruited by Walt Gault and Dr Patsy Covey and began teaching in the USA PT program with the very first PT Class in 1976. It is amazing to think that he will have taught anatomy to 893 PTs including the DPT Class of 2010.

From an academic standpoint, Dr Gray has "accepted and well-known excellence in teaching". In 2000, he was awarded the USA Student Government Association's "Dr. Glenn Sebastian Professor of the Year" Award. In 2002, he was selected for the University-wide "Excellence in Teaching" Award from the USA Alumni Association. He was the 2003 Recipient of the College of Allied Health "Excellence in Teaching" Award. And in March 2006, he was honored as a Mortar Board "Top Prof".

At our alumni events, Dr Gray is always a central feature. His gentle approach, yet very high expectations in a very demanding curricular content have earned him the respect, admiration and love of countless PTs now practicing across the country. His impeccable character and inspiring influence is an example to all.

In Dr Gray's honor, I have initiated efforts to establish a Dr Charles Gray PT Scholarship. Symbolic of the respect he has earned, this month faculty have contributed over $1,000 through the Annual Fund to start this scholarship.

Please contact me if you have any questions or if I can provide further information.

RESOLUTION

TENURE AND PROMOTION

WHEREAS, in accordance with University policy, faculty applications for tenure and promotion have been reviewed by the respective faculty peers, Departmental Chair, College Dean, and by the Senior Vice President for Academic Affairs or the Dean of the College of Medicine, and the President, and of those faculty considered, the following individuals are hereby recommended for tenure and/or promotion,

THEREFORE, BE IT RESOLVED, that the University of South Alabama Board of Trustees approves and grants tenure and/or promotion to those individuals whose names are listed below to be effective August 15, 2008.

COLLEGE OF ALLIED HEALTH PROFESSIONS

Tenure
Dr. Rebecca Estes
Dr. Jean Irion

Promotion to Associate Professor
Dr. Jean Irion

Promotion to Senior Instructor
Ms. Cathy Cooper
Ms. Cherie Pohlman
Mr. Chucri Jalkh

COLLEGE OF ARTS AND SCIENCES

Tenure:
Dr. Donald E. DeVore
Dr. Ellen B. Harrington
Dr. Cristopher V. Hollingsworth
Dr. Harrison S. Miller
Dr. Vanessa D. Murphree

Promotion to Associate Professor:
Dr. Ellen B. Harrington
Dr. Cristopher V. Hollingsworth
Dr. Harrison S. Miller
Dr. Vanessa D. Murphree

Promotion to Professor:
Dr. David C. Forbes
Dr. Roma S. Hanks
Dr. Robert E. Holm
Dr. Susan E. McCready
Dr. Daniel E. Rogers
Dr. Martin L. Rohling
Dr. Lisa A. Turner
Dr. John F. Valentine

MITCHELL COLLEGE OF BUSINESS

Tenure:
Dr. Donald C. Mosley

Promotion to Senior Instructor:
Mr. Clinton R. King

Promotion to Associate Professor:
Dr. Donald C. Mosley

Promotion to Professor:
Dr. Deborah F. Spake

COMPUTER AND INFORMATION SCIENCES

Promotion to Professor:
Dr. David D. Langan, III

COLLEGE OF EDUCATION

Tenure:
Dr. Dennis J. Campbell

Promotion to Senior Instructor:
Ms. Kelly O. Byrd

Promotion to Associate Professor:
Dr. Mary E. Broach
Dr. Dennis J. Campbell
Dr. Phillip M. Norrell

Promotion to Professor:
Dr. Rebecca M. Giles

COLLEGE OF ENGINEERING

Tenure:
Dr. Aurangzeb Khan

Promotion to Associate Professor:
Dr. Aurangzeb Khan

COLLEGE OF MEDICINE

Promotion to Professor:
Dr. Surendra Baliga
Dr. Maria Figarola
Dr. Mary Mancao
Dr. Mark Perry

Promotion to Assistant Professor:
Dr. Bing Zhu

Promotion to Associate Professor
Dr. Alan Heins
Dr. Melissa Costello
Dr. Rosa Vidal
Dr. William Kevin Green

Promotion to Clinical Associate Professor
Dr. Karen Marlowe
Dr. Sandra Parker
Dr. Deborah Simkin

COLLEGE OF NURSING

Promotion to Clinical Associate Professor:
Dr. Karen Hamilton
Dr. Robin Lawson
Dr. Charlene Myers
Dr. Joyce Varner
Dr. Sara Majors

Promotion to Professor:
Dr. Barbara Broome

Tenure
Dr. Michael Jacobs

UNIVERSITY LIBRARY

Promotion to Assistant Librarian:
Ms. Muriel D. Nero

Promotion to Senior Librarian:
Ms. Amy C. Prendergast

REC'D
OFFICE OF THE PRESIDENT
[illegible] 0 2008
UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM
UNIVERSITY OF SOUTH ALABAMA

OFFICE OF ACADEMIC AFFAIRS

CONFIDENTIAL

DATE: April 9, 2008

TO: V. Gordon Moulton

FROM: Pat Covey

SUBJECT: Faculty Tenure and Promotion Recommendations, 2008

Given below are my recommendations for faculty tenure and promotions for 2008.

Recommend Awarding Tenure:
- Dennis J. Campbell - Department of Leadership and Teacher Education
- Donald E. DeVore - Department of History
- Ellen B. Harrington - Department of English
- Cristopher V. Hollingsworth - Department of English
- Aurangzeb Khan - Department of Electrical and Computer Engineering
- Harrison S. Miller - Department of History
- Donald C. Mosley - Department of Management
- Vanessa D. Murphree - Department of Communication

Recommend Promotion to Senior Instructor
- Kelly O. Byrd - Department of Leadership and Teacher Education
- Clinton R. King - Department of Management

Recommend Promotion to Associate Professor:
- Mary E. Broach - Department of Health, Physical Education, & Leisure Services
- Dennis J. Campbell - Department of Leadership and Teacher Education
- Ellen B. Harrington - Department of English
- Cristopher V. Hollingsworth - Department of English
- Aurangzeb Khan - Department of Electrical and Computer Engineering
- Harrison S. Miller - Department of History
- Donald C. Mosley - Department of Management
- Vanessa D. Murphree - Department of Communication
- Phillip M. Norrell - Department of Health, Physical Education, & Leisure Services

Recommend Promotion to Professor:

David C. Forbes - Department of Chemistry
Rebecca M. Giles - Department of Leadership and Teacher Education
Roma S. Hanks - Department of Sociology, Anthropology, & Social Work
Robert E. Holm - Department of Music
David D. Langan III - School of Computer and Information Sciences
Susan E. McCready - Department of Foreign Languages & Literature
Daniel E. Rogers - Department of History
Martin L. Rohling - Department of Psychology
Deborah F. Spake - Department of Marketing and E-Commerce
Lisa A. Turner - Department of Psychology
John F. Valentine - Department of Marine Sciences

Recommend Promotion to Assistant Librarian:

Muriel D. Nero - University Library

Recommend Promotion to Senior Librarian:

Amy C. Prendergast - University Library

All portfolios and recommendations with accompanying rationales are available for your review in the Office of Academic Affairs. Upon your final action, a resolution for the Board of Trustees will be forwarded.

Approved V. Gordon Moulton Disapproved________________________

PCC/ms
attachment

UNIVERSITY OF SOUTH ALABAMA

REC'D
OFFICE OF THE PRESIDENT
MAY 08 2008
UNIVERSITY OF SOUTH ALABAMA

OFFICE OF THE VICE PRESIDENT
FOR HEALTH SCIENCES

TELEPHONE: (251) 460-7189
MOBILE, ALABAMA 36688-0002
FAX: (251) 460-6075

May 8, 2008

TO: V. Gordon Moulton
President
University of South Alabama

FROM: Ronald D. Franks, M.D.
Vice President for Health Sciences

SUBJECT: Promotions, Health Sciences Division

Attached are the names of the faculty in the Health Sciences Division who have been approved for promotion. The recommendation is being forwarded to you for your approval and for approval by the Board of Trustees.

/cwc

Attachment

approved
VGM

Health Sciences Division

Faculty Recommended for Promotion

College of Allied Health Professions

Dr. Jean Irion to Associate Professor
Ms. Cathy Cooper to Senior Instructor
Ms. Cherie Pohlman to Senior Instructor
Mr. Chucri Jalkh to Senior Instructor

College of Nursing

Dr. Barbara Broome to Professor
Dr. Karen Hamilton to Clinical Associate Professor
Dr. Robin Lawson to Clinical Associate Professor
Dr. Charlene Myers to Clinical Associate Professor
Dr. Joyce Varner to Clinical Associate Professor
Dr. Sara Majors to Clinical Associate Professor

College of Medicine

Surendra Baliga, Ph.D. to Professor
Bing Zhu, Ph.D. to Assistant Professor
Alan Heins, M.D. to Associate Professor
Melissa Costello, M.D. to Associate Professor
Maria Figarola, M.D. to Professor
Mary Mancao, M.D. to Professor
Rosa Vidal, M.D. to Associate Professor
Mark Perry, M.D. to Professor
Kevin Green, M.D. to Associate Professor
Deborah Simkin, M.D. to Adjunct Associate Professor
Sandra Parker, M.D. to Adjunct Associate Professor
Karen Marlowe, Pharm.D. to Adjunct Associate Professor

REC'D
OFFICE OF THE PRESIDENT
MAY 08 2008
UNIVERSITY OF SOUTH ALABAMA

UNIVERSITY OF SOUTH ALABAMA

OFFICE OF THE VICE PRESIDENT
FOR HEALTH SCIENCES

TELEPHONE: (251) 460-7189
MOBILE, ALABAMA 36688-0002
FAX: (251) 460-6073

May 8, 2008

TO: V. Gordon Moulton
President
University of South Alabama

FROM: Ronald D. Franks, M.D.
Vice President for Health Sciences

SUBJECT: Tenure, Health Sciences Division

Attached are the names of the faculty in the Health Sciences Division who have been approved for tenure. The recommendation is being forwarded to you for your approval and for approval by the Board of Trustees.

/cwc

Attachment

approved
VGM

Health Sciences Division

Faculty Recommended for Tenure

College of Allied Health Professions

Dr. Rebecca Estes
Dr. Jean Irion

College of Nursing

Dr. Michael Jacobs

RESOLUTION

GLASS PROGRAM IN VISUAL ARTS

WHEREAS, the medium of glass is emerging as increasingly popular and important in the visual arts, and

WHEREAS, student interest in glass is increasing among current and potential art students at the University of South Alabama, and

WHEREAS, interest in glass is increasing in the art community in the Gulf Coast region, and

WHEREAS, very few art programs at universities in the Southeast region of the United States currently offer specialized education in glass, and

WHEREAS, no program in glass currently exists at any university or college in the state of Alabama, and

WHEREAS, establishing an outstanding educational program in glass will broaden and strengthen the visual arts offerings at the University of South Alabama, and

WHEREAS, establishing such a program will assist the University of South Alabama in recruiting outstanding visual arts students from throughout Alabama and the southeastern United States,

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of South Alabama hereby authorizes the establishment of a concentration in glass in the Bachelor of Fine Arts program in the Visual Arts Department and construction of a necessary facility.

MEMORANDUM

UNIVERSITY OF SOUTH ALABAMA

OFFICE OF ACADEMIC AFFAIRS

REC'D
OFFICE OF THE PRESIDENT
MAY 14 2008
UNIVERSITY OF SOUTH ALABAMA

May 14, 2008

TO: Gordon Moulton

FROM: Pat Covey

SUBJECT: Resolution for the Establishment of a Glass Program in Visual Arts

---

I recommend that the attached resolution pertaining to the establishment of a glass art program in the Department of Visual Arts be added to the June 2008 Board of Trustees agenda.

Thank you.

PCC:njc

USA GLASS

The University of South Alabama
Department of Visual Arts

The Department of Visual Arts proposes the addition of a concentration in glass within the Bachelor of Fine Arts degree program.

During the past two decades, glass has become one of the most important areas of production in the field of visual arts. There are currently no glass programs in the state of Alabama and only three programs in the southeastern United States. None of the programs in the southeast are at public institutions.

The inception of a glass program at the University of South Alabama will strengthen current visual arts programs and raise the national profile of the University and the Department of Visual Arts. Further, it will better serve local constituencies and allow recruitment of students from a larger demographic base.

A university program in glass allows its students the opportunity to explore the sculptural, conceptual and functional aesthetics of glass as an artistic medium. Coursework is structured to develop technical, aesthetic, and conceptual expertise as well as encourage the student to seek personal expression through the exploration of a wide range of glass techniques and applications.

- The Department of Visual Arts offers the Bachelor of Fine Arts degree in Studio Art and Art History.

- The Department of Visual Arts has 225 majors in seven concentrations, and twelve full-time faculty members.

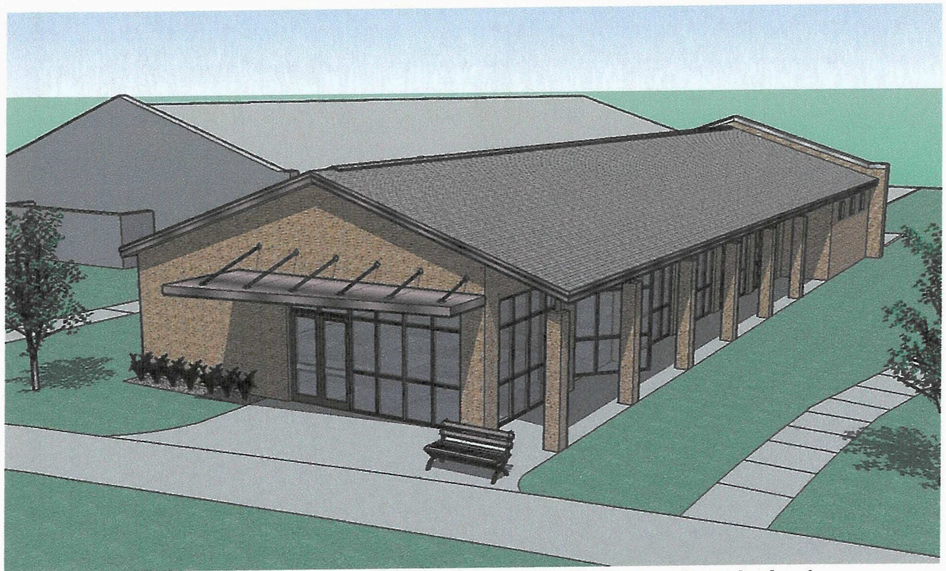
- Glass would become a new concentration within the Bachelor of Fine Arts degree program in the Department of Visual Arts.

- Currently, concentrations are available in Painting, Ceramics, Sculpture, Printmaking, Photography, Art History, and Graphic Design.

- In order to obtain a concentration in Glass, students would be required to take twenty-four credit hours of instruction in the field, and complete all other requirements for the B.F.A.

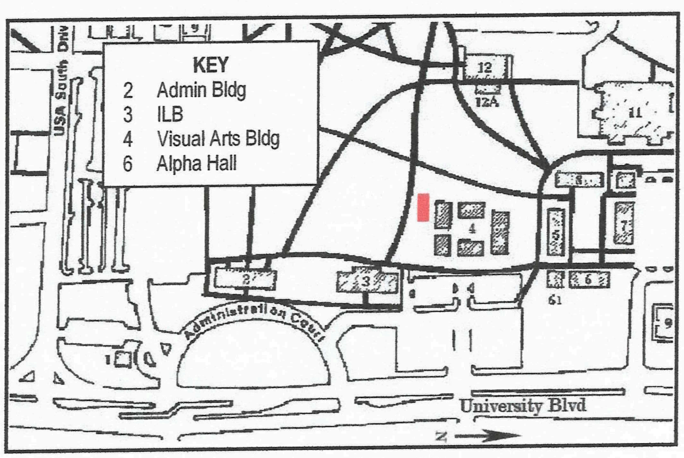
- Proposed courses in glass: Kiln Formed Glass, Glassblowing, Advanced Glassblowing.

- Proposed facility: 4000 sq ft, climate-controlled, dedicated studio for hot and cold glass working.



New Facility for Glass Program (Preliminary Rendering)

Model for Interior



Location of Facility

INDEX
JANUARY 2008

Financial Report Highlights
January 31, 2008

Introduction
This Financial Report presents the financial position and financial activity of the University of South Alabama utilizing the fund basis of accounting. The report presents the assets, liabilities and fund balances of each fund including the current funds (unrestricted and restricted), loan funds, endowment funds, and plant funds (renewals and replacements, retirement of indebtedness and investment in plant). The financial reporting requirements of the Governmental Accounting Standard Board, by which the University reports its quarterly financial statements, are not utilized in this monthly financial report.

Financial Highlights
Financial report highlights at, and for the four months ended, January 31, 2008 and 2007 are as follows (in thousands):

	At and for the four months ended 1-31-08	1-31-07
Total assets, by fund		
Current	$ 233,202	$ 208,410
Loan	4,761	4,916
Endowment	83,327	32,927
Plant	480,909	455,692
Fund Balances, by fund		
Current	$ 49,497	$ 45,084
Loan	413	344
Endowment	73,999	32,927
Plant	273,092	245,370
Other balance sheet highlights		
Cash and investments	$ 296,908	$ 302,351
Accounts receivable	58,061	43,539
Bonds and notes payable	196,803	201,815

	For the four months ended 1-31-08	1-31-07
Selected operating highlights (current funds)		
Tuition and fees	$ 26,860	$ 23,925
State appropriations	46,579	40,129
Hospital revenues	95,467	89,439
Gifts, grants and contracts	31,432	30,383
Instruction and Academic support	42,496	39,610
Research and public service	20,131	21,583
Hospital expenses	99,284	88,779
Net current fund increase	738	1,115

Financial Analysis
This report should be read in conjunction with the University's monthly financial reports and with the understanding of the cyclical nature of the University's operations. Certain revenues (tuition and fees, auxiliary enterprises, etc.) are received at specific times in the University's fiscal year while certain other revenue streams (hospital, state appropriations) are received throughout the year. Additionally, certain revenue and expense items fluctuate with changes in enrollment while others do not. As a result of these items, significant fluctuations of cash and investments along with other balance sheet items are normal.

Economic Outlook
Enrollment and tuition have increased in recent years. Additionally, state appropriations increased significantly in fiscal 2008 and 2007. University administration is not aware of any conditions that are expected to have a significant impact on the University financial position throughout the reminder of 2008 or beyond.

UNIVERSITY OF SOUTH ALABAMA
BALANCE SHEETS
JANUARY 2008 AND 2007

ASSETS	2008	2007
CURRENT FUNDS:		
UNRESTRICTED:		
CASH AND CASH EQUIVALENTS	$ 138,257.51	$ 136,103.45
INVESTMENTS	131,452,474.19	135,373,189.75
ACCOUNTS RECEIVABLE - PATIENTS (LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS OF $46,615,154.05 FOR 2008 AND $48,259,878.90 FOR 2007)	58,060,975.60	43,538,611.71
DEPOSITS	35,000.00	35,000.00
INVENTORIES AT COST	3,899,942.75	3,895,114.54
PREPAID EXPENSES	20,040,129.92	7,288,126.87
TOTAL UNRESTRICTED	213,626,779.97	190,266,146.32
RESTRICTED FUNDS:		
CASH AND CASH EQUIVALENTS	9,172,623.74	6,329,447.04
INVESTMENTS	169,426.36	168,763.28
UNBILLED COSTS AND ACCOUNTS RECEIVABLE	10,233,499.03	11,645,592.86
TOTAL RESTRICTED	19,575,549.13	18,143,803.18
TOTAL CURRENT FUNDS	233,202,329.10	208,409,949.50
LOAN FUNDS:		
CASH AND CASH EQUIVALENTS	283,771.17	0.00
NOTES RECEIVABLE (LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS OF $493,734.41 FOR 2007 AND $493,734.41 FOR 2006)	4,477,074.46	4,915,863.90
TOTAL LOAN FUNDS	4,760,845.63	4,915,863.90
ENDOWMENT FUNDS:		
CASH AND CASH EQUIVALENTS	19,681,990.98	8,538,858.40
FUNDS WITH TRUSTEES	53,981.22	53,981.22
INVESTMENTS	60,225,670.89	21,222,948.93
REMAINDER INTEREST IN REAL ESTATE	3,365,671.00	3,111,017.00
TOTAL ENDOWMENT FUNDS	83,327,314.09	32,926,805.55
PLANT FUNDS:		
CASH AND CASH EQUIVALENTS	6,082,417.07	70,475,020.66
INVESTMENTS	69,701,245.39	60,106,350.71
ACCOUNTS RECEIVABLE	2,405,471.00	2,304,683.00
NOTES RECEIVABLE	254,936.16	258,199.26
INTEREST RECEIVABLE	94,173.61	66,840.28
DUE FROM OTHER FUNDS	101,691,876.44	57,945,816.76
PREPAID EXPENSES	2,206,396.18	3,653,486.64
DEPOSITS WITH TRUSTEES	0.00	527,777.78
CAPITAL LEASE RECEIVABLE	1,534,561.80	1,945,864.51
INVESTMENT IN PLANT:		
LAND	29,271,538.45	28,490,990.30
LAND IMPROVEMENTS	10,704,076.95	7,269,579.80
BUILDINGS , ACCUM DEPREC AND IMPROVEMENTS	131,340,345.39	128,173,916.30
OTHER EQUIPMENT, BOOKS AND FILMS	48,248,459.68	36,667,176.46
CONSTRUCTION IN PROGRESS	77,030,326.84	57,806,699.90
TOTAL PLANT FUNDS	480,565,824.96	455,692,402.36
TOTAL ASSETS	$ 801,856,313.78	$ 701,945,021.31

LIABILITIES AND FUND BALANCES	2008	2007
CURRENT FUNDS:		
UNRESTRICTED:		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	53,275,433.57	$ 57,292,276.88
DEFERRED REVENUES	25,905,662.96	47,094,045.16
DUE TO OTHER FUNDS	101,691,876.44	57,922,350.22
DEPOSITS HELD IN CUSTODY	592,293.55	507,819.52
OTHER DEPOSITS	379,893.65	272,992.53
FUND BALANCES:		
ALLOCATED FOR:		
HOSPITALS	(10,256,784.16)	(9,448,475.01)
AUXILIARY ENTERPRISES	(229,076.51)	(114,615.66)
ENCUMBRANCES	2,635,384.23	2,752,245.34
SELF-SUPPORTING ACTIVITIES	42,072,322.63	38,890,454.27
UNALLOCATED	(2,440,226.39)	(4,902,946.93)
TOTAL FUND BALANCES	31,781,619.80	27,176,662.01
TOTAL UNRESTRICTED	213,626,779.97	190,266,146.32
RESTRICTED FUNDS:		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	287,548.17	17,550.00
OTHER DEPOSITS	1,100.00	1,070.00
DEFERRED REVENUES	1,228,589.63	217,750.65
FUND BALANCES	18,058,311.33	17,907,432.53
TOTAL RESTRICTED	19,575,549.13	18,143,803.18
TOTAL CURRENT FUNDS	233,202,329.10	208,409,949.50
LOAN FUNDS:		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	0.00	100.00
REFUNDABLE GOVERNMENT ADVANCES	4,348,114.74	4,547,901.00
DUE TO OTHER FUNDS		23,466.54
FUND BALANCES:		
UNIVERSITY FUNDS, UNRESTRICTED	412,730.89	344,396.36
TOTAL FUND BALANCES	412,730.89	344,396.36
TOTAL LOAN FUNDS	4,760,845.63	4,915,863.90
ENDOWMENT FUNDS:		
DEFERRED REVENUE	9,327,985.00	0.00
FUND BALANCES:		
RESTRICTED NONEXPENDABLE	24,255,873.47	12,291,443.71
UNRESTRICTED EXPENDABLE	49,743,455.62	20,635,361.84
TOTAL FUND BALANCES	73,999,329.09	32,926,805.55
TOTAL ENDOWMENT FUNDS	83,327,314.09	32,926,805.55
PLANT FUNDS:		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	4,134,948.02	1,109,181.46
DEFERRED REVENUES	6,722,521.78	7,055,657.05
OTHER DEPOSITS	1,958.67	95,013.46
NOTES PAYABLE	1,096,174.56	2,403,986.23
BONDS PAYABLE	195,706,424.64	199,411,230.04
CAPITALIZED LEASE OBLIGATIONS	155,394.81	246,877.76
FUND BALANCES:		
RENEWALS AND REPLACEMENTS	79,309,776.25	63,343,148.92
RETIREMENT OF INDEBTEDNESS	17,571,763.82	16,923,635.52
INVESTMENT IN PLANT	175,866,862.41	165,103,671.92
TOTAL FUND BALANCES	272,748,402.48	245,370,456.36
TOTAL PLANT FUNDS	480,565,824.96	455,692,402.36
TOTAL LIABILITIES AND FUND BALANCES	$ 801,856,313.78	$ 701,945,021.31

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

UNIVERSITY OF SOUTH ALABAMA
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE FOUR MONTHS ENDED JANUARY 31, 2008

	CURRENT FUNDS				PLANT FUNDS		
	UNRESTRICTED	RESTRICTED	LOAN FUNDS	ENDOWMENT FUNDS	RENEWALS AND REPLACEMENTS	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT
REVENUES AND OTHER ADDITIONS:							
EDUCATIONAL AND GENERAL REVENUES	93,161,739.88						
HOSPITALS REVENUES	99,855,586.22						
AUXILIARY ENTERPRISES REVENUES	6,124,132.61						
GRANTS AND CONTRACTS:							
FEDERAL		10,356,607.07					
STATE AND LOCAL		1,202,999.76					
PRIVATE		3,012,227.16					
GOVERNMENT APPROPRIATIONS:							
FEDERAL							
STATE							
INVESTMENT INCOME,GAINS/LOSS			384.91	(4,841.66)	1,170,104.61	204,092.12	
INSURANCE PROCEEDS					448,792.25		
INTEREST ON LOANS RECEIVABLE			12,945.62		2,144.88	20,365.11	
GIFTS AND BEQUESTS			40.00	3,801,261.59	225,701.29		
EXPENDED FOR PLANT FACILITIES (INCLUDING $621,694.28 CURRENT FUNDS EXPENDITURES)							15,924,858.53
RETIREMENT OF INDEBTEDNESS							2,841,011.93
PROCEEDS FROM SALE OF CAPITAL ASSETS							
OTHER SOURCES		1,808,047.68	37.00		43,265.77		161,749.80
TOTAL REVENUES AND OTHER ADDITIONS	199,141,458.71	16,379,881.67	13,407.53	3,796,419.93	1,890,008.80	224,457.23	18,927,620.26
EXPENDITURES AND OTHER DEDUCTIONS:							
EDUCATIONAL AND GENERAL EXPENDITURES	80,568,748.25	14,386,773.54					
HOSPITALS EXPENDITURES	98,608,550.32						
AUXILIARY ENTERPRISES EXPENDITURES	5,808,267.31						
INDIRECT COSTS RECOVERED		1,533,353.34					
REFUNDED TO GRANTORS		30,364.38					
RETIREMENT OF INDEBTEDNESS						2,841,011.93	
ADMINISTRATIVE AND COLLECTION COSTS			10,477.27				
EXPENDED FOR PLANT FACILITIES (INCLUDING $1,766,872.69 FOR NON-CAPITALIZED EXPENDITURES)					17,070,036.94		
INTEREST ON INDEBTEDNESS						813,479.08	
DEPRECIATION EXPENSES OF PLANT FACILITIES							6,220,014.84
DISPOSAL OF PLANT							
LOSS ON DISPOSAL OF PLANT							
OTHER DEDUCTIONS							
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	184,985,565.88	15,950,491.26	10,477.27	0.00	17,070,036.94	3,654,491.01	6,220,014.84
TRANSFERS AMONG FUNDS-ADDITIONS(DEDUCTIONS):							
MANDATORY:							
PRINCIPAL AND INTEREST	(3,027,041.66)				(953,600.38)	3,980,642.04	
FINANCIAL AID MATCHING	(91,119.00)	91,119.00					
NON-MANDATORY:							
FUNDED DEPRECIATION	(1,864,945.00)				1,864,945.00		
MOBILE RACING COMMMISSION	(104,193.91)				104,193.91		
PLANT ADDITIONS AND REPLACEMENTS	(4,453,712.50)				4,453,712.50		
ENDOWMENT FUND	(1,599,664.41)	316,510.00		1,373,920.14	(90,765.73)		
OTHER TRANSFERS	(2,754,400.48)	(16,380.00)	25,000.00		3,058,748.70	0.00	(312,968.22)
TOTAL TRANSFERS	(13,895,076.96)	391,249.00	25,000.00	1,373,920.14	8,437,234.00	3,980,642.04	(312,968.22)
NET INCREASE (DECREASE) FOR THE PERIOD	260,815.87	820,639.41	27,930.26	5,170,340.07	(6,742,794.14)	550,608.26	12,394,637.20
FUND BALANCES AT OCTOBER 1, 2007	31,520,803.93	17,237,671.92	384,800.63	68,828,989.02	86,052,570.39	17,021,155.56	163,472,225.21
FUND BALANCES AT JANUARY 31, 2008	$ 31,781,619.80	$ 18,058,311.33	$ 412,730.89	$ 73,999,329.09	$ 79,309,776.25	$ 17,571,763.82	$ 175,866,862.41

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.
*HOSPITALS REVENUES AND HOSPITAL FUNDED DEPRECIATION TRANSFERS INCLUDE $835,096.00 IN MEDICAID DISPROPORTIONATE SHARE PAYMENTS.

UNIVERSITY OF SOUTH ALABAMA
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE FOUR MONTHS ENDED JANUARY 31, 2008
WITH COMPARATIVE FIGURES FOR 2007

	MONTH ENDED JANUARY 31, 2008			JANUARY 31,
	UNRESTRICTED	RESTRICTED	TOTAL	2007
REVENUES:				
TUITION AND FEES	$ 26,859,884.00	$	$ 26,859,884.00	$ 23,924,916.60
STATE APPROPRIATIONS	42,190,139.68		42,190,139.68	36,226,621.34
MOBILE RACING COMMISSION	104,193.91		104,193.91	129,211.25
FEDERAL GRANTS AND CONTRACTS	1,194,830.80	9,187,959.55	10,382,790.35	11,916,535.67
STATE GRANTS AND CONTRACTS (INCLUDING INDIRECT COST RECOVERED OF $89,549.20)	168,911.20	937,742.42	1,106,653.62	1,030,003.59
PRIVATE GIFTS, GRANTS, AND CONTRACTS (INCLUDING INDIRECT COSTS RECOVERED OF $248,973.34)	17,183,770.68	2,758,597.58	19,942,368.26	17,436,818.26
ENDOWMENT INCOME	0.00		0.00	1,247,056.15
SALES AND SERVICES OF EDUCATIONAL ACTIVITIES	1,166,156.99		1,166,156.99	1,032,319.24
HOSPITALS - SALES AND SERVICES	95,466,784.90		95,466,784.90	89,439,002.33
- STATE APPROPRIATIONS	4,388,801.32		4,388,801.32	3,902,798.66
AUXILIARY ENTERPRISES - SALES AND SERVICES	6,124,132.61		6,124,132.61	5,882,770.23
OTHER SOURCES	4,293,852.62	1,502,473.99	5,796,326.61	4,871,404.92
TOTAL CURRENT REVENUES	199,141,458.71	14,386,773.54	213,528,232.25	197,039,458.24
EXPENDITURES AND TRANSFERS:				
EDUCATIONAL AND GENERAL:				
INSTRUCTION	34,263,883.20	2,349,385.21	36,613,268.41	34,186,588.92
RESEARCH	2,171,254.26	3,882,527.59	6,053,781.85	6,046,976.87
PUBLIC SERVICE	13,498,046.37	579,203.58	14,077,249.95	15,539,220.55
ACADEMIC SUPPORT	5,882,229.05	34.92	5,882,263.97	5,423,004.11
STUDENT SERVICES	6,954,482.81	217,526.22	7,172,009.03	6,997,327.16
INSTITUTIONAL SUPPORT	9,077,367.75	1,315.90	9,078,683.65	10,724,490.95
OPERATION AND MAINTENANCE OF PLANT	6,437,518.14	1,729,709.19	8,167,227.33	6,325,728.72
SCHOLARSHIPS	2,283,966.67	5,627,070.93	7,911,037.60	6,727,436.43
EDUCATIONAL AND GENERAL	80,568,748.25	14,386,773.54	94,955,521.79	91,970,773.71
MANDATORY TRANSFERS FOR:				
PRINCIPAL AND INTEREST	1,764,712.00		1,764,712.00	1,688,372.00
FINANCIAL AID MATCHING	91,119.00		91,119.00	173,482.00
TOTAL EDUCATIONAL AND GENERAL	82,424,579.25	14,386,773.54	96,811,352.79	93,832,627.71
HOSPITALS (INCLUDING DEBT SERVICE OF $675,789.66)	99,284,339.98		99,284,339.98	89,778,775.64
AUXILIARY ENTERPRISES:				
EXPENDITURES	5,808,267.31		5,808,267.31	5,379,330.53
MANDATORY TRANSFERS FOR:				
PRINCIPAL AND INTEREST	586,540.00		586,540.00	554,368.00
NON-MANDATORY TRANSFERS FOR:				
OTHER TRANSFERS	947.45		947.45	(1,078.70)
TOTAL AUXILIARIES	6,395,754.76	0.00	6,395,754.76	5,932,619.83
TOTAL EXPENDITURES AND TRANSFERS	188,104,673.99	14,386,773.54	202,491,447.53	189,544,023.18
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):				
EXCESS OF RESTRICTED RECEIPTS OVER TRANSFERS TO REVENUES		459,754.79	459,754.79	1,623,088.78
REFUNDED TO GRANTORS		(30,364.38)	(30,364.38)	(91,503.11)
FUNDED DEPRECIATION	(2,208,228.00)		(2,208,228.00) *	(2,606,683.00)
MOBILE RACING COMMISSION	(104,193.91)		(104,193.91)	(129,211.25)
PLANT ADDITIONS AND REPLACEMENTS	(4,453,712.50)		(4,453,712.50)	(4,434,993.00)
ENDOWMENT FUND	(1,599,664.41)	316,510.00	(1,283,154.41)	(572,660.72)
OTHER TRANSFERS	(2,753,453.03)	74,739.00	(2,678,714.03)	(168,680.06)
TOTAL TRANSFERS	(11,119,251.85)	820,639.41	(10,298,612.44)	(6,380,642.36)
NET INCREASE/(DECREASE) IN FUND BALANCES	$ (82,467.13)	$ 820,639.41	$ 738,172.28	$ 1,114,792.70

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

*HOSPITALS REVENUES AND HOSPITAL FUNDED DEPRECIATION TRANSFERS INCLUDE $835,096.00 IN MEDICAID DISPROPORTIONATE SHARE PAYMENTS.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTS

The accompanying financial reports are the responsibility of management of the University of South Alabama. Management is responsible for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets and for devising a system of internal control that will, among other things, help assure the production of proper financial statements. The transactions which should be reflected in the accounts and in the financial reports are matters within the direct knowledge and control of management.

BASIS OF PRESENTATION

The financial reports of the University of South Alabama (the University) are prepared on the accrual basis. The statement of current funds revenues, expenditures and other changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations as would a statement of income or a statement of revenues and expenses.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenditures, in the case of normal replacement of movable equipment and library books; (2) mandatory transfers, in the case of required provisions for debt amortization and interest and equipment renewal and replacement; and, (3) transfers of a nonmandatory nature in all other cases.

FUND ACCOUNTING

In order to observe limitations and restrictions placed on the use of resources available to the University, the accounts of the University are maintained in accordance with the principles of fund accounting. Resources for various purposes are classified for accounting and reporting purposes into funds which may be used for specified activities or objectives. Separate accounts are maintained for each fund; however, in the accompanying financial statements funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Within each fund group, funds restricted by outside sources are so indicated and are distinguished from funds designated for specific purposes by authority of the Board of Trustees.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions affecting the reported amounts of assets and liabilities, revenues and expenses, as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

UNIVERSITY OF SOUTH ALABAMA
Notes to Financial Report

CURRENT FUNDS

Current fund balances are separated into those which are unrestricted and those which are restricted by donors and grantors. Restricted funds may only be expended for the purpose indicated by the donor or grantor, whereas unrestricted funds are under the control of the University to use in achieving its educational purposes.

PLANT FUNDS

Plant funds include the transactions related to investment in institutional properties and related indebtedness.

Plant assets consisting of land, buildings, equipment and library books are stated at cost or, if contributed, at fair market value at the time of receipt. Investment in plant is reduced for disposals of plant assets.

Some equipment purchases are made from current funds and are presented under the appropriate functional classification of expenditures, while other additions are funded by transfers from unrestricted current funds to the plant funds. All such expenditures in excess of $5,000 having a life of two years or more are capitalized as investment in plant.

INVESTMENT IN POOLED FUNDS

Investments are stated at cost, except those received by gift which are stated at fair market value at date of receipt. Endowment investments of the University are maintained and administered in a common pool. Separate accounts are maintained for each fund, as applicable. Depositories and other financial institutions that held investments for the University have pledged securities of various governmental agencies to secure funds held on deposit.

UNRESTRICTED GIFTS

Except for pledged operating and capital gifts, unrestricted gifts are recognized as revenue when received. Certain operating and capital pledges are recorded as a receivable, along with the corresponding revenue, when such pledges are made.

GRANTS AND CONTRACTS

The University has been awarded grants and contracts for current funds operations for which the funds have not been received nor have expenditures been made for the purpose specified in the grant or contract. These awards have not been reflected in the financial reports, but represent commitments of sponsors to provide funds for specific research and training projects.

SCHOLARSHIPS AND FELLOWSHIPS

The University receives funds which are restricted by donors and grantors for assistance to qualified students. When these funds are granted to students, the University records the expenditure for scholarships and fellowships along with the corresponding revenue.

INCOME TAXES

The Internal Revenue Service has determined that the University is a tax-exempt organization; accordingly, no provision for income taxes has been made in the accompanying financial statements.

DEFERRED REVENUES AND EXPENDITURES

Dormitory rentals, student tuition and other fees, together with related expenditures, are deferred and amortized over the applicable academic semester.

EMPLOYEE BENEFITS

Employees of the University are covered by two pension plans, a defined contribution pension plan and a pension plan administered by the Teachers' Retirement System of the State of Alabama (the Retirement Plan).

The defined contribution pension plan covers certain academic and administrative employees and contributions under this plan are funded as accrued.

Permanent employees of the University participate in the Teachers' Retirement System of Alabama. The Retirement Plan is fully funded by the State and by contributions from participating employees. The University contributes 11.75% of each employee's gross earnings to the Retirement Plan and is reflected in current funds expenditures. All covered employees must contribute 5% of their gross earnings to the Retirement Plan. Benefits fully vest after 10 years of full-time, permanent employment.

LIABILITY INSURANCE

The University and certain of its affiliates participate in professional and general liability trust funds. These trust funds are irrevocable and use contributions by the University and its affiliates, together with earnings thereon, to pay liabilities arising from the performance of its employees. Contributions to the trusts are recorded as expenditures upon payment and are determined by independent actuaries. If the trust funds are ever terminated, appropriate provision for payment of reported claims will be made and any remaining balance will be distributed to the University and its affiliates in proportion to contributions made.

BONDS PAYABLE

Bonds payable consist of the following:

- University Tuition Revenue Refunding and Capital Improvements Bonds, Series 1996, 3.80% to 5.00%, payable through November 2015 (refunded in January 2007)
- University Tuition Revenue Bonds, Series 1999, 3.70% to 5.25%, payable through November 2018.
- University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2004, 2.00% to 5.00%, payable through March 2024.
- University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2006, 5.00% payable through June 2037.

LITIGATION

Various other claims have been filed against the University alleging discriminatory employment practices and other matters. University administration and legal counsel are of the opinion that the resolution of these matters will not have a material effect on the financial position or results of operations of the University.

MEDICAID DISPROPORTIONATE SHARE PAYMENTS

Hospitals revenues include funds received from the Alabama Medicaid Agency for services provided to a disproportionately high number of low income patients.

SUPPLEMENTAL SCHEDULES

**SUMMARY SCHEDULE OF AUXILIARY ENTERPRISES
REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE FOUR MONTHS ENDED JANUARY 31, 2008
WITH COMPARATIVE FIGURES FOR 2007**

	REVENUES	EXPENDITURES	TRANSFERS	EXCESS REVENUES OVER EXPENDITURES AND OTHER CHANGES (DEFICIT) 01/31/08	01/31/07
BOOKSTORE	$ 3,336,762.36	$ 3,009,508.74	$ 0.00	$ 327,253.62	$ 334,363.62
BROOKLEY CENTER	661,963.29	942,713.14	(24,691.45)	(305,441.30)	(258,761.52)
FOOD SERVICES-CAMPUS	70,490.85	50,907.20	0.00	19,583.65	(8,563.13)
HOUSING	2,054,916.11	1,805,138.23	(562,796.00)	(313,018.12)	(116,888.57)
TOTAL	$ 6,124,132.61	$ 5,808,267.31	$ (587,487.45)	$ (271,622.15)	$ (49,849.60)

BOOKSTORE
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE FOUR MONTHS ENDED JANUARY 31, 2008
WITH COMPARATIVE FIGURES FOR 2006

	CAMPUS		HEALTH SCIENCES		TOTAL	TOTAL
	01/31/08	01/31/07	01/31/08	01/31/07	01/31/08	01/31/07
REVENUES:						
SALES	$ 2,897,365.11	$ 2,629,900.94	$ 400,957.70	$ 408,139.22	$ 3,298,322.81	$ 3,038,040.16
LESS: DEPARTMENTAL DISCOUNTS	1,257.23	1,368.09	997.01	847.31	2,254.24	2,215.40
COST OF GOODS SOLD	2,098,563.37	1,911,707.59	321,044.60	317,769.31	2,419,607.97	2,229,476.90
GROSS PROFIT	797,544.51	716,825.26	78,916.09	89,522.60	876,460.60	806,347.86
CASH OVER/(SHORT)	(484.94)	70.97	5.91	85.76	(479.03)	156.73
GRADUATION (NET)	15,362.55	15,439.34	0.00	0.00	15,362.55	15,439.34
BAD DEBT RECOVERY	0.00	0.00	0.00	0.00	0.00	0.00
OTHER	15,789.79	11,950.36	7,766.24	6,369.05	23,556.03	18,319.41
NET REVENUES:	828,211.91	744,285.93	86,688.24	95,977.41	914,900.15	840,263.34
EXPENDITURES:						
SALARIES	218,142.70	196,672.00	22,036.19	21,661.44	240,178.89	218,333.44
EMPLOYEE BENEFITS	63,585.60	51,464.24	8,233.02	5,718.90	71,818.62	57,183.14
SUPPLIES	3,292.18	4,587.99	1,570.17	906.99	4,862.35	5,494.98
TRAVEL	6,555.72	2,989.40	0.00	540.96	6,555.72	3,530.36
EQUIPMENT	3,268.36	1,261.25	169.16	0.00	3,437.52	1,261.25
EQUIPMENT MAINTENANCE AND REPAIR	23,548.02	939.47	10.00	0.00	23,558.02	939.47
BUILDING & EQUIPMENT RENTAL	606.20	1,017.80	241.96	519.53	848.16	1,537.33
UTILITIES	25,000.00	22,864.00	0.00	0.00	25,000.00	22,864.00
TELEPHONE	1,821.24	1,339.75	1,708.81	1,681.03	3,530.05	3,020.78
INSURANCE AND BONDS	2,166.00	1,827.00	0.00	0.00	2,166.00	1,827.00
CONTRACT SERVICES	51,474.63	50,000.88	5,580.27	9,231.14	57,054.90	59,232.02
BAD DEBT EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00
RENT	0.00	0.00	6,660.00	6,660.00	6,660.00	6,660.00
OBSOLETE INVENTORY	352.42	0.00	0.00	0.00	352.42	0.00
GENERAL EXPENSES	25,955.00	16,787.83	2,044.86	1,943.50	27,999.86	18,731.33
CHARGE CARD AND FACULTY STAFF DISCOUNTS	9,510.19	10,308.19	2,739.19	2,868.43	12,249.38	13,176.62
INSTITUTIONAL COST ALLOCATION	86,732.32	77,640.00	14,642.32	14,468.00	101,374.64	92,108.00
TOTAL EXPENDITURES	522,010.58	439,699.80	65,635.95	66,199.92	587,646.53	505,899.72
TRANSFERS AMONG FUNDS-ADDITIONS/(DEDUCTIONS):						
MANDATORY:						
PRINCIPAL AND INTEREST	0.00	0.00	0.00	0.00	0.00	0.00
NON-MANDATORY:						
OTHER TRANSFERS	0.00	0.00	0.00	0.00	0.00	0.00
RENEWAL AND REPLACEMENT	0.00	0.00	0.00	0.00	0.00	0.00
RETIREMENT REIMBURSEMENT	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL TRANSFERS	0.00	0.00	0.00	0.00	0.00	0.00
EXCESS REVENUES OVER EXPENDITURES AND MANDATORY TRANSFERS	$ 306,201.33	$ 304,586.13	$ 21,052.29	$ 29,777.49	$ 327,253.62	$ 334,363.62

BROOKLEY CENTER
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE FOUR MONTHS ENDED JANUARY 31, 2008
WITH COMPARATIVE FIGURES FOR 2007

	ADMINISTRATION	INVESTMENT HOUSING	GOLF SHOP	RECREATION CENTER	FOOD SERVICE	TOTAL AUXILIARY SERVICES
REVENUES:						
SALES-FOOD & MERCHANDISE	0.00	$ 0.00	$ 11,319.76	$ 0.00	$ 0.00	$ 11,319.76
LESS: COST OF GOODS SOLD	203.06	0.00	10,011.06	0.00	0.00	10,011.06
DISCOUNTS	0.00	0.00	964.62	0.00	0.00	964.62
GROSS PROFIT	(203.06)	0.00	344.08	0.00	0.00	344.08
FEES	124.00	0.00	102,615.06	0.00	7,298.83	109,913.89
RENTALS	26,000.00	229,154.22	0.00	0.00	0.00	229,154.22
OTHER	600.63	2,012.17	129.87	0.00	0.00	2,142.04
FACILITY ASSESSMENT FEE	0.00	0.00	0.00	0.00	0.00	0.00
NET REVENUES	26,521.57	231,166.39	103,089.01	0.00	7,298.83	341,554.23
EXPENDITURES:						
OPERATING EXPENDITURES:						
SALARIES	239,103.37	29,343.38	90,667.05	0.00	0.00	120,010.43
EMPLOYEE BENEFITS	74,863.44	9,245.41	24,532.44	0.00	0.00	33,777.85
SUPPLIES	12,881.35	0.00	63,771.85	0.00	0.00	63,771.85
TRAVEL	999.97	0.00	380.87	0.00	0.00	380.87
CONTRACT SERVICE	42,655.11	3,304.71	19,976.34	0.00	0.00	23,281.05
BUILDING MAINTENANCE & REPAIR	5,158.45	13,783.61	1,012.77	0.00	886.74	15,683.12
GROUNDS MAINTENANCE	3,292.19	4,664.10	15,803.84	0.00	0.00	20,467.94
UTILITIES	41,626.79	23,037.53	11,711.85	0.00	16,686.54	51,435.92
EQUIPMENT MAINTENANCE & REPAIR	234.54	700.22	14,889.37	0.00	4,773.93	20,363.52
BUILDING & EQUIPMENT RENTAL	781.65	0.00	6,193.03	0.00	0.00	6,193.03
TELEPHONE	4,936.86	38.20	449.98	0.00	1.76	489.94
INSURANCE AND BONDS	38,474.00	0.00	0.00	0.00	2,115.00	2,115.00
RECEPTIONS	497.10	5.00	0.00	0.00	0.00	5.00
ADVERTISING	2,829.95	0.00	1,622.66	0.00	140.01	1,762.67
BAD DEBT EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00
GENERAL EXPENSES	27,084.83	417.52	8,235.86	0.00	6,559.46	15,212.84
EXPENSE OFFSET	0.00	0.00	0.00	0.00	0.00	0.00
EDUCATIONAL SUPPORT ALLOCATIONS	0.00	0.00	0.00	0.00	0.00	0.00
OPERATING COST ALLOCATIONS	(494,792.69)	138,541.95	0.00	4,947.93	19,791.70	163,281.58
TOTAL OPERATING EXPENDITURES	626.91	223,081.63	259,247.91	4,947.93	50,955.14	538,232.61
EXCESS REVENUES OVER EXPENDITURES	25,894.66	8,084.76	(156,158.90)	(4,947.93)	(43,656.31)	(196,678.38)
OTHER EXPENDITURES:						
EQUIPMENT	2,150.66	0.00	1,975.00	0.00	0.00	1,975.00
OTHER COST ALLOCATIONS	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL OTHER EXPENDITURES	2,150.66	0.00	1,975.00	0.00	0.00	1,975.00
TRANSFERS AMONG FUNDS - ADDITIONS/(DEDUCTIONS):						
MANDATORY:						
PRINCIPAL AND INTEREST	(23,744.00)	0.00	0.00	0.00	0.00	0.00
NON-MANDATORY:						
OTHER NON-MANDATORY TRANSFERS	0.00	0.00	(947.45)	0.00	0.00	(947.45)
TOTAL TRANSFERS	(23,744.00)	0.00	(947.45)	0.00	0.00	(947.45)
					0.00	
EXCESS REVENUES OVER EXPENDITURES (DEFICIT)	0.00	$ 8,084.76	$ (159,081.35)	$ (4,947.93)	$ (43,656.31)	$ (199,600.83)

BROOKLEY CENTER
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE FOUR MONTHS ENDED JANUARY 31, 2008
WITH COMPARATIVE FIGURES FOR 2007

	CONTINUING EDUCATION	EDUCATIONAL LEASING	UNIVERSITY SERVICE	TOTAL EDUCATIONAL SERVICES	BROOKLEY CENTER TOTAL 01/31/08	BROOKLEY CENTER TOTAL 01/31/07
REVENUES:						
SALES-FOOD & MERCHANDISE	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 11,319.76	$ 13,266.31
LESS: COST OF GOODS SOLD	0.00	0.00	0.00	0.00	10,214.12	6,315.63
DISCOUNTS	1,397.86	0.00	0.00	1,397.86	2,362.48	2,702.21
GROSS PROFIT	(1,397.86)	0.00	0.00	(1,397.86)	(1,256.84)	4,248.47
FEES	87,158.87	189,946.88	0.00	277,105.75	387,143.64	297,128.48
RENTALS	4,400.00	0.00	0.00	4,400.00	259,554.22	249,456.61
OTHER	1,203.00	0.00	0.00	1,203.00	3,945.67	2,585.06
FACILITY ASSESSMENT FEE	0.00	0.00	0.00	0.00	0.00	0.00
NET REVENUES	91,364.01	189,946.88	0.00	281,310.89	649,386.69	553,418.62
EXPENDITURES:						
OPERATING EXPENDITURES:						
SALARIES	0.00	0.00	0.00	0.00	359,113.80	327,134.27
EMPLOYEE BENEFITS	0.00	0.00	0.00	0.00	108,641.29	95,124.77
SUPPLIES	7,648.09	1,415.47	0.00	9,063.56	85,716.76	29,158.95
TRAVEL	0.00	0.00	0.00	0.00	1,380.84	1,040.75
CONTRACT SERVICE	1,618.40	2,638.64	0.00	4,257.04	70,193.20	73,109.72
BUILDING MAINTENANCE & REPAIR	8,232.51	2,491.78	0.00	10,724.29	31,565.86	27,016.19
GROUNDS MAINTENANCE	0.00	0.00	0.00	0.00	23,760.13	16,479.61
UTILITIES	39,789.52	30,923.67	0.00	70,713.19	163,775.90	160,791.41
EQUIPMENT MAINTENANCE & REPAIR	298.88	312.19	0.00	611.07	21,209.13	18,970.23
BUILDING & EQUIPMENT RENTAL	0.00	0.00	0.00	0.00	6,974.68	4,889.80
TELEPHONE	0.00	0.00	0.00	0.00	5,426.80	6,347.33
INSURANCE AND BONDS	1,800.00	0.00	0.00	1,800.00	42,389.00	40,148.00
RECEPTIONS	495.00	0.00	0.00	495.00	997.10	0.00
ADVERTISING	5,217.37	0.00	0.00	5,217.37	9,809.99	8,388.59
BAD DEBT EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00
GENERAL EXPENSES	3,015.33	17,312.54	(73,288.68)	(52,960.81)	(10,663.14)	(23,629.30)
EXPENSE OFFSET	0.00	0.00	0.00	0.00	0.00	0.00
EDUCATIONAL SUPPORT ALLOCATIONS	0.00	0.00	0.00	0.00	0.00	0.00
OPERATING COST ALLOCATIONS	98,958.54	84,114.76	148,437.81	331,511.11	0.00	0.00
TOTAL OPERATING EXPENDITURES	167,073.64	139,209.05	75,149.13	381,431.82	920,291.34	784,970.32
EXCESS REVENUES OVER EXPENDITURES	(75,709.63)	50,737.83	(75,149.13)	(100,120.93)	(270,904.65)	(231,551.70)
OTHER EXPENDITURES:						
EQUIPMENT	1,945.55	3,773.99	0.00	5,719.54	9,845.20	4,389.52
OTHER COST ALLOCATIONS	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL OTHER EXPENDITURES	1,945.55	3,773.99	0.00	5,719.54	9,845.20	4,389.52
TRANSFERS AMONG FUNDS - ADDITIONS/(DEDUCTIONS):						
MANDATORY:						
PRINCIPAL AND INTEREST	0.00	0.00	0.00	0.00	(23,744.00)	23,744.00
NON-MANDATORY:						
OTHER NON-MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	(947.45)	(923.70)
TOTAL TRANSFERS	0.00	0.00	0.00	0.00	(24,691.45)	22,820.30
EXCESS REVENUES OVER EXPENDITURES (DEFICIT)	$ (77,655.18)	$ 46,963.84	$ (75,149.13)	$ (105,840.47)	$ (305,441.30)	$ (258,761.52)

FOOD SERVICE
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE FOUR MONTHS ENDED JANUARY 31, 2008
WITH COMPARATIVE FIGURES FOR 2007

	01/31/08	01/31/07
REVENUES:		
COMMISSION INCOME	$ 70,490.85	$ 53,736.87
TOTAL REVENUES	70,490.85	53,736.87
EXPENDITURES:		
SUPPLIES	68.56	70.85
EQUIPMENT MAINTENANCE AND REPAIR	5,944.55	20,295.21
UTILITIES	21,666.68	21,250.00
TELEPHONE	71.20	(7.06)
MEMBERSHIPS AND DUES	270.00	270.00
CONTRACT SERVICES	3,129.96	3,640.00
INSURANCE AND BONDS	11,865.00	10,003.00
BUILDING MAINTENANCE AND REPAIR	2,131.00	1,600.00
INDIRECT COST	5,394.00	5,378.00
GENERAL EXPENSE	366.25	(200.00)
TOTAL EXPENDITURES	50,907.20	62,300.00
TRANSFERS AMONG FUNDS- ADDITIONS/(DEDUCTIONS):		
NON-MANDATORY:		
OTHER TRANSFERS		
TOTAL TRANSFERS	0.00	0.00
EXCESS REVENUES OVER EXPENDITURES AND MANDATORY TRANSFERS (DEFICIT)	$ 19,583.65	$ (8,563.13)

HOUSING
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES
FOR THE FOUR MONTHS ENDED JANUARY 31, 2008
WITH COMPARATIVE FIGURES FOR 2007

	CENTRAL HOUSING	HOUSING PROGRAMMING	WASHERS AND DRYERS	HILLSDALE MARRIED STUDENT	SMALL GROUP HOUSING	GAMMA DORMS
REVENUES:						
RENTAL INCOME	$ 0.00	$ 0.00	$ 37,025.00	$ 204,551.10	$ 122,768.56	$ 365,896.77
BAD DEBT RECOVERY	3,565.84	0.00	0.00	0.00	0.00	0.00
OTHER	100.00	0.00	0.00	10,707.41	43,924.70	3,717.00
TOTAL REVENUES	3,665.84	0.00	37,025.00	215,258.51	166,693.26	369,613.77
EXPENDITURES:						
SALARIES	127,967.67	29,826.36	0.00	97,460.08	28,342.49	61,953.27
EMPLOYEE BENEFITS	36,302.36	25.00	0.00	30,402.99	5,641.00	14,100.79
CONTRACT LABOR	0.00	0.00	0.00	73.00	68.00	0.00
CONTRACT SERVICES	1,001.00	0.00	25,143.00	8,619.67	6,269.21	4,723.97
TRAVEL	955.35	783.38	0.00	0.00	0.00	0.00
RECEPTIONS	(95.15)	6,874.63	0.00	0.00	0.00	0.00
SUPPLIES	5,630.41	9.89	0.00	13,804.64	4,799.52	2,340.49
CABLE	35,884.90	0.00	0.00	214.33	0.00	0.00
TELEPHONE	287.73	0.00	0.00	615.09	250.83	18,463.28
UTILITIES	0.00	0.00	0.00	8,743.30	375.40	0.00
INSURANCE AND BONDS	0.00	0.00	0.00	9,063.00	8,112.00	13,585.00
BUILDING MAINTENANCE AND REPAIR	0.00	0.00	0.00	0.00	0.00	6,150.00
EQUIPMENT	54.26	201.42	0.00	0.00	0.00	0.00
EQUIPMENT RENTAL	311.38	0.00	0.00	1,486.95	0.00	0.00
EQUIPMENT MAINTENANCE AND REPAIR	0.00	0.00	0.00	326.95	0.00	0.00
GROUNDS MAINTENANCE	933.75	0.00	0.00	0.00	0.00	0.00
GENERAL EXPENSES	19,452.32	25.00	200.00	962.61	0.00	32,229.75
ADMINISTRATIVE OVERHEAD	145,999.52	0.00	0.00	0.00	25,977.52	147,741.00
ADMINISTRATIVE EXPENSES	(371,019.66)	(37,745.68)	15,124.32	1,635.05	38,015.17	78,482.95
TOTAL EXPENDITURES	3,665.84	0.00	40,467.32	173,407.66	117,851.14	379,770.50
TRANSFERS AMONG FUNDS -						
ADDITIONS/(DEDUCTIONS):						
MANDATORY:						
PRINCIPAL AND INTEREST	0.00	0.00	0.00	0.00	(303,516.00)	(31,988.00)
TOTAL MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	(303,516.00)	(31,988.00)
NON-MANDATORY:						
OTHER NON-MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL NON-MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL TRANSFERS	0.00	0.00	0.00	0.00	(303,516.00)	(31,988.00)
EXCESS REVENUES OVER EXPENDITURES AND TRANSFERS (DEFICIT)	$ (0.00)	$ 0.00	$ (3,442.32)	$ 41,850.85	$ (254,673.88)	$ (42,144.73)

HOUSING
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES
FOR THE FOUR MONTHS ENDED JANUARY 31, 2008
WITH COMPARATIVE FIGURES FOR 2007

	BETA DORMS	DELTA DORMS	EPSILON DORMS	TOTAL HOUSING 01/31/08	TOTAL HOUSING 01/31/07
REVENUES:					
RENTAL INCOME	$ 210,306.09	$ 813,678.53	$ 217,197.79	$ 1,971,423.84	$ 2,107,825.98
BAD DEBT RECOVERY	0.00	0.00	0.00	3,565.84	2,148.11
OTHER	2,553.80	12,302.14	6,621.38	79,926.43	84,667.17
TOTAL REVENUES	212,859.89	825,980.67	223,819.17	2,054,916.11	2,194,641.26
EXPENDITURES:					
SALARIES	18,310.92	81,133.62	66,144.31	511,138.72	499,694.72
EMPLOYEE BENEFITS	3,901.84	16,395.57	9,532.24	116,301.79	113,386.89
CONTRACT LABOR	357.00	16,321.46	357.00	17,176.46	1,953.13
CONTRACT SERVICES	2,809.56	12,177.23	2,417.95	63,161.59	23,390.05
TRAVEL	0.00	0.00	0.00	1,738.73	1,025.79
RECEPTIONS	0.00	0.00	0.00	6,779.48	5,495.07
SUPPLIES	3,295.93	16,697.28	5,630.96	52,209.12	47,306.77
CABLE	0.00	0.00	0.00	36,099.23	62,876.23
TELEPHONE	8,157.57	44,581.04	10,865.76	83,221.30	88,604.85
UTILITIES	0.00	0.00	0.00	9,118.70	8,542.72
INSURANCE AND BONDS	6,945.00	19,028.00	6,097.00	62,830.00	61,978.00
BUILDING MAINTENANCE AND REPAIR	0.00	0.00	0.00	6,150.00	4,954.72
EQUIPMENT	0.00	985.00	5,390.00	6,630.68	25,926.53
EQUIPMENT RENTAL	0.00	6.95	0.00	1,805.28	1,657.08
EQUIPMENT MAINTENANCE AND REPAIR	0.00	100.50	0.00	427.45	3,995.11
GROUNDS MAINTENANCE	0.00	0.00	0.00	933.75	0.00
GENERAL EXPENSES	16,552.30	65,460.50	21,333.39	156,215.87	176,195.17
ADMINISTRATIVE OVERHEAD	69,802.52	212,633.52	71,046.00	673,200.08	654,078.00
ADMINISTRATIVE EXPENSES	44,555.42	173,316.50	57,635.93	0.00	0.00
TOTAL EXPENDITURES	174,688.06	658,837.17	256,450.54	1,805,138.23	1,781,060.83
TRANSFERS AMONG FUNDS -					
ADDITIONS/(DEDUCTIONS):					
MANDATORY:					
PRINCIPAL AND INTEREST	(22,880.00)	(133,080.00)	(71,332.00)	(562,796.00)	(530,624.00)
TOTAL MANDATORY TRANSFERS	(22,880.00)	(133,080.00)	(71,332.00)	(562,796.00)	(530,624.00)
NON-MANDATORY:					
OTHER NON-MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	155.00
TOTAL NON-MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	155.00
TOTAL TRANSFERS	(22,880.00)	(133,080.00)	(71,332.00)	(562,796.00)	(530,469.00)
EXCESS REVENUES OVER EXPENDITURES AND TRANSFERS (DEFICIT)	$ 15,291.83	$ 34,063.50	$ (103,963.37)	$ (313,018.12)	$ (116,888.57)

INDEX
FEBRUARY 2008

Financial Report Highlights
February 29, 2008

Introduction
This Financial Report presents the financial position and financial activity of the University of South Alabama utilizing the fund basis of accounting. The report presents the assets, liabilities and fund balances of each fund including the current funds (unrestricted and restricted), loan funds, endowment funds, and plant funds (renewals and replacements, retirement of indebtedness and investment in plant). The financial reporting requirements of the Governmental Accounting Standard Board, by which the University reports its quarterly financial statements, are not utilized in this monthly financial report.

Financial Highlights
Financial report highlights at, and for the five months ended, February 29, 2008 and February 28, 2007 are as follows (in thousands):

	At and for the five months ended 2-29-08	2-28-07
Total assets, by fund		
Current	$ 218,637	$ 206,434
Loan	4,761	4,869
Endowment	81,983	34,596
Plant	480,993	455,501
Fund Balances, by fund		
Current	$ 48,645	$ 45,701
Loan	413	321
Endowment	72,889	34,596
Plant	273,538	245,178
Other balance sheet highlights		
Cash and investments	$ 287,181	$ 295,804
Accounts receivable	56,830	44,172
Bonds and notes payable	196,681	201,698

	For the five months ended 2-29-08	2-28-07
Selected operating highlights (current funds)		
Tuition and fees	$ 32,144	$ 29,108
State appropriations	58,224	50,162
Hospital revenues	118,587	110,991
Gifts, grants and contracts	30,127	37,178
Instruction and Academic support	54,295	49,996
Research and public service	27,264	26,254
Hospital expenses	123,010	112,035
Net current fund increase (decrease)	$ (113)	$ 1,732

Financial Analysis
This report should be read in conjunction with the University's monthly financial reports and with the understanding of the cyclical nature of the University's operations. Certain revenues (tuition and fees, auxiliary enterprises, etc.) are received at specific times in the University's fiscal year while certain other revenue streams (hospital, state appropriations) are received throughout the year. Additionally, certain revenue and expense items fluctuate with changes in enrollment while others do not. As a result of these items, significant fluctuations of cash and investments along with other balance sheet items are normal.

Economic Outlook
Enrollment and tuition have increased in recent years. Additionally, state appropriations increased significantly in fiscal 2008 and 2007. University administration is not aware of any conditions that are expected to have a significant impact on the University financial position throughout the reminder of 2008 or beyond.

UNIVERSITY OF SOUTH ALABAMA
BALANCE SHEETS
FEBRUARY 2008 AND 2007

ASSETS	2008	2007
CURRENT FUNDS:		
UNRESTRICTED:		
CASH AND CASH EQUIVALENTS	$ 28,756.91	$ 24,847.72
INVESTMENTS	118,696,336.96	132,827,247.04
ACCOUNTS RECEIVABLE - PATIENTS (LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS OF $39,557,048.17 FOR 2008 AND $39,401,854.50 FOR 2007)	56,830,289.04	44,171,520.78
DEPOSITS	35,000.00	35,000.00
INVENTORIES AT COST	3,897,206.96	3,762,502.18
PREPAID EXPENSES	19,915,987.42	7,315,473.01
TOTAL UNRESTRICTED	199,403,577.29	188,136,590.73
RESTRICTED FUNDS:		
CASH AND CASH EQUIVALENTS	9,319,563.69	5,273,165.43
INVESTMENTS	169,426.36	168,763.28
UNBILLED COSTS AND ACCOUNTS RECEIVABLE	9,744,141.32	12,855,004.87
TOTAL RESTRICTED	19,233,131.37	18,296,933.58
TOTAL CURRENT FUNDS	218,636,708.66	206,433,524.31
LOAN FUNDS:		
CASH AND CASH EQUIVALENTS	293,899.32	17,128.80
NOTES RECEIVABLE (LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS OF $521,687.85 FOR 2008 AND $493,734.41 FOR 2007)	4,466,870.57	4,851,927.34
TOTAL LOAN FUNDS	4,760,769.89	4,869,056.14
ENDOWMENT FUNDS:		
CASH AND CASH EQUIVALENTS	20,178,728.32	9,849,729.11
FUNDS WITH TRUSTEES	53,981.22	53,981.22
INVESTMENTS	58,384,992.98	21,581,086.43
REMAINDER INTEREST IN REAL ESTATE	3,365,671.00	3,111,432.00
TOTAL ENDOWMENT FUNDS	81,983,373.52	34,596,228.76
PLANT FUNDS:		
CASH AND CASH EQUIVALENTS	15,915,461.93	69,383,358.25
INVESTMENTS	64,193,409.10	56,678,563.43
ACCOUNTS RECEIVABLE	2,405,471.00	2,304,683.00
NOTES RECEIVABLE	254,936.16	258,199.26
INTEREST RECEIVABLE	94,173.61	66,840.28
DUE FROM OTHER FUNDS	94,669,412.91	57,803,414.47
PREPAID EXPENSES	2,206,396.18	3,659,542.11
DEPOSITS WITH TRUSTEES	0.00	527,777.78
CAPITAL LEASE RECEIVABLE	1,496,465.92	1,945,864.51
INVESTMENT IN PLANT:		
LAND	29,271,538.45	28,490,990.30
LAND IMPROVEMENTS	10,617,513.82	7,185,585.45
BUILDINGS , ACCUM DEPREC AND IMPROVEMENTS	130,823,704.89	127,508,449.59
OTHER EQUIPMENT, BOOKS AND FILMS	47,975,025.83	36,002,796.26
CONSTRUCTION IN PROGRESS	81,069,612.09	63,684,997.88
TOTAL PLANT FUNDS	480,993,121.89	455,501,062.57
TOTAL ASSETS	$ 786,373,973.96	$ 701,399,871.78

LIABILITIES AND FUND BALANCES	2008	2007
CURRENT FUNDS:		
UNRESTRICTED:		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	54,145,460.41	$ 63,294,031.86
DEFERRED REVENUES	19,250,653.61	38,766,517.60
DUE TO OTHER FUNDS	94,669,412.91	57,803,414.47
DEPOSITS HELD IN CUSTODY	167,965.11	103,311.86
OTHER DEPOSITS	395,216.61	253,840.61
FUND BALANCES:		
ALLOCATED FOR:		
HOSPITALS	(10,898,534.39)	(9,816,147.02)
AUXILIARY ENTERPRISES	(358,601.23)	(173,714.44)
ENCUMBRANCES	2,548,522.63	2,387,046.12
SELF-SUPPORTING ACTIVITIES	40,576,811.82	40,804,772.48
UNALLOCATED	(1,093,330.19)	(5,286,482.81)
TOTAL FUND BALANCES	30,774,868.64	27,915,474.33
TOTAL UNRESTRICTED	199,403,577.29	188,136,590.73
RESTRICTED FUNDS:		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	65,519.31	282,606.56
OTHER DEPOSITS	1,100.00	1,070.00
DEFERRED REVENUES	1,296,123.35	227,422.78
FUND BALANCES	17,870,388.71	17,785,834.24
TOTAL RESTRICTED	19,233,131.37	18,296,933.58
TOTAL CURRENT FUNDS	218,636,708.66	206,433,524.31
LOAN FUNDS:		
REFUNDABLE GOVERNMENT ADVANCES	4,348,114.74	4,547,901.00
FUND BALANCES:		
UNIVERSITY FUNDS, UNRESTRICTED	412,655.15	321,155.14
TOTAL FUND BALANCES	412,655.15	321,155.14
TOTAL LOAN FUNDS	4,760,769.89	4,869,056.14
ENDOWMENT FUNDS:		
DEFERRED REVENUE	9,094,290.71	0.00
FUND BALANCES:		
RESTRICTED NONEXPENDABLE	24,255,873.47	12,291,443.71
UNRESTRICTED EXPENDABLE	48,633,209.34	22,304,785.05
TOTAL FUND BALANCES	72,889,082.81	34,596,228.76
TOTAL ENDOWMENT FUNDS	81,983,373.52	34,596,228.76
PLANT FUNDS:		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	3,901,323.35	1,224,798.84
DEFERRED REVENUES	6,722,691.27	7,066,067.05
OTHER DEPOSITS	1,958.67	95,013.46
NOTES PAYABLE	975,402.86	2,286,587.97
BONDS PAYABLE	195,706,424.64	199,411,230.04
CAPITALIZED LEASE OBLIGATIONS	147,544.76	239,442.38
FUND BALANCES:		
RENEWALS AND REPLACEMENTS	75,936,958.26	57,500,600.70
RETIREMENT OF INDEBTEDNESS	18,480,864.28	17,984,359.85
INVESTMENT IN PLANT	179,119,953.80	169,692,962.28
TOTAL FUND BALANCES	273,537,776.34	245,177,922.83
TOTAL PLANT FUNDS	480,993,121.89	455,501,062.57
TOTAL LIABILITIES AND FUND BALANCES	$ 786,373,973.96	$ 701,399,871.78

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

UNIVERSITY OF SOUTH ALABAMA
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE FIVE MONTHS ENDED FEBRUARY 29, 2008
WITH COMPARATIVE FIGURES FOR 2007

	MONTH ENDED FEBRUARY 29, 2008			FEBRUARY 28, 2007
	UNRESTRICTED	RESTRICTED	TOTAL	
REVENUES:				
TUITION AND FEES	$ 32,144,031.20	$	$ 32,144,031.20	$ 29,108,321.67
STATE APPROPRIATIONS	52,737,683.35		52,737,683.35	45,283,276.68
MOBILE RACING COMMISSION	124,495.08		124,495.08	184,216.12
FEDERAL GRANTS AND CONTRACTS	1,524,219.28	10,673,418.58	12,197,637.86	13,659,286.22
STATE GRANTS AND CONTRACTS (INCLUDING INDIRECT COST RECOVERED OF $109,443.87)	188,805.87	1,196,763.91	1,385,569.78	2,351,891.69
PRIVATE GIFTS, GRANTS, AND CONTRACTS (INCLUDING INDIRECT COSTS RECOVERED OF $300,483.39)	13,508,174.27	3,035,709.74	16,543,884.01	21,166,484.17
ENDOWMENT INCOME	67,701.68		67,701.68	2,295,884.59
SALES AND SERVICES OF EDUCATIONAL ACTIVITIES	1,816,627.38		1,816,627.38	1,395,149.50
HOSPITALS - SALES AND SERVICES	118,586,934.33		118,586,934.33	110,991,450.46
- STATE APPROPRIATIONS	5,486,001.65		5,486,001.65	4,878,498.32
AUXILIARY ENTERPRISES - SALES AND SERVICES	7,020,974.95		7,020,974.95	6,857,951.48
OTHER SOURCES	14,519,065.96	1,701,660.71	16,220,726.67	6,105,658.51
TOTAL CURRENT REVENUES	247,724,715.00	16,607,552.94	264,332,267.94	244,278,069.41
EXPENDITURES AND TRANSFERS:				
EDUCATIONAL AND GENERAL:				
INSTRUCTION	44,080,106.63	2,936,460.74	47,016,567.37	43,585,799.34
RESEARCH	2,710,721.75	5,110,006.36	7,820,728.11	7,803,462.47
PUBLIC SERVICE	18,679,909.51	763,163.85	19,443,073.36	18,450,042.73
ACADEMIC SUPPORT	7,278,193.89	34.92	7,278,228.81	6,409,896.28
STUDENT SERVICES	8,513,368.55	272,229.42	8,785,597.97	8,562,132.01
INSTITUTIONAL SUPPORT	11,701,675.69		11,701,675.69	12,770,587.17
OPERATION AND MAINTENANCE OF PLANT	8,250,786.65	1,742,351.52	9,993,138.17	8,558,455.65
SCHOLARSHIPS	2,243,033.46	5,783,306.13	8,026,339.59	6,790,586.35
EDUCATIONAL AND GENERAL	103,457,796.13	16,607,552.94	120,065,349.07	112,930,962.00
MANDATORY TRANSFERS FOR:				
PRINCIPAL AND INTEREST	2,205,890.00		2,205,890.00	2,232,401.00
FINANCIAL AID MATCHING	91,119.00		91,119.00	43,582.00
TOTAL EDUCATIONAL AND GENERAL	105,754,805.13	16,607,552.94	122,362,358.07	115,206,945.00
HOSPITALS (INCLUDING DEBT SERVICE OF $844,737.07)	123,009,894.06		123,009,894.06	112,035,093.66
AUXILIARY ENTERPRISES:				
EXPENDITURES	6,687,999.37		6,687,999.37	6,234,143.56
MANDATORY TRANSFERS FOR:				
PRINCIPAL AND INTEREST	733,175.00		733,175.00	733,835.00
NON-MANDATORY TRANSFERS FOR:				
OTHER TRANSFERS	947.45		947.45	(1,078.70)
TOTAL AUXILIARIES	7,422,121.82	0.00	7,422,121.82	6,966,899.86
TOTAL EXPENDITURES AND TRANSFERS	236,186,821.01	16,607,552.94	252,794,373.95	234,208,938.52
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):				
EXCESS OF RESTRICTED RECEIPTS OVER TRANSFERS TO REVENUES		350,580.45	350,580.45	1,573,540.65
REFUNDED TO GRANTORS		(99,112.66)	(99,112.66)	(89,971.19)
FUNDED DEPRECIATION	(2,828,151.00)		(2,828,151.00) *	(3,146,944.00)
MOBILE RACING COMMISSION	(124,495.08)		(124,495.08)	(184,216.12)
PLANT ADDITIONS AND REPLACEMENTS	(4,463,712.50)		(4,463,712.50)	(4,448,993.00)
ENDOWMENT FUND	(1,956,851.00)	316,510.00	(1,640,341.00)	(1,577,139.78)
OTHER TRANSFERS	(2,910,619.70)	64,739.00	(2,845,880.70)	(463,400.72)
TOTAL TRANSFERS	(12,283,829.28)	632,716.79	(11,651,112.49)	(8,337,124.16)
NET INCREASE/(DECREASE) IN FUND BALANCES	$ (745,935.29)	$ 632,716.79	$ (113,218.50)	$ 1,732,006.73

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.
*HOSPITALS REVENUES AND HOSPITAL FUNDED DEPRECIATION TRANSFERS INCLUDE $1,111,736.00 IN MEDICAID DISPROPORTIONATE SHARE PAYMENTS.

UNIVERSITY OF SOUTH ALABAMA
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE FIVE MONTHS ENDED FEBRUARY 29, 2008

	CURRENT FUNDS				PLANT FUNDS		
	UNRESTRICTED	RESTRICTED	LOAN FUNDS	ENDOWMENT FUNDS	RENEWALS AND REPLACEMENTS	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT
REVENUES AND OTHER ADDITIONS:							
EDUCATIONAL AND GENERAL REVENUES	116,630,804.07						
HOSPITALS REVENUES	124,072,935.98						
AUXILIARY ENTERPRISES REVENUES	7,020,974.95						
GRANTS AND CONTRACTS:							
FEDERAL		12,160,964.77					
STATE AND LOCAL		1,481,915.92					
PRIVATE		3,407,374.56					
GOVERNMENT APPROPRIATIONS:							
FEDERAL							
STATE							
INVESTMENT INCOME,GAINS/LOSS			521.04	(1,560,341.65)	1,637,515.44	255,416.96	
INSURANCE PROCEEDS					448,792.25		
INTEREST ON LOANS RECEIVABLE			14,370.62		2,144.88	25,160.62	
GIFTS AND BEQUESTS			50.00	3,848,027.54	240,094.88		
EXPENDED FOR PLANT FACILITIES (INCLUDING $686,629.31 CURRENT FUNDS EXPENDITURES)							20,642,510.01
RETIREMENT OF INDEBTEDNESS							2,969,633.68
PROCEEDS FROM SALE OF CAPITAL ASSETS							
OTHER SOURCES		1,842,024.68	37.00		78,767.16		202,187.25
TOTAL REVENUES AND OTHER ADDITIONS	247,724,715.00	18,892,279.93	14,978.66	2,287,685.89	2,407,314.61	280,577.58	23,814,330.94
EXPENDITURES AND OTHER DEDUCTIONS:							
EDUCATIONAL AND GENERAL EXPENDITURES	103,457,796.13	16,607,552.94					
HOSPITALS EXPENDITURES	122,165,156.99						
AUXILIARY ENTERPRISES EXPENDITURES	6,687,999.37						
INDIRECT COSTS RECOVERED		1,934,146.54					
REFUNDED TO GRANTORS		99,112.66					
RETIREMENT OF INDEBTEDNESS						2,969,633.68	
ADMINISTRATIVE AND COLLECTION COSTS			12,124.14				
EXPENDED FOR PLANT FACILITIES (INCLUDING $1,963,790.43 FOR NON-CAPITALIZED EXPENDITURES)					21,919,671.13		
INTEREST ON INDEBTEDNESS						816,511.75	
DEPRECIATION EXPENSES OF PLANT FACILITIES							7,775,018.55
DISPOSAL OF PLANT							
LOSS ON DISPOSAL OF PLANT							
OTHER DEDUCTIONS						10,525.98	77.76
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	232,310,952.49	18,640,812.14	12,124.14	0.00	21,919,671.13	3,796,671.41	7,775,096.31
TRANSFERS AMONG FUNDS-ADDITIONS(DEDUCTIONS):							
MANDATORY:							
PRINCIPAL AND INTEREST	(3,783,802.07)				(1,192,000.48)	4,975,802.55	
FINANCIAL AID MATCHING	(91,119.00)	91,119.00					
NON-MANDATORY:							
FUNDED DEPRECIATION	(2,828,151.00)				2,828,151.00		
MOBILE RACING COMMMISSION	(124,495.08)				124,495.08		
PLANT ADDITIONS AND REPLACEMENTS	(4,463,712.50)				4,463,712.50		
ENDOWMENT FUND	(1,956,851.00)	316,510.00		1,771,407.90	(131,066.90)		
OTHER TRANSFERS	(2,911,567.15)	(26,380.00)	25,000.00	1,000.00	3,303,453.19		(391,506.04)
TOTAL TRANSFERS	(16,159,697.80)	381,249.00	25,000.00	1,772,407.90	9,396,744.39	4,975,802.55	(391,506.04)
NET INCREASE (DECREASE) FOR THE PERIOD	(745,935.29)	632,716.79	27,854.52	4,060,093.79	(10,115,612.13)	1,459,708.72	15,647,728.59
FUND BALANCES AT OCTOBER 1, 2007	31,520,803.93	17,237,671.92	384,800.63	68,828,989.02	86,052,570.39	17,021,155.56	163,472,225.21
FUND BALANCES AT FEBRUARY 29, 2008	$ 30,774,868.64	$ 17,870,388.71	$ 412,655.15	$ 72,889,082.81	$ 75,936,958.26	$ 18,480,864.28	$ 179,119,953.80

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.
*HOSPITALS REVENUES AND HOSPITAL FUNDED DEPRECIATION TRANSFERS INCLUDE $1,111,736.00 IN MEDICAID DISPROPORTIONATE SHARE PAYMENTS.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTS

The accompanying financial reports are the responsibility of management of the University of South Alabama. Management is responsible for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets and for devising a system of internal control that will, among other things, help assure the production of proper financial statements. The transactions which should be reflected in the accounts and in the financial reports are matters within the direct knowledge and control of management.

BASIS OF PRESENTATION

The financial reports of the University of South Alabama (the University) are prepared on the accrual basis. The statement of current funds revenues, expenditures and other changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations as would a statement of income or a statement of revenues and expenses.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenditures, in the case of normal replacement of movable equipment and library books; (2) mandatory transfers, in the case of required provisions for debt amortization and interest and equipment renewal and replacement; and, (3) transfers of a nonmandatory nature in all other cases.

FUND ACCOUNTING

In order to observe limitations and restrictions placed on the use of resources available to the University, the accounts of the University are maintained in accordance with the principles of fund accounting. Resources for various purposes are classified for accounting and reporting purposes into funds which may be used for specified activities or objectives. Separate accounts are maintained for each fund; however, in the accompanying financial statements funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Within each fund group, funds restricted by outside sources are so indicated and are distinguished from funds designated for specific purposes by authority of the Board of Trustees.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions affecting the reported amounts of assets and liabilities, revenues and expenses, as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

CURRENT FUNDS

Current fund balances are separated into those which are unrestricted and those which are restricted by donors and grantors. Restricted funds may only be expended for the purpose indicated by the donor or grantor, whereas unrestricted funds are under the control of the University to use in achieving its educational purposes.

PLANT FUNDS

Plant funds include the transactions related to investment in institutional properties and related indebtedness.

Plant assets consisting of land, buildings, equipment and library books are stated at cost or, if contributed, at fair market value at the time of receipt. Investment in plant is reduced for disposals of plant assets.

Some equipment purchases are made from current funds and are presented under the appropriate functional classification of expenditures, while other additions are funded by transfers from unrestricted current funds to the plant funds. All such expenditures in excess of $5,000 having a life of two years or more are capitalized as investment in plant.

INVESTMENT IN POOLED FUNDS

Investments are stated at cost, except those received by gift which are stated at fair market value at date of receipt. Endowment investments of the University are maintained and administered in a common pool. Separate accounts are maintained for each fund, as applicable. Depositories and other financial institutions that held investments for the University have pledged securities of various governmental agencies to secure funds held on deposit.

UNRESTRICTED GIFTS

Except for pledged operating and capital gifts, unrestricted gifts are recognized as revenue when received. Certain operating and capital pledges are recorded as a receivable, along with the corresponding revenue, when such pledges are made.

GRANTS AND CONTRACTS

The University has been awarded grants and contracts for current funds operations for which the funds have not been received nor have expenditures been made for the purpose specified in the grant or contract. These awards have not been reflected in the financial reports, but represent commitments of sponsors to provide funds for specific research and training projects.

SCHOLARSHIPS AND FELLOWSHIPS

The University receives funds which are restricted by donors and grantors for assistance to qualified students. When these funds are granted to students, the University records the expenditure for scholarships and fellowships along with the corresponding revenue.

INCOME TAXES

The Internal Revenue Service has determined that the University is a tax-exempt organization; accordingly, no provision for income taxes has been made in the accompanying financial statements.

DEFERRED REVENUES AND EXPENDITURES

Dormitory rentals, student tuition and other fees, together with related expenditures, are deferred and amortized over the applicable academic semester.

EMPLOYEE BENEFITS

Employees of the University are covered by two pension plans, a defined contribution pension plan and a pension plan administered by the Teachers' Retirement System of the State of Alabama (the Retirement Plan).

The defined contribution pension plan covers certain academic and administrative employees and contributions under this plan are funded as accrued.

Permanent employees of the University participate in the Teachers' Retirement System of Alabama. The Retirement Plan is fully funded by the State and by contributions from participating employees. The University contributes 11.75% of each employee's gross earnings to the Retirement Plan and is reflected in current funds expenditures. All covered employees must contribute 5% of their gross earnings to the Retirement Plan. Benefits fully vest after 10 years of full-time, permanent employment.

LIABILITY INSURANCE

The University and certain of its affiliates participate in professional and general liability trust funds. These trust funds are irrevocable and use contributions by the University and its affiliates, together with earnings thereon, to pay liabilities arising from the performance of its employees. Contributions to the trusts are recorded as expenditures upon payment and are determined by independent actuaries. If the trust funds are ever terminated, appropriate provision for payment of reported claims will be made and any remaining balance will be distributed to the University and its affiliates in proportion to contributions made.

BONDS PAYABLE

Bonds payable consist of the following:

- University Tuition Revenue Refunding and Capital Improvements Bonds, Series 1996, 3.80% to 5.00%, payable through November 2015 (refunded in January 2007)
- University Tuition Revenue Bonds, Series 1999, 3.70% to 5.25%, payable through November 2018.
- University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2004, 2.00% to 5.00%, payable through March 2024.
- University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2006, 5.00% payable through June 2037.

LITIGATION

Various other claims have been filed against the University alleging discriminatory employment practices and other matters. University administration and legal counsel are of the opinion that the resolution of these matters will not have a material effect on the financial position or results of operations of the University.

MEDICAID DISPROPORTIONATE SHARE PAYMENTS

Hospitals revenues include funds received from the Alabama Medicaid Agency for services provided to a disproportionately high number of low income patients.

SUPPLEMENTAL SCHEDULES

SUMMARY SCHEDULE OF AUXILIARY ENTERPRISES
REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE FIVE MONTHS ENDED FEBRUARY 29, 2008
WITH COMPARATIVE FIGURES FOR 2007

				Excess Revenues over Expenditures and Other Changes (Deficit)	
	REVENUES	EXPENDITURES	TRANSFERS	02/29/08	02/28/07
BOOKSTORE	$ 3,522,850.67	$ 3,275,604.15	$ 0.00	$ 247,246.52	$ 283,612.33
BROOKLEY CENTER	858,053.28	1,142,316.81	(30,627.45)	(314,890.98)	(264,670.52)
FOOD SERVICES-CAMPUS	91,813.12	59,932.88	0.00	31,880.24	1,336.34
HOUSING	2,548,257.88	2,210,119.53	(703,495.00)	(365,356.65)	(129,226.53)
TOTAL	$ 7,020,974.95	$ 6,687,973.37	$ (734,122.45)	$ (401,120.87)	$ (108,948.38)

BOOKSTORE
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE FIVE MONTHS ENDED FEBRUARY 29, 2008
WITH COMPARATIVE FIGURES FOR 2007

	CAMPUS		HEALTH SCIENCES		TOTAL	TOTAL
	02/29/08	02/28/07	02/29/08	02/28/07	02/29/08	02/28/07
REVENUES:						
SALES	$ 3,047,818.28	$ 2,810,924.32	$ 434,977.69	$ 433,292.64	$ 3,482,795.97	$ 3,244,216.96
LESS: DEPARTMENTAL DISCOUNTS	1,741.73	1,814.24	1,744.23	963.19	3,485.96	2,777.43
COST OF GOODS SOLD	2,212,589.03	2,044,869.18	346,507.38	342,362.18	2,559,096.41	2,387,231.36
GROSS PROFIT	833,487.52	764,240.90	86,726.08	89,967.27	920,213.60	854,208.17
CASH OVER/(SHORT)	(310.26)	87.73	(13.89)	85.77	(324.15)	173.50
GRADUATION (NET)	15,492.55	15,439.34	0.00	0.00	15,492.55	15,439.34
BAD DEBT RECOVERY	0.00	0.00	0.00	0.00	0.00	0.00
OTHER	16,726.05	13,287.34	8,160.25	6,492.72	24,886.30	19,780.06
NET REVENUES:	865,395.86	793,055.31	94,872.44	96,545.76	960,268.30	889,601.07
EXPENDITURES:						
SALARIES	268,110.83	243,230.98	28,538.67	26,247.88	296,649.50	269,478.86
EMPLOYEE BENEFITS	80,008.91	65,356.57	10,407.74	7,150.52	90,416.65	72,507.09
SUPPLIES	10,824.88	6,087.31	1,577.38	1,307.18	12,402.26	7,394.49
TRAVEL	6,555.72	2,989.40	0.00	540.96	6,555.72	3,530.36
EQUIPMENT	3,268.36	1,261.25	169.16	0.00	3,437.52	1,261.25
EQUIPMENT MAINTENANCE AND REPAIR	23,548.02	939.47	10.00	0.00	23,558.02	939.47
BUILDING & EQUIPMENT RENTAL	914.86	1,115.08	241.96	519.53	1,156.82	1,634.61
UTILITIES	31,250.00	26,978.00	0.00	0.00	31,250.00	26,978.00
TELEPHONE	2,235.55	1,742.63	2,546.67	2,702.30	4,782.22	4,444.93
INSURANCE AND BONDS	2,166.00	1,827.00	0.00	0.00	2,166.00	1,827.00
CONTRACT SERVICES	58,280.61	53,800.66	5,655.30	10,970.16	63,935.91	64,770.82
BAD DEBT EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00
RENT	0.00	0.00	8,325.00	8,325.00	8,325.00	8,325.00
OBSOLETE INVENTORY	352.42	0.00	0.00	0.00	352.42	0.00
GENERAL EXPENSES	25,488.84	18,762.61	2,527.90	2,528.10	28,016.74	21,290.71
CHARGE CARD AND FACULTY STAFF DISCOUNTS	10,210.39	5,228.35	3,088.31	3,064.80	13,298.70	8,293.15
INSTITUTIONAL COST ALLOCATION	108,415.40	95,345.00	18,302.90	17,968.00	126,718.30	113,313.00
TOTAL EXPENDITURES	631,630.79	524,664.31	81,390.99	81,324.43	713,021.78	605,988.74
TRANSFERS AMONG FUNDS-ADDITIONS/(DEDUCTIONS):						
MANDATORY:						
PRINCIPAL AND INTEREST	0.00	0.00	0.00	0.00	0.00	0.00
NON-MANDATORY:						
OTHER TRANSFERS	0.00	0.00	0.00	0.00	0.00	0.00
RENEWAL AND REPLACEMENT	0.00	0.00	0.00	0.00	0.00	0.00
RETIREMENT REIMBURSEMENT	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL TRANSFERS	0.00	0.00	0.00	0.00	0.00	0.00
EXCESS REVENUES OVER EXPENDITURES AND MANDATORY TRANSFERS	$ 233,765.07	$ 268,391.00	$ 13,481.45	$ 15,221.33	$ 247,246.52	$ 283,612.33

BROOKLEY CENTER
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE FIVE MONTHS ENDED FEBRUARY 29, 2008
WITH COMPARATIVE FIGURES FOR 2007

	ADMINISTRATION	INVESTMENT HOUSING	GOLF SHOP	RECREATION CENTER	FOOD SERVICE	TOTAL AUXILIARY SERVICES
REVENUES:						
SALES-FOOD & MERCHANDISE	0.00	$ 0.00	$ 14,188.51	$ 0.00	$ (10.00)	$ 14,178.51
LESS: COST OF GOODS SOLD	203.06	0.00	11,017.26	0.00	0.00	11,017.26
DISCOUNTS	0.00	0.00	1,305.37	0.00	0.00	1,305.37
GROSS PROFIT	(203.06)	0.00	1,865.88	0.00	(10.00)	1,855.88
FEES	174.00	0.00	129,516.21	0.00	15,382.35	144,898.56
RENTALS	32,500.00	286,200.12	0.00	0.00	0.00	286,200.12
OTHER	989.25	2,012.17	176.04	0.00	0.00	2,188.21
FACILITY ASSESSMENT FEE	0.00	0.00	0.00	0.00	0.00	0.00
NET REVENUES	33,460.19	288,212.29	131,558.13	0.00	15,372.35	435,142.77
EXPENDITURES:						
OPERATING EXPENDITURES:						
SALARIES	297,295.31	34,731.34	105,084.40	0.00	0.00	139,815.74
EMPLOYEE BENEFITS	95,042.92	11,532.34	29,387.78	0.00	0.00	40,920.12
SUPPLIES	17,047.40	0.00	64,965.56	0.00	0.00	64,965.56
TRAVEL	1,216.67	0.00	462.42	0.00	0.00	462.42
CONTRACT SERVICE	55,042.85	5,606.00	24,527.17	0.00	1,920.00	32,053.17
BUILDING MAINTENANCE & REPAIR	5,171.70	16,930.35	1,108.38	0.00	1,286.39	19,325.12
GROUNDS MAINTENANCE	3,292.19	4,664.10	17,149.94	0.00	0.00	21,814.04
UTILITIES	52,026.89	29,704.29	13,707.52	0.00	21,380.30	64,792.11
EQUIPMENT MAINTENANCE & REPAIR	234.54	700.22	19,621.07	0.00	4,773.93	25,095.22
BUILDING & EQUIPMENT RENTAL	1,310.89	0.00	8,239.04	0.00	0.00	8,239.04
TELEPHONE	6,119.00	38.20	518.24	0.00	2.32	558.76
INSURANCE AND BONDS	38,474.00	0.00	0.00	0.00	2,115.00	2,115.00
RECEPTIONS	497.10	5.00	0.00	0.00	0.00	5.00
ADVERTISING	2,829.95	476.72	3,579.56	0.00	186.68	4,242.96
BAD DEBT EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00
GENERAL EXPENSES	33,321.99	967.52	9,535.77	0.00	6,848.66	17,351.95
EXPENSE OFFSET	0.00	0.00	0.00	0.00	0.00	0.00
EDUCATIONAL SUPPORT ALLOCATIONS	0.00	0.00	0.00	0.00	0.00	0.00
OPERATING COST ALLOCATIONS	(607,363.87)	170,061.88	0.00	6,073.64	24,294.55	200,430.07
TOTAL OPERATING EXPENDITURES	1,559.53	275,417.96	297,886.85	6,073.64	62,807.83	642,186.28
EXCESS REVENUES OVER EXPENDITURES	31,900.66	12,794.33	(166,328.72)	(6,073.64)	(47,435.48)	(207,043.51)
OTHER EXPENDITURES:						
EQUIPMENT	2,220.66	0.00	1,975.00	0.00	0.00	1,975.00
OTHER COST ALLOCATIONS	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL OTHER EXPENDITURES	2,220.66	0.00	1,975.00	0.00	0.00	1,975.00
TRANSFERS AMONG FUNDS -						
ADDITIONS/(DEDUCTIONS):						
MANDATORY:						
PRINCIPAL AND INTEREST	(29,680.00)	0.00	0.00	0.00	0.00	0.00
NON-MANDATORY:						
OTHER NON-MANDATORY TRANSFERS	0.00	0.00	(947.45)	0.00	0.00	(947.45)
TOTAL TRANSFERS	(29,680.00)	0.00	(947.45)	0.00	0.00	(947.45)
EXCESS REVENUES OVER					0.00	
EXPENDITURES (DEFICIT)	0.00	$ 12,794.33	$ (169,251.17)	$ (6,073.64)	$ (47,435.48)	$ (209,965.96)

BROOKLEY CENTER
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE FIVE MONTHS ENDED FEBRUARY 29, 2008
WITH COMPARATIVE FIGURES FOR 2007

	CONTINUING EDUCATION	EDUCATIONAL LEASING	UNIVERSITY SERVICE	TOTAL EDUCATIONAL SERVICES	BROOKLEY CENTER TOTAL 02/29/08	BROOKLEY CENTER TOTAL 02/28/07
REVENUES:						
SALES-FOOD & MERCHANDISE	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 14,178.51	$ 15,514.88
LESS: COST OF GOODS SOLD	0.00	0.00	0.00	0.00	11,220.32	6,315.63
DISCOUNTS	1,743.94	0.00	0.00	1,743.94	3,049.31	3,178.34
GROSS PROFIT	(1,743.94)	0.00	0.00	(1,743.94)	(91.12)	6,020.91
FEES	144,498.43	225,623.20	0.00	370,121.63	515,194.19	392,918.96
RENTALS	5,500.00	0.00	0.00	5,500.00	324,200.12	313,643.12
OTHER	1,303.00	0.00	0.00	1,303.00	4,480.46	3,314.11
FACILITY ASSESSMENT FEE	0.00	0.00	0.00	0.00	0.00	0.00
NET REVENUES	149,557.49	225,623.20	0.00	375,180.69	843,783.65	715,897.10
EXPENDITURES:						
OPERATING EXPENDITURES:						
SALARIES	0.00	0.00	0.00	0.00	437,111.05	372,805.35
EMPLOYEE BENEFITS	0.00	0.00	0.00	0.00	135,963.04	119,392.93
SUPPLIES	9,094.76	2,191.15	0.00	11,285.91	93,298.87	40,589.90
TRAVEL	0.00	0.00	0.00	0.00	1,679.09	1,276.33
CONTRACT SERVICE	3,167.40	2,693.50	0.00	5,860.90	92,956.92	98,368.01
BUILDING MAINTENANCE & REPAIR	8,940.80	2,686.19	0.00	11,626.99	36,123.81	34,798.95
GROUNDS MAINTENANCE	0.00	0.00	0.00	0.00	25,106.23	21,270.51
UTILITIES	51,735.33	40,700.41	0.00	92,435.74	209,254.74	196,716.91
EQUIPMENT MAINTENANCE & REPAIR	298.88	312.19	0.00	611.07	25,940.83	23,387.29
BUILDING & EQUIPMENT RENTAL	0.00	0.00	0.00	0.00	9,549.93	11,027.83
TELEPHONE	0.00	0.00	0.00	0.00	6,677.76	8,252.95
INSURANCE AND BONDS	2,400.00	0.00	0.00	2,400.00	42,989.00	39,068.00
RECEPTIONS	495.00	0.00	0.00	495.00	997.10	0.00
ADVERTISING	7,766.90	0.00	0.00	7,766.90	14,839.81	11,272.01
BAD DEBT EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00
GENERAL EXPENSES	2,008.36	18,612.45	(91,610.85)	(70,990.04)	(20,316.10)	(34,059.50)
EXPENSE OFFSET	0.00	0.00	0.00	0.00	0.00	0.00
EDUCATIONAL SUPPORT ALLOCATIONS	0.00	0.00	0.00	0.00	0.00	0.00
OPERATING COST ALLOCATIONS	121,472.77	103,251.86	182,209.17	406,933.80	0.00	0.00
TOTAL OPERATING EXPENDITURES	207,380.20	170,447.75	90,598.32	468,426.27	1,112,172.08	944,167.47
EXCESS REVENUES OVER EXPENDITURES	(57,822.71)	55,175.45	(90,598.32)	(93,245.58)	(268,388.43)	(228,270.37)
OTHER EXPENDITURES:						
EQUIPMENT	7,905.45	3,773.99	0.00	11,679.44	15,875.10	7,643.85
OTHER COST ALLOCATIONS	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL OTHER EXPENDITURES	7,905.45	3,773.99	0.00	11,679.44	15,875.10	7,643.85
TRANSFERS AMONG FUNDS - ADDITIONS/(DEDUCTIONS):						
MANDATORY:						
PRINCIPAL AND INTEREST	0.00	0.00	0.00	0.00	(29,680.00)	(29,680.00)
NON-MANDATORY:						
OTHER NON-MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	(947.45)	923.70
TOTAL TRANSFERS	0.00	0.00	0.00	0.00	(30,627.45)	(28,756.30)
EXCESS REVENUES OVER EXPENDITURES (DEFICIT)	$ (65,728.16)	$ 51,401.46	$ (90,598.32)	$ (104,925.02)	$ (314,890.98)	$ (264,670.52)

HOUSING
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES
FOR THE FIVE MONTHS ENDED FEBRUARY 29, 2008
WITH COMPARATIVE FIGURES FOR 2007

	CENTRAL HOUSING	HOUSING PROGRAMMING	WASHERS AND DRYERS	OLD SHELL ROAD HOUSING	HILLSDALE MARRIED STUDENT	SMALL GROUP HOUSING
REVENUES:						
RENTAL INCOME	$ 0.00	$ 0.00	$ 94,585.00	$ 0.00	$ 254,796.79	$ 149,348.56
BAD DEBT RECOVERY	5,060.84	0.00	0.00	0.00	910.00	0.00
OTHER	125.00	0.00	0.00	0.00	11,892.16	46,482.92
TOTAL REVENUES	5,185.84	0.00	94,585.00	0.00	267,598.95	195,831.48
EXPENDITURES:						
SALARIES	158,599.24	37,789.91	0.00	0.00	119,735.43	33,161.11
EMPLOYEE BENEFITS	45,153.75	25.00	0.00	0.00	38,237.98	7,243.15
CONTRACT LABOR	0.00	0.00	0.00	0.00	73.00	68.00
CONTRACT SERVICES	1,028.00	0.00	25,143.00	0.00	11,314.50	7,585.15
TRAVEL	1,350.35	783.38	0.00	0.00	0.00	0.00
RECEPTIONS	(95.15)	7,769.17	0.00	0.00	0.00	0.00
SUPPLIES	5,735.20	157.56	0.00	4.08	16,641.17	5,224.64
CABLE	47,631.75	0.00	0.00	0.00	413.06	0.00
TELEPHONE	448.47	0.00	0.00	0.00	796.82	417.86
UTILITIES	0.00	0.00	0.00	0.00	11,517.12	464.00
INSURANCE AND BONDS	0.00	0.00	0.00	0.00	9,063.00	8,112.00
BUILDING MAINTENANCE AND REPAIR	0.00	0.00	0.00	0.00	0.00	0.00
EQUIPMENT	54.26	201.42	0.00	0.00	0.00	1,811.15
EQUIPMENT RENTAL	311.38	0.00	0.00	0.00	2,017.50	0.00
EQUIPMENT MAINTENANCE AND REPAIR	0.00	0.00	0.00	0.00	326.95	0.00
GROUNDS MAINTENANCE	933.75	0.00	0.00	0.00	0.00	0.00
GENERAL EXPENSES	22,527.30	164.25	200.00	0.00	4,155.02	1,690.00
ADMINISTRATIVE OVERHEAD	182,499.40	0.00	0.00	0.00	0.00	32,471.90
ADMINISTRATIVE EXPENSES	(460,991.86)	(46,890.69)	18,791.66	0.00	2,031.52	47,233.07
TOTAL EXPENDITURES	5,185.84	(0.00)	44,134.66	4.08	216,323.07	145,482.03
TRANSFERS AMONG FUNDS - ADDITIONS/(DEDUCTIONS):						
MANDATORY:						
PRINCIPAL AND INTEREST	0.00	0.00	0.00	0.00	0.00	(379,395.00)
TOTAL MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	0.00	(379,395.00)
NON-MANDATORY:						
OTHER NON-MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL NON-MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL TRANSFERS	0.00	0.00	0.00	0.00	0.00	(379,395.00)
EXCESS REVENUES OVER EXPENDITURES AND TRANSFERS (DEFICIT)	$ (0.00)	$ 0.00	$ 50,450.34	$ (4.08)	$ 51,275.88	$ (329,045.55)

HOUSING
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES
FOR THE FIVE MONTHS ENDED FEBRUARY 29, 2008
WITH COMPARATIVE FIGURES FOR 2007

	GAMMA DORMS	BETA DORMS	DELTA DORMS	EPSILON DORMS	TOTAL HOUSING 02/29/08	TOTAL HOUSING 02/28/07
REVENUES:						
RENTAL INCOME	$ 450,433.07	$ 254,341.29	$ 985,913.37	$ 266,291.67	$ 2,455,709.75	$ 2,678,397.65
BAD DEBT RECOVERY	0.00	0.00	0.00	0.00	5,970.84	2,148.11
OTHER	3,757.00	2,603.80	12,907.53	8,808.88	86,577.29	100,002.66
TOTAL REVENUES	454,190.07	256,945.09	998,820.90	275,100.55	2,548,257.88	2,780,548.42
EXPENDITURES:						
SALARIES	73,532.67	21,929.43	95,886.00	78,673.90	619,307.69	601,086.91
EMPLOYEE BENEFITS	17,704.59	4,950.93	21,143.94	12,253.48	146,712.82	142,402.19
CONTRACT LABOR	0.00	357.00	21,152.78	357.00	22,007.78	1,953.13
CONTRACT SERVICES	5,866.94	3,474.78	16,395.09	10,778.41	81,585.87	65,839.66
TRAVEL	0.00	0.00	0.00	0.00	2,133.73	3,571.29
RECEPTIONS	0.00	0.00	0.00	0.00	7,674.02	6,611.97
SUPPLIES	2,911.97	3,727.02	20,364.95	7,738.68	62,505.27	59,779.99
CABLE	0.00	0.00	0.00	0.00	48,044.81	75,292.28
TELEPHONE	21,284.00	10,024.15	51,123.69	13,253.46	97,348.45	102,020.35
UTILITIES	0.00	0.00	0.00	0.00	11,981.12	12,200.88
INSURANCE AND BONDS	13,585.00	6,945.00	19,028.00	6,097.00	62,830.00	61,978.00
BUILDING MAINTENANCE AND REPAIR	6,150.00	268.00	0.00	0.00	6,418.00	5,553.71
EQUIPMENT	0.00	0.00	985.00	5,390.00	8,441.83	31,826.53
EQUIPMENT RENTAL	0.00	0.00	6.95	0.00	2,335.83	2,100.13
EQUIPMENT MAINTENANCE AND REPAIR	0.00	0.00	100.50	0.00	427.45	5,575.66
GROUNDS MAINTENANCE	0.00	0.00	0.00	0.00	933.75	0.00
GENERAL EXPENSES	38,729.75	19,052.30	75,829.00	25,583.39	187,931.01	217,007.27
ADMINISTRATIVE OVERHEAD	184,676.25	87,253.15	265,791.90	88,807.50	841,500.10	810,975.00
ADMINISTRATIVE EXPENSES	97,513.45	55,359.20	215,342.20	71,611.45	0.00	0.00
TOTAL EXPENDITURES	461,954.62	213,340.96	803,150.00	320,544.27	2,210,119.53	2,205,774.95
TRANSFERS AMONG FUNDS -						
ADDITIONS/(DEDUCTIONS):						
MANDATORY:						
PRINCIPAL AND INTEREST	(39,985.00)	(28,600.00)	(166,350.00)	(89,165.00)	(703,495.00)	(704,155.00)
TOTAL MANDATORY TRANSFERS	(39,985.00)	(28,600.00)	(166,350.00)	(89,165.00)	(703,495.00)	(704,155.00)
NON-MANDATORY:						
OTHER NON-MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	0.00	155.00
TOTAL NON-MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	0.00	155.00
TOTAL TRANSFERS	(39,985.00)	(28,600.00)	(166,350.00)	(89,165.00)	(703,495.00)	(704,000.00)
EXCESS REVENUES OVER EXPENDITURES AND TRANSFERS (DEFICIT)	$ (47,749.55)	$ 15,004.13	$ 29,320.90	$ (134,608.72)	$ (365,356.65)	$ (129,226.53)

FOOD SERVICE
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE FIVE MONTHS ENDED FEBRUARY 29, 2008
WITH COMPARATIVE FIGURES FOR 2007

	02/29/08	02/28/07
REVENUES:		
COMMISSION INCOME	$ 91,813.12	$ 72,032.43
TOTAL REVENUES	91,813.12	72,032.43
EXPENDITURES:		
SUPPLIES	(1.32)	28.00
EQUIPMENT MAINTENANCE AND REPAIR	7,512.91	21,731.31
UTILITIES	27,083.35	26,261.00
TELEPHONE	70.23	(9.22)
MEMBERSHIPS AND DUES	270.00	270.00
CONTRACT SERVICES	3,879.96	4,285.00
INSURANCE AND BONDS	11,865.00	10,003.00
BUILDING MAINTENANCE AND REPAIR	2,131.00	1,600.00
INDIRECT COST	6,742.50	6,727.00
GENERAL EXPENSE	379.25	(200.00)
TOTAL EXPENDITURES	59,932.88	70,696.09
TRANSFERS AMONG FUNDS-ADDITIONS/(DEDUCTIONS):		
NON-MANDATORY:		
OTHER TRANSFERS		
TOTAL TRANSFERS	0.00	0.00
EXCESS REVENUES OVER EXPENDITURES AND MANDATORY TRANSFERS (DEFICIT)	$ 31,880.24	$ 1,336.34

I N D E X
MARCH 2008

Financial Report Highlights
March 31, 2008

Introduction
This Financial Report presents the financial position and financial activity of the University of South Alabama utilizing the fund basis of accounting. The report presents the assets, liabilities and fund balances of each fund including the current funds (unrestricted and restricted), loan funds, endowment funds, and plant funds (renewals and replacements, retirement of indebtedness and investment in plant). The financial reporting requirements of the Governmental Accounting Standard Board, by which the University reports its quarterly financial statements, are not utilized in this monthly financial report.

Financial Highlights
Financial report highlights at, and for the six months ended, March 31, 2008 and 2007 are as follows (in thousands):

	At and for the six months ended 3-31-08	3-31-07
Total assets, by fund		
Current	$ 207,663	$ 201,306
Loan	4,764	4,870
Endowment	82,431	35,407
Plant	482,544	454,542
Fund Balances, by fund		
Current	$ 48,044	$ 49,336
Loan	416	322
Endowment	73,103	35,407
Plant	276,971	245,971
Other balance sheet highlights		
Cash and investments	$ 276,489	$ 281,799
Accounts receivable	57,821	44,886
Bonds and notes payable	195,281	200,350

	For the six months ended 3-31-08	3-31-07
Selected operating highlights (current funds)		
Tuition and fees	$ 37,441	$ 33,691
State appropriations	69,868	60,194
Hospital revenues	145,510	133,692
Gifts, grants and contracts	48,917	46,731
Instruction and academic support	65,125	60,647
Research and public service	33,969	32,426
Hospital expenses	150,273	133,680
Net current fund increase (decrease)	(714)	5,367

Financial Analysis
This report should be read in conjunction with the University's monthly financial reports and with the understanding of the cyclical nature of the University's operations. Certain revenues (tuition and fees, auxiliary enterprises, etc.) are received at specific times in the University's fiscal year while certain other revenue streams (hospital, state appropriations) are received throughout the year. Additionally, certain revenue and expense items fluctuate with changes in enrollment while others do not. As a result of these items, significant fluctuations of cash and investments along with other balance sheet items are normal.

Economic Outlook
Enrollment and tuition have increased in recent years. Additionally, state appropriations increased significantly in fiscal 2008 and 2007. University administration is not aware of any conditions that are expected to have a significant impact on the University financial position throughout the reminder of 2008 or beyond.

UNIVERSITY OF SOUTH ALABAMA
BALANCE SHEETS
MARCH 2008 AND 2007

ASSETS	2008	2007
CURRENT FUNDS:		
UNRESTRICTED:		
CASH AND CASH EQUIVALENTS	$ 35,751.84	$ 25,033.17
INVESTMENTS	108,395,577.29	124,917,473.78
ACCOUNTS RECEIVABLE - PATIENTS (LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS OF $43,628,283.33 FOR 2008 AND $38,992,026.74 FOR 2007)	57,820,656.27	44,886,181.81
DEPOSITS	35,000.00	35,000.00
INVENTORIES AT COST	3,873,880.75	3,631,341.57
PREPAID EXPENSES	19,852,828.03	7,272,657.37
TOTAL UNRESTRICTED	190,013,694.18	180,767,687.70
RESTRICTED FUNDS:		
CASH AND CASH EQUIVALENTS	7,223,405.24	3,673,605.40
INVESTMENTS	169,426.36	168,763.28
UNBILLED COSTS AND ACCOUNTS RECEIVABLE	10,256,655.57	16,695,911.57
TOTAL RESTRICTED	17,649,487.17	20,538,280.25
TOTAL CURRENT FUNDS	207,663,181.35	201,305,967.95
LOAN FUNDS:		
CASH AND CASH EQUIVALENTS	322,384.97	40,810.16
NOTES RECEIVABLE (LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS OF $521,687.85 FOR 2008 AND $493,734.41 FOR 2007)	4,441,686.47	4,828,882.57
TOTAL LOAN FUNDS	4,764,071.44	4,869,692.73
ENDOWMENT FUNDS:		
CASH AND CASH EQUIVALENTS	13,265,453.59	10,611,170.66
FUNDS WITH TRUSTEES	53,981.22	53,981.22
INVESTMENTS	65,745,673.22	21,630,809.74
REMAINDER INTEREST IN REAL ESTATE	3,365,671.00	3,111,017.00
TOTAL ENDOWMENT FUNDS	82,430,779.03	35,406,978.62
PLANT FUNDS:		
CASH AND CASH EQUIVALENTS	32,103,763.46	66,434,710.70
INVESTMENTS	49,228,491.34	54,296,438.76
ACCOUNTS RECEIVABLE	2,405,471.00	2,304,683.00
NOTES RECEIVABLE	254,936.16	258,199.26
INTEREST RECEIVABLE	94,173.61	66,840.28
DUE FROM OTHER FUNDS	88,404,660.18	61,520,677.56
PREPAID EXPENSES	2,206,396.18	3,727,050.00
DEPOSITS WITH TRUSTEES	0.00	527,777.78
CAPITAL LEASE RECEIVABLE	1,458,250.99	1,872,128.35
INVESTMENT IN PLANT:		
LAND	29,271,538.45	28,490,990.30
LAND IMPROVEMENTS	10,530,950.69	7,094,791.10
BUILDINGS , ACCUM DEPREC AND IMPROVEMENTS	130,053,269.25	126,858,375.82
OTHER EQUIPMENT, BOOKS AND FILMS	51,190,745.78	36,357,299.72
CONSTRUCTION IN PROGRESS	85,340,896.98	64,731,962.85
TOTAL PLANT FUNDS	482,543,544.07	454,541,925.48
TOTAL ASSETS	$ 777,401,575.89	$ 696,124,564.78

LIABILITIES AND FUND BALANCES	2008	2007
CURRENT FUNDS:		
UNRESTRICTED:		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	52,360,087.80	$ 56,525,574.80
DEFERRED REVENUES	17,079,936.56	32,329,301.87
DUE TO OTHER FUNDS	88,404,660.18	61,520,677.56
DEPOSITS HELD IN CUSTODY	128,044.73	107,292.01
OTHER DEPOSITS	399,031.47	322,743.51
FUND BALANCES:		
ALLOCATED FOR:		
HOSPITALS	(10,867,217.88)	(8,376,629.19)
AUXILIARY ENTERPRISES	(539,946.55)	(438,639.21)
ENCUMBRANCES	2,223,009.63	2,186,232.29
SELF-SUPPORTING ACTIVITIES	40,899,720.67	41,715,783.84
UNALLOCATED	(73,632.43)	(5,124,649.78)
TOTAL FUND BALANCES	31,641,933.44	29,962,097.95
TOTAL UNRESTRICTED	190,013,694.18	180,767,687.70
RESTRICTED FUNDS:		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	32,010.54	541,100.32
OTHER DEPOSITS	1,100.00	1,070.00
DEFERRED REVENUES	1,213,802.06	622,234.45
FUND BALANCES	16,402,574.57	19,373,875.48
TOTAL RESTRICTED	17,649,487.17	20,538,280.25
TOTAL CURRENT FUNDS	207,663,181.35	201,305,967.95
LOAN FUNDS:		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	300.00	0.00
REFUNDABLE GOVERNMENT ADVANCES	4,348,114.74	4,547,901.00
FUND BALANCES:		
UNIVERSITY FUNDS, UNRESTRICTED	415,656.70	321,791.73
TOTAL FUND BALANCES	415,656.70	321,791.73
TOTAL LOAN FUNDS	4,764,071.44	4,869,692.73
ENDOWMENT FUNDS:		
DEFERRED REVENUE	9,327,985.00	0.00
FUND BALANCES:		
RESTRICTED NONEXPENDABLE	24,255,873.47	12,291,443.71
UNRESTRICTED EXPENDABLE	48,846,920.56	23,115,534.91
TOTAL FUND BALANCES	73,102,794.03	35,406,978.62
TOTAL ENDOWMENT FUNDS	82,430,779.03	35,406,978.62
PLANT FUNDS:		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	3,401,196.55	810,243.84
DEFERRED REVENUES	6,722,930.76	7,084,044.03
OTHER DEPOSITS	27,791.67	95,013.46
NOTES PAYABLE	854,205.51	2,168,393.06
BONDS PAYABLE	194,426,424.64	198,181,230.04
CAPITALIZED LEASE OBLIGATIONS	139,659.12	231,973.29
FUND BALANCES:		
RENEWALS AND REPLACEMENTS	72,901,160.01	35,458,101.09
RETIREMENT OF INDEBTEDNESS	16,949,352.37	16,516,363.95
INVESTMENT IN PLANT	187,120,823.44	193,996,562.72
TOTAL FUND BALANCES	276,971,335.82	245,971,027.76
TOTAL PLANT FUNDS	482,543,544.07	454,541,925.48
TOTAL LIABILITIES AND FUND BALANCES	$ 777,401,575.89	$ 696,124,564.78

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

UNIVERSITY OF SOUTH ALABAMA
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE SIX MONTHS ENDED MARCH 31, 2008

	CURRENT FUNDS				PLANT FUNDS		
	UNRESTRICTED	RESTRICTED	LOAN FUNDS	ENDOWMENT FUNDS	RENEWALS AND REPLACEMENTS	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT
REVENUES AND OTHER ADDITIONS:							
EDUCATIONAL AND GENERAL REVENUES	139,133,832.85						
HOSPITALS REVENUES	152,092,898.30						
AUXILIARY ENTERPRISES REVENUES	7,940,803.49						
GRANTS AND CONTRACTS:							
FEDERAL		18,062,740.88					
STATE AND LOCAL		1,855,185.95					
PRIVATE		3,811,250.92					
GOVERNMENT APPROPRIATIONS:							
FEDERAL							
STATE							
INVESTMENT INCOME,GAINS/LOSS			641.49	(2,245,886.83)	1,806,715.88	319,225.52	
INSURANCE PROCEEDS					448,792.25		
INTEREST ON LOANS RECEIVABLE			18,221.13		2,144.88	29,837.08	
GIFTS AND BEQUESTS			60.00	4,685,020.53	267,903.78		
EXPENDED FOR PLANT FACILITIES (INCLUDING $4,525,300.95 CURRENT FUNDS EXPENDITURES)							28,828,299.79
RETIREMENT OF INDEBTEDNESS							4,378,716.67
PROCEEDS FROM SALE OF CAPITAL ASSETS							
OTHER SOURCES		1,842,249.68	37.00		113,126.68		242,624.70
TOTAL REVENUES AND OTHER ADDITIONS	299,167,534.64	25,571,427.43	18,959.62	2,439,133.70	2,638,683.47	349,062.60	33,449,641.16
EXPENDITURES AND OTHER DEDUCTIONS:							
EDUCATIONAL AND GENERAL EXPENDITURES	124,422,244.99	22,901,616.63					
HOSPITALS EXPENDITURES	149,259,475.12						
AUXILIARY ENTERPRISES EXPENDITURES	7,642,538.23						
INDIRECT COSTS RECOVERED		2,492,451.48					
REFUNDED TO GRANTORS		99,112.66					
RETIREMENT OF INDEBTEDNESS						4,378,716.67	
ADMINISTRATIVE AND COLLECTION COSTS			13,103.55				
EXPENDED FOR PLANT FACILITIES (INCLUDING $2,761,614.35 FOR NON-CAPITALIZED EXPENDITURES)					27,064,613.19		
INTEREST ON INDEBTEDNESS						1,995,898.18	
DEPRECIATION EXPENSES OF PLANT FACILITIES							9,330,802.26
DISPOSAL OF PLANT							
LOSS ON DISPOSAL OF PLANT							
OTHER DEDUCTIONS						17,714.00	77.76
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	281,324,258.34	25,493,180.77	13,103.55	0.00	27,064,613.19	6,392,328.85	9,330,880.02
TRANSFERS AMONG FUNDS-ADDITIONS(DEDUCTIONS):							
MANDATORY:							
PRINCIPAL AND INTEREST	(4,540,682.99)				(1,430,780.07)	5,971,463.06	
FINANCIAL AID MATCHING	(91,119.00)	91,119.00					
NON-MANDATORY:							
FUNDED DEPRECIATION	(3,447,755.00)				3,447,755.00		
MOBILE RACING COMMMISSION	(159,907.95)				159,907.95		
PLANT ADDITIONS AND REPLACEMENTS	(4,473,712.50)				4,473,712.50		
ENDOWMENT FUND	(1,906,148.60)	316,679.99		1,833,671.31	(244,202.70)		
OTHER TRANSFERS	(3,102,820.75)	(1,321,143.00)	25,000.00	1,000.00	4,868,126.66		(470,162.91)
TOTAL TRANSFERS	(17,722,146.79)	(913,344.01)	25,000.00	1,834,671.31	11,274,519.34	5,971,463.06	(470,162.91)
NET INCREASE (DECREASE) FOR THE PERIOD	121,129.51	(835,097.35)	30,856.07	4,273,805.01	(13,151,410.38)	(71,803.19)	23,648,598.23
FUND BALANCES AT OCTOBER 1, 2007	31,520,803.93	17,237,671.92	384,800.63	68,828,989.02	86,052,570.39	17,021,155.56	163,472,225.21
FUND BALANCES AT MARCH 31, 2008	$ 31,641,933.44	$ 16,402,574.57	$ 415,656.70	$ 73,102,794.03	$ 72,901,160.01	$ 16,949,352.37	$ 187,120,823.44

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.
*HOSPITALS REVENUES AND HOSPITAL FUNDED DEPRECIATION TRANSFERS INCLUDE $1,388,057.00 IN MEDICAID DISPROPORTIONATE SHARE PAYMENTS.

UNIVERSITY OF SOUTH ALABAMA
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE SIX MONTHS ENDED MARCH 31, 2008
WITH COMPARATIVE FIGURES FOR 2007

	MONTH ENDED MARCH 31, 2008 UNRESTRICTED	RESTRICTED	TOTAL	MARCH 31, 2007
REVENUES:				
TUITION AND FEES	$ 37,440,563.65	$	$ 37,440,563.65	$ 33,690,996.55
STATE APPROPRIATIONS	63,285,227.02		63,285,227.02	54,339,932.02
MOBILE RACING COMMISSION	159,907.95		159,907.95	232,574.89
FEDERAL GRANTS AND CONTRACTS	1,992,245.77	16,106,905.56	18,099,151.33	17,132,490.12
STATE GRANTS AND CONTRACTS (INCLUDING INDIRECT COST RECOVERED OF $131,475.00)	230,612.00	1,548,002.81	1,778,614.81	5,226,799.10
PRIVATE GIFTS, GRANTS, AND CONTRACTS (INCLUDING INDIRECT COSTS RECOVERED OF $368,730.71)	25,667,427.64	3,371,508.59	29,038,936.23	24,371,217.28
ENDOWMENT INCOME	0.00		0.00	3,345,581.57
SALES AND SERVICES OF EDUCATIONAL ACTIVITIES	2,215,968.52		2,215,968.52	1,555,710.75
HOSPITALS - SALES AND SERVICES	145,509,696.32		145,509,696.32	133,691,780.08
- STATE APPROPRIATIONS	6,583,201.98		6,583,201.98	5,854,197.98
AUXILIARY ENTERPRISES - SALES AND SERVICES	7,940,803.49		7,940,803.49	7,815,646.87
OTHER SOURCES	8,141,880.30	1,875,199.67	10,017,079.97	9,236,872.81
TOTAL CURRENT REVENUES	299,167,534.64	22,901,616.63	322,069,151.27	296,493,800.02
EXPENDITURES AND TRANSFERS:				
EDUCATIONAL AND GENERAL:				
INSTRUCTION	52,991,242.36	3,525,685.32	56,516,927.68	52,758,660.91
RESEARCH	3,434,405.68	6,686,013.67	10,120,419.35	9,491,583.65
PUBLIC SERVICE	22,817,566.24	1,031,241.38	23,848,807.62	22,934,491.78
ACADEMIC SUPPORT	8,608,485.56	34.92	8,608,520.48	7,888,607.08
STUDENT SERVICES	10,390,549.20	357,202.06	10,747,751.26	10,201,352.26
INSTITUTIONAL SUPPORT	14,228,794.08		14,228,794.08	14,850,040.48
OPERATION AND MAINTENANCE OF PLANT	9,701,277.45	5,447,764.82	15,149,042.27	13,569,900.18
SCHOLARSHIPS	2,243,200.42	5,853,674.46	8,096,874.88	6,816,337.35
EDUCATIONAL AND GENERAL	124,415,520.99	22,901,616.63	147,317,137.62	138,510,973.69
MANDATORY TRANSFERS FOR:				
PRINCIPAL AND INTEREST	2,647,068.00		2,647,068.00	2,705,014.00
FINANCIAL AID MATCHING	91,119.00		91,119.00	58,190.00
TOTAL EDUCATIONAL AND GENERAL	127,153,707.99	22,901,616.63	150,055,324.62	141,274,177.69
HOSPITALS (INCLUDING DEBT SERVICE OF $1,013,804,99)	150,273,280.11		150,273,280.11	133,680,119.96
AUXILIARY ENTERPRISES:				
EXPENDITURES	7,642,538.23		7,642,538.23	7,309,996.72
MANDATORY TRANSFERS FOR:				
PRINCIPAL AND INTEREST	879,810.00		879,810.00	880,602.00
NON-MANDATORY TRANSFERS FOR:				
OTHER TRANSFERS	947.45		947.45	(1,078.70)
TOTAL AUXILIARIES	8,523,295.68	0.00	8,523,295.68	8,189,520.02
TOTAL EXPENDITURES AND TRANSFERS	285,950,283.78	22,901,616.63	308,851,900.41	283,143,817.67
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):				
EXCESS OF RESTRICTED RECEIPTS OVER TRANSFERS TO REVENUES		177,359.32	177,359.32	3,148,237.18
REFUNDED TO GRANTORS		(99,112.66)	(99,112.66)	(91,376.48)
FUNDED DEPRECIATION	(3,447,755.00)		(3,447,755.00) *	(3,704,631.00)
MOBILE RACING COMMISSION	(159,907.95)		(159,907.95)	(232,574.89)
PLANT ADDITIONS AND REPLACEMENTS	(4,473,712.50)		(4,473,712.50)	(4,455,993.00)
ENDOWMENT FUND	(1,906,148.60)	316,679.99	(1,589,468.61)	(2,114,846.51)
OTHER TRANSFERS	(3,108,597.30)	(1,230,024.00)	(4,338,621.30)	(532,126.06)
TOTAL TRANSFERS	(13,096,121.35)	(835,097.35)	(13,931,218.70)	(7,983,310.76)
NET INCREASE/(DECREASE) IN FUND BALANCES	$ 121,129.51	$ (835,097.35)	$ (713,967.84)	$ 5,366,671.59

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.
*HOSPITALS REVENUES AND HOSPITAL FUNDED DEPRECIATION TRANSFERS INCLUDE $1,388,057.00 IN MEDICAID DISPROPORTIONATE SHARE PAYMENTS.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTS

The accompanying financial reports are the responsibility of management of the University of South Alabama. Management is responsible for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets and for devising a system of internal control that will, among other things, help assure the production of proper financial statements. The transactions which should be reflected in the accounts and in the financial reports are matters within the direct knowledge and control of management.

BASIS OF PRESENTATION

The financial reports of the University of South Alabama (the University) are prepared on the accrual basis. The statement of current funds revenues, expenditures and other changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations as would a statement of income or a statement of revenues and expenses.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenditures, in the case of normal replacement of movable equipment and library books; (2) mandatory transfers, in the case of required provisions for debt amortization and interest and equipment renewal and replacement; and, (3) transfers of a nonmandatory nature in all other cases.

FUND ACCOUNTING

In order to observe limitations and restrictions placed on the use of resources available to the University, the accounts of the University are maintained in accordance with the principles of fund accounting. Resources for various purposes are classified for accounting and reporting purposes into funds which may be used for specified activities or objectives. Separate accounts are maintained for each fund; however, in the accompanying financial statements funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Within each fund group, funds restricted by outside sources are so indicated and are distinguished from funds designated for specific purposes by authority of the Board of Trustees.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions affecting the reported amounts of assets and liabilities, revenues and expenses, as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

CURRENT FUNDS

Current fund balances are separated into those which are unrestricted and those which are restricted by donors and grantors. Restricted funds may only be expended for the purpose indicated by the donor or grantor, whereas unrestricted funds are under the control of the University to use in achieving its educational purposes.

PLANT FUNDS

Plant funds include the transactions related to investment in institutional properties and related indebtedness.

Plant assets consisting of land, buildings, equipment and library books are stated at cost or, if contributed, at fair market value at the time of receipt. Investment in plant is reduced for disposals of plant assets.

Some equipment purchases are made from current funds and are presented under the appropriate functional classification of expenditures, while other additions are funded by transfers from unrestricted current funds to the plant funds. All such expenditures in excess of $5,000 having a life of two years or more are capitalized as investment in plant.

INVESTMENT IN POOLED FUNDS

Investments are stated at cost, except those received by gift which are stated at fair market value at date of receipt. Endowment investments of the University are maintained and administered in a common pool. Separate accounts are maintained for each fund, as applicable. Depositories and other financial institutions that held investments for the University have pledged securities of various governmental agencies to secure funds held on deposit.

UNRESTRICTED GIFTS

Except for pledged operating and capital gifts, unrestricted gifts are recognized as revenue when received. Certain operating and capital pledges are recorded as a receivable, along with the corresponding revenue, when such pledges are made.

GRANTS AND CONTRACTS

The University has been awarded grants and contracts for current funds operations for which the funds have not been received nor have expenditures been made for the purpose specified in the grant or contract. These awards have not been reflected in the financial reports, but represent commitments of sponsors to provide funds for specific research and training projects.

SCHOLARSHIPS AND FELLOWSHIPS

The University receives funds which are restricted by donors and grantors for assistance to qualified students. When these funds are granted to students, the University records the expenditure for scholarships and fellowships along with the corresponding revenue.

INCOME TAXES

The Internal Revenue Service has determined that the University is a tax-exempt organization; accordingly, no provision for income taxes has been made in the accompanying financial statements.

DEFERRED REVENUES AND EXPENDITURES

Dormitory rentals, student tuition and other fees, together with related expenditures, are deferred and amortized over the applicable academic semester.

EMPLOYEE BENEFITS

Employees of the University are covered by two pension plans, a defined contribution pension plan and a pension plan administered by the Teachers' Retirement System of the State of Alabama (the Retirement Plan).

The defined contribution pension plan covers certain academic and administrative employees and contributions under this plan are funded as accrued.

Permanent employees of the University participate in the Teachers' Retirement System of Alabama. The Retirement Plan is fully funded by the State and by contributions from participating employees. The University contributes 11.75% of each employee's gross earnings to the Retirement Plan and is reflected in current funds expenditures. All covered employees must contribute 5% of their gross earnings to the Retirement Plan. Benefits fully vest after 10 years of full-time, permanent employment.

LIABILITY INSURANCE

The University and certain of its affiliates participate in professional and general liability trust funds. These trust funds are irrevocable and use contributions by the University and its affiliates, together with earnings thereon, to pay liabilities arising from the performance of its employees. Contributions to the trusts are recorded as expenditures upon payment and are determined by independent actuaries. If the trust funds are ever terminated, appropriate provision for payment of reported claims will be made and any remaining balance will be distributed to the University and its affiliates in proportion to contributions made.

BONDS PAYABLE

Bonds payable consist of the following:

- University Tuition Revenue Refunding and Capital Improvements Bonds, Series 1996, 3.80% to 5.00%, payable through November 2015 (refunded in January 2007)
- University Tuition Revenue Bonds, Series 1999, 3.70% to 5.25%, payable through November 2018.
- University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2004, 2.00% to 5.00%, payable through March 2024.
- University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2006, 5.00% payable through June 2037.

LITIGATION

Various other claims have been filed against the University alleging discriminatory employment practices and other matters. University administration and legal counsel are of the opinion that the resolution of these matters will not have a material effect on the financial position or results of operations of the University.

MEDICAID DISPROPORTIONATE SHARE PAYMENTS

Hospitals revenues include funds received from the Alabama Medicaid Agency for services provided to a disproportionately high number of low income patients.

SUPPLEMENTAL SCHEDULES

**SUMMARY SCHEDULE OF AUXILIARY ENTERPRISES
REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE SIX MONTHS ENDED MARCH 31, 2008
WITH COMPARATIVE FIGURES FOR 2007**

				EXCESS REVENUES OVER EXPENDITURES AND OTHER CHANGES (DEFICIT)	
	REVENUES	EXPENDITURES	TRANSFERS	03/31/08	03/31/07
BOOKSTORE	$ 3,758,481.08	$ 3,560,394.35	$ 0.00	$ 198,086.73	$ 159,758.19
BROOKLEY CENTER	1,032,575.25	1,389,581.82	(36,563.45)	(393,570.02)	(345,080.53)
FOOD SERVICES-CAMPUS	110,414.83	70,802.63	0.00	39,612.20	9,443.41
HOUSING	3,039,332.33	2,621,759.43	(844,194.00)	(426,621.10)	(197,994.22)
TOTAL	$ 7,940,803.49	$ 7,642,538.23	$ (880,757.45)	$ (582,492.19)	$ (373,873.15)

BOOKSTORE
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE SIX MONTHS ENDED MARCH 31, 2008
WITH COMPARATIVE FIGURES FOR 2006

	CAMPUS		HEALTH SCIENCES		TOTAL	TOTAL
	03/31/08	03/31/07	03/31/08	03/31/07	03/31/08	03/31/07
REVENUES:						
SALES	$ 3,219,474.50	$ 2,993,821.28	$ 458,412.88	$ 461,404.48	$ 3,677,887.38	$ 3,455,225.76
LESS: DEPARTMENTAL DISCOUNTS	2,143.45	2,179.16	2,115.47	1,447.83	4,258.92	3,626.99
COST OF GOODS SOLD	2,391,035.33	2,221,701.10	298,344.84	345,587.75	2,689,380.17	2,567,288.85
GROSS PROFIT	826,295.72	769,941.02	157,952.57	114,368.90	984,248.29	884,309.92
CASH OVER/(SHORT)	(327.16)	122.85	(13.89)	87.44	(341.05)	210.29
GRADUATION (NET)	51,927.55	49,771.34	0.00	0.00	51,927.55	49,771.34
BAD DEBT RECOVERY	0.00	0.00	0.00	0.00	0.00	0.00
OTHER	20,154.18	14,492.07	8,853.02	6,826.48	29,007.20	21,318.55
NET REVENUES:	898,050.29	834,327.28	166,791.70	121,282.82	1,064,841.99	955,610.10
EXPENDITURES:						
SALARIES	325,560.45	301,958.42	35,225.04	31,307.25	360,785.49	333,265.67
EMPLOYEE BENEFITS	105,222.98	86,682.02	13,686.70	9,290.79	118,909.68	95,972.81
SUPPLIES	14,165.34	9,579.77	2,527.01	1,416.98	16,692.35	10,996.75
TRAVEL	10,318.34	6,908.88	0.00	540.96	10,318.34	7,449.84
EQUIPMENT	4,847.91	1,626.25	169.16	0.00	5,017.07	1,626.25
EQUIPMENT MAINTENANCE AND REPAIR	23,548.02	2,971.20	10.00	0.00	23,558.02	2,971.20
BUILDING & EQUIPMENT RENTAL	1,002.36	1,508.18	241.96	718.57	1,244.32	2,226.75
UTILITIES	37,500.00	37,500.00	0.00	0.00	37,500.00	37,500.00
TELEPHONE	2,555.73	2,065.33	2,729.37	2,921.83	5,285.10	4,987.16
INSURANCE AND BONDS	2,166.00	4,023.00	0.00	0.00	2,166.00	4,023.00
CONTRACT SERVICES	68,740.12	61,245.85	5,730.29	13,328.87	74,470.41	74,574.72
BAD DEBT EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00
RENT	0.00	0.00	9,990.00	9,990.00	9,990.00	9,990.00
OBSOLETE INVENTORY	702.74	0.00	0.00	0.00	702.74	0.00
GENERAL EXPENSES	28,076.81	27,013.27	5,375.69	3,146.30	33,452.50	30,159.57
CHARGE CARD AND FACULTY STAFF DISCOUNTS	11,047.52	33,415.20	3,553.76	3,413.99	14,601.28	36,829.19
INSTITUTIONAL COST ALLOCATION	130,098.48	121,328.00	21,963.48	21,951.00	152,061.96	143,279.00
TOTAL EXPENDITURES	765,552.80	697,825.37	101,202.46	98,026.54	866,755.26	795,851.91
TRANSFERS AMONG FUNDS-ADDITIONS/(DEDUCTIONS):						
MANDATORY:						
PRINCIPAL AND INTEREST	0.00	0.00	0.00	0.00	0.00	0.00
NON-MANDATORY:						
OTHER TRANSFERS	0.00	0.00	0.00	0.00	0.00	0.00
RENEWAL AND REPLACEMENT	0.00	0.00	0.00	0.00	0.00	0.00
RETIREMENT REIMBURSEMENT	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL TRANSFERS	0.00	0.00	0.00	0.00	0.00	0.00
EXCESS REVENUES OVER EXPENDITURES AND MANDATORY TRANSFERS	$ 132,497.49	$ 136,501.91	$ 65,589.24	$ 23,256.28	$ 198,086.73	$ 159,758.19

BROOKLEY CENTER
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE SIX MONTHS ENDED MARCH 31, 2008
WITH COMPARATIVE FIGURES FOR 2007

	ADMINISTRATION	INVESTMENT HOUSING	GOLF SHOP	RECREATION CENTER	FOOD SERVICE	TOTAL AUXILIARY SERVICES
REVENUES:						
SALES-FOOD & MERCHANDISE	$ 0.00	$ 0.00	$ 18,100.63	$ 0.00	$ (10.00)	$ 18,090.63
LESS: COST OF GOODS SOLD	203.06	0.00	16,473.35	0.00	0.00	16,473.35
DISCOUNTS	0.00	0.00	1,617.75	0.00	0.00	1,617.75
GROSS PROFIT	(203.06)	0.00	9.53	0.00	(10.00)	(0.47)
FEES	174.00	0.00	168,530.81	0.00	16,632.35	185,163.16
RENTALS	39,000.00	344,212.52	0.00	0.00	0.00	344,212.52
OTHER	1,116.79	2,012.17	190.23	0.00	0.00	2,202.40
FACILITY ASSESSMENT FEE	0.00	0.00	0.00	0.00	0.00	0.00
NET REVENUES	40,087.73	346,224.69	168,730.57	0.00	16,622.35	531,577.61
EXPENDITURES:						
OPERATING EXPENDITURES:						
SALARIES	382,475.14	41,943.75	127,318.12	0.00	0.00	169,261.87
EMPLOYEE BENEFITS	125,228.31	14,311.20	37,062.37	0.00	0.00	51,373.57
SUPPLIES	23,700.83	0.00	65,232.49	0.00	0.00	65,232.49
TRAVEL	1,403.29	0.00	462.42	0.00	0.00	462.42
CONTRACT SERVICE	63,260.56	13,363.50	28,110.64	0.00	1,920.00	43,394.14
BUILDING MAINTENANCE & REPAIR	6,037.07	20,241.58	2,033.87	0.00	1,841.93	24,117.38
GROUNDS MAINTENANCE	4,328.66	6,218.80	20,411.77	0.00	86.54	26,717.11
UTILITIES	62,058.60	36,180.49	15,475.36	0.00	25,432.61	77,088.46
EQUIPMENT MAINTENANCE & REPAIR	234.54	869.93	24,555.11	0.00	4,784.08	30,209.12
BUILDING & EQUIPMENT RENTAL	1,310.89	0.00	10,285.05	0.00	0.00	10,285.05
TELEPHONE	7,818.66	38.20	707.44	0.00	2.96	748.60
INSURANCE AND BONDS	38,474.00	0.00	0.00	0.00	2,115.00	2,115.00
RECEPTIONS	497.10	5.00	0.00	0.00	0.00	5.00
ADVERTISING	2,829.95	476.72	3,810.56	0.00	186.68	4,473.96
BAD DEBT EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00
GENERAL EXPENSES	39,595.13	1,242.52	10,899.19	0.00	6,933.41	19,075.12
EXPENSE OFFSET	0.00	0.00	0.00	0.00	0.00	0.00
EDUCATIONAL SUPPORT ALLOCATIONS	0.00	0.00	0.00	0.00	0.00	0.00
OPERATING COST ALLOCATIONS	(758,567.23)	212,398.82	0.00	7,585.69	30,342.68	250,327.19
TOTAL OPERATING EXPENDITURES	685.50	347,290.51	346,364.39	7,585.69	73,645.89	774,886.48
EXCESS REVENUES OVER EXPENDITURES	39,402.23	(1,065.82)	(177,633.82)	(7,585.69)	(57,023.54)	(243,308.87)
OTHER EXPENDITURES:						
EQUIPMENT	3,786.23	0.00	1,975.00	0.00	0.00	1,975.00
OTHER COST ALLOCATIONS	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL OTHER EXPENDITURES	3,786.23	0.00	1,975.00	0.00	0.00	1,975.00
TRANSFERS AMONG FUNDS - ADDITIONS/(DEDUCTIONS):						
MANDATORY:						
PRINCIPAL AND INTEREST	(35,616.00)	0.00	0.00	0.00	0.00	0.00
NON-MANDATORY:						
OTHER NON-MANDATORY TRANSFERS	0.00	0.00	(947.45)	0.00	0.00	(947.45)
TOTAL TRANSFERS	(35,616.00)	0.00	(947.45)	0.00	0.00	(947.45)
					0.00	
EXCESS REVENUES OVER EXPENDITURES (DEFICIT)	$ 0.00	$ (1,065.82)	$ (180,556.27)	$ (7,585.69)	$ (57,023.54)	$ (246,231.32)

BROOKLEY CENTER
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE SIX MONTHS ENDED MARCH 31, 2008
WITH COMPARATIVE FIGURES FOR 2007

	CONTINUING EDUCATION	EDUCATIONAL LEASING	UNIVERSITY SERVICE	TOTAL EDUCATIONAL SERVICES	BROOKLEY CENTER TOTAL 03/31/08	BROOKLEY CENTER TOTAL 03/31/07
REVENUES:						
SALES-FOOD & MERCHANDISE	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 18,090.63	$ 19,729.81
LESS: COST OF GOODS SOLD	0.00	0.00	0.00	0.00	16,676.41	11,967.99
DISCOUNTS	1,923.59	0.00	0.00	1,923.59	3,541.34	4,174.67
GROSS PROFIT	(1,923.59)	0.00	0.00	(1,923.59)	(2,127.12)	3,587.15
FEES	170,700.73	261,299.52	0.00	432,000.25	617,337.41	518,838.25
RENTALS	6,600.00	0.00	0.00	6,600.00	389,812.52	376,464.12
OTHER	4,015.50	0.00	0.00	4,015.50	7,334.69	4,164.37
FACILITY ASSESSMENT FEE	0.00	0.00	0.00	0.00	0.00	0.00
NET REVENUES	179,392.64	261,299.52	0.00	440,692.16	1,012,357.50	903,053.89
EXPENDITURES:						
OPERATING EXPENDITURES:						
SALARIES	0.00	0.00	0.00	0.00	551,737.01	483,894.61
EMPLOYEE BENEFITS	0.00	0.00	0.00	0.00	176,601.88	158,369.78
SUPPLIES	10,370.85	2,441.08	0.00	12,811.93	101,745.25	47,662.98
TRAVEL	0.00	0.00	0.00	0.00	1,865.71	1,687.03
CONTRACT SERVICE	3,167.40	3,328.36	0.00	6,495.76	113,150.46	120,390.13
BUILDING MAINTENANCE & REPAIR	10,859.22	2,745.94	0.00	13,605.16	43,759.61	44,291.94
GROUNDS MAINTENANCE	0.00	0.00	0.00	0.00	31,045.77	28,095.59
UTILITIES	61,778.53	48,302.79	0.00	110,081.32	249,228.38	245,508.46
EQUIPMENT MAINTENANCE & REPAIR	298.88	312.19	0.00	611.07	31,054.73	29,457.61
BUILDING & EQUIPMENT RENTAL	0.00	0.00	0.00	0.00	11,595.94	13,379.83
TELEPHONE	0.00	0.00	0.00	0.00	8,567.26	9,399.22
INSURANCE AND BONDS	2,400.00	0.00	0.00	2,400.00	42,989.00	53,336.00
RECEPTIONS	495.00	0.00	0.00	495.00	997.10	0.00
ADVERTISING	9,971.80	0.00	0.00	9,971.80	17,275.71	12,911.96
BAD DEBT EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00
GENERAL EXPENSES	898.99	20,012.36	(109,933.02)	(89,021.67)	(30,351.42)	(42,586.87)
EXPENSE OFFSET	0.00	0.00	0.00	0.00	0.00	0.00
EDUCATIONAL SUPPORT ALLOCATIONS	0.00	0.00	0.00	0.00	0.00	0.00
OPERATING COST ALLOCATIONS	151,713.44	128,956.43	227,570.17	508,240.04	0.00	0.00
TOTAL OPERATING EXPENDITURES	251,954.11	206,099.15	117,637.15	575,690.41	1,351,262.39	1,205,798.27
EXCESS REVENUES OVER EXPENDITURES	(72,561.47)	55,200.37	(117,637.15)	(134,998.25)	(338,904.89)	(302,744.38)
OTHER EXPENDITURES:						
EQUIPMENT	8,566.46	3,773.99	0.00	12,340.45	18,101.68	7,643.85
OTHER COST ALLOCATIONS	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL OTHER EXPENDITURES	8,566.46	3,773.99	0.00	12,340.45	18,101.68	7,643.85
TRANSFERS AMONG FUNDS - ADDITIONS/(DEDUCTIONS):						
MANDATORY:						
PRINCIPAL AND INTEREST	0.00	0.00	0.00	0.00	(35,616.00)	(35,616.00)
NON-MANDATORY:						
OTHER NON-MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	(947.45)	923.70
TOTAL TRANSFERS	0.00	0.00	0.00	0.00	(36,563.45)	(34,692.30)
EXCESS REVENUES OVER EXPENDITURES (DEFICIT)	$ (81,127.93)	$ 51,426.38	$ (117,637.15)	$ (147,338.70)	$ (393,570.02)	$ (345,080.53)

FOOD SERVICE
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE SIX MONTHS ENDED MARCH 31, 2008
WITH COMPARATIVE FIGURES FOR 2007

	03/31/08	03/31/07
REVENUES:		
COMMISSION INCOME	$ 110,414.83	$ 90,455.24
TOTAL REVENUES	110,414.83	90,455.24
EXPENDITURES:		
SUPPLIES	6.69	40.95
EQUIPMENT MAINTENANCE AND REPAIR	9,770.33	23,305.81
UTILITIES	32,500.02	32,490.00
TELEPHONE	80.38	4.47
MEMBERSHIPS AND DUES	270.00	270.00
CONTRACT SERVICES	5,044.96	5,332.60
INSURANCE AND BONDS	11,865.00	10,003.00
BUILDING MAINTENANCE AND REPAIR	2,563.00	1,600.00
INDIRECT COST	8,091.00	8,076.00
GENERAL EXPENSE	611.25	(111.00)
TOTAL EXPENDITURES	70,802.63	81,011.83
TRANSFERS AMONG FUNDS- ADDITIONS/(DEDUCTIONS):		
NON-MANDATORY:		
OTHER TRANSFERS		
TOTAL TRANSFERS	0.00	0.00
EXCESS REVENUES OVER EXPENDITURES AND MANDATORY TRANSFERS (DEFICIT)	$ 39,612.20	$ 9,443.41

HOUSING
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES
FOR THE SIX MONTHS ENDED MARCH 31, 2008
WITH COMPARATIVE FIGURES FOR 2007

	CENTRAL HOUSING	HOUSING PROGRAMMING	WASHERS AND DRYERS	OLD SHELL ROAD HOUSING	HILLSDALE MARRIED STUDENT	SMALL GROUP HOUSING
REVENUES:						
RENTAL INCOME	$ 0.00	$ 0.00	$ 94,585.00	$ 0.00	$ 304,202.22	$ 181,382.31
BAD DEBT RECOVERY	5,060.84	0.00	0.00	0.00	910.00	0.00
OTHER	125.00	0.00	0.00	0.00	12,293.98	46,469.59
TOTAL REVENUES	5,185.84	0.00	94,585.00	0.00	317,406.20	227,851.90
EXPENDITURES:						
SALARIES	189,216.57	45,076.71	0.00	0.00	143,599.08	39,058.49
EMPLOYEE BENEFITS	57,282.67	25.00	0.00	0.00	51,763.68	9,172.06
CONTRACT LABOR	0.00	0.00	0.00	0.00	73.00	68.00
CONTRACT SERVICES	1,080.50	0.00	25,143.00	0.00	13,394.50	7,675.15
TRAVEL	3,080.92	783.38	0.00	0.00	0.00	0.00
RECEPTIONS	(95.15)	9,067.17	0.00	0.00	0.00	0.00
SUPPLIES	7,755.61	157.56	0.00	4.08	18,976.61	5,932.36
CABLE	60,232.74	0.00	0.00	0.00	588.44	0.00
TELEPHONE	565.18	0.00	0.00	0.00	1,059.09	501.30
UTILITIES	0.00	0.00	0.00	0.00	13,829.40	562.80
INSURANCE AND BONDS	0.00	0.00	0.00	0.00	8,852.00	8,112.00
BUILDING MAINTENANCE AND REPAIR	0.00	0.00	0.00	0.00	0.00	0.00
EQUIPMENT	54.26	201.42	0.00	0.00	0.00	1,811.15
EQUIPMENT RENTAL	311.38	0.00	0.00	0.00	2,121.05	0.00
EQUIPMENT MAINTENANCE AND REPAIR	0.00	0.00	0.00	0.00	326.95	0.00
GROUNDS MAINTENANCE	933.75	0.00	0.00	0.00	0.00	0.00
MAJOR RENOVATIONS	0.00	0.00	0.00	0.00	0.00	0.00
GENERAL EXPENSES	31,234.65	164.25	200.00	0.00	4,206.51	1,690.00
ADMINISTRATIVE OVERHEAD	218,999.28	0.00	0.00	0.00	0.00	38,966.28
ADMINISTRATIVE EXPENSES	(565,466.52)	(55,475.49)	22,974.86	0.00	2,483.76	57,747.60
TOTAL EXPENDITURES	5,185.84	(0.00)	48,317.86	4.08	261,274.07	171,297.19
TRANSFERS AMONG FUNDS - ADDITIONS/(DEDUCTIONS):						
MANDATORY:						
PRINCIPAL AND INTEREST	0.00	0.00	0.00	0.00	0.00	(455,274.00)
TOTAL MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	0.00	(455,274.00)
NON-MANDATORY:						
OTHER NON-MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL NON-MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL TRANSFERS	0.00	0.00	0.00	0.00	0.00	(455,274.00)
EXCESS REVENUES OVER EXPENDITURES AND TRANSFERS (DEFICIT)	$ 0.00	$ 0.00	$ 46,267.14	$ (4.08)	$ 56,132.13	$ (398,719.29)

HOUSING
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES
FOR THE SIX MONTHS ENDED MARCH 31, 2008
WITH COMPARATIVE FIGURES FOR 2007

	GAMMA DORMS	BETA DORMS	DELTA DORMS	EPSILON DORMS	TOTAL HOUSING 03/31/08	TOTAL HOUSING 03/31/07
REVENUES:						
RENTAL INCOME	$ 546,475.42	$ 305,543.54	$ 1,184,440.94	$ 324,066.61	$ 2,940,696.04	$ 3,147,817.27
BAD DEBT RECOVERY	0.00	0.00	0.00	0.00	5,970.84	2,574.11
OTHER	3,852.00	2,653.80	17,189.20	10,081.88	92,665.45	129,077.76
TOTAL REVENUES	550,327.42	308,197.34	1,201,630.14	334,148.49	3,039,332.33	3,279,469.14
EXPENDITURES:						
SALARIES	87,394.79	24,623.43	109,195.37	91,244.47	729,408.91	712,256.67
EMPLOYEE BENEFITS	24,210.05	6,492.43	28,126.42	16,241.06	193,313.37	184,449.73
CONTRACT LABOR	0.00	357.00	20,881.46	357.00	21,736.46	1,953.13
CONTRACT SERVICES	6,192.83	3,754.78	17,017.32	10,923.41	85,181.49	75,702.79
TRAVEL	0.00	0.00	0.00	0.00	3,864.30	5,004.53
RECEPTIONS	0.00	0.00	0.00	0.00	8,972.02	7,630.45
SUPPLIES	3,300.63	4,285.34	25,845.20	8,845.48	75,102.87	75,951.09
CABLE	0.00	0.00	0.00	0.00	60,821.18	87,768.08
TELEPHONE	24,531.12	11,012.44	58,746.98	14,437.61	110,853.72	117,848.22
UTILITIES	0.00	0.00	0.00	0.00	14,392.20	15,519.77
INSURANCE AND BONDS	13,585.00	6,945.00	19,028.00	6,097.00	62,619.00	70,030.00
BUILDING MAINTENANCE AND REPAIR	6,150.00	268.00	0.00	0.00	6,418.00	5,561.34
EQUIPMENT	0.00	0.00	10,675.00	5,390.00	18,131.83	31,826.53
EQUIPMENT RENTAL	0.00	0.00	6.95	0.00	2,439.38	2,941.63
EQUIPMENT MAINTENANCE AND REPAIR	0.00	0.00	100.50	0.00	427.45	6,333.61
GROUNDS MAINTENANCE	0.00	0.00	0.00	0.00	933.75	0.00
MAJOR RENOVATIONS	0.00	0.00	0.00	0.00	0.00	318.84
GENERAL EXPENSES	43,604.54	21,947.30	86,647.35	27,648.78	217,343.38	245,997.95
ADMINISTRATIVE OVERHEAD	221,611.50	104,703.78	318,950.28	106,569.00	1,009,800.12	985,538.00
ADMINISTRATIVE EXPENSES	119,220.87	67,682.68	263,279.41	87,552.83	0.00	0.00
TOTAL EXPENDITURES	549,801.33	252,072.18	958,500.24	375,306.64	2,621,759.43	2,632,632.36
TRANSFERS AMONG FUNDS -						
ADDITIONS/(DEDUCTIONS):						
MANDATORY:						
PRINCIPAL AND INTEREST	(47,982.00)	(34,320.00)	(199,620.00)	(106,998.00)	(844,194.00)	(844,986.00)
TOTAL MANDATORY TRANSFERS	(47,982.00)	(34,320.00)	(199,620.00)	(106,998.00)	(844,194.00)	(844,986.00)
NON-MANDATORY:						
OTHER NON-MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	0.00	155.00
TOTAL NON-MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	0.00	155.00
TOTAL TRANSFERS	(47,982.00)	(34,320.00)	(199,620.00)	(106,998.00)	(844,194.00)	(844,831.00)
EXCESS REVENUES OVER EXPENDITURES AND TRANSFERS (DEFICIT)	$ (47,455.91)	$ 21,805.16	$ 43,509.90	$ (148,156.15)	$ (426,621.10)	$ (197,994.22)

University of South Alabama

Quarterly Financial Statements
(A Component Unit of the State of Alabama)

Six Months Ended March 31, 2008 and 2007

Unaudited

University of South Alabama

Quarterly Financial Statements

(A Component Unit of the State of Alabama)

Six Months Ended March 31, 2008 and 2007

Contents

University of South Alabama

Management's Discussion and Analysis

Introduction

The following discussion presents an overview of the financial position and financial activities of the University of South Alabama (the University). This discussion was prepared by University management and should be read in conjunction with the financial statements and notes thereto, which follow.

Financial Highlights

At March 31, 2008 the University had total assets of $688,641,000, total liabilities of $293,677,000 and net assets of $394,964,000. University net assets increased $10,448,000 for the six months ended March 31, 2008 compared to an increase of $18,239,000 for the six months ended March 31, 2007. An overview of each statement is presented below along with a financial analysis of the transactions impacting the statement.

Condensed financial statements for the University at and for the six months ended March 31, 2008 and 2007 follow (in thousands):

Condensed Statements of Net Assets

	2008	2007
Assets		
Current	$ 271,827	$ 254.045
Capital and other noncurrent assets	416,814	379.086
	688,641	633,131
Liabilities		
Current	75,038	91,319
Noncurrent	218,639	212,215
	293,677	303,534
Net Assets		
Invested in capital assets, net of debt	184,077	146,721
Restricted, nonexpendable	19,255	15,039
Restricted, expendable	29,423	29,511
Unrestricted	162,209	138,326
	$ 394,964	$ 329,597

Condensed Statements of Revenues, Expenses and Changes in Net Assets

	2008	2007
Operating revenues		
Tuition and fees	$ 30,630	$ 26,889
Hospital revenues, net	99,149	93,428
Other	62,216	61,682
	191,995	181,999
Operating expenses		
Salaries and benefits	184,309	167,135
Supplies and other services	64,277	60,155
Other	17,373	16,562
	265,959	243,852
Operating loss	(73,964)	(61,853)
Nonoperating revenues (expenses)		
State appropriations	69,868	60,194
Other, net	4,069	9,617
Net nonoperating revenues	73,937	69,811
Other revenues, expenses, gains or losses	10,475	10,281
Increase in net assets	10,448	18,239
Beginning net assets	384,516	311,358
Ending net assets	$ 394,964	$ 329,597

Analysis of Financial Position and Results of Operations

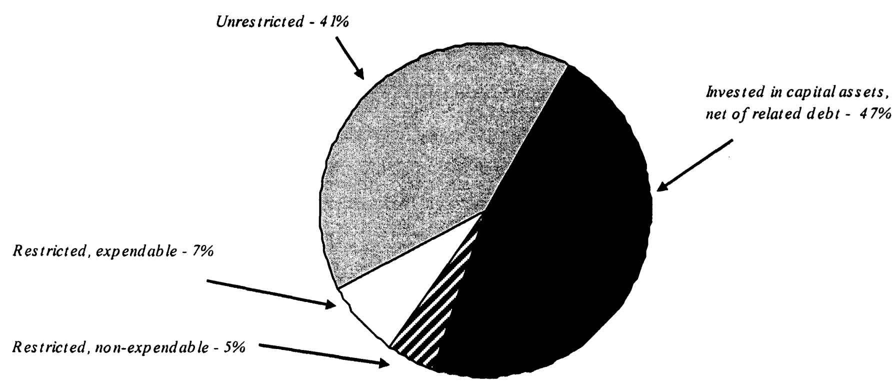
Statements of Net Assets

The statements of net assets present the assets, liabilities and net assets of the University as of the end of the current reporting period. The net assets are displayed in three parts, invested in capital assets net of related debt, restricted and unrestricted. Restricted net assets may either be expendable or nonexpendable and are those assets that are restricted by law or by an external donor. Unrestricted net assets, while they are generally designated for specific purposes, are available for use by the University to meet current expenses for any purposes. The statements of net assets, along with all of the University's basic financial statements, are prepared under the accrual basis of accounting, whereby revenues are recognized when the service is provided and expenses are recognized when others provide the service to the University, regardless of when cash is exchanged.

Assets included in the statements of net assets are classified as current or noncurrent. Current assets consist primarily of cash and cash equivalents, operating investments and hospital patient accounts receivable. Current liabilities consist primarily of accounts payable and accrued liabilities.

Net assets represent the residual interest in the University's assets after liabilities are deducted and are classified into one of four categories as shown on the following illustration, as of the end of the current reporting period:

Net Assets



Net assets invested in capital assets, net of related debt represent the University's capital assets less accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted nonexpendable net assets consist primarily of the University's permanent endowment funds. The corpus of these funds may not be expended and must remain with the University in perpetuity. Only the earnings from these funds may be expended. Restricted expendable net assets are subject to externally imposed restrictions governing their use. The funds are restricted primarily for debt service, capital projects, student loans and scholarship purposes.

University of South Alabama

Management's Discussion and Analysis (continued)

Although unrestricted net assets are not subject to externally imposed stipulations, substantially all of the University's unrestricted net assets have been designated for various academic and research programs and initiatives as well as capital projects.

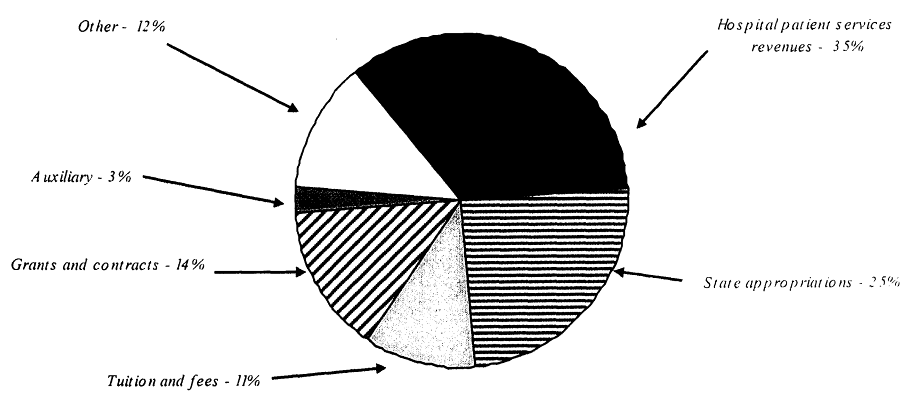
Statements of Revenues, Expenses and Changes in Net Assets

Changes in total University net assets as presented on the statements of net assets are based on the activity presented in the statements of revenues, expenses and changes in net assets. The purpose of the statements is to present the revenues received by the University, both operating and nonoperating, and the expenses paid by the University, operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the University.

Generally, operating revenues are received for providing goods and services to the various customers and constituencies of the University. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the University. Nonoperating revenues are revenues received for which goods and services are not provided. GASB Statement No. 34 requires that state appropriations be classified as nonoperating.

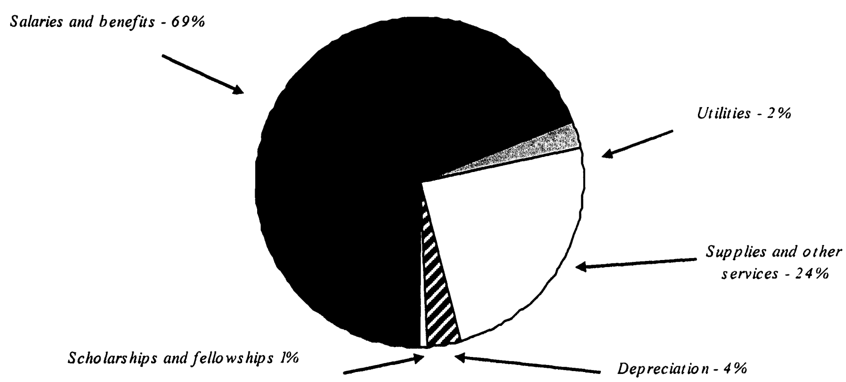
Approximately two-thirds of the operating revenues of the University are hospital patient care revenues. The remainder consists primarily of tuition and fees, grants and contracts and auxiliary enterprise revenues. The following illustration presents the major sources of University revenues (operating, nonoperating and other) for the current period:

Sources of Revenues



University expenses are presented using natural expense classifications. Salaries and benefits represent the majority of the University's operating expenses. The following illustration presents the major University operating expenses, including the hospitals, using natural classification for the current period:

Operating Expenses by Natural Classification



Capital Assets and Debt Administration

During the current period, construction continued on the Mitchell Cancer Institute and the Nursing and Allied Health Building. Additionally, several construction and renovation projects at the University and Hospitals were ongoing during the current period.

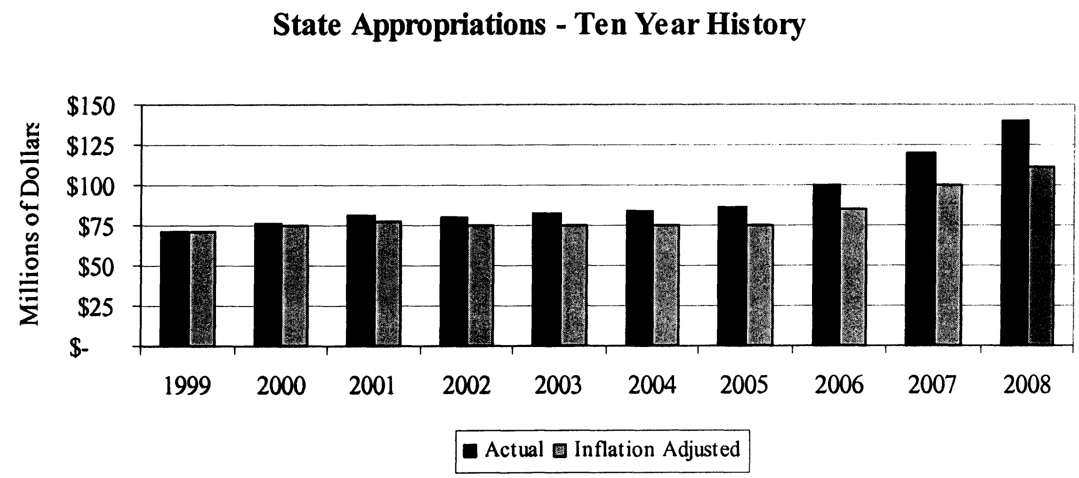
University of South Alabama

Management's Discussion and Analysis (continued)

Economic Outlook

While enrollment and tuition have both increased in recent years, state appropriations have historically been relatively flat. However, in 2007 and 2006, the University experienced an increase of 19.0% and 17.2%, respectively, or approximately $19,185,000 and $14,581,000, respectively, in state appropriations. A similar increase is expected for the 2008 budget year. Current projections indicate that state appropriations will decrease significantly in the 2009 budget year.

State appropriations (actual and adjusted for inflation) for the last ten years are illustrated below:



University administration is not aware of any other currently known facts, decisions, or conditions, except as noted below, that are expected to have a significant effect on the University's financial position or results of operations during fiscal year 2008 beyond those unknown variables having a global effect on virtually all types of business operations.

University of South Alabama

Statements of Net Assets

March 31, 2008 and 2007

(In thousands)

	2008	2007
Assets		
Current assets		
Cash and cash equivalents	$ 25,716	$ 51,376
Investments, at fair value	176,703	142,329
Net patient service receivables	28,018	29,132
Accounts receivable, affiliates	12,566	10,998
Accounts receivable, other	22,875	14,593
Notes receivable, net	771	760
Prepaid expenses, inventories and other	5,178	4,857
Total current assets	271,827	254,045
Noncurrent assets		
Restricted cash and cash equivalents	28,382	34,459
Restricted investments	44,254	49,310
Investments, at fair value	1,564	2,755
Accounts receivable	7,235	8,316
Notes receivable, net	3,843	4,222
Other noncurrent assets	25,633	16,491
Capital assets (net of accumulated depreciation)	305,903	263,533
Total noncurrent assets	416,814	379,086
Total assets	688,641	633,131
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	50,354	48,892
Deferred revenue	18,776	33,315
Deposits	555	1,754
Current portion of long-term debt	5,353	7,358
Total current liabilities	75,038	91,319
Noncurrent liabilities		
Long-term debt	191,347	193,223
Other long-term liabilities	27,292	18,992
Total noncurrent liabilities	218,639	212,215
Total liabilities	293,677	303,534
Net Assets		
Invested in capital assets, net of related debt	184,077	146,721
Restricted, nonexpendable		
Scholarships	8,380	5,905
Other	10,875	9,134
Restricted, expendable	29,423	29,511
Unrestricted	162,209	138,326
Total net assets	$ 394,964	$ 329,597

University of South Alabama

Statements of Revenues, Expenses and Changes in Net Assets

Six Months Ended March 31, 2008 and 2007

(In thousands)

	2008	2007
Revenues		
Operating revenues		
Tuition and fees (net of scholarship allowances)	$ 30,630	$ 26,889
Patient services and other (net of contractual allowances and bad debt expense)	99,149	93,428
Federal grants and contracts	14,227	14,851
State grants and contracts	1,804	1,911
Private grants and contracts	23,994	23,038
Auxiliary enterprises (net of scholarship allowances)	7,731	7,618
Other operating revenues	14,460	14,264
Total operating revenues	191,995	181,999
Expenses		
Operating expenses		
Salaries and benefits	184,309	167,135
Supplies and other services	64,277	60,155
Scholarships and fellowships	2,085	1,775
Utilities	5,957	5,576
Depreciation	9,331	9,211
Total operating revenues	265,959	243,852
Operating loss	(73,964)	(61,853)
Nonoperating revenues (expenses)		
State appropriations	69,868	60,194
Investment income and gains (losses) on investments	2,173	5,919
Interest on indebtedness	(3,929)	(4,054)
Other nonoperating revenues	7,917	8,793
Other nonoperating expenses	(2,092)	(1,041)
Net nonoperating revenues	73,937	69,811
Income before other revenues, expenses, gains or losses	(27)	7,958
Capital appropriations	-	3,721
Capital gifts and grants	5,790	4,878
Additions to endowment	4,685	1,682
Increase in net assets	10,448	18,239
Net assets		
Beginning of period	384,516	311,358
End of period	$ 394,964	$ 329,597

See accompanying notes.

University of South Alabama
Notes to 2008 Quarterly Financial Statements

1. Summary of Significant Accounting Policies

Reporting Entity

The accompanying basic financial statements present the financial position and activities of the University of South Alabama (the University), which is a component unit of the State of Alabama.

The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units,* consists of the primary government and all of its component units. Component units are legally separate organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete. Accordingly, the basic financial statements include the accounts of the University, as the primary government, and the accounts of the following entities as component units.

The University has adopted GASB Statement No. 39 which provides criteria for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship with the primary government. The statement also clarifies reporting requirements for those organizations. Based on these criteria as of September 30, 2007, the University reports the University of South Alabama Foundation (USA Foundation), the University of South Alabama Health Services Foundation (USAHSF), and the USA Research and Technology Corporation (the Corporation) as discretely presented component units in its annual financial statements. For quarterly reporting purposes, component unit financial statements are not presented.

The University is also affiliated with the South Alabama Medical Science Foundation. This entity is not considered a component unit of the University under the provisions of GASB Statement Nos. 14 and 39.

Professional Liability and General Liability Trust Funds

GASB Statement No. 14 requires the University, as the primary government, to include in its financial statements, as a component unit, organizations that, even though they are legally separate entities, meet certain requirements as defined by GASB Statement No. 14. The medical malpractice liability of the University is maintained and managed in a separate professional liability trust fund (the PLTF) in which the University and USAHSF are the only participants. In accordance with the bylaws of the trust fund, the president of the University is responsible for appointing members of the trust fund policy committee. Additionally, the general liability of the University is maintained and managed in a general liability trust fund (the GLTF) for which the University, as defined by GASB Statement No. 14, is responsible. The PLTF and GLTF are separate legal entities which are governed by the University Board of Trustees through the University president. As such, PLTF and GLTF are reported as blended component units in its annual financial statements. For quarterly reporting purposes these entities are not blended into the University's statements

University of South Alabama Foundation

The USA Foundation is a not-for-profit foundation that was organized for the purpose of promoting education, scientific research and charitable purposes, and to assist in developing and advancing the University in furthering, improving and expanding its properties, services, facilities, and activities. Because of the significance of the relationship between the University and the USA Foundation, the USA Foundation is considered a component unit of the University. The Board of Directors of the USA Foundation is not appointed or controlled by the University. The University receives distributions from the USA Foundation primarily for scholarship, faculty and other support. The USA Foundation presents its financial statements in accordance with standards issued by the Financial Accounting Standards Board (FASB). The USA Foundation has a June 30 fiscal year end which differs from the University's September 30 fiscal year end.

University of South Alabama Health Services Foundation

The USAHSF is a not-for-profit corporation that exists to provide a group medical practice for physicians who are faculty members of the University and to further medical education and research at the University. Because of the significance of the relationship between the University and USAHSF, USAHSF is considered a component unit of the University. The USAHSF reimburses the University for salaries, certain administrative expenses, Dean's clinical assessment and other support services. The USAHSF presents its financial statements in accordance with standards issued by the FASB.

USA Research and Technology Corporation

The Corporation is a not-for-profit corporation that exists for the purpose of furthering the educational and scientific mission of the University by developing, attracting, and retaining technology and research industries in Alabama that will provide professional and career opportunities to the University's students and faculty. Because of the relationship between the University and the Corporation, the Corporation is considered a component unit of the University. The Corporation presents its financial statements in accordance with GASB.

Measurement Focus and Basis of Accounting

For financial reporting purposes, the University is considered a special purpose governmental agency engaged only in business type activities, as defined by GASB Statement No. 34. Accordingly, the University's basic financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

The University prepares its basic financial statements in accordance with U. S. generally accepted accounting principles, as prescribed by GASB, including all applicable effective statements of the GASB and all statements of the FASB issued through November 30, 1989 that do not conflict with GASB pronouncements. The University has elected not to apply the provisions of any pronouncements of the FASB issued after November 30, 1989.

Use of Estimates

The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires that management make estimates and assumptions affecting the reported amounts of assets and liabilities, revenues and expenses, as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

In particular, laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates related to these programs could change by a material amount in the near term.

Cash and Cash Equivalents

Cash and cash equivalents are defined as petty cash, demand accounts and any short-term investments that take on the character of cash. These investments generally, but not always, have maturities of less than three months and include repurchase agreements and money market accounts.

Investments and Investment Income

Investments are recorded at fair value. Investments received by gift are recorded at fair value at the date of receipt. Changes in the fair value of investments are reported in investment income.

Accounts Receivable

Accounts receivable primarily result from net patient service revenue. Accounts receivable from affiliates primarily represent amounts due from USAHSF for salaries, and certain administrative and other support services. Accounts receivable – other includes amounts due from students, the federal government, state and local governments, or private sources in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Inventories

The University's inventories primarily consist of bookstore inventories and medical supplies and pharmaceuticals. Bookstore inventories are valued at the lower of cost (moving average basis) or market. Medical supplies and pharmaceuticals are stated at the lower of cost (first-in, first-out basis) or market.

Capital Assets

Capital assets are recorded at cost, if purchased, or at fair value at date of donation. Depreciation is provided over the useful life of each class of depreciable asset using the straight-line method. Major renewals and renovations are capitalized. Costs for repairs and maintenance are expensed when incurred. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and the gain or loss, if any, is included in nonoperating revenues (expenses) in the statements of revenues, expenses, and changes in net assets.

All capital assets other than land are depreciated using the following asset lives:

Buildings, infrastructure and certain building components	40 to 100 years
Fixed equipment	10 to 20 years
Land improvements	8 to 20 years
Library materials	10 years
Other equipment	4 to 15 years

Certain buildings are componentized for depreciation purposes.

Interest costs for certain assets constructed are capitalized as a component of the cost of acquiring those assets.

Deferred Revenue

Student tuition, fees, and dormitory rentals are deferred and recognized over the applicable portion of each school term.

Operating lease rental payments related to the University's lease of USA Knollwood Hospital to the Infirmary Health System, Inc. are deferred and recognized as revenue over the term of the lease using the straight-line method.

Classification of Net Assets

The University's net assets are classified as follows:

Invested in capital assets, net of related debt represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such debt is excluded from the calculation of *invested in capital assets, net of related debt.*

Restricted, nonexpendable net assets consist of endowment and similar type funds which donors or other outside sources have stipulated, as a condition of the gift instrument, the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Restricted, expendable net assets include resources that the University is legally or contractually obligated to spend in accordance with restrictions imposed by external parties.

Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, net patient service revenue, sales and services of educational activities and auxiliary enterprises. Auxiliary enterprises are substantially self-supporting activities that provide services for students, faculty, and staff. While unrestricted net assets may be designated for specific purposes by action of management or the Board of Trustees, they are available for use at the discretion of the governing board, to meet current expenses for any purpose. Substantially all unrestricted net assets are designated for academic and research programs and initiatives, and capital programs.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University addresses each situation on a case-by-case basis prior to determining the resources to be used to satisfy the obligation.

Scholarship Allowances and Student Financial Aid

Student tuition and fees, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statements of revenues, expenses, and changes in net assets. Scholarship discounts and allowances are 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. Certain governmental grants, such as Pell grants and other federal, state, or nongovernmental programs are recorded as either operating or nonoperating revenues in the University's basic financial statements based on their classification as either an exchange or nonexchange transaction. To the extent that revenues from such programs are used to satisfy tuition and fees and certain other student charges, the University has recorded a scholarship discount and allowance.

Donor Restricted Endowments

The University is subject to the "Uniform Management of Institutional Funds Act (UMIFA)" of the Code of Alabama. This law allows the University, unless otherwise restricted by the donor, to spend net appreciation, realized and unrealized, on the endowment. The University's endowment spending policy provides that 5% of the three-year invested net asset moving average value (inclusive of net realized and unrealized gains and losses), as measured at September 30, is available annually for spending. The University's policy is to retain the endowment net interest and dividend income and net realized and unrealized appreciation with the endowment after distributions allowed by the spending policy have been made. These amounts, unless otherwise directed by the donor, are included in restricted, expendable net assets.

Classification of Revenues

The University has classified its revenues as either operating or nonoperating revenues.

Operating revenues include activities that have the characteristics of exchange transactions such as student tuition and fees, net of scholarship discounts and allowances; sales and services of auxiliary enterprises, net of scholarship allowances; most federal, state, and local grants and contracts; and, net patient service revenue.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources such as state appropriations, investment income, and gifts.

Gifts and Pledges

Pledges of financial support from organizations and individuals representing an unconditional promise to give are recognized in the basic financial statements once all eligibility requirements, including time requirements, have been met. In the absence of such a promise, revenue is recognized when the gift is received. Endowment pledges generally do not meet eligibility requirements, as defined by GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* and are not recorded as assets until the related gift has been received. Unconditional promises that are expected to be collected in future years are recorded at the present value of the estimated future cash flows.

Grants and Contracts

The University has been awarded grants and contracts for which funds have not been received or expenditures made for the purpose specified in the award. These awards have not been reflected in the basic financial statements, but represent commitments of sponsors to provide funds for specific research or training projects. For grants that have allowable cost provisions, the revenue will be recognized as the related expenditures are made. For grants with work completion requirements, the revenue is recognized as the work is completed. For grants without either of the above requirements, the revenue is recognized as it is received.

Net Patient Service Revenue

Net patient service revenue is reported at estimated net realizable amounts due from patients, third-party payers and others for healthcare services rendered, including estimated retroactive revenue adjustments due to future audits, reviews and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such amounts are adjusted in future periods, as adjustments become known or as years are no longer subject to such audits, reviews and investigations.

Costs of Borrowing

Debt financing costs and bond premium and discounts are deferred and amortized using the straight-line method, which approximates the effective interest rate method, over the term of the related bond issue.

Compensated Absences

The University accrues annual leave for employees as incurred at rates based upon length of service and job classification.

Reclassifications

Certain amounts in the fiscal 2007 basic financial statements have been reclassified in order to conform to fiscal 2008 classification.

2. Income Taxes

The University is classified as both a governmental entity under the laws of the State of Alabama and as a tax-exempt entity under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). Consistent with that designation, no provision for income taxes has been made in the accompanying basic financial statements.

3. Cash

Pursuant to the Security for Alabama Funds Enhancement Act, funds on deposit may be placed in an institution designated as a qualified public depository (QPD) by the State of Alabama. QPD institutions pledge securities to a statewide collateral pool administered by the State Treasurer's office. Such financial institutions contribute to this collateral pool in amounts proportionate to the total amount of public fund deposits at their respective institutions. The securities are held at the Federal Reserve Bank and are designated for the State of Alabama. Additional collateral was not required for University funds on deposit with QPD institutions. At September 30, 2007 (the last date for which such information is reported), the net public deposits subject to collateral requirements for all institutions participating in the pool totaled approximately $8,174,338,000.

4. Investments

The investments of the University are invested pursuant to the University of South Alabama "Nonendowment Cash Pool Investment Policies" and the "Endowment Fund Investment Policy" (collectively referred to as the University Investment Policies) as adopted by the Board of Trustees. The purpose of the nonendowment cash pool investment policy is to provide guidelines by which pooled funds not otherwise needed to meet daily operational cash flows can be invested to earn a maximum return, yet still maintain sufficient liquidity to meet fluctuations in the inflows and outflows of University operational funds. Further, endowment fund investment policies exist to provide earnings to fund specific projects of the endowment fund, while preserving principal. The University Investment Policies require that management apply the "prudent person" standard in the context of managing its investment portfolio.

Certain investments, primarily related to the University's endowment assets, are pooled. The University uses this pool to manage its investments and distribute investment income to individual endowment funds.

Credit Risk and Concentration of Credit Risk

The University Investment Policies limit investment in corporate bonds to securities with a minimum "A" rating, at the time of purchase, by both Moody's and Standard and Poor's. Investments in corporate paper are limited to issuers with a minimum quality rating of P-1 by Moody's, A-1 by Standard and Poor's or F-1 by Fitch.

Additionally, the University Investment Policies require that not more than 10% of the cash, cash equivalents and investments of the University be invested in the obligations of a single private corporation and not more than 35% of the cash, cash equivalents and investments of the University be invested in the obligations of a single government agency.

Interest Rate Risk

The University's Investment Policies do not specifically address the length to maturity on investments which the University must follow; however, they do require that the maturity range of investments be consistent with the liquidity requirements of the University.

Mortgage-Backed Securities

The University, from time to time, invests in mortgage-backed securities issued by the Government National Mortgage Association (GNMA) and the Federal National Mortgage Association (FNMA), agencies of the United States government. The University invests in these securities to increase the yield and return on its investment portfolio given the available alternative investment opportunities.

The fair value of mortgage-backed securities is generally based on the cash flows from principal and interest receipts on the underlying mortgage pools. These securities include collateralized mortgage obligations (CMOs). In CMOs, the cash flow from principal and interest payments from one or more mortgage pass-through securities or a pool of mortgages may be reallocated to multiple security classes with different priority claims and payment streams (commonly referred to as tranches). A holder of the CMO security thus chooses the class of security that best meets its risk and return objectives. CMOs are subject to significant market risk due to fluctuations in interest rates, prepayment rates and various liquidity factors related to their specific markets.

5. Note Payable

Note payable consisted of the following at the end of the current period:

Compass Bank limited obligation note, 2.743% payable through September 2008, unsecured

6. Bonds Payable

Bonds payable consisted of the following at the end of the current period:

University Tuition Revenue Refunding Bonds, Series 1996, 3.80% to 5.00%, refunded in January 2007

University Tuition Revenue Bonds, Series 1999 Current Interest, 3.7% to 4.35% payable through November 2010

University Tuition Revenue Bonds, Series 1999 Capital Appreciation, 4.7% to 5.25%, payable November 2011 through November 2018

University Tuition Revenue Refunding and Capital Improvement Bonds, Series 2004, 2.00% to 5.00%, payable through March 2024

University Tuition Revenue Refunding and Capital Improvement bonds, Series 2006, 5.00%, payable through June 2037

Substantially all student tuition and fee revenues secure University bonds. Series 1996 Bonds began maturing November 2000 and were refunded from a portion of the proceeds of the Series 2006 Bonds. Series 1999 Current Interest Bonds began maturing November 2002, and Series 1999 Capital Appreciation Bonds mature beginning November 2011. Series 1999 Bonds are not redeemable prior to maturity. Series 2004 Bonds began maturing in March 2005 and are redeemable beginning in March 2014. Series 2006 Bonds begin maturing in December 2024 and are redeemable beginning in December 2016.

During the year ended September 30, 2007, the University refunded the Series 1996 bonds with a portion of the proceeds from the issuance of the Series 1996 bonds. The 2006 refunding transaction resulted in an accounting loss totaling $924,000, which has been deferred and is being amortized using the straight-line method through 2016. Aggregate cash flows from the refunding date through contractual maturity of the Series 1996 bonds totals approximately $25,826,000, while aggregate cash flows from the portion of the refunding Series 2006 bonds applicable to the refunding totaled approximately $50,864,000 through the maturity date of the Series 2006 bonds, resulting in a negative net cash flow differential for the refunding of approximately $25,038,000. The economic gain (generally referred to as the present value of the net cash flow differential discounted at the effective interest rate of the new debt) on the 2006 refunding transaction totals approximately $1,328,000.

The University defeased certain indebtedness during 1978 and 1984 by depositing funds in escrow trust accounts sufficient to provide for the subsequent payment of principal and interest on the defeased indebtedness. Neither the assets of the escrow trust accounts nor the defeased indebtedness is included in the accompanying statements of net assets.

The University is subject to restrictive covenants related to certain note and bonds payable. As of the end of the current period, management believes the University was in compliance with such financial covenants.

7. Capital Lease Obligation

In fiscal 2006, the University signed a three-year purchase agreement as a method of financing the purchase of certain computer equipment for the USA Hospitals. Payments are due monthly through fiscal 2009.

8. Net Patient Service Revenue

The Hospitals have agreements with governmental and other third-party payers that provide for reimbursement at amounts different from their established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the Hospitals' billings at established rates for services and amounts reimbursed by third-party payers.

A summary of the basis of reimbursement with major-third party payers follows:

Medicare – Substantially all acute-care services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors. Additionally, the Hospitals are reimbursed for both direct and indirect medical education costs (as defined), principally based on per-resident prospective payment amounts and certain adjustments to prospective rate-per-discharge operating reimbursement payments. The Hospitals generally are reimbursed for certain retroactively settled items at tentative rates, with final settlement determined after submission of annual cost reports by the Hospitals and audits by the Medicare fiscal intermediary. The cost report for the USA Medical Center has been audited and settled through 2004. The 2005 cost report has been audited and settlement is pending. The cost report for USA Children's and Women's Hospital has been audited and settled through 2006. The cost report for USA Knollwood Hospital has been audited and settled through March 2006.

Blue Cross – Inpatient services rendered to Blue Cross subscribers are paid at a prospectively determined per diem rate. Outpatient services are reimbursed under a cost reimbursement methodology. For outpatient services, the Hospitals are reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospitals and audits thereof by Blue Cross. The Hospitals' Blue Cross cost reports have been audited and settled for all fiscal years through 2006.

Medicaid – Inpatient services rendered to Medicaid program beneficiaries are reimbursed at all-inclusive prospectively determined per diem rates. Outpatient services are reimbursed based on an established fee schedule.

The Hospitals qualify as Medicaid essential providers and, therefore, also receive supplemental payments based on formulas established by the Alabama Medicaid Agency. There can be no assurance that the Hospitals will continue to qualify for future participation in this program or that the program will not ultimately be discontinued or materially modified.

Other – The Hospitals have also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The bases for payments to the Hospitals under these agreements include discounts from established charges and prospectively determined daily and case rates.

9. Hospital Lease

Background

In fiscal 2006, the University and Infirmary Health System, Inc. (the Infirmary) entered into a Lease Agreement (the Lease) in which the University agreed to lease certain land, buildings and equipment at its USA Knollwood Hospital campus to the Infirmary. Assets leased include the Knollwood 124-bed acute care hospital, the Knollwood 191-bed long-term care acute hospital and, with the exception of four condominium units not owned by the University, four professional office buildings located on the Knollwood campus. Additional assets leased include significantly all of the equipment, fixtures, furnishings and other personal property of the University used in connection with the operation of the hospitals.

The lease was effective as of April 1, 2006 and extends fifty years through March 31, 2056 with an automatic renewal, for an additional forty-nine years, through March 31, 2105. The lease may be terminated after the initial fifty-year term by the Infirmary. Upon the expiration or termination of the lease, the assets, along with responsibility for the operation of such assets, will revert to the University and the University will pay the Infirmary, at fair market value, for any capital improvements to the assets.

Additionally, the lease may be terminated at any time, at the option of the Infirmary, in the event that a change in any law, statute, rule, or a regulation of any governmental or other regulatory body or any third-party payment program is deemed by the Infirmary to be significant. Significance is defined as anything that materially affects the operations, including financial and otherwise, of the hospital. If the Infirmary exercises this option, the University has the option of paying the Infirmary an amount equal to the fair market value of the capital improvements to the leased assets or selling the leased assets to the Infirmary for an amount equal to their fair market value. The University's management does not anticipate that this option will be exercised by the Infirmary.

Also in December 2005, and in connection with the lease, the University and Infirmary executed a promissory note, due in June 2006, in which the University agreed to pay the Infirmary $2,927,000, plus interest at an annual rate of 3.25%. This note was given in consideration for approximately 6.7 acres of land in the vicinity of the Mobile Infirmary Medical Center and the University of South Alabama Children's and Women's Hospital. The Mitchell Cancer Institute is currently being constructed on this property.

Financial Considerations

The total amount of lease payments due the University was based on the fair market value of the assets, $32,418,000, as appraised in September 2005. The allocation of the appraised fair market value is $29,370,000 for the land and buildings and $3,048,000 for medical equipment, office furnishings and other equipment.

Upon execution of the lease, a partial lease prepayment in the amount of $7,418,000 was made by the Infirmary. This prepayment consisted of cash and a credit for the promissory note executed in consideration for the property as described above.

In addition to the prepayment, required annual lease payments by the Infirmary to the University, are $1,000,000 in years one through five; $1,250,000 in years six through ten; $1,500,000 in years eleven through fifteen; variable amount based on certain government indices in years sixteen through thirty and $1 in years thirty-one through ninety-nine. Lease payments are made monthly.

For reporting purposes, management assumed that the interest rate utilized in years sixteen through thirty would remain at 3.75%. This assumption will be reviewed, and amortization schedules adjusted, if necessary, when the actual interest rate is determined.

Financial Statement Presentation

As required by FASB Statement No. 13, related to leases involving both real property and equipment, the equipment component of the lease must be considered separately in determining whether or not the lease is a capital or an operating lease. As such, the University has bifurcated the lease into an equipment component and a real property component based on the appraised fair value of each such component. The financial considerations of the lease are then applied to, and the accounting treatment is determined for, each component based on this bifurcation.

Pursuant to FASB Statement No. 13, the equipment component of the lease is considered a capital lease (sales-type lease) and as such has been recorded as a capital lease receivable, both current and noncurrent, in the accompanying basic financial statements of the University.

The component of the lease attributable to land and buildings is considered an operating lease. As such, lease revenue will be recorded as it is earned over the ninety-nine year lease term (the fifty-year initial term and the forty-nine year automatic renewal term). The expected total lease payments to be received over the next thirty years along with cash and other consideration already received will be deferred and amortized over the ninety-nine year term.

10. Derivative Transactions

In January 2008, the University entered into a synthetic advance refunding of the outstanding Series 2004 and 2006 bonds with Wachovia Bank (Wachovia). This transaction was effected through the sale of two swaptions by the University to Wachovia. The transactions resulted in an up-front payment to the University totaling

$9,328,000 in exchange for selling Wachovia the option to enter into an interest rate swap with respect to the Series 2004 and 2006 bonds in 2014 and 2016, respectively. Derivative transactions are entered into pursuant to the University's "Derivative Policy."

Objective of the derivative transaction
The objective of this transaction is to realize debt service savings currently from future debt refunding and create an economic benefit to the University.

Terms
A summary of the transaction is as follow:

Issue	Date of Issue	Option Expiration Date	Effective Date of Swap	Termination Date	Payment Amount
Series 2004 bonds	2-Jan-08	16-Dec-13	15-Mar-14	15-Mar-24	$ 1,988,000
Series 2006 bonds	2-Jan-08	1-Sep-16	1-Dec-16	1-Dec-36	7,340,000

If Wachovia exercise its options in 2014 and 2016, the University would, at Wachovia's option, be forced into an underlying swap. If the option is exercised, the University would begin to make payments on the underlying swap contract. Simultaneously, the University would call outstanding 2004 and 2006 bonds and issue variable rate demand notes (VRDNs) in their place. Under the swap contract, the University would pay a fixed rate of 4.9753% on the 2004 bonds and 5.0% on the 2006 bonds to Wachovia and would receive payments based 68% of the one-month LIBOR index. Alternatively the University could, at its option; cash settle the swap and retain its right to refund the 2004 and 2006 bonds.

If the interest rate environment is such that Wachovia chooses to not exercise its option, the swaption would be cancelled and the University would have no further obligation under this agreement.

Risks Associated with This Transaction
Certain risks are inherent to derivative transactions.

Interest rate risk. Interest rate risk, as a result of rising short-term interest rates causing higher interest rate payments, is effectively hedged by the University by its fixed rate bonds. If Wachovia exercises its options, the underlying swaps are expected to effectively hedge the potentially higher payments on VRDNs as well. The University is also subject to interest rate risk as a result of changes in long-term interest rates, which may cause the value of fixed rate bonds or interest rate derivatives to change. If long-term interest rates fall subsequent to the execution of this transaction, the value of the swaptions will change, with potential negative consequences for the University.

Market access risk. This transaction assumes that VRDNs will be issued as a replacement of the 2004 and 2006 bonds. If the University is unable to issue variable rate bonds after Wachovia exercises its right under the swaption, the University would still be required to begin making periodic payments on the swaps, even though there are no related bonds. Alternatively, the University could choose to liquidate the swaps, which may create a substantial cash outlay.

Basis risk. If Wachovia exercises its option, there is a risk that the floating payments received under the swaps will not fully offset the variable rate payments due on the assumed VRDNs.

Termination risk. The University may be required to terminate the swaptions or swaps under certain circumstances, such as credit downgrades or other events specified in the contracts. In the event that a position needs to be terminated, the University may owe a substantial amount of money to terminate the contracts. No termination events have occurred as of the current date.

11. Employee Benefits

Retirement and Pension Plans

Employees of the University are covered by two pension plans: a cost sharing multiple-employer defined benefit pension plan administered by the Teachers' Retirement System of the State of Alabama (TRS), and a defined contribution pension plan.

Permanent employees of the University participate in TRS, a public retirement system created by an act of the State Legislature, with benefit provisions established by the Code of Alabama. Responsibility for general administration and operation of the TRS is vested in the Board of Control (currently 14 members). Benefits fully vest after 10 years of full-time, permanent employment. Vested employees may retire with full benefits at age 60 or after 25 years of service. Participating retirees may elect the maximum benefit, or may choose among four other monthly benefit options. Under the maximum benefit, participants are allowed 2.0125% of their average final salary (average of three highest years of annual compensation during the last ten years of service) for each year of service. The TRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Retirement Systems of Alabama, P.O. Box 302150, Montgomery, Alabama 36130-2150, or by calling (334) 832-4140.

All employees covered by this retirement plan must contribute 5% of their eligible earnings to TRS. An actuary employed by the TRS Board of Control establishes the employer-matching amount annually.

The defined contribution pension plan covers certain academic and administrative employees, and participation by eligible employees is optional. Under this plan, administered by Teachers Insurance and Annuity Association – College Retirement

Equities Fund (TIAA-CREF), contributions by eligible employees are matched equally by the University up to a maximum of 3% of current annual pay.

Compensated Absences

Regular University employees accumulate vacation and sick leave, subject to maximum limitations, at varying rates depending upon their employee classification and length of service. Upon termination of employment, employees are paid all unused accrued vacation at their regular rate of pay up to a maximum of two times their annual accumulation rate. No accrual is recognized for sick leave benefits since no terminal cash benefit is available to employees for accumulated sick leave.

Other Postretirement Employee Benefits

In September 2003, the State of Alabama Legislature passed legislation that requires all colleges and universities to fund the healthcare premiums of its participating retirees. In prior years, such costs have been paid by the State. Beginning in October 2003, the University was assessed a monthly premium by the Public Education Employees' Health Insurance Plan (PEEHIP) based on the number of retirees in the system and an actuarially determined premium.

12. Risk Management

The University and USAHSF participate in the professional liability trust fund and the University participates in the general liability trust fund. Both funds are administered by an independent trustee. These trust funds are revocable and use contributions by the University and USAHSF, together with earnings thereon, to pay liabilities arising from the performance of its employees, trustees and other individuals acting on behalf of the University. If the trust funds are ever terminated, appropriate provision for payment of related claims will be made and any remaining balance will be distributed to the University and USAHSF in proportion to contributions made.

Claims and expenses are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Those losses include an estimate of claims that have been incurred but not reported and the future costs of handling claims. These liabilities are generally based on actuarial valuations and are reported at their present value.

The University participates in a self-insured health plan, administered by an unaffiliated entity. Contributions by the University and its employees, together with earnings thereon, are used to pay liabilities arising from healthcare claims. It is the opinion of University administration that plan assets are sufficient to meet future plan obligations.

13. Other Related Party

The South Alabama Medical Science Foundation (SAMSF) is a not-for-profit corporation that exists for the purpose of promoting education and research at the University. SAMSF reimburses the University for certain administrative expenses and other related support services.

14. Commitments and Contingencies

Grants and Contracts

The University had been awarded certain amounts in grants and contracts for which resources had not been received and for which reimbursable expenditures had not been made for the purposes specified. These awards, which represent commitments of sponsors to provide funds for research or training projects, have not been reflected in the accompanying basic financial statements as the eligibility requirements of the award have not been met. Advances include amounts received from grant and contract sponsors which have not been earned under the terms of the agreements and, therefore, have not yet been included in revenues in the accompanying basic financial statements. Federal awards are subject to audit by Federal agencies. The University's management believes any adjustment from such audits will not be material.

Letter of Credit

In connection with the Hospitals' participation in the State of Alabama Medicaid Program, the University has established a $1,400,000 irrevocable standby letter of credit with Wachovia Bank. The Alabama Medicaid Agency is the beneficiary of this letter of credit. No funds were advanced under this letter during the years ended September 30, 2007 and 2006.

Litigation

Various claims have been filed against the University alleging discriminatory employment practices and other matters. University administration and legal counsel are of the opinion the resolution of these matters will not have a material effect on the financial position or the statement of revenues, expenses, and changes in net assets of the University.

Rent Supplement Agreement

During fiscal 2007, the University entered into an irrevocable rent supplement agreement with the Corporation and a financial institution. The agreement requires that, in the event the Corporation fails to maintain a debt service coverage ratio of one to one with respect to all of its outstanding indebtedness, the University will pay to the Corporation any and all rent amounts necessary to cause the Corporation's net operating income to be equal to the Corporation's annual debt service obligations. As of the end of the current period, no amounts were payable pursuant to this agreement.

15. Significant New Accounting Pronouncements

In June 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits (OPEB) other than Pensions.* GASB Statement No. 45 establishes standards for the measurement, recognition and disclosure of OPEB expenses and related liabilities and is effective for the University for the year ending September 30, 2008. In September 2006, the GASB issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfer of Assets and Future Revenues.* GASB Statement No. 48 establishes criteria governing whether proceeds received from the sale or pledge of receivables should be reported as revenue or as a liability and will be effective for the year ending September 30, 2008. In November 2006, the GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. GASB Statement No. 49 addresses accounting and reporting standards for pollution remediation obligations, which are obligations with respect to current operations and will be effective for the year ending September 30, 2009. In May 2007, GASB issued Statement No. 50, *Pension Disclosures*. GASB Statement No. 50 establishes standards for disclosure in notes to financial statements related to pension plans and will be effective for the year ending September 30, 2008. In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. GASB Statement No. 51 requires that certain intangible assets be classified and reported as capital assets and will be effective for the year ending September 30, 2010.

The effect of the implementation of GASB Statements Nos. 45, 48, 49, 50 and 51 on the University has not been determined.

University of South Alabama
Summary Comparison of Fund Financial Reports to
GASB Statement 34 Financial Statements
March 31, 2008 and 2007

	Six Months Ended March 31		Year Ended September 30,
	2008	2007	2007
Net increase (decrease) in current unrestricted operating funds (fund accounting format)	$ 121,129	$ 2,163,177	$ 3,721,883
Add:			
Debt service	2,544,785	3,583,512	6,401,149
Equipment*	-	-	21,018,457
Depreciation	(5,883,047)	(5,506,222)	6,407,336
Plant Fund revenues	11,999,958	6,445,605	22,747,172
Other, net	1,665,175	11,552,928	12,862,003
Net increase in net assets - GASB Statement 34/35	$ 10,448,000	$ 18,239,000	$ 73,158,000

* Netted for quarterly reporting purpose

Net increase (decrease) from operating (current unrestricted) funds - fund accounting format		$ 121,129
Add back:		
Debt service:		
Principal payment on long term debt	4,378,717	
Actual payment of principal and interest in in excess of amounts transferred (timing issue)	(1,833,932)	2,544,785
Equipment purchases*		-
Depreciation of buildings and equipment:		
Computed depreciation	(9,330,802)	
Non-capitalized plant fund expenditures*	-	
Transfers of funded depreciation	3,447,755	(5,883,047)
		(3,217,133)
Add:		
Plant fund income/transfers (net) not previously combined with operating:		11,999,958
Other fund income not previously combined with operating:		
Endowment fund gifts, investment gain and other, net	2,439,133	
Loan fund	30,856	
Restricted fund	(835,097)	
Other transfers, other changes, GASB adjustment and rounding, net	30,283	1,665,175
Net increase in net assets - GASB Statement No. 34 Format		$ 10,448,000

* Netted for quarterly reporting purpose

Net increase from operating (current unrestricted) funds - fund accounting format		$ 2,163,177
Add back:		
Debt service:		
Principal payment on long term debt	4,165,000	
Actual payment of principal and interest in in excess of amounts transferred (timing issue)	(581,488)	3,583,512
Equipment purchases*		-
Depreciation of buildings and equipment:		
Computed depreciation	(9,210,853)	
Non-capitalized plant fund expenditures*	-	
Transfers of funded depreciation	3,704,631	(5,506,222)
		240,467
Add:		
Plant fund income/transfers (net) not previously combined with operating:		6,445,605
Other fund income not previously combined with operating:		
Endowment fund gifts, investment gain and other, net	7,956,053	
Loan fund	(20,074)	
Restricted fund	3,203,494	
Other transfers, other changes, GASB adjustment and rounding, net	413,455	11,552,928
Net increase in net assets - GASB Statement No. 34 Format		$ 18,239,000

* Netted for quarterly reporting purpose

Net increase from operating (current unrestricted) funds - fund accounting format		$ 3,721,883
Add back:		
Debt service:		
Principal payment on long term debt	6,899,969	
Actual payment of principal and interest in in excess of amounts transferred (timing issue)	(498,820)	6,401,149
Equipment purchases		21,018,457
Depreciation of buildings and equipment:		
Computed depreciation	(19,058,759)	
Non-capitalized plant fund expenditures	(4,213,969)	
Transfers of funded depreciation	29,680,064	6,407,336
		37,548,825
Add:		
Plant fund income (net) not previously combined with operating:		22,747,172
Other fund income not previously combined with operating:		
Endowment fund gifts and investment gain, net	13,444,313	
Loan fund	42,935	
Restricted fund	1,067,291	
Other transfers, other changes and rounding, net	(1,692,536)	12,862,003
Net increase in net assets - GASB Statement No. 34 Format		$ 73,158,000

RESOLUTION

GROUND LEASE OF UNIVERSITY PARCEL TO THE USA RESEARCH AND TECHNOLOGY CORPORATION

WHEREAS, the University of South Alabama ("University") owns certain real property which it utilizes to further its mission, and

WHEREAS, the USA Research and Technology Corporation ("Corporation"), a not-for-profit, supporting organization of the University, was incorporated to further the educational and scientific mission of the University, to promote the University and its schools and departments, to promote the development of and to facilitate funding for the infrastructure and services in Mobile, Alabama, and to attract high-technology and scientific enterprises, and

WHEREAS, in furtherance of the mission of the Corporation, and because it was determined to be in the best interest of the University to do so, the University of South Alabama Board of Trustees, at its March 22, 2007, meeting, authorized the lease of a portion of land on the University of South Alabama Medical Center (USAMC) campus depicted as Site A on the attached picture and map, and

WHEREAS, due the circumstances unforeseen prior to the above-referenced meeting, the aforementioned parcel of land is unsuitable for the purposes for which it was leased and, as such, termination of the lease of this parcel to the Corporation is recommended, and

WHEREAS, in furtherance of the mission of said Corporation, it is recommended that the University lease that portion of the land on the campus of the University of South Alabama Medical Center (USAMC) identified as Site B on the attached picture and map to the Corporation for support of the development and operation of the Corporation for the sum of ONE DOLLAR AND NO/100 ($1.00) per annum, and a term of approximately 29 years with two options to renew, each for a term of 10 years, and

WHEREAS, should said Corporation cease to exist for any reason, the land will revert to the University consistent with the terms of the lease, and

WHEREAS, the University has determined that leasing the real property described above is in the best interest of the University in that it will allow the University to continue and enhance its valued missions of education, research, and service,

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of South Alabama hereby authorizes the President of the University to proceed with terminating the land lease agreement with the USA Research and Technology Corporation for the parcel identified above as Site A, and finalizing a land lease agreement with USA Research and Technology Corporation for the lease of a portion of the University of South Alabama Medical Center campus identified above as Site B for the support of the development and operation of the Corporation.

REC'D
OFFICE OF THE PRESIDENT
MAY 16 2008

CAMPUS MEMORANDUM
UNIVERSITY OF SOUTH ALABAMA

Date: May 12, 2008

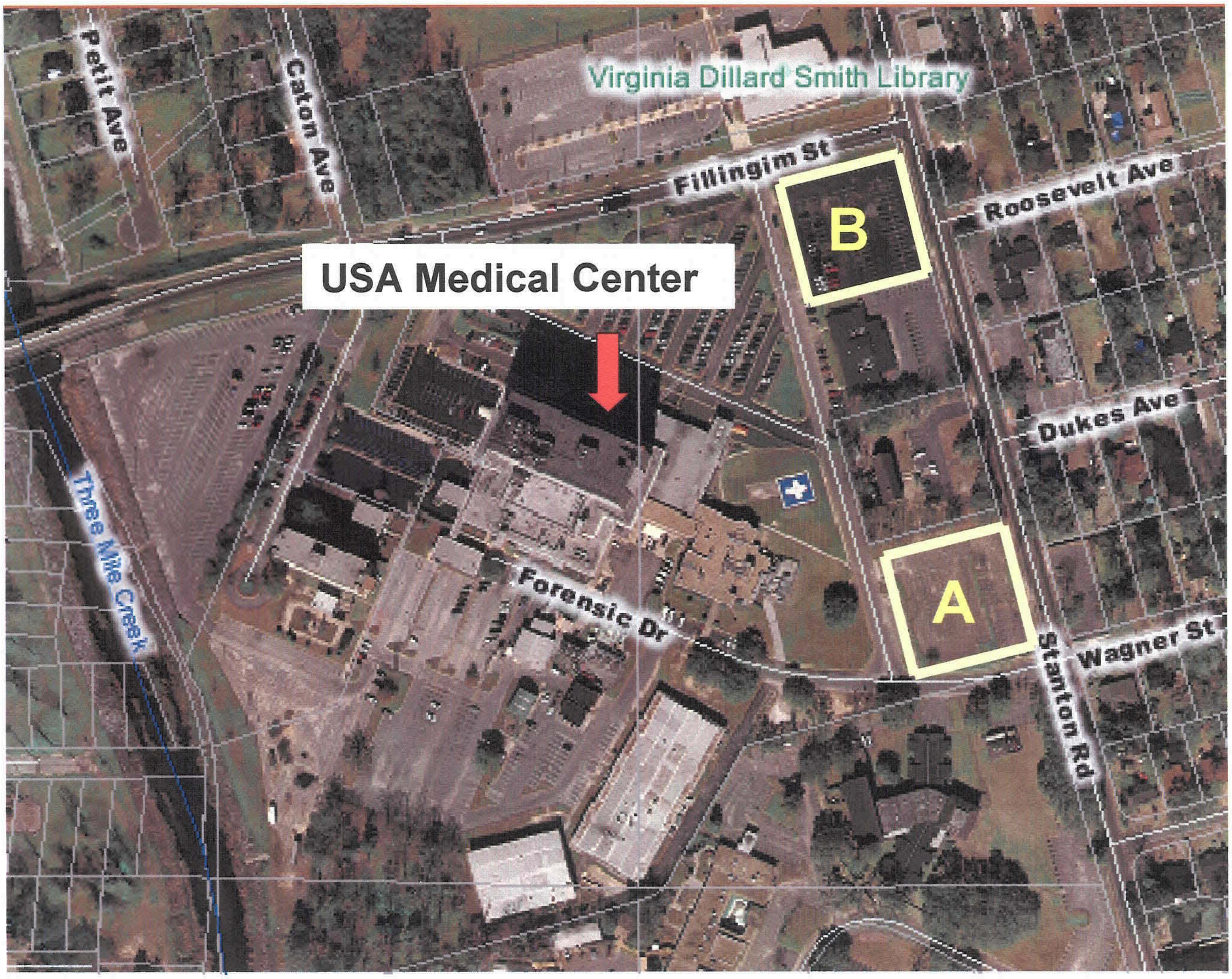
To: President V. Gordon Moulton

From: M. Wayne Davis

Subject: Agenda Item for March 4 and 5, 2008 Committee and Board of Trustees Meetings – Ground Lease of University Parcel to USA Research and Technology Corporation

Attached is a resolution for consideration by the Budget and Finance Committee concerning a lease of a parcel of land on the campus of the University of South Alabama Medical Center. As you know, at the March 22, 2007, meeting of the USA Board of Trustees, approval to finalize a ground lease of a particular parcel of land on the USA Medical Center campus to the USA Research and Technology Corporation was given by the Board. That lease was finalized and the parcel was being prepared for construction of a building by USA RTC when it was discovered that that parcel was unsuitable for such construction. The attached resolution recommends terminating the lease on the originally approved location and leasing a different parcel of land on the USAMC campus to the USA Research and Technology Corporation, both actions being taken to further the Corporation's fulfillment of its mission. Further, the lease is in the best interest of the University in that it will further and enhance the University's missions of education, research, and service. Terms are $1.00 per year for twenty-nine years, with two options to renew for ten years each. The land will revert to the University if the Corporation ceases to exist. With your approval, this item will be presented to the Budget and Finance Committee and the Board of Trustees for final approval. Further, I recommend the resolution's adoption by the Board of Trustees.

approved


Virginia Dillard Smith Library
Petit Ave
Caton Ave
Fillingim St
Roosevelt Ave
B
USA Medical Center
Dukes Ave
Three Mile Creek
Forensic Dr
A
Wagner St
Stanton Rd

RESOLUTION

DUE DILIGENCE FOR PROSPECTIVE BOND ISSUE

WHEREAS, the University of South Alabama ("University") requires substantial additional financial resources to address urgent capital project needs, including but not limited to: construction of an addition to the USA Children's & Women's Hospital, renovation of the student center and construction of an auditorium and cafeteria, and ongoing infrastructure improvements,

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of South Alabama authorizes the University administration to proceed with due diligence and planning, and present to the Board at its September, 2008 meeting a proposal for a bond issue for the projects listed above.

REC'D
OFFICE OF THE PRESIDENT

MAY 30 2008

CAMPUS MEMORANDUM
UNIVERSITY OF SOUTH ALABAMA

UNIVERSITY OF SOUTH ALABAMA

Date: **May 30, 2008**

To: **President V. Gordon Moulton**

From: **M. Wayne Davis**

Subject: **Agenda Item for March 4 and 5, 2008 Committee and Board of Trustees Meetings – Due Diligence for Prospective Bond Issue**

Attached is a resolution for consideration by the Budget and Finance Committee concerning a prospective bond issue. As you know, the University has planned several construction and renovation projects that will require funding through a bond issue. This resolution will authorize the administration to go forward with due diligence work on the prospective bond issue. With your approval, this item will be presented to the Budget and Finance Committee and the Board of Trustees for final approval. Further, I recommend the resolution's adoption by the Board of Trustees.

RESOLUTION

ARCHITECT FOR ENGINEERING AND SCIENCE BUILDING

WHEREAS, the University of South Alabama has a growing enrollment in Engineering and in Computer and Information Sciences, and

WHEREAS, the quality of instruction and research is strongly enhanced by excellent facilities, and

WHEREAS, U. S. Senator Richard Shelby was instrumental in securing $40 million in federal funding for construction of this facility to be matched by the University with $10 million, and

WHEREAS, certain architectural firms are prominent in the field of science buildings, and

WHEREAS, the University requested proposals from these firms and eleven responses were received, and

WHEREAS, after review of the responses and interviews with the four finalists, the firm Barganier Davis Sims Architects Associated was selected as best qualified to complete the design,

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of South Alabama hereby authorizes the President to engage the firm Barganier Davis Sims Architects Associated for this project.

UNIVERSITY OF SOUTH ALABAMA

OFFICE OF THE VICE PRESIDENT
FOR FINANCIAL AFFAIRS

TELEPHONE: (251) 460-6132
AD 170 • MOBILE, ALABAMA 36688-0002

June 3, 2008

REC'D
OFFICE OF THE PRESIDENT
JUN 03 2008
UNIVERSITY OF SOUTH ALABAMA

TO: V. Gordon Moulton
President
University of South Alabama

FROM: M. Wayne Davis
Vice President for Financial Affairs

SUBJECT: Resolution for Design of Engineering and Science Building

I recommend Barganier Davis Sims Architects Associated be approved as the designer for the proposed Engineering and Science Building. This firm has a record of success with University of South Alabama projects and is positioned to engage in the design immediately. Today's favorable construction climate makes an expeditious design advantageous to the University.

Thank you.

Report on the

University of South Alabama

Mobile, Alabama

October 1, 2004 through September 30, 2005

Filed: May 2, 2008

Department of Examiners of Public Accounts

50 North Ripley Street, Room 3201
P.O. Box 302251
Montgomery, Alabama 36130-2251
Website: www.examiners.alabama.gov

Ronald L. Jones, Chief Examiner

07-240

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State of Alabama
Department of
Examiners of Public Accounts
P.O. Box 302251, Montgomery, AL 36130-2251
50 North Ripley Street, Room 3201
Montgomery, Alabama 36104-3833
Telephone (334) 242-9200
FAX (334) 242-1775

Ronald L. Jones
Chief Examiner

Honorable Ronald L. Jones
Chief Examiner of Public Accounts
Montgomery, Alabama 36130

Dear Sir:

Under the authority of the ***Code of Alabama 1975***, Section 41-5-14, we submit this report on the University of South Alabama for the period October 1, 2004 through September 30, 2005.

SCOPE AND OBJECTIVES

This report encompasses an examination of the University of South Alabama (the "University") for compliance with applicable laws and regulations of the State of Alabama. The objective of the examination was to determine whether the University has complied with these applicable laws and regulations.

The firm of KPMG LLP, Independent Public Accountants, conducted the financial audit for the fiscal year ended September 30, 2005.

CONTENTS OF REPORT

This report includes the following segments:

1. ***Report to the Chief Examiner*** – contains items pertaining to state legal compliance, agency operations and other matters.

2. ***Additional Information*** – includes Charges Against Employees (Exhibit 1), and basic information related to the University (Exhibit 2).

COMMENTS

The University of South Alabama is a comprehensive, coeducational, state-assisted institution. The University serves as a major center of undergraduate, graduate, and professional education for Alabama, the Gulf Coast region, and the southeastern United States. The University's mission encompasses the three traditional academic functions of teaching, research, and public service. As an academic health center, the University is dedicated to the education of physicians, health scientists, allied-health professionals, and nurses who will provide the community and region with the highest quality health care and excellence in leadership in the practice and science of medicine.

The examination consisted of a review of overall compliance of the University with applicable Alabama laws and regulations and was performed by evaluating University procedures and testing samples of transactions.

STATUS OF PRIOR FINDINGS

The findings contained in the prior report have been resolved.

CHARGES AGAINST EMPLOYEES

Based upon reports by the University's Internal Audit Department and additional procedures performed during our examination, it was determined that from March 2000 to November 2004, the Director of Student Support Services received cash advances for stipends to Upward Bound participants totaling $23,990.00 and cash advances for meal allowances to Upward Bound participants totaling $37,595.00 not supported by original signed rosters. From March 2001 to August 2004, the Director of Student Support Services incurred car rental charges totaling $7,885.67 for no apparent business purpose. Additionally, from January 2003 through August 2004, the Director of Student Support Services authorized her secretary to incur car rental charges totaling $1,340.79 for no apparent business purpose. During August 2003 through October 2003, travel expenses totaling $1,051.78 were paid on behalf of family members and students who were ineligible participants of the Student Support Services Program.

The amounts described above are summarized as Charges Against Employees in the chart below and reported on Exhibit 1 - Charges Against Employees:

	Amount Due	Amount Paid	Amount Unpaid
Directly Charged To:			
Mary Bernita Pulmas	$69,890.67	$ 0.00	$69,890.67
Cherry D. Watkins	214.00	214.00	0.00
Shaundretta Porter	46.28	46.28	0.00
Jacqueline Arrington	84.00	84.00	0.00
Total Direct Charges	70,234.95	344.28	69,890.67
Jointly Charged To:			
Cherry D. Watkins and Jacqueline Arrington	34.50	34.50	0.00
Cherry D. Watkins and Mary Bernita Pulmas	218.50	218.50	0.00
Mellanese Webb and Mary Bernita Pulmas	1,340.79	0.00	1,340.79
Cherry D. Watkins and Shaundretta Porter	34.50	34.50	0.00
Total Joint Charges	1,628.29	287.50	1,340.79
Total Charges	$71,863.24	$631.78	$71,231.46

Official demand was made on Ms. Pulmas for repayment of direct charges and Ms. Pulmas and Ms. Webb for joint charges. They did not pay these charges.

Ms. Pulmas and Ms. Webb failed to attend a hearing before the Chief Examiner. Relief from the charges was subsequently denied as evidenced by the Order of the Chief Examiner, a copy of which is contained in this report. The charges remaining due and unpaid, this report will be certified to the Attorney General for collection.

Respectfully submitted,

Patrick Guy

Patrick Guy
Examiner of Public Accounts

JoNesia S. Turner
Examiner of Public Accounts

Sworn to and subscribed before me this the 15th day of April, 2008.

Joyce P. Sells
Notary Public

Sworn to and subscribed before me this the 17th day of April, 2008.

Notary Public

rb

ORDER OF THE CHIEF EXAMINER

RE: EXAMINATION REPORT ON THE
UNIVERSITY OF SOUTH ALABAMA
OCTOBER 1, 2004 THROUGH SEPTEMBER 30, 2005

This matter coming to be heard the 28th day of March, 2008 pursuant to the provisions of the Code of Alabama 1975, Section 41-5-22, and the Employees having failed to appear at the hearing before the Chief Examiner, the Chief Examiner, therefore, is of the opinion that the Employees have failed to show just cause why the charges should not be paid. Therefore, relief from these charges is accordingly denied.

Entered this the 4th day of April, 2008.

Ronald L. Jones

Ronald L. Jones
Chief Examiner

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Charges Against Employees
March 1, 2000 through November 30, 2004

Person/Official Charged	Date	Amount Charged
Directly Charged To:		
Mary Bernita Pulmas,	March 1, 2000 through December 31, 2000	$ 1,020.00
Director of Student Support Services	January 1, 2001 through December 31, 2001	8,350.00
	January 1, 2002 through December 31, 2002	5,385.00
	January 1, 2003 through December 31, 2003	5,005.00
	January 1, 2004 through November 30, 2004	4,230.00
	Total - Stipend Disbursements	23,990.00
	March 1, 2000 through December 31, 2000	2,850.00
	January 1, 2001 through December 31, 2001	16,205.00
	January 1, 2002 through December 31, 2002	8,880.00
	January 1, 2003 through December 31, 2003	8,480.00
	January 1, 2004 through November 30, 2004	1,180.00
	Total - Meal Allowances	37,595.00
	January 1, 2001 through December 31, 2001	1,676.30
	January 1, 2002 through December 31, 2002	1,970.88
	January 1, 2003 through December 31, 2003	2,286.43
	January 1, 2004 through November 30, 2004	1,952.06
	Total - Car Rentals	7,885.67
	January 1, 2003 through December 31, 2003	420.00
Total Direct Charges - Mary Bernita Pulmas		69,890.67
Cherry D. Watkins, Academic Advisor	January 1, 2003 through December 31, 2003	214.00
Shaundretta Porter, Tutorial Services Specialist	January 1, 2003 through December 31, 2003	46.28
Jacqueline Arrington, Secretary III	January 1, 2003 through December 31, 2003	84.00
Total Direct Charges		70,234.95
Jointly Charged To:		
Cherry D. Watkins and Jacqueline Arrington	August 25, 2003	34.50
Cherry D. Watkins and Mary Bernita Pulmas	August 25, 2003	218.50
Cherry D. Watkins and Shaundretta Porter	August 25, 2003	34.50
Mary Bernita Pulmas and Mellanese Webb, Secretary	January 1, 2003 through November 30, 2004	1,340.79
Total Joint Charges		1,628.29
Total Charges		$ 71,863.24

Amount Paid	Amount Relieved by Chief Examiner	Amount Unpaid	Description of Charge
$	$	$ 1,020.00	Stipend disbursements not supported by original signed rosters
		8,350.00	Stipend disbursements not supported by original signed rosters
		5,385.00	Stipend disbursements not supported by original signed rosters
		5,005.00	Stipend disbursements not supported by original signed rosters
		4,230.00	Stipend disbursements not supported by original signed rosters
		23,990.00	
		2,850.00	Meal allowance not supported by original signed rosters
		16,205.00	Meal allowance not supported by original signed rosters
		8,880.00	Meal allowance not supported by original signed rosters
		8,480.00	Meal allowance not supported by original signed rosters
		1,180.00	Meal allowance not supported by original signed rosters
		37,595.00	
		1,676.30	Car rentals without a business purpose
		1,970.88	Car rentals without a business purpose
		2,286.43	Car rentals without a business purpose
		1,952.06	Car rentals without a business purpose
		7,885.67	
		420.00	Non-participant expenses paid by Student Support Services Program
		69,890.67	
214.00			Non-participant expenses paid by Student Support Services Program
46.28			Non-participant expenses paid by Student Support Services Program
84.00			Non-participant expenses paid by Student Support Services Program
344.28		69,890.67	
34.50			Non-participant expenses paid by Student Support Services Program
218.50			Non-participant expenses paid by Student Support Services Program
34.50			Non-participant expenses paid by Student Support Services Program
		1,340.79	Car rentals without a business purpose
287.50		1,340.79	
$ 631.78	$	$ 71,231.46	

University of South Alabama
Mobile, Alabama

Exhibit #1

Board Members and Officials
October 1, 2004 through September 30, 2005

Board Members			Term Expires
Hon. Bob Riley	President, Ex-Officio	Governor, State of Alabama 600 Dexter Avenue Montgomery, AL 36130	
Dr. Joseph B. Morton	Ex-Officio	State Superintendent of Education P. O. Box 302101 Montgomery, AL 36104-3833	
Hon. Donald L. Langham	Chairman	3737 Government Boulevard, Suite 312 Mobile, AL 36693	2009
Hon. Steven H. Stokes, M.D.	Vice-Chairman	P. O. Box 5609 Dothan, AL 36302	2005
Ms. Bettye R. Maye	Secretary	1600 East 4th Avenue York, AL 36925	2005
Hon. James P. Nix	Member	415 Myrtle Street Fairhope, AL 36532	2009
Hon. Mayer Mitchell	Member	(Deceased)	2009
Hon. Larry D. Striplin, Jr.	Member	P. O. Box 321429 Birmingham, AL 35233	2005
Hon. W. H. Lindsey	Member	126 South Mulberry Avenue Butler, AL 36904	2005
Hon. Larry P. Langford	Member	716 Richard Arrington, Jr. Boulevard, North, Room 240 Birmingham, AL 35203	2009

Board Members and Officials
October 1, 2004 through September 30, 2005

Board Members			**Term Expires**
Hon. Jack R. Brunson		(Deceased)	
Hon. J. L. Chestnut, Jr.	Member	P. O. Box 1290 Selma, AL 36702-1290	2013
Hon. E. Crum Foshee	Member	P. O. Box 241827 Montgomery, AL 36124	2005
Hon. J. Cecil Gardner	Member	P. O. Drawer 3103 Mobile, AL 36652-3103	2013
Hon. Samuel L. Jones	Member	P. O. Box 1827 Mobile, AL 36633	2013
Hon. Christie D. Miree	Member	One Energy Place Pensacola, FL 32520-0301	2013
Hon. Bryant Mixon	Member	P. O. Box 279 Ozark, AL 36361	2013

Officials

Mr. V. Gordon Moulton	President	University of South Alabama President's Office AD 130 Mobile, AL 36688-0002
Mr. M. Wayne Davis	Vice-President for Finance	University of South Alabama AD 328 Mobile, AL 36688-0002
Mr. William Bush	Assistant Vice-President for Hospital Financial Affairs	USA Medical Center 2451 Fillingim Street Mobile, AL 36617

RESOLUTION

EVALUATION OF THE UNIVERSITY'S ENDOWMENT AND NON-ENDOWMENT INVESTMENT POLICIES

WHEREAS, the Southern Association of Colleges and Schools (SACS) requires that investment policies must be evaluated regularly, and

WHEREAS, the Board of Trustees has previously approved the University's endowment funds policies and guidelines and the University's non-endowment cash pool investment policy,

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of South Alabama hereby acknowledges the current year annual evaluation of both policies by the Endowment and Investment Committee.

UNIVERSITY OF SOUTH ALABAMA
NON-ENDOWMENT CASH POOL INVESTMENT POLICIES

Purpose

The purpose of this Investment Policy is to provide a guideline by which the pooled funds (the current, loan, agency and plant fund groups) not otherwise needed to meet the daily operational cash flows for the University can be invested to earn a maximum return, yet still maintain sufficient liquidity to meet fluctuations in the inflow of funds from revenues, tuition payments and state appropriations.

The policies and practiced hereinafter set forth separate funds into three investment categories: (1) Short-term funds (2) Intermediate-term funds (3) Long-term funds.

INVESTMENT OBJECTIVES

The investment objectives for Operational Funds Investments are: (1) to maximize current investment returns consistent with the liquidity needs of the University. In keeping with the investment objectives noted above, it is acknowledged that there are Operational Funds which require short-term, intermediate-term and long-term investment strategies.

It is expected that the maturities of the investments in the Operational Funds will be matched against the cash flow needs of each campus to maximize yields consistent with the liquidity needs of the University.

Maintenance of Adequate Liquidity

The investment portfolio must be structured in such a manner that will provide sufficient liquidity to pay obligations such as normal operating expenses and debt service payments as they become due. A liquidity base will be maintained by the use of securities with active secondary markets, certificates of deposit, or repurchase agreements. These investments could be converted to cash prior to their maturities should the need for cash arise.

Return on Investments

The University seeks to optimize return on investments within the constraints of each investment objective. The portfolio strives to provide a return consistent with each investment category. The cash pool portfolio rate of return will be compared with the returns of broad indices representing the investment and maturity structure of the Pool.

DELEGATION OF AUTHORITY

The Board of Trustees is ultimately responsible for investment policy. By Board Resolution the Board of Trustees is delegating investment authority to the President or Vice President for Financial Affairs or other such persons as may be authorized to act on their behalf.

The Investment Policy is established to provide guidance in the management of the University's Non-Endowment Cash Pool to insure compliance with the laws of the State of Alabama and investment objectives. The Vice President for Financial Affairs or his designee is accorded full discretion, within policy limits, to select individual investments and to diversify the portfolio by applying their own judgments concerning relative investment values.

IMPLEMENTATION OF THE INVESTMENT POLICY

The Vice President for Financial Affairs or his designee is authorized to execute security transactions for the University investment portfolio. Reports of investments shall be presented to the Endowment and Investment Committee of the Board of Trustees.

AUTHORIZED INVESTMENT INSTRUMENTS

Short-Term Operational Funds

Safety of Capital

Preservation of capital is regarded as the highest priority in the handling of investments for the University of South Alabama. All other investment objectives are secondary to the safety of capital.

It is assumed that all investments will be suitable to be held to maturity. However, sale prior to maturity is warranted in some cases. For example, investments may be sold if daily operational funds are needed or if the need to change the maturity structure of the portfolio arises.

All investments will be restricted to fixed income securities with the maturity range to be consistent with the liquidity needs of the pooled fund groups. It is essential that cyclical cash flow be offset by liquid investments. Permissible investment instruments may include:

1. Checking and Money Market deposit accounts in banks. These funds are subject to full collateralization for the amounts above the FDIC $100,000.00 coverage limit, or participation by the Bank in the State of Alabama's Security for Alabama Funds Enforcement Program.

2. Certificates of Deposit issued by banks and fully collateralized for the amounts above the FDIC $100,000.00 coverage limit or participation by the bank in the State of Alabama's Security for Alabama Funds Enforcement Program. Negotiable Certificates of Deposit or Deposit Notes issued by credit worthy U.S. Banks in amounts not to exceed the FDIC $100,000.00 coverage limit.

3. Direct obligations of the United States or obligations unconditionally guaranteed as to principal and interest by the Unites States.

4. Obligations of a Federal Agency (including mortgage backed securities) or a sponsored instrumentality of the United States including but not limited to the following:

    - Federal Home Loan Bank (FHLB)
    - Federal Home Loan Mortgage Corporation (FHLMC)
    - Federal Farm Credit Banks (FFCB)
    - Government National Mortgage Association (GNMA)
    - Federal National Mortgage Association (FNMA)
    - Student Loan Marketing Association (SLMA)
    - Financing Corp (FICO)
    - Tennessee Valley Authority (TVA)
    - Government Trust Certificates (GTC)

5. Commercial paper of corporate issuers with a minimum quality rating of P-1 by Moody's, A-1 by Standard and Poor's or F-1 rating by Fitch. Corporate bonds will maintain a minimum "A" rating by both Moody's and Standard and Poor's at the time of purchase. No more than ten percent (10%) of the Total Cash and Investments shall be invested in a single corporation for Commercial Paper/Short-term Corporate Bonds and thirty-five percent (35%) per Federal Agency Obligation as described above. There will_be no limit on U.S. Treasury Obligations. All such securities must have an active secondary market.

The maturity range of Short-Term Operational Funds Investments shall be consistent with liquidity requirements of the funds category. However, funds established under certain debt instruments may be invested in accordance with the applicable criteria. Typical maturity will range from 1 year and less.

Intermediate-Term Investment of Operational Funds

Investments for those Operational Funds designated by the Campus President as benefiting from investment over a one- to three-year period.

AUTHORIZED INVESTMENT INSTRUMENTS

Permissible investments are consistent with all investments approved under short-term operational funds within a one and three year investment period. It is expected that the maturities of the investments within the intermediate-term funds will match against the cash flow needs of the University and to maximize yields consistent with the liquidity needs of the University.

Long-Term Investment of Operational Funds

Investments for those Operational Funds designated by the Campus President as benefiting from a longer-term investment strategy will use the same investment and management criteria as those applicable under the University's Endowment Investment Policy.

PASS THROUGH OR DESIGNATED FUNDS

This policy shall also cover pass through funds (endowment funds to be forwarded to external endowment fund managers) and any funds managed by the University and designated for specific purposes and not covered by individual investment restrictions (i.e. endowment funds that may not be co-mingled, bond proceeds during construction, USA Health Plan, etc.)

PRUDENCE AND ETHICAL STANDARDS

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing the overall portfolio. Persons performing the investment functions, acting in accordance with these written policies and procedures, and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations and appropriate recommendations to control adverse developments are reported in a timely fashion. The "prudent person" standard is understood to mean:

"Investments shall be made with judgement and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

EFFECTIVE DATE

This policy shall become effective immediately upon its adoption by the Board of Trustees. Further, this policy shall be reviewed at least annually and updated whenever changing market conditions or investment objectives warrant.

Endowment Funds
Investment Policies and Guidelines

The Endowment Committee of the Board of Trustees of the University of South Alabama shall be responsible for recommending investment policies and guidelines for approval by the Board of Trustees, implementation of such policies and guidelines and selection of qualified investment professionals including Investment Consultant(s), Investment Manager(s), and Funds Custodian(s). The Endowment Committee will oversee investment activities, monitor investment performance and ensure the prudent control of the Endowment Funds of the University. The Endowment Committee will make periodic reports to the Board of Trustees.

I. Purpose of the Endowment Funds

The University of South Alabama Endowment Funds exist to provide revenue while preserving principal to fund those projects which have been endowed for specific purposes, i.e., scholarships, professorships, program enhancements, student loans, etc.

II. Purpose of the Investment Policy

This investment policy is set forth by the board of Trustees of the University of South Alabama in order to:

1. Define and assign the responsibilities of all involved parties.

2. Establish a clear understanding of all involved parties of the investment goals and objectives of Endowment Funds assets.

3. Offer guidance and limitations to Investment Manager(s) regarding the investment of Endowment Funds assets.

4. Establish a basis of evaluating investment results.

5. Manage Endowment Funds assets according to prudent standards as established in the laws of the State of Alabama.

6. Establish the relevant investment horizon for which the Endowment Funds assets will be managed.

In general, the purpose of this policy is to outline a philosophy and attitude which will guide the investment management of the assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

III. Delegation of Authority

The Board of Trustees of the University of South Alabama is responsible for directing and monitoring the investment management of the University's Endowment Funds assets. As such, the Board of Trustees is authorized to delegate certain authority to professional experts in various fields. These include, but are not limited to:

1. Investment Management Consultant(s). The consultant may assist the Board of Trustees in: establishing investment policy, objectives, and guidelines; selecting investment managers; reviewing such managers over time; measuring and evaluating investment performance; and other tasks as deemed appropriate.

2. Investment Manager(s). The investment manager has discretion to purchase or sell, in the University's name, the specific securities that will be used to meet the Endowment Funds investment objectives.

3. Funds Custodian(s). The custodian will physically (or through securities owned by the Fund) collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets, owned, purchased or sold as well as movement of assets into and out of the Endowment Funds accounts.

With the exception of specific limitations described in these statements, managers will be held responsible and accountable to achieve the objectives herein stated. While it is not believed that the limitations will hamper investment managers, each manager should request modifications which they deem appropriate. All expenses for such experts must be customary and reasonable, and will be borne by the Endowment Funds as deemed appropriate and necessary.

IV. Assignment of Responsibility

A. Responsibility of the Board of Trustees of the University of South Alabama

The Board of Trustees is responsible for the management of the assets of the Endowment Funds. The Board of Trustees shall discharge its duties in good faith like an ordinary prudent person in a like position would exercise under similar circumstances and in a manner the Trustees reasonably believe to be in the best interest of the University. The Board of Trustees will supervise the Endowment Committee and assigns the following authority and responsibilities to the Endowment Committee on behalf of the Board of Trustees.

B. Responsibility of the Endowment Committee

The specific authority and responsibilities of the Endowment Committee relating to the investment management of Endowment Funds assets include:

1. Projecting the Endowment Funds financial needs, and communicating such needs to the Investment Manger(s) on a timely basis.

2. Determining the Endowment Funds risk tolerance and investment horizon, and communicating these to the appropriate parties.

3. Establishing reasonable and consistent investment objectives, policies and guidelines which will direct the investment of the Endowment Funds assets.

4. Prudently and diligently selecting qualified investment professionals, including Investment Manager(s), Investment Consultant(s), and Custodian(s).

5. Regularly evaluating the performance of the Investment Manager(s) to assure adherence to policy guidelines and monitor investment objectives progress.

6. Developing and enacting proper control procedures: For example, replacing Investment Manager(s) due to fundamental changes in the investment management process, or failure to comply with established guidelines.

7. Making direct investments in cases in which selection of an investment manager is not appropriate.

8. Recommending an endowment spending policy to the Board of Trustees for approval.

9. Reporting periodically to the Board of Trustees Endowment Committee actions and recommendations and investment performance of the Endowment Funds.

C. Responsibility of the Investment Manager(s)

The Endowment Funds will be managed primarily by external investment advisory organizations; both commingled vehicles and separate accounts may be used. The investment manager(s) have discretion, within the guidelines set forth in this policy statement and any additional guidelines provided them, to manage the assets in each portfolio to achieve the investment objectives. Managers will normally manage only one type of investment in each fund. For example, equities and fixed income will not be combined in a balanced fund with one manager.

Each Investment Manager must acknowledge, in writing, their acceptance of responsibility as a fiduciary. Each Investment Manager will have full discretion to make all investment decisions for the assets placed under their jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this statement. Each Investment Manager will be provided with a copy of this statement of investment objectives and policies. In turn, as part of the investment management contract that will govern their portfolio, the Investment Manager is expected to provide a written statement of the firm's expectations, stated in terms of the objectives and comparative benchmarks that will be used to evaluate performance and the allowable securities that can be used to achieve these objectives. These statements will be consistent with the statement of investment objectives and policies and will be incorporated as appendices. Specific responsibilities of the Investment Manager(s) include:

1. Discretionary investment management including decisions to buy or sell individual securities, and to alter asset allocation with the annual guidelines established by the Endowment Committee.

2. Reporting, on a timely basis, quarterly investment performance results.

3. Providing monthly valuation of the investment portfolio based on the previous month's closing prices.

4. Communicating any major changes in economic outlook, investment strategy, or any other factors which affect implementation of investment process, or the investment objectives progress of the Endowment Funds investment management.

5. Informing the Endowment Committee regarding any qualitative change in the investment management organization. Examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.

6. Providing the Endowment Committee with proof of liability and fiduciary insurance coverage.

7. Acknowledging in writing an ability and agreement to invest within the guidelines set forth in the investment policy.

8. Meeting with the Endowment Committee at least annually.

9. Voting proxies on behalf of the Endowment Funds and communicating such voting records on a timely basis. In cases in

which the University desires to vote proxies related to specific topics, it will so notify Manager(s).

10. The Board of Trustees may from time to time request that the Investment Manager(s) allocate commissions to those brokerage firms providing other investment management services to the University. Good execution and commission prices are primary considerations in routing business to the said brokerage firms.

11. If at any time any Investment Manager believes that any policy guideline inhibits investment performance, it is their responsibility to communicate this to the Endowment Committee.

V. General Investment Principles

1. Investments shall be made solely in the interest of the purposes of the University of South Alabama.

2. The Endowment Funds shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person in a like position would exercise under similar circumstances in a manner the Board of Trustees reasonably believe to be in the best interest of the University.

3. Investment of the Endowment Funds shall be so diversified as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

4. The Board of Trustees may employ one or more investment managers of varying styles and philosophies to attain the Endowment Funds objectives.

5. Cash is to be employed productively at all times, by investment in short term cash equivalents to provide safety, liquidity, and return.

VI. Investment Objectives

In order to meet its needs, the investment strategy of the University of South Alabama Endowment Funds is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income. The total Endowment Funds shall be monitored for return relative to objectives, consistency of investment philosophy, and investment risk. The Endowment Funds results shall be evaluated on a rolling five-year basis against a market benchmark weighted 55 percent in favor of the S & P 500 Index, 25 percent toward the Shearson Intermediate/Long-Term Treasury Bond Index and 20 percent Treasury-bill rate plus 3 percent.

VII. Portfolio Composition and Risk

A. To achieve its investment objective, the Endowment Funds assets are considered as divided into three parts a fixed income component, a fixed income alternative component, and an equity component. The Endowment Funds long-term commitment to these funds shall be as follows:

	Range	Long-term neutral
Fixed Income	15-35%	25%
Equity	35-75%	55%
Fixed Income Alternative	10-30%	20%
Cash	0-5%	0%

The purpose of dividing the Endowment Funds in this manner is to ensure that the overall asset allocation among major asset classes remains under the regular scrutiny of the Endowment Committee and is not allowed to become the residual of separate manager decisions. Over the long run, the allocation among the major asset classes may be the single most important determinant of the endowment funds investment performance.

B. The purpose of the fixed income fund is to provide a hedge against deflation, to reduce the overall volatility of returns of the Endowment Funds, in order to produce current income in support of spending needs.

C. The percentage of total Endowment Funds assets allocated to the fixed-income fund at any time should be sufficient to provide that neither the current income nor the capital value or the total Endowment Funds declines by an intolerable amount during an extended period of deflation. The fixed-income fund should normally represent approximately 15-35 percent of total Endowment Funds assets at market value. Although the actual percentage will fluctuate with market conditions, levels outside this range should be closely monitored by the Endowment Committee.

D. The purpose of the equity fund is to provide appreciation of principal that more than offsets inflation and to provide a growing stream of current income. It is recognized that the pursuit of this objective could entail the assumption of greater market variability and risk than investment in fixed-income securities. Equity and equity-substitute investments are broadly defined as common stocks, high-yield bonds, reorganization securities, venture capital, leveraged buyout investments, equity real estate, reorganization securities, exchange traded index funds, etc.

E. The purpose of the fixed income alternative component is to provide the Endowment a source of returns with low correlation to equity markets and volatility of one third to one half that of the U.S. equity market, while still achieving equity-like returns of Treasury Bills plus 2-8% over time. The Fixed

Income Alternative should normally represent approximately 10-30 percent of total Endowment Funds.

F. Any assets not committed to the fixed-income fund or fixed income alternative shall be allocated to the equity fund. The equity fund should normally represent approximately 35-75 percent of total Endowment Funds assets at market value. Although the actual percentage of equities will vary with market conditions, levels outside this range should be closely monitored by the Investment Committee.

G. The Endowment includes investments in several categories, and the Endowment Committee targets allocations for the following:

Asset Class	Long-Term Strategic Target (%) of Endowed-Funds	Range
EQUITY COMPONENT	**45%**	**30-60%**
Mid/Large Cap	40%	25-55%
Small Cap	5%	3-8%
INTERNATIONAL STOCKS	**10%**	**5-15%**
Developed Markets	6%	3-10%
Emerging Markets	4%	0-6%
TOTAL EQUITY COMPONENT	***55%***	***35-75%***
ALTERNATIVE INVESTMENTS	**20%**	**10-30%**
Absolute Return	15%	12-20%
Long/Short Equity	5%	0-10%
TOTAL ALTERNATIVE COMPONENT	***20%***	***10-30%***
FIXED INCOME COMPONENT	**25%**	**15-35%**
U.S. Core Bonds	16%	12-20%
Global Bonds	4%	0-7%
High Yield	2%	0-5%
TIPS	2%	0-5%
Emerging Markets Debt	1%	0-2%
TOTAL FIXED INCOME COMPONENT	***25%***	***15-35%***
CASH AND EQUIVALENTS	***0%***	***0-5%***

H. Within the equity fund, certain investments can be included, with Endowment Committee approval, to provide a hedge against unanticipated, rapidly accelerating inflation. These include cash, real estate and oil and gas investments. While the Endowment Committee recognizes the argument for having a separate allocation to inflation-hedging assets, at this time, these investments are evaluated primarily as equity-substitutes. The Endowment Committee will periodically review the adoption of an inflation-hedging fund allocation separate from the equity allocation.

I. Within the equity fund, in addition to cash reserves held by managers, there is normally an investment in cash or short-term instruments. Although the Endowment Committee has not adopted a cash allocation, new gifts to the endowment and endowment income in excess of budgetary distributions generate cash inflow to the Endowment Fund. The level of cash should be closely monitored by the committee.

J. The Endowment committee may change any of the above ratios; however, it is anticipated that these changes will be infrequent.

K. The Endowment Funds investments shall be diversified both by asset class (e.g., equities and fixed-income securities) and within asset classes (e.g., within equities by economic sector, geographic area, industry, quality, and size). The purpose of diversification is to provide reasonable assurance that no single security or class of securities shall have a disproportionate impact on the endowment funds aggregate results. Equity securities in any single industry will not exceed 20 percent, nor will equity securities in any single company exceed 10 percent of the market value of the endowment's allocation to equities.

VIII. Spending Policy

It shall be the policy of the University of South Alabama Board of Trustees to preserve and maintain the real purchasing power of the principal of the Endowment Funds. The current spending policy of the University will be determined annually by the President and the Endowment Committee and approved by the Board of Trustees. The spending guideline is based on an expected total return over the long-term less expected inflation.

IX. Volatility of Returns

The Board of Trustees understands that in order to achieve its objectives for Endowment Funds assets, the Funds will experience volatility of returns and fluctuations of market value. The Board will tolerate volatility as measured against the risk/return analysis of the appropriate market indices. The indices used as a measure of an investment manger's performance will be used to measure the allowable volatility (risk).

X. Liquidity

To minimize the possibility of a loss occasioned by the sale of a security forced by the need to meet a required payment, the Vice President for Financial Affairs will periodically provide Investment Manager(s) with an estimate of expected net cash flow.

The Vice President will notify the Investment Consultant in a timely manner, to allow sufficient time to build up necessary liquid reserves.

Because of the infrequency of cash outflows and the marketability of all Endowment Funds assets, the Board of Trustees does not require the maintenance of a cash or cash equivalent reserve.

XI. Marketability of Assets

The Board of Trustees requires that all Endowment Funds assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently for the Endowment Funds, with minimal impact on market price.

XII. Investment Guidelines

A. Allowable Assets

1. Cash Equivalents

- Treasury Bills
- Money Market Funds
- Common Fund Short Term Investment Fund
- Commercial Paper
- Banker's Acceptance
- Repurchase Agreements
- Certificates of Deposits

2. Fixed Income Securities

- U.S. Government and Agency Securities
- Corporate Notes and Bonds
- Mortgage Backed Bonds
- Preferred Stock
- Fixed Income Securities of Foreign Governments and Corporations
- Collateralized Mortgage Obligations

3. Fixed Income Alternatives

- Arbitrage (merger, event, convertible, equity and fixed income arbitrage and pairs trading)
- Event investing (restructurings, spin-offs, etc.)
- Distressed securities
- Long Short equities (U.S., global and sector funds)

- Market neutral equities
- Short-biased equities
- Macro investing

4. Equity Securities

- Common Stocks
- Convertible Notes and Bonds
- Convertible Preferred Stocks
- American Depository Receipts (ADRs) of Non-U.S. Companies
- Exchange traded index funds

5. Mutual Funds

- Mutual Funds which invest in securities as allowed in this statement.

Other Assets:

Derivative Securities: options and future contracts
In general, the use of derivative securities by the Investment Manager shall be discouraged, unless such an opportunity presents itself that the use of the sophisticated securities would provide substantial opportunity to increase investment returns at an appropriately equivalent level of risk to the remainder of the total portfolio. The approval and use of derivative securities will not be allowed unless the Endowment Committee is confident that the Investment Manager(s) thoroughly understands the risks being taken, has demonstrated expertise in their usage of such securities, and has guidelines in place for the use and monitoring of derivatives.

Real Estate: Investments may also include equity real estate, held in the form of professionally managed, income producing commercial and residential property. Such investments may be made only through professionally managed, income producing commercial and residential property. Such investments may not exceed 10% of the total endowment fund. Such investment may be made only through professionally managed pooled real estate investment funds, as offered by leading real estate managers with proven track records of superior performance over time.

(Is now covered under the derivative section)
The Endowment will avoid highly leveraged strategies and managers who provide insufficient transparency of their actions for adequate monitoring of the risks they are taking.

B. Guidelines for Fixed Income Investments and Cash Equivalents

1. Investment in fixed income securities shall be restricted to only investment grade bonds rated BAA or higher.

2. Money Market Funds selected shall contain securities whose credit rating at the absolute minimum would be rated investment grade by Standard and Poor's, and/or Moody's.

3. Investment in fixed income securities shall be restricted to only investment grade bonds rated BAA or higher.

C. Guidelines for Fixed Income Alternatives

1. Fixed Income alternative investments will be defined as any strategy using a partnership or offshore investment company structure not subject to SEC registration, investing primarily in marketable securities and/or subject to a performance fee. These strategies would generally have absolute, as opposed to relative, return objectives driven more by manager skill and market inefficiency than market direction. Use of leverage, short selling and/or derivatives may or may not be employed as part of the investment approach. The endowment will employ a manager of manager's approach to investing in fixed income alternative investments.

XIII. Investment Manager Performance Review and Evaluation

Performance reports generated by the Investment Consultant shall be compiled at least quarterly and communicated to the Board of Trustees for review. The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The Board of Trustees intends to evaluate the portfolio(s) over at least a three-year period, but reserves the right to terminate a manager for any reason including the following:

1. Investment performance which is significantly less than anticipated, given the discipline employed and risk parameters established, or unacceptable justification of poor results.

2. Failure to adhere to any aspect of this statement of investment policy, including communication and reporting requirements.

3. Significant qualitative changes to the investment management organization.

Investment managers shall be reviewed annually regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

XIV. Investment Policy Review

To assure continued relevance of the guidelines, objectives, financial status and capital markets expectations as established in this statement of investment policy, the Board of Trustees will review investment policy at least annually.

Investment Manager Selection

1. The Endowment Committee will decide on guidelines for the desired investment philosophy, asset mix, and performance objectives of the new manager.

2. The Endowment Committee will employ, if appropriate, Investment Consultant(s) to identify potential managers.

3. Potential managers will be reviewed by the Endowment Committee in some or all of the following areas with the importance of each category determined by the Endowment Committee:

   Organization
   - Experience of firm
   - Assets under management
   - Ownership
   - Number of professionals
   - Fees and minimum account size

   Performance
   - One, three and five-year comparisons
   - Up/down market comparisons
   - Risk/return graphs

   Securities Summary – Equities
   - Yield
   - Profit/earnings
   - Quality
   - Growth
   - Beta

   Securities Summary – Fixed Income
   - Quality
   - Maturity
   - Duration

- Government/non-government
- Investment decision-making process
- Top down/bottom up
- Quantitative/qualitative/traditional
- Expected performance characteristics

Securities Summary – Fixed Income Alternative

- Arbitrage (merger, event, convertible, equity and fixed income arbitrage and pairs trading)
- Event investing (restructurings, spin-offs, etc.)
- Distressed securities
- Long Short equities (U.S., global and sector funds)
- Market neutral equities
- Short-biased equities
- Macro investing

Skill Set Analysis

- Market timing
- Sector diversification
- Security selection
- Security consideration

4. Final selection of a new manager resides with the Endowment Committee.

UNIVERSITY OF SOUTH ALABAMA

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May 14, 2008

REC'D
OFFICE OF THE PRESIDENT
JUN 02 2008
UNIVERSITY OF SOUTH ALABAMA

TO: USA Board of Trustees Endowment Committee

FROM: Dr. Carl Moore

RE: 2008-2009 Request for MCOB Endowment Support

The Mitchell College of Business submits the following requests for 2008-2009 funding support from the Mitchell College of Business General Endowment earnings:

1. The College uses two financial databases to support undergraduate/graduate instruction and to support faculty research. The availability of these databases is vital for the recruitment of faculty in the areas of accounting, finance, economics, and business strategy. The Standard and Poor's Compustat database has an annual subscription cost of $17,107. The Center for Research in Security Prices (CRISP) database has an annual subscription price of $14,050.

   Total Requested--- $31,157

2. The Association to Advance Collegiate Schools of Business (AACSB) accreditation standards require all faculty to maintain academic qualifications of a continuing basis. A critical component for maintaining academic qualifications is the publication and presentation of academic research.

   The College request for academic support of 45 full-time faculty is **$30,000.**

3. The recent AACSB accreditation review recommends the Mitchell College of Business initiate a branding effort to increase the awareness of the quality of the college programs. This initiative is also a goal in the college strategic plan. An initial branding program

would include the development of materials to be used in all college printed materials, develop a college logo, prepare materials for distribution to business firms, potential donors, and parents and prospective students, and update and improve the college website.

Estimated first year cost--$65,000

4. The Mitchell College of Business Library opened in March 2007 and is staffed by two full-time librarians and student assistants. The assistant librarian position is included in the University Library budget, while the MCOB librarian position has been supported by endowment earnings. A recommendation will be made to include the MCOB librarian position in the University Library budget for 2009-2010.

   Total amount requested--$58,750 (salary & fringe benefits)

Total Amount Requested for 2008-2009-- $184,907