

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

STANDING COMMITTEES

2007-2010

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

ACADEMIC AND STUDENT AFFAIRS CTE.:

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Mr. J. L. Chestnut, Jr.
Dr. Scott A. Charlton
Ms. Bettye R. Maye
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LONG-RANGE PLANNING COMMITTEE:

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Mr. Larry D. Striplin, Jr.
Mr. James A. Yance

ENDOWMENT AND INVESTMENTS COMMITTEE:

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Mr. J. Cecil Gardner
Mr. Donald L. Langham
President V. Gordon Moulton
Mr. Larry D. Striplin, Jr.

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

MARCH 13, 2008

10:00 A.M.

**FREDERICK P. WHIDDON ADMINISTRATION BUILDING
AD 122, BOARD ROOM**

REVISED AGENDA

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*	Approve: Revised Agenda	<i>i</i>
1	Approve: Minutes.	1 and 13
* 1.A	Approve: Commendation of Coach Ronnie Arrow and the Jaguar Men's Basketball Team	16
2	Report: President's Report	<i>Presentation at Meeting</i>
 LONG-RANGE PLANNING:		
* 3	Approve: USA Long-Range Planning Goals and Objectives (2008-2013)	1
 HEALTH AFFAIRS:		
4	Approve: USA Hospitals Credentials for November and December 2007, January 2008, and January 28, 2008	1
5	Approve: USA Children's and Women's Hospital Expansion Plan	9
6	Report: Health System and USA / IHS Strategic Health Alliance	<i>Presentation at Meeting</i>
7	Report: USA Mitchell Cancer Institute	<i>Presentation at Meeting</i>
 ACADEMIC AND STUDENT AFFAIRS:		
8	Report: Academic Affairs	<i>Presentation at Meeting</i>
9	Approve: Honorary Doctorate Degree	1
10	Report: Student Affairs	<i>Presentation at Meeting</i>
 BUDGET AND FINANCE:		
11	Report: Monthly Fund Reports for October, November, and December 2007	1, 18, and 35
	Quarterly GASB Financial Statements, Three Months ended December 2007	52
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12	Approve: Renovation of Alpha South Building	81
13	Approve: Construction of Central Energy Plant Satellite Facility	84
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14	Report: KPMG Report on USA Intercollegiate Athletic Department, 2007	1
 ENDOWMENT AND INVESTMENTS:		
15	Report: Endowment and Investments Committee	<i>Presentation at Meeting</i>

** Item(s) added or revised.*



MEMORANDUM

UNIVERSITY OF SOUTH ALABAMA

March 3, 2008

TO: USA Board of Trustees

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

Enclosed are the unapproved minutes for the December 6, 2007, meeting of the USA Board of Trustees. Please review them for amendment or approval during the December 6 meeting of the Board.

BRM:mgc

Enclosure

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES MEETING**

**December 6, 2007
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, December 6, 2007, at 10:00 a.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Trustees Scott Charlton, Steven Furr, Cecil Gardner, 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 J. L. Chestnut, Joseph Morton, James Nix, and Bob Riley.

Administration and Others: President Gordon Moulton; Drs. Dale Adams, Michael Boyd, Joseph Busta, Pat Covey, Becky Devillier, Lamar Duffy (COM Alumni Assn.), Ron Franks, Roma Hanks, Russ Lea, John Sachs (Faculty Senate), Robert Shearer, David Stearns, John Smith, Sam Strada, and Sue Walker; Messrs. Terry Albano, Barry Bukstein, Wayne Davis, Andy Denny (USA National Alumni Assn.), John Garcia, Joe Gottfried, Daniel Greer, Jimmy Grodnick, Stan Hammack, Matt Hayes, Mikey Hendricks, Abe Mitchell, Lee Pope, Martin Statkewicz (SGA), Wright Waters (Sunbelt Conference), and Chris Willis; and Mss. Lynne Blissette, Kristy Britt (Faculty Senate), Lisa Bukstein, Karin Caswell, Jennifer Edwards (SGA), Joy Grodnick, Sally Jarvis, Geri Moulton, Caroline Pope, Catherine Pope, Julia Pope, Vicki Tate (Faculty Senate), and Jean Tucker.

Press: Messrs. Eric Lowe (APT), Mike Perin (Birmingham News, via phone), George Altman and Tommy Hicks (Press-Register), Jason Shepard (Vanguard), Chris Frye and Jud Hulon (WKRG), Robert Brown (WALA), and Ted Hughes, Kevin McDermond, and Clement Townsend (WPMI); and Mss. Leigh Patton (Vanguard), Jessica Taloney (WKRG), and Emily Turner (WPMI).

Upon the call to order, Chairman Stokes called for adoption of the revised agenda. On motion by Mr. Langham, seconded by Ms. Maye, the revised agenda was unanimously approved.

Chairman Stokes called for consideration of **ITEM 1**, the minutes of the September 20, 2007, meeting of the Board of Trustees, as well as the minutes of the September 19, 2007, meeting of the Committee of the Whole and the November 2, 2007, meeting of the Endowment and Investments Committee. On motion by Dr. Charlton, seconded by Ms. Maye, the minutes were unanimously adopted.

President Moulton presented **ITEM 2**, the President's Report. He welcomed recently appointed Trustee Ms. Mitchell, and introduced Dr. John Smith, who will serve as Vice President for Student

Affairs effective February 2008 upon Dr. Adams' retirement. Mr. Andy Denny, President of the USA National Alumni Association was recognized. Dr. Covey introduced Dr. Roma Hanks, who will serve as Chair of the Department of Sociology, Anthropology, and Social Work effective Summer 2008.

President Moulton announced that Commencement would take place on December 8. He said that Dr. Glenn Sebastian, former Chair of the Department of Earth Sciences, would deliver the address and 1,507 degrees would be awarded, bringing the total degrees awarded to 61,234. He called attention to the University's newest promotional publication which highlights USA facts and initiatives. He said that the Coors Classic basketball exhibition would be held December 15, with USA taking on Mississippi State University.

President Moulton reported that Homecoming is scheduled for February 16. Among the events that will take place in conjunction with Homecoming are the Distinguished Alumni and Service Awards Program on February 15 and the Bell Tower and Alumni Plaza groundbreaking ceremony that will occur prior to the men's basketball game.

Dr. Stokes called for consideration of academic and student affairs items. Mr. Yance, Chair of the Board's Subcommittee on Football, reported on the due-diligence process conducted to determine if creation of a football and marching band program would be in the best interest of the University. He said that extensive consideration had been exerted and that constituent feedback, including strong support by the USA National Alumni Association, clearly demonstrates that now is as favorable a time as there ever may be for launching an NCAA-sanctioned Division I program. On behalf of the subcommittee, he enthusiastically recommended the Board's approval of **ITEM 3** as follows.

**RESOLUTION
FOOTBALL AND MARCHING BAND**

WHEREAS, the University of South Alabama has established itself as one of Alabama's fastest growing universities, with enrollment increases in recent years vastly surpassing the average of its peer institutions, and

WHEREAS, USA students have reflected an ever-increasing interest in living on campus, being involved in campus life, and expanding the University's extra-curricular and athletic offerings, and

WHEREAS, in recent years USA has made dramatic strides in student life through program and infrastructure improvements including new intramural fields, enhanced on-campus housing, expanded Greek housing, greater athletic offerings, and a new student recreation center soon to be constructed, and

WHEREAS, the elected representatives of the student body, the Student Government Association, have now overwhelmingly supported further enhancing student life through the creation of an NCAA-sanctioned intercollegiate football team, and

WHEREAS, the SGA and the student newspaper, *The Vanguard*, along with other student groups, have worked together to garner support from fellow students illustrated by more than 2,300 names on a petition expressing support for a football program and a willingness to invest in it through increased student fees, and

WHEREAS, the University has determined that a \$150 per-semester fee increase, to be effective with the 2008 fall semester, would be required to support this initiative, with this fee being prorated for part-time students, and

WHEREAS, it has been determined that USA could make this fee adjustment and still remain at or below the average cost of its peer universities in the state, and

WHEREAS, a football program would provide the University a venue through which it could create a marching band program and other student life programs deemed desirable by current and potential students as an outlet for their interest and talents, as well as a public point of pride for their institution, and

WHEREAS, numerous members of USA's alumni family throughout the years have expressed their support for such a program, citing football's ability to unify and provide a catalyst for fellowship among alumni and a greater permanent connection to their university, and

WHEREAS, USA's Faculty Senate has voted its support for such a program, as long as it adds value to the student experience and USA's academic and financial integrity are preserved, and

WHEREAS, many university constituencies, including city and county leaders, have expressed their support of such an effort and have offered their assistance in facilitating it, anticipating football's potential to further enrich area entertainment opportunities and provide an economic stimulus, and

WHEREAS, the Mobile area economy is currently experiencing a renaissance and the relationship between the community and the University has never been stronger as evidenced by increasing enrollment, as well as numerous cooperative educational, health care and economic development endeavors, and

WHEREAS, the University President has assembled a task force representing the major constituencies of the University, and this group has expressed optimism that while implementation of such a program presents challenges, it is both feasible and worthwhile, and

WHEREAS, the University is currently on the soundest economic footing in its history, and has addressed many of the deficits in its finances, infrastructure, health system and other areas since it opted not to pursue football after a comprehensive review of the subject beginning in 1999, and

WHEREAS, USA since 1999 has enhanced its capacity to generate private support through the successful implementation of a development program, illustrated by the success of its first comprehensive campaign, and

WHEREAS, football provides the University expanded marketing opportunities by appealing to students who desire intercollegiate football, band, and related programs, and

WHEREAS, the University administration believes that the combination of student fee support, community assistance, private giving, increased athletic revenue through ticket sales and other means, and other forms of revenue provide for the implementation of football at a reasonable net cost, without harm to USA's academic or other athletic programs,

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of South Alabama hereby authorizes the University President to begin implementation of an NCAA-sanctioned football program at the University of South Alabama, with an objective to achieve Division I status as soon as practical, and

BE IT FURTHER RESOLVED, that the student fee increase described herein be implemented effective with the 2008 Fall Semester to support this initiative, and

BE IT FURTHER RESOLVED, that this be done as expeditiously as feasible so that the University and students can begin accruing the benefits of the football and band programs.

President Moulton agreed that conditions are right for a football and band program. He said that students were excited about USA football and had pledged their support in the form of \$300 per year in additional student fees that will fund the lion's share of start-up costs. He called upon Ms. Jennifer Edwards, SGA President, who presented a petition in support of football and a marching band which contained more than 2,000 student signatures, including those of student organization leaders. Following a visual presentation of media clips covering a recent rally for football, others who addressed the Board in support of football were Mr. Andy Denny, President of

the USA National Alumni Association and Ms. Vicki Tate, Faculty Senate Chair, who provided polling results indicative of faculty support as long as academic programs are not adversely affected.

President Moulton introduced Mr. Wright Waters, Sunbelt Conference Commissioner, who congratulated the University for moving forward with football. He assured Trustees that USA and the community had the resources to build a successful program. He said that the decision of the Board today to incorporate football and band programs was significant for the University's future growth, and offered the Sunbelt Conference's assistance during the institution's transition.

President Moulton invited the student guests to stand as he read aloud the proposed resolution, for which he included additional language stipulating that the student fees would be effective for the 2008 fall semester. Mr. Langham suggested that paragraph six be amended as suggested. Chairman Stokes called for comments by Trustees. Mr. Striplin expressed his enthusiasm, and Mayor Jones spoke in support of the program on behalf of the City of Mobile, and noted that City Councilman Reggie Copeland had addressed the Committee of the Whole on December 5 in support of the program. At that time, Councilman Copeland stated that rental fees for home games played at Ladd-Peebles Stadium would be waived for five years and that the stadium would be refurbished. On motion by Mr. Langham, seconded by Ms. Maye, the resolution was unanimously approved by a show of hands. To commemorate the occasion, Ms. Edwards and other students passed out footballs signed by SGA officers to President Moulton and Board members, while Mr. Denny presented an inaugural coaching jersey to President Moulton. President Moulton announced that a committee would be immediately formed with the charge of searching for appropriate personnel. He assured Trustees that the administration would proceed in a wise and deliberate manner.

Following a short recess, Dr. Stokes called upon Dr. Covey to present **ITEM 4** as follows. On motion by Mr. Peek, seconded by Ms. Mitchell, the resolution was unanimously approved.

**RESOLUTION
SABBATICAL AWARDS**

WHEREAS, in accordance with University policy, proposals for Sabbatical Awards have been reviewed and recommended by the respective faculty committees, department chairs, college deans, and by the Senior Vice President for Academic Affairs and the President,

THEREFORE, BE IT RESOLVED, that the University of South Alabama Board of Trustees approves said Sabbatical Awards on this date, December 6, 2007, for the 2008-2009 academic year.

<u>NAME</u>	<u>DISCIPLINE</u>	<u>TIME PERIOD</u>
Dr. Brian J. Axsmith	Biology	Fall 2008
Dr. Robert E. Holm	Music	Spring 2009
Dr. Jennifer Langhinirichsen-Rohling	Psychology	Spring 2009
Dr. Michael L. Monheit	History	Spring 2009
Dr. Madhuri S. Mulekar	Statistics	Spring 2009
Dr. Benjamin J. Shamback	Visual Arts	Fall 2008
Dr. Gayle V. Davidson-Shivers	Professional Studies	Spring 2009
Dr. James L. Swofford	Economics	Fall 2008

Dr. Covey presented **ITEM 5** as follows. On motion by Ms. Miree, seconded by Ms. Maye, the resolution was unanimously approved.

**RESOLUTION
PROFESSORS EMERITI**

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

ACADEMIC AFFAIRS:

Heide Lomangino, Ph.D., Assistant Professor of Foreign Language
and Literatures
Glenn R. Sebastian, Ph.D., Associate Professor of Geography
Robert J. Fornaro, Ph.D., Professor of International Studies
Edward L. Harrison, Ph.D., Professor of Management

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 for a period of time, and

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

NOW THEREFORE, BE IT RESOLVED that the Board of Trustees of the University of South Alabama in a seated meeting held on December 6, 2007, hereby appoints the aforementioned individuals to the rank of *Assistant, Associate or Professor Emeritus*, as appropriate, with the rights and privileges thereunto appertaining, and

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

Dr. Covey presented **ITEM 6** as follows (refer to **APPENDIX A** for copies of policies and other authorized documentation). She described the charge of the University's Strategic Diversity Committee and said a good deal of time was given toward deriving a set of goals which will guide the University in maintaining best practices with regard to the diversification of faculty, staff, and students. She added that input from USA's constituencies had been solicited and considered. Mr. Gardner said it had been a pleasure to serve on the committee. He said the group was diverse in its membership and that the committee was serious in approaching its charge. He moved approval by the Board and Mr. Striplin seconded. Responding to a question from Mayor Jones as to whether there was a provision in the document for annual updates, Ms. Tucker said that the policy is fluid and can be changed as needed. Mayor Jones recommended that annual reports be provided to the Board of Trustees. President Moulton concurred and the Board unanimously approved the resolution.

**RESOLUTION
UNIVERSITY OF SOUTH ALABAMA STRATEGIC PLAN FOR RACIAL AND ETHNIC DIVERSITY**

WHEREAS, the University of South Alabama was chartered in 1963 by the State of Alabama as a comprehensive, coeducational institution of higher education, and

WHEREAS, the University entered into a consent decree in the matter of Knight, et al. v. United States of America, et al., as did other four-year degree granting public universities in Alabama, designed to assist diversity of Alabama public universities, which, in 2006, led the Court to find that the University was "in full compliance with the law, and that, therefore, there are no continuing policies, or practices, or remnants, traceable to de jure segregation, with present discriminatory effects which can be eliminated, altered, or replaced with educationally sound, feasible, and practical alternatives or remedial measures..." (Order and Final Judgment, Knight, et al. v. United States of America, et al., December 2, 2006), and

WHEREAS, as a part of the settlement agreement made with the plaintiffs in the Knight matter, the University of South Alabama, as did all public universities in Alabama, agreed to draft a *Strategic Diversity Plan* to help guide it in its continued efforts to expand and increase diversity at the University, and

WHEREAS, the University drafted a plan, posted it on the University Web site and placed it in the University library for public comment, revised the draft as needed pursuant to the comments, and presented the revised draft to the Board of Trustees for review and comment,

NOW, THEREFORE, BE IT RESOLVED that the University of South Alabama Board of Trustees approves the attached *Strategic Plan for Racial and Ethnic Diversity* and authorizes the President of the University to implement the plan immediately.

Chairman Stokes called for consideration of health affairs items. Dr. Furr, Chair of the Health Affairs Committee, recommended approval of **ITEM 7** as follows. On motion by Dr. Charlton, seconded by Ms. Mitchell, the resolution was unanimously approved.

RESOLUTION

USA HOSPITALS MEDICAL STAFF APPOINTMENTS AND REAPPOINTMENTS FOR AUGUST, SEPTEMBER, OCTOBER, AND NOVEMBER 22, 2007

WHEREAS, the Medical Staff appointments and reappointments for August, September, and October 2007, and November 22, 2007, 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.

Concerning **ITEM 8**, a report on the USA Mitchell Cancer Institute, Dr. Boyd provided an update on current recruiting activities of the Mitchell Cancer Institute. He reported that clinical development of the gynecologic-oncology program is quickly growing, and reminded the Board of the appointment of Drs. Michael Finan and Rodney Rocconi. He said that construction of the MCI facility is 85 percent complete.

Dr. Stokes called upon Mr. Hammack to present **ITEM 9**, a report on the USA / IHS Strategic Health Alliance. Mr. Hammack detailed a visual outline of a plan and proposed budget to improve parking and landscaping at USA Children's and Women's Hospital. He said that a request for bids had been advertised and that the administration could seek approval to proceed at the March Board meeting. Dr. DeVillier said that parking is inadequate and remote parking and shuttle service are being made available. Mr. Hammack said that the clinical needs of the internal medicine practice at the USA Medical Center were being addressed. He said that the Biomedical Sciences Library would be relocated and that a simulation lab would be created for student training. Dr. Franks reported that, as a result of the alliance between the MCI and IHS, opportunities for new clinical and educational programs have developed in nursing as well as medicine. Additionally, he announced the appointment of Dr. Sam Strada as Dean of the College of Medicine.

On behalf of Mayor Nix, Chair of the Budget and Finance Committee, Chairman Stokes called upon Mr. Wayne Davis for a report of budget and finance items. Mr. Davis said **ITEM 10** would be discussed with **ITEM 11**, and he proceeded to address **ITEM 10.A** as follows. He explained that additional maintenance and storage space is necessary to support existing buildings and new construction, and requested the Board's permission to pursue the development of a design for the proposed facility estimated to be approximately 35,000-40,000 square feet. President Moulton said that the new building may initially be used to house the football and marching band programs until permanent space is identified. On motion by Ms. Maye, seconded by Mr. Langham, the resolution was unanimously approved.

**RESOLUTION
MAINTENANCE AND STORAGE BUILDING**

WHEREAS, the University has experienced continued growth in the number of buildings on campus, and

WHEREAS, the University has several additional new buildings under construction or planned to be under construction in the near future totaling approximately 400,000 square feet, and

WHEREAS, the University has had an ongoing need for a maintenance and storage building to support existing facilities, and

WHEREAS, the construction of the new buildings will significantly increase that need, and

WHEREAS, the Administration of the University wants to commence the necessary planning and engineering studies for a new maintenance and storage building of approximately 35,000-40,000 square feet to satisfy these needs,

NOW THEREFORE, BE IT RESOLVED, that the Board of Trustees authorizes the University President to initiate the necessary planning and engineering studies, including site selection, of a maintenance and storage building of approximately 35,000-40,000 square feet.

Mr. Wayne Davis presented **ITEM 10.B** as follows. Mr. Davis proposed that real property, the original site of the Mitchell Cancer Institute, be leased to the Infirmary Health System, at market rates, for the construction of a professional office building. The lease would be written in terms consistent with the existing lease of the former USA Knollwood Hospital. On motion by Mr. Peek, seconded by Dr. Charlton, the resolution was unanimously approved.

**RESOLUTION
GROUND LEASE OF 14.33 ACRES TO INFIRMARY HEALTH SYSTEM, INC.**

WHEREAS, the University of South Alabama (USA) owns land on its Knollwood campus immediately north of the hospital now known as Infirmary West, an acute care hospital and a long-term acute care hospital which were leased to the Infirmary Health System, Inc. (IHS) by USA in a long-term lease entered into on April 1, 2006, to continue the provision of not only much-needed health care services and related resources to the people of Mobile and surrounding communities, but also a valuable site for education and research activities of USA's colleges of Medicine, Nursing, and Allied Health Professions, and

WHEREAS, USA and IHS each desire to maintain and enhance the quality of health care in the Mobile and southern Alabama region and to improve the quality of clinical education for students in the health care professions, and

WHEREAS, to further the aforementioned health care and educational goals, IHS would like to lease the 14.33 acres of the above-described Knollwood campus land currently owned by USA and shown in *Exhibit A*, based on fair market value and for a term of years and an option to renew to run concurrently with the April 1, 2006, lease to IHS, and

WHEREAS, the University of South Alabama, having at one time considered the land for use as the site of the Mitchell Cancer Institute, but, since the location of the MCI has changed, has no current plans for the use of the property, has determined that leasing this land on Knollwood campus as described above is in the best interest of the University in that it will enhance USA's valued missions of health care education, research, and service on the Knollwood campus,

BE IT THEREFORE RESOLVED, that the University of South Alabama Board of Trustees, having considered the above and determined that the lease to IHS of 14.33 acres of land owned by USA on its Knollwood campus is in the best interest of the University of South Alabama, hereby authorizes the President of the University to negotiate and execute a lease agreement for this acreage with Infirmary Health System, Inc., its subsidiaries or affiliates.

EXHIBIT A

Beginning at the Northwest corner of the Northwest quarter of the Southwest quarter of Section 10, Township 5 South, Range 2 West, Mobile County, Alabama; thence run North 89°27'42" East, 504.21 feet to a point on the South right-of-way line of Knollwood Drive Extension, having a 100 foot right-of-way; thence run South 51°26'07" East along the said South right-of-way line, 1051.59 feet; thence departing the said South right-of-way line, run South 0°03'37" East, 16.61 feet; thence run South 89°47'51" West, 1327.47 feet; thence run North 0°05'12" East, 672.12 feet to the point of beginning and containing 14.33 acres, more or less.

Mr. Wayne Davis presented **ITEM 10.c** as follows. He discussed the University's current debt structure and that each bond issue may be redeemed beginning ten years after the issue date. He outlined the advantages of refinancing at that ten-year date at a lower rate than the original bond issue rate. He explained that the University had the opportunity to enter into an option to sell that future redemption today and receive significant proceeds based upon the sale of that option. He reminded the Board that, at the September 2007 Board meeting, the value of the "swaption" transaction had been approximately \$8 million, and that, on December 6, 2007, the value had increased to approximately \$9 million. He talked about the proceeds from the swaption being invested similarly into the endowment, and said the earnings were free and clear of any arbitration rules. With no further discussion, minutes of the December 5, 2007, Executive Committee meeting pertaining to the swaption were distributed for review and adoption by the Board. On motion by Mr. Langham, seconded by Dr. Charlton, the minutes of the December 5, 2007, Executive Committee meeting were unanimously approved. Further, on motion by Mr. Langham, seconded by Mr. Yance, the resolution was unanimously approved.

RESOLUTION

OPTION TO ENTER FINANCIAL TRANSACTION RESPECTING CERTAIN OUTSTANDING BONDS OF THE UNIVERSITY

WHEREAS, the University of South Alabama has heretofore issued its

\$100,000,000

UNIVERSITY OF SOUTH ALABAMA

University Tuition Revenue Refunding and Capital Improvement Bonds

Series 2006

Dated December 1, 2006

and its

\$51,080,000
UNIVERSITY OF SOUTH ALABAMA
University Tuition Revenue Refunding and Capital Improvement Bonds
Series 2004
Dated March 15, 2004

together, the "Outstanding Bonds," and

WHEREAS, Those of the Series 2006 Bonds having a stated maturity on December 1, 2017, and thereafter will be subject to redemption prior to their respective maturities, at the option of the University, as a whole or in part, on December 1, 2016, and on any date thereafter (and if in part, in such maturities as the University shall select, and if less than all of a single maturity is to be redeemed those to be redeemed to be selected by the Trustee by lot) at and for a redemption price with respect to each Series 2006 Bond (or principal portion thereof redeemed) equal to the par or face amount of each Series 2006 Bond redeemed plus accrued interest to the date fixed for redemption, and

WHEREAS, Those of the Series 2004 Bonds having a stated maturity on March 15, 2015, and thereafter will be subject to redemption prior to their respective maturities, at the option of the University, as a whole or in part, on March 15, 2014, and on any date thereafter (and if in part, in such maturities as the University shall select, and if less than all of a single maturity is to be redeemed those to be redeemed to be selected by the Trustee by lot) at and for a redemption price with respect to each Series 2004 Bond (or principal portion thereof redeemed) equal to the face or par amount thereof plus accrued interest to the date fixed for redemption, and

WHEREAS, Wachovia Bank, National Association has proposed a transaction, sometimes referred to as a Swaption for a Forward Synthetic Refunding, to allow the University to achieve a present realization of certain amounts in connection with the future redemption of the outstanding Bonds and the optional redemption dates set forth above, and

WHEREAS, the University has determined that entering into a transaction with Wachovia Bank, National Association of the type described in the attached Exhibits I through IX will permit the University to achieve present benefit from the future redemption of the Outstanding Bonds, and

WHEREAS, the University understands that any such transaction will obligate the University to either issue its refunding bonds with respect to either or both of the Outstanding Bonds or terminate the transaction in the event the options granted to a counterparty are exercised as required by the final documentation, and

WHEREAS, any transaction entered into pursuant to authority granted by this resolution will be governed by the University of South Alabama Derivatives Policy, and

WHEREAS, the appropriate financial analysis has shown the transaction to be an Effective Hedge, as required by the University of South Alabama Derivatives Policy, and

WHEREAS, the Executive Committee of the Board of Trustees unanimously approved a resolution authorizing the President of the University, the Vice-President for Financial Affairs and the Secretary of the Board to execute such documents necessary to consummate the transaction contemplated by this resolution, and

WHEREAS, the Executive Committee of the Board of Trustees requests that the Board of Trustees accept the report attached as Exhibit I, Synthetic Advance Refunding Analysis, Series 2004 and 2006 Bonds, and approve the transaction as outlined in said report and the attached exhibits and order the documents attached as Exhibits I through IX be included in the minutes of this meeting of the Board of Trustees,

THEREFORE, BE IT RESOLVED, that the Board of Trustees accepts the report attached as Exhibit I, Synthetic Advance Refunding Analysis, Series 2004 and 2006 Bonds, and approves the transaction as outlined in said report and the attached exhibits and orders the documents attached as Exhibit I, Synthetic Advance Refunding Analysis, Series 2004 and 2006 Bonds; Exhibit II, ISDA Master Agreement; Exhibit III, Schedule to the Master Agreement; Exhibit IV, ISDA Credit Support Annex; Exhibit V, Draft – Swap Transaction Confirmation Series 2004; Exhibit VI Draft - Swap Transaction

Confirmation Series 2006; Exhibit VII, General Certificate of University of South Alabama; Exhibit VIII, Draft - Fairness Opinion; and Exhibit IX, Summary of Synthetic Advance Refunding Analysis be included in the minutes of this meeting of the Board of Trustees.

Chairman Stokes called for a report of audit items. Mr. Wayne Davis presented **ITEM 10**, the Monthly Fund Accounting Reports for July, August, and September 2007 and the Quarterly GASB Financial Statement for the twelve months ended September 2007, and **ITEM 11**, the KPMG Audit Reports and Letter for the year ended September 2007. He indicated that representatives from the University's independent audit firm of KPMG had made its annual report to the Audit Committee on December 5, 2007. He reminded Trustees of the invitation by KPMG to contact them at any time to discuss questions or concerns. He said that all reports and letters from KPMG were included in the Board binder, and noted that the auditors rendered an unqualified opinion as to the fairness of the financial reports.

Chairman Stokes called for a report of endowment and investments items. President Moulton called upon Mr. Albano to present **ITEM 12**, a report of the performance for the total endowment and each individual money manager for Fiscal Year 2007: Commonfund, Arlington Partners, Gerber /Taylor, Oakmark Select, and Private Advisors. Mr. Albano said that the endowment outperformed its relative index for the full fiscal year 2007 (18.36 percent vs. 11.91 percent) and since inception (9.45 percent vs. 3.67 percent). He discussed the underperformance of Oakmark Select, and reported that the Endowment and Investments Committee had previously considered Oakmark's performance and had voted to release Oakmark from its management responsibilities. He said that, after some analysis, the Endowment and Investments Committee decided to invest the proceeds from Oakmark with the firm of Douglas C. Lane & Associates.

Regarding **ITEM 13** as follows, President Moulton recognized Steven and Angelia Stokes for their most recent gift of 553 acres of timberland that is to be sold with the proceeds benefiting the University. He called upon Dr. Covey to discuss the use of the timber proceeds. Dr. Covey announced that Dr. Sue Walker, Chair of the English Department, had been named to fill the Stokes Distinguished Professorship in Creative Writing, the first endowed professorship in the history of the College of Arts and Sciences. Dr. Walker expressed gratitude for the honor. Dr. Stokes thanked Dr. Walker for all she had done for the program. On motion by Mr. Yance, seconded by Mr. Striplin, the resolution was unanimously approved.

**RESOLUTION
SALE OF REAL PROPERTY**

WHEREAS, the University of South Alabama owns approximately 553 acres of real property in Barbour County, Alabama, said property having been deeded to the University by Mrs. Angelia R. Stokes, and

WHEREAS, this gift was made to the University to create the Stokes Institute for Creative Writing, and

WHEREAS, the University desires to sell the property and to use the proceeds of the sale for the aforescribed purpose,

THEREFORE, BE IT RESOLVED, that the Board of Trustees authorizes the President of the University of South Alabama and the Vice President for Financial Affairs to place the property on the market through the process outlined in

the Policy and Procedure by which the University of South Alabama would Sell or Lease Real Property or Interest Owned by the University of South Alabama, as approved by this board on March 9, 2006.

President Moulton expressed delight that Trustee Mayer Mitchell's place at the Board table was now filled by Mrs. Mitchell. Board members and guests watched a video commemorating Mr. Mitchell's Board service and his significance to the University of South Alabama. President Moulton asked the Mitchell family to join him with Mrs. Mitchell, and he read aloud **ITEM 14** as follows. He presented Mrs. Mitchell with a framed resolution, and with Mr. Mitchell's academic hood. Mrs. Mitchell was joined by daughter Mrs. Joy Grodnick in sharing thoughts about Mr. Mitchell and in extending thanks to the University community for the outpouring of support during the difficult preceding months. The Board, by way of numerous expressions of admiration for Mr. Mitchell as a colleague and personal friend, overwhelmingly adopted the resolution, with Ms. Mitchell abstaining.

**RESOLUTION
TRIBUTE TO TRUSTEE MAYER MITCHELL**

WHEREAS, Mr. Mayer Mitchell served faithfully as a member of the Board of Trustees of the University of South Alabama from the time of his appointment in 1975 until his death on September 26, 2007, and

WHEREAS, during his 32 years of service, Mr. Mitchell provided exemplary leadership in numerous key Board positions, including Chair *Pro Tempore* of the Board, Chair of the Budget and Finance and the Health Affairs committees, and, at the time of his death, Chair of the Endowment and Investments Committee and a member of the Executive Committee, and

WHEREAS, Mr. Mitchell made extraordinary contributions to his community, state, and nation, and most particularly in support of the University of South Alabama, where the Mitchell College of Business, Mitchell Center, Mitchell Cancer Institute, and Joseph and Rebecca Mitchell Learning Resource Center in the Mitchell College of Business all bear testimony to the generosity of Mr. Mitchell and his family, whose philanthropy represents the greatest amount of giving by a family to a single public university in Alabama, and

WHEREAS, for his outstanding accomplishments in business and philanthropy and keen political insights, Mr. Mitchell was widely respected and commended by national, international, state, and local organizations, and

WHEREAS, Mr. Mitchell was intensely devoted to family, friends, colleagues, all manner of worthy causes, and the USA Jaguars, and unrivaled in his joy at their success,

THEREFORE, BE IT RESOLVED, the Board of Trustees acknowledges the legacy of Mayer Mitchell and pays tribute to his memory for his many contributions, invaluable service and unwavering commitment to the University, and to the citizens of the State and the Nation, all of whom have benefited from his wisdom, dedication, and generosity, and extends heartfelt sympathy to Mrs. Arlene Mitchell, Mr. Abraham Mitchell, and all members of the family of Mayer Mitchell.

President Moulton recognized Trustee Don Langham for having completed a three-year term as Chair *Pro Tempore* of the Board of Trustees. He thanked Mr. Langham for his leadership, and invited the Langham family to join Mr. Langham for the reading of **ITEM 15** as follows. On motion by Mr. Striplin, seconded by Mayor Jones, the resolution was unanimously adopted. Ms. Langham assisted President Mouton in the unveiling of an oil portrait of Mr. Langham. Mr. Langham conveyed gratitude for the opportunity to serve, and thanked the Board, and the University administration and staff for their support during his term as Chair.

**RESOLUTION
COMMENDATION OF TRUSTEE DONALD L. LANGHAM AS CHAIR PRO TEMPORE EMERITUS**

WHEREAS, Mr. Donald L. Langham has served faithfully as a member of the Board of Trustees of the University of South Alabama since the time of his appointment in 1997, and

WHEREAS, Mr. Langham served as Chair Pro Tempore of the Board of Trustees from June 2004 through May 2007, and

WHEREAS, Mr. Langham previously served the Board as Secretary from 1998-2001 and as Vice Chair from 2001-2004, and

WHEREAS, Mr. Langham, in conjunction with his term as Secretary, Vice Chair, and Chair Pro Tempore of the USA Board of Trustees, also served as a member of the University of South Alabama Foundation Board of Directors and the USA Research and Technology Corporation Board of Directors, and

WHEREAS, Mr. Langham, during his tenure as a member of the Board, among other responsibilities, has served as a member of the Health Affairs, Budget and Finance, and Executive committees, and *Campaign USA*, the University's inaugural comprehensive capital campaign, and

WHEREAS, Mr. Langham's dynamic and insightful leadership was critical to the development and progress of many major initiatives, and

WHEREAS, as a result of Mr. Langham's generous contribution in conjunction with his involvement in *Campaign USA*, the *Alice and Don Langham Transitional Room* was established at USA Children's and Women's Hospital, and

WHEREAS, Mr. Langham, through his long-standing stewardship, wisdom, guidance, and philanthropy, has played a prominent role in advancing the interests of all the constituencies of the University,

THEREFORE, BE IT RESOLVED that the Board of Trustees of the University of South Alabama expresses its sincere appreciation to Mr. Donald L. Langham for his many contributions and invaluable service to the Board, to the entire University community, and to the people of the state of Alabama, all of whom have benefitted from his wisdom, dedication, service, and generosity, by conferring upon him the honorary title of *Chair Pro Tempore Emeritus* of the University of South Alabama Board of Trustees.

President Moulton thanked Ms. Moulton, Ms. Karin Caswell - Manager of Interior Design, and Mr. Daniel Greer - Construction Coordinator, for collaborating on an attractive renovation of the Board room and the President's suite.

There being no further business, the meeting adjourned at 12:15 p.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

**December 5, 2007
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, December 5, 2007, at 2:15 p.m. in the Board Room of the Frederick P. Whiddon Administration Building.

Members Present: Trustees Scott Charlton, Steven Furr, Cecil Gardner, Donald Langham, Bettye Maye, Christie Miree, Arlene Mitchell, Bryant Mixon, John Peek, Steven Stokes, and James Yance.

Members Absent: Trustees J. L. Chestnut, Sam Jones, James Nix, Joseph Morton, Bob Riley, and Larry Striplin

Administration and Others: President Gordon Moulton; Drs. Dale Adams, Michael Boyd, Joe Busta, Pat Covey, Ron Franks, Russ Lea, Robert Shearer, and David Stearns; Messrs. Terry Albano, Reggie Copeland (President, Mobile City Council), Wayne Davis, Joe Gottfried, Stan Hammack, Mark Peach (KPMG), and Matthew Peterson; and Mss. Jennifer Edwards (SGA), Jean Tucker, and Ashley Willson (KPMG).

Press: Messrs. George Altman (Press-Register) and Jason Shepard (Vanguard).

Chairman Stokes called the meeting of the Committee of the Whole to order and called for a consideration of academic and student affairs items. Mr. Yance, Chair of the Board's Subcommittee on Football, introduced consideration of **ITEM 3**, a proposal to establish football and marching band programs. He reported that the subcommittee had thoroughly reviewed the relevant facts and figures and had been assured of overwhelming support from the SGA and student body, the USA National Alumni Association, and city and county officials, as well as other constituencies. Based upon these factors and others outlined, he reported that the subcommittee had unanimously concluded that conditions are favorable for creating NCAA-sanctioned Division I football and marching band programs and enthusiastically recommended approval by the Board. He added that doing so at this juncture would serve the University's best interest. He expressed his appreciation to Trustees Langham, Miree, Peek, Nix, and Striplin for their efforts as members of the subcommittee.

President Moulton provided two reasons for supporting the football and marching band program – alumni support and dedication and enhancement of student life. He said these programs will help build the loyalty of students who would become USA alumni. He added that a \$300-per-year student fee would fund most costs associated with starting the new programs. He introduced Ms. Jennifer Edwards, SGA president, who referenced a resolution, published in a due-diligence report on NCAA-sanctioned football, which had been overwhelmingly passed by the SGA. The resolution acknowledged the fact that, even upon the new student fee for football in effect, a USA

education will cost less than at comparable institutions. The resolution also notes the provision for students to receive free season tickets. Ms. Edwards talked about a student petition with more than 2,300 signatures in support of the football and band initiative. She acknowledged that a relatively small number of students were unsupportive due mainly to misinformation or the additional student fee. Fellow student Mr. Matthew Peterson expressed opposition to the proposal on behalf of student opponents. Ms. Vicki Tate provided information on the polling of faculty. City Council President Reggie Copeland was present and vehemently urged Trustees to approve the football proposal, pledging that among other incentives, rent would be waived for the use of Ladd-Peebles Stadium for five years. He announced plans to refurbish the stadium in order to attract corporate and community support of Jag football. Mr. Joe Gottfried, USA Athletic Director, talked about the transition to NCAA football. He called attention to material in the Due-Diligence Report. He assured the Committee that the University meets Title IX requirements for gender equity. Following an extensive discussion, Trustees conveyed appreciation to guests for sharing various points-of-view on a topic critical to the University's future. Dr. Stokes suggested that action be deferred to the full Board meeting on December 6.

President Moulton called upon Dr. Covey to introduce **ITEM 6** (for copies of resolutions, policies, and other authorized documentation, refer to the USA Board of Trustees meeting minutes, December 6, 2007), a resolution to adopt the University's *Strategic Plan for Racial and Ethnic Diversity* and authorizing the President to implement the plan immediately. Dr. Covey reported that a committee with membership representing the entire University population worked diligently for many months to develop a list of goals that will assure high standards are practiced at the University with regard to the diversification of faculty, staff, and students. Ms. Tucker discussed that the document had been revised to incorporate more clear language concerning a settlement agreement to which the University is a party. She reported that responses from the community were few. Mr. Gardner told Trustees that, as a member of the Strategic Diversity Committee, he had examined the document at length, and assured Trustees that an excellent job had been accomplished in compiling the document. He said that the committee shared a free exchange of ideas during the process, and added that the document would be a useful aid in the course of future litigation if needed.

President Moulton recommended that discussion of health affairs items take place at the Board meeting on December 6.

Mr. Wayne Davis presented **ITEM 10.B**, a resolution authorizing the President to negotiate and execute a lease agreement with the Infirmary Health System (IHS) for 14.33 acres of land owned by USA on the Knollwood campus. He reported that the site of the lease is the land that was originally chosen for construction of the Mitchell Cancer Institute, and said it is IHS's intent to build a new professional office building and to enhance the entrance to the hospital. He said the lease will run concurrent with the hospital lease.

Chairman Stokes called for a report of audit items. With regard to the dual role of the Budget and Finance Committee as the Audit Committee of the Board, a meeting of the Audit Committee was convened:

AUDIT COMMITTEE

Mr. Wayne Davis presented **ITEM 11**, the KPMG audit reports and letter for the year ended September 2007. He introduced Ms. Ashley Willson and Mr. Mr. Mark Peach, partners with KPMG. Mr. Peach distributed a document summarizing the results of the 2007 audit. He outlined the University's responsibilities related to the financial statements, management and Audit Committee responsibilities related to fraud risks, and KPMG's responsibilities related to both the audit and fraud. Ms. Willson presented the results of the audit by reviewing the required communication between KPMG and the Audit Committee. She reminded the committee that KPMG had not been engaged to audit the internal control systems of the University. She reported that there were no audit adjustments booked by the University, no audit adjustments proposed by KPMG that were not booked by the University, no disagreements with financial management, and that KPMG had received full cooperation and access to the University's financial records. In conclusion, Ms. Willson indicated that there were no material weaknesses in internal control nor were any significant deficiencies noted.

Mr. Davis reminded Audit Committee members that they have full access to the auditors and may contact them directly at any time to discuss concerns or questions. He outlined the reports and letters provided to the Board materials consisting of the basic financial statements, the A-133 report, the reconciliation of the GASB financial statements to the University's fund reports, the management letter, the University's response to the management letter, and the bond compliance report. There being no further business, the Audit Committee meeting adjourned.

Chairman Stokes called for a report of endowment and investments items. President Moulton presented **ITEM 13**, a resolution authorizing the President and Vice President for Financial Affairs to sell 553 acres of timberland donated to USA by Dr. and Mrs. Steven Stokes. President Moulton recalled the substantial past gifts made by the Stokes. He said that a sealed-bid approach would be employed. If this method does not yield a bid that is competitive with the fair market value, the University would work with a realtor to list the land for sale.

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

**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.

RESOLUTION

UNIVERSITY OF SOUTH ALABAMA 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: Goals and Objectives (2008 – 2013)*.

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

Mission Statement

The mission of the University of South Alabama is to offer high-quality programs of teaching, research, public service, and health care that create, communicate, preserve, and apply knowledge in service to the people of Alabama as citizens in a global community.

Vision Statement

Our vision is to become a preeminent comprehensive university that is recognized for its intellectual, cultural, and economic impact on the health and well-being of those we serve as leaders and citizens in a global community.

Goals and Objectives

Goal 1: To build upon the academic quality and learning environment of the University.

- Objective 1.1: To facilitate student achievement of learning outcomes.
- Objective 1.2: To recruit and graduate high-caliber students from diverse backgrounds.
- Objective 1.3: To recruit, recognize, and develop high-quality faculty and staff.

Goal 2: To enhance the quality of student life.

- Objective 2.1: To provide responsive services for traditional and non-traditional students.
- Objective 2.2: To promote a safe campus environment.
- Objective 2.3: To provide quality physical facilities.
- Objective 2.4: To promote faculty engagement in student activities.
- Objective 2.5: Encourage student engagement in campus activities.

Goal 3: To embrace diversity.

- Objective 3.1: To promote tolerance and create a welcoming environment.
- Objective 3.2: Implement and evaluate the University's strategic diversity plan.
- Objective 3.3: To increase opportunities for study abroad and international faculty and student exchange.
- Objective 3.4: To infuse a global perspective across the curriculum.

Goal 4: To enhance the public image of the University.

- Objective 4.1: To increase the understanding and appreciation of USA contributions through all available methods.
- Objective 4.2: To increase USA participation and visibility in community service and environmental projects.
- Objective 4.3: To increase community engagement with USA by maximizing art, cultural, entertainment, and athletic opportunities.
- Objective 4.4: To bolster relationships with civic, government, and business leaders.
- Objective 4.5: Expand relations in the international community.

Goal 5: To strengthen financial support of the University.

- Objective 5.1: Continue to expand and strengthen the University development program.
- Objective 5.2: Maximize efforts to secure increased public funding.
- Objective 5.3: Increase institutional support from the USA Foundation.
- Objective 5.4: Increase extramural funding.
- Objective 5.5: Increase student enrollment commensurate with reasonable institutional capacity.

Goal 6: To ensure appropriate University planning and assessment.

- Objective 6.1: To continue and improve documentation of planning and assessment.
- Objective 6.2: To expand use of electronic tools for planning and assessment.

Goal 7: To sustain the growth of high-quality health care services.

- Objective 7.1: To integrate, coordinate, and further develop the health care delivery system and related clinical service programs across the University to further enhance the health of the region.
- Objective 7.2: To enhance the delivery of health care services through a comprehensive, systematic management approach that ensures effective, efficient, high-quality, fully accredited inpatient and outpatient clinical services are offered to all patients throughout the region.
- Objective 7.3: To further stabilize the financial position of clinical programs by developing adaptive strategies in the face of declining reimbursements, and to balance the commitment to attending to the health care needs of underserved and health disparities populations with the need to maintain financial stability for the health care delivery system.
- Objective 7.4: To ensure that clinical services maintain their academic focus by sustaining the primacy of the educational and research focus of the health care delivery system, equivalent in importance to excellence in the delivery of health care services.
- Objective 7.5: To establish practice plans for faculty from across the University involved in clinical activity.
- Objective 7.6: To establish collaborative relationships with clinical entities outside the University.

Goal 8: To promote research and scholarly activities.

- Objective 8.1: To increase annually the scholarly capacity, capability, recognition, and impact of University investigators.
- Objective 8.2: To enhance technology transfer and diffusion of new knowledge across the University.

- Objective 8.3: To enhance resources to grow the University's research enterprise.
- Objective 8.4: To accelerate campus-wide development of translational, clinical, basic, and applied research through collaborations with industries, agencies, foundations, faculty, education, and health care providers.

RESOLUTION

**USA HOSPITALS MEDICAL STAFF APPOINTMENTS AND REAPPOINTMENTS
FOR NOVEMBER AND DECEMBER 2007 AND JANUARY 2008
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.

UNIVERSITY OF SOUTH ALABAMA




STANLEY K. HAMMACK
VICE PRESIDENT
HEALTH SYSTEM

REC'D
OFFICE OF THE PRESIDENT
FEB 13 2008
UNIVERSITY OF SOUTH ALABAMA
TELEPHONE: (251) 471-7118
2451 FILLINGIM STREET, SUITE 3040
MOBILE, ALABAMA 36617-2293
FAX: (251) 471-7751

MEMORANDUM

TO: V. Gordon Moulton
President

FROM:  Stan Hammack

DATE: February 13, 2008

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

For Approval:
University of South Alabama Hospitals:

Credentials Report – November, December 2007, and January 2008

Credentials Report – January 28, 2008

Resolution – USA Children's and Women's Hospital Expansion Plan

SKH:eb

Attachments

UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
FOR BOARD OF TRUSTEES APPROVAL
NOVEMBER DECEMBER 2007
JANUARY 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.

NAME	USACWH			USAMC			AMBULATORY CARE		
	Type/Status	Category	Dept/Ser	Type/Status	Category	Dept/Ser	Type/Status	Category	Dept/Ser
Abbound, Elia, MD	Reappt	Courtesy	IM/Cardio	Reappt	Courtesy	IM/Cardio	N/A	N/A	N/A
Abordo, Bayani, MD	New Appt	Associate	Psychiatry	New Appt	Associate	Psychiatry	N/A	N/A	N/A
Allen, Arlene, RN	Reappt	Allied Health	OB/GYN	Reappt	Allied Health	OB/GYN	Reappt	Allied Health	OB/GYN
Allen-Johnson, Jennifer, MD	Reappt	Courtesy	Pediatrics	Reappt	Courtesy	Pediatrics	N/A	N/A	N/A
Ambrose, Michael, MD	No Privs	N/A	N/A	Reappt	Active	EM	N/A	N/A	N/A
Atwell, George, MD	No Privs	N/A	N/A	New Appt	Associate	EM	N/A	N/A	N/A
Awan, Ghulam, MD	Reappt	Active	IM/Cardio	Reappt	Active	IM/Cardio	N/A	N/A	N/A
Badve, Seema, MD	No Privs	N/A	N/A	Reappt	Courtesy	IM	N/A	N/A	N/A
Bernacki, Eva, PA	Reappt	Allied Health	Surgery	Reappt	Allied Health	Surgery	N/A	N/A	N/A
Bhagwandin, Vimia	New Appt	Associate	Pediatrics	No Privs	N/A	N/A	N/A	N/A	N/A
Billet, William, MD	New Appt	Associate	Psychiatry	New Appt	Associate	Psychiatry	N/A	N/A	N/A
Bowman, Michael, MD	Reappt	Courtesy	OB/GYN	Reappt	Courtesy	OB/GYN	N/A	N/A	N/A
Boyer, John, MD	Reappt	Courtesy	Surgery	Reappt	Courtesy	Surgery	N/A	N/A	N/A
Brannan, John, MD	Reappt	Active	Radiology	Reappt	Active	Radiology	N/A	N/A	N/A
Carroll, Marion, MD	No Privs	N/A	N/A	Reappt	Courtesy	IM	N/A	N/A	N/A
Chance, Albert, MD	No Privs	N/A	N/A	Reappt	Consulting	IM	N/A	N/A	N/A
Chernick, Richard, MD	Reappt	Courtesy	IM/Cardio	Reappt	Courtesy	IM/Cardio	N/A	N/A	N/A
Cohen, Michael, MD	Reappt	Active	IM/Cardio	Reappt	Active	IM/Cardio	Reappt	Active	IM/Cardio
Connolly, Rosina, MD	New Appt	Associate	Pediatrics	No Privs	N/A	N/A	New Appt	Associate	Pediatrics
Costello, Melissa, MD	No Privs	N/A	N/A	Reappt	Active	EM	N/A	N/A	N/A
Cox, Karen, PA	Reappt	Allied Health	IM	Reappt	Allied Health	IM	N/A	N/A	N/A
Davis, Stephen, MD	No Privs	N/A	N/A	Reappt	Courtesy	IM/Endocrin	N/A	N/A	N/A
Dean, Amy, CRNP	Reappt	Allied Health	Pediatrics	Reappt	Allied Health	Pediatrics	N/A	N/A	N/A
Dearing, Brian, MD	Reappt	Courtesy	IM/Cardio	Reappt	Courtesy	IM/Cardio	N/A	N/A	N/A
Dolgos, Elizabeth, MD	New Appt	Associate	Psychiatry	New Appt	Associate	Psychiatry	N/A	N/A	N/A
Fondren, Frank, MD	No Privs	N/A	N/A	Reappt	Courtesy	Ortho	N/A	N/A	N/A
Frye, Karen, MD	Reappt	Active	Surgery	Reappt	Active	Surgery	N/A	N/A	N/A
Ghelmeiz, Florin, MD	New Appt	Associate	Psychiatry	New Appt	Associate	Psychiatry	N/A	N/A	N/A

UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
FOR BOARD OF TRUSTEES APPROVAL
NOVEMBER DECEMBER 2007
JANUARY 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.

NAME	USACWH			USAMC			AMBULATORY CARE		
	Type/Status	Category	Dept/Ser	Type/Status	Category	Dept/Ser	Type/Status	Category	Dept/Ser
Greenleaf, Stephen, DMD	Reappt	Allied Health	Surg/Oral	Reappt	Allied Health	Surg/Oral	N/A	N/A	N/A
Hamilton, William, DO	Reappt	Active	Neurology	Reappt	Active	Neurology	Reappt	Active	Neurology
Hannon, Jeffrey, MD	Reappt	Courtesy	Surgery	Reappt	Courtesy	Surgery	N/A	N/A	N/A
Hardy, Warren, MD	No Privs	N/A	N/A	Reappt	Courtesy	IM/Cardio	N/A	N/A	N/A
Harrell, James, MD	Reappt	Active	Pediatrics	Reappt	Active	Pediatrics	N/A	N/A	N/A
Hinton, John, MD	Reappt	Courtesy	Neurology	Reappt	Courtesy	Neurology	N/A	N/A	N/A
Hunte, Eyston, MD	No Privs	N/A	N/A	Reappt	Courtesy	FM	N/A	N/A	N/A
Johnson, George, DMP	No Privs	N/A	N/A	Reappt	Allied Health	Ortho/Pod	N/A	N/A	N/A
Jordan, Karen, PA	Reappt	Allied Health	Surgery	Reappt	Allied Health	Surgery	N/A	N/A	N/A
Keesler, Thomas, MD	No Privs	N/A	N/A	Reappt	Consulting	IM	N/A	N/A	N/A
Lamar, William B, III, MD	Reappt	Courtesy	IM/Neph	Reappt	Courtesy	IM/Neph	N/A	N/A	N/A
Laskay, Kathleen, CRNP	Reappt	Allied Health	Pediatrics	Reappt	Allied Health	Pediatrics	N/A	N/A	N/A
Lightfoot, Paul, SA	No Privs	N/A	N/A	Reappt	Allied Health	Ortho	N/A	N/A	N/A
Mabien, Ardie, CRNP	Reappt	Allied Health	IM	Reappt	Allied Health	IM	Reappt	Allied Health	IM
Madanagopal, Sudhakar, MD	Reappt	Active	Ortho	Reappt	Active	Ortho	Reappt	Active	Ortho
Manci, Elizabeth, MD	Reappt	Active	Pathology	Reappt	Active	Pathology	N/A	N/A	N/A
Martino, Anthony, MD	Reappt	Active	Neurosurgery	Reappt	Active	Neurosurgery	Reappt	Active	Neurosurgery
Mobley, Norma, MD	Reappt	Active	Pediatrics	Reappt	Active	Pediatrics	N/A	N/A	N/A
Monson, Michael, MD	Reappt	Courtesy	IM/Cardio	Reappt	Courtesy	IM/Cardio	N/A	N/A	N/A
Mupanomunda, Ophard, MD	New Appt	Associate	Pediatrics	No Privs	N/A	N/A	New Appt	Associate	Pediatrics
Murphy, Patrick, MD	Reappt	Courtesy	IM/Cardio	Reappt	Courtesy	IM/Cardio	N/A	N/A	N/A
Murray, Gladwyn, MD	No Privs	N/A	N/A	New Appt	Associate	IM	N/A	N/A	N/A
Nimityongskul, Parit, MD	Reappt	Active	Ortho	Reappt	Active	Ortho	Reappt	Active	Ortho
O'Brien, Margaret M., MD	Reappt	Active	Pathology	Reappt	Active	Pathology	N/A	N/A	N/A
Olatinwo, Oluwatoyin, MD	New Appt	Associate	IM	New Appt	Associate	IM	New Appt	Associate	IM
Park, William, IV, MD	Reappt	Courtesy	Ortho	Reappt	Courtesy	Ortho	N/A	N/A	N/A
Parker, Sandra, MD	New Appt	Associate	Psychiatry	New Appt	Associate	Psychiatry	N/A	N/A	N/A
Parwaiz, Rifat, MD	Reappt	Active	Pediatrics	Reappt	Active	Pediatrics	N/A	N/A	N/A
Pelekanos, Sharon, PA	New Appt	Allied Health	Neurosurgery	New Appt	Allied Health	Neurosurgery	New Appt	Allied Health	Neurosurgery
Perkins, Robert A., MD	Reappt	Active	FM	Reappt	Active	FM	Reappt	Active	FM
Petersen, Bendt, III, MD	Reappt	Courtesy	Ortho	Reappt	Courtesy	Ortho	N/A	N/A	N/A

**UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
FOR BOARD OF TRUSTEES APPROVAL
NOVEMBER DECEMBER 2007
JANUARY 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.

NAME	USACWH			USAMC			AMBULATORY CARE		
	Type/Status	Category	Dept/Ser	Type/Status	Category	Dept/Ser	Type/Status	Category	Dept/Ser
Ponnambalam, Anathasekar, MD	New Appt	Associate	Peds/GI	New Appt	Associate	Peds/GI	New Appt	Associate	Peds/GI
Preud'Homme, Daniel, MD	Reappt	Active	Pediatrics	Reappt	Active	Pediatrics	Reappt	Active	Pediatrics
Rabbani, Adeel, MD	New Appt	Associate	Psychiatry	New Appt	Associate	Psychiatry	N/A	N/A	N/A
Rich, Gary, MD	No Privs	N/A	N/A	Reappt	Courtesy	IM/Cardio	N/A	N/A	N/A
Rich, Leonard, MD	Reappt	Active	Surg/Ophth	Reappt	Active	Surg/Ophth	N/A	N/A	N/A
Riddick, Leroy, MD	Reappt	Active	Pathology	Reappt	Active	Pathology	N/A	N/A	N/A
Rutland, Beth, MD	New Appt	Associate	Pathology	New Appt	Associate	Pathology	N/A	N/A	N/A
Saitz, Marianne, DO	New Appt	Associate	Psychiatry	New Appt	Associate	Psychiatry	N/A	N/A	N/A
Sezler, Roger, MD	Reappt	Courtesy	Ortho	Reappt	Courtesy	Ortho	N/A	N/A	N/A
Stadther, Joseph, MD	Reappt	Active	Pediatrics	Reappt	Active	Pediatrics	N/A	N/A	N/A
Taylor, Sherri, MD	New Appt	Associate	OB/GYN	New Appt	Associate	OB/GYN	New Appt	Associate	OB/GYN
Teplick, Richard, MD	Reappt	Active	Anes/IM	Reappt	Active	Anes/IM	N/A	N/A	N/A
Thompson, Kimberly, SA	Reappt	Allied Health	Ortho	Reappt	Allied Health	Ortho	N/A	N/A	N/A
Tyler, Shannon, MD	Reappt	Active	IM/Infect Dis	Reappt	Active	IM/Infect Dis	Reappt	Active	IM/Infect Dis
Welborn, Benjamin, SA	Reappt	Allied Health	Ortho	Reappt	Allied Health	Ortho	N/A	N/A	N/A
West, Roger, MD	Reappt	Courtesy	Ortho	Reappt	Courtesy	Ortho	N/A	N/A	N/A
Womack, Vester, SA	Reappt	Allied Health	Ortho	Reappt	Allied Health	Ortho	N/A	N/A	N/A
Woodis, C. Brock, PharmD	New Appt	Allied Health	FM	New Appt	Allied Health	FM	New Appt	Allied Health	FM
Wright, Jennifer, CRNP	Reappt	Allied Health	Pediatrics	Reappt	Allied Health	Pediatrics	N/A	N/A	N/A
Wrights, Sharienne, MD	Reappt	Active	Pediatrics	Reappt	Active	Pediatrics	N/A	N/A	N/A

UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
 MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
 FOR BOARD OF TRUSTEES APPROVAL
 NOVEMBER DECEMBER 2007
 JANUARY 2008

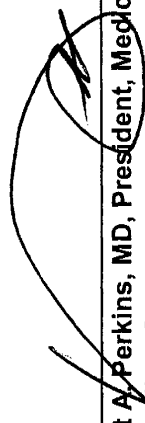
LEGEND:

New Appt
 Reappt.
 No Privs

New application for medical staff privileges recommended for approval.
 Reappointment application for medical staff privileges recommended for approval.
 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
 Vice President, USA Health Systems

UNIVERSITY OF SOUTH ALABAMA



STANLEY K. HAMMACK
VICE PRESIDENT
HEALTH SYSTEM

TELEPHONE (251) 471-7114
2451 HILLINGHAM STREET, SUITE 3040
MOBILE, ALABAMA 36617-2193
FAX (251) 471-7751

January 14, 2008

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

Dear President Moulton:

At this time, 11 (eleven) members of our Medical Staff, Bayani Abordo, MD, George Arwell, MD, William Billiet, MD, Rosina Connolly, MD, Elizabeth Dolgos, MD, Florin Ghebrez, MD, Oluwagun Olatinwo, MD, Sandra Parker, MD, Adell Rabbani, MD, Marianne Saitz, DO, Sherri Taylor, MD and one Allied Health Professional, Sharon Polekannos, PA 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 Presidents of the Medical Executive Committees have been obtained.

I am writing to request that you on behalf of the Board of Trustees approve the credentials for clinical privileges prior to their expiration. Credentialing documents will be provided for additional review, if needed.

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

Sincerely,

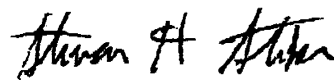

Stanley K. Hammack

SKH:eb

Attachment

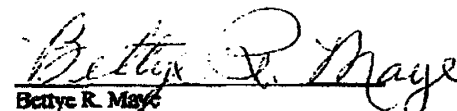
Approved:


V. Gordon Moulton
President



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

Donald L. Lougham
Past Chair
Board of Trustees


Bettye R. Maye
Secretary
Board of Trustees

TOTAL P.03

**UNIVERSITY OF SOUTH ALABAMA HEALTHCARE NETWORK
MEDICAL STAFF APPOINTMENTS/REAPPOINTMENTS
RECOMMENDATIONS FOR BOARD OF TRUSTEES APPROVAL
JANUARY 28, 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.

NAME	USACWH			USAMC			AMBULATORY CARE		
	Type/Status	Category	Dept/Ser	Type/Status	Category	Dept/Ser	Type/Status	Category	Dept/Ser
Bayani, Abordo, MD	No Privs	N/A	N/A	New Appt	Associate	Psychiatry	No Privs	N/A	N/A
Atwell, George, MD	No Privs	N/A	N/A	New Appt	Associate	EM	No Privs	N/A	N/A
Billet, William, MD	No Privs	N/A	N/A	New Appt	Associate	Psychiatry	No Privs	N/A	N/A
Connelly, Rosina, MD	New Appt	Associate	Pediatrics	No Privs	N/A	N/A	New Appt	Associate	Pediatrics
Dolgos, Elizabeth, MD	No Privs	N/A	N/A	New Appt	Associate	Psychiatry	No Privs	N/A	N/A
Ghimez, Florin, MD	No Privs	N/A	N/A	New Appt	Associate	Psychiatry	No Privs	N/A	N/A
Olatinwo, Oluwaytoyin, MD	New Appt	Associate	IM	New Appt	Associate	IM	New Appt	Associate	IM
Parker, Sandra, MD	No Privs	N/A	N/A	New Appt	Associate	Psychiatry	No Privs	N/A	N/A
Pelekanos, Sharon, PA	New Appt	Allied Health	NeuroSurg	New Appt	Allied Health	NeuroSurg	New Appt	Allied Health	NeuroSurg
Rabbani, Adeel, MD	No Privs	N/A	N/A	New Appt	Associate	Psychiatry	No Privs	N/A	N/A
Saltz, Marianne, MD	No Privs	N/A	N/A	New Appt	Associate	Psychiatry	No Privs	N/A	N/A
Taylor, Sherri, MD	New Appt	Associate	OB/GYN	New Appt	Associate	OB/GYN	New Appt	Associate	OB/GYN

LEGEND:


No Privs


New Appt.


- No privileges requested.

- Initial application for medical staff privileges recommended for approval.

Recommended By:


Craig D. Sherman, MD, President, Medical Staff
USA Children's and Women's Hospital


Robert Allen Perkins, MD, President, Medical Staff,
USA Medical Center


Stanley K. Hammack
Vice President, USA Health System

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.

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*.

FEB 27 2008




MEMORANDUM

UNIVERSITY OF SOUTH ALABAMA

UNIVERSITY OF SOUTH ALABAMA
OFFICE OF ACADEMIC AFFAIRS

February 27, 2008

TO: Gordon Moulton
FROM: Pat Covey 
SUBJECT: Honorary Doctorate Committee Recommendation

On behalf of the Honorary Doctorate Committee I am pleased to forward to you the following recommendation:

- That the University of South Alabama award to Dr. Benjamin S. Carson, Sr., the honorary degree of Doctor of Science on the occasion of its Spring Commencement 2008.

The Committee wishes to convey its most enthusiastic support for the awarding of this degree to Dr. Carson.

Thank you.

PCC:njc

I N D E X
OCTOBER 2007

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Financial Report Highlights

October 31, 2007

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 month ended, October 31, 2007 and 2006 are as follows (in thousands):

	At and for the month ended	
	10-31-07	10-31-06
Total assets, by fund		
Current	\$ 183,448	\$ 184,449
Loan	4,734	4,890
Endowment	69,293	29,458
Plant	480,305	366,661
Fund Balances, by fund		
Current	\$ 49,550	\$ 45,923
Loan	386	342
Endowment	69,293	29,458
Plant	267,750	237,212
Other balance sheet highlights		
Cash and investments	\$ 281,215	\$ 168,453
Accounts receivable	65,958	56,128
Bonds and notes payable	199,493	122,346

	For the month ended	
	10-31-07	10-31-06
Selected operating highlights (current funds)		
Tuition and fees	\$ 7,389	\$ 6,542
State appropriations	11,645	10,032
Hospital revenues	23,789	20,830
Gifts, grants and contracts	5,447	4,965
Instruction and Academic support	10,107	8,875
Research and public service	5,707	6,389
Hospital expenses	25,227	19,517
Net current fund increase (decrease)	791	1,954

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 remainder of 2008 or beyond.

UNIVERSITY OF SOUTH ALABAMA
BALANCE SHEETS
OCTOBER 2007 AND 2006

ASSETS		2007	2006	LIABILITIES AND FUND BALANCES		2007	2006
CURRENT FUNDS:				CURRENT FUNDS:			
UNRESTRICTED:				UNRESTRICTED:			
CASH AND CASH EQUIVALENTS	\$	28,036.76	35,092.55	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	\$	48,491,822.35	36,621,766.50
INVESTMENTS		73,855,544.84	99,017,366.98	DEFERRED REVENUES		28,102,042.11	24,617,786.45
ACCOUNTS RECEIVABLE - PATIENTS (LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS OF \$42,176,323.95 FOR 2007 AND \$47,189,390.52 FOR 2006)				DUE TO OTHER FUNDS		53,317,602.97	75,457,432.17
DEPOSITS		65,958,302.06	56,127,835.82	OTHER DEPOSITS		484,183.57	320,096.17
INVENTORIES AT COST		35,000.00	35,000.00	FUND BALANCES:		446,960.74	380,730.23
PREPAID EXPENSES		4,058,466.82	3,885,851.21	ALLOCATED FOR:			
		19,381,725.79	7,110,935.77	HOSPITALS		(9,081,821.54)	(8,184,859.26)
				AUXILIARY ENTERPRISES		(71,875.54)	17,644.07
				ENCUMBRANCES		3,071,357.43	2,572,152.00
				SELF-SUPPORTING ACTIVITIES		40,786,279.11	39,748,428.98
				UNALLOCATED		(2,239,474.93)	(5,319,104.94)
				TOTAL FUND BALANCES		32,474,464.53	28,834,260.85
				TOTAL UNRESTRICTED		163,317,076.27	166,212,082.33
TOTAL UNRESTRICTED		163,317,076.27	166,212,082.33				
RESTRICTED FUNDS:				RESTRICTED FUNDS:			
CASH AND CASH EQUIVALENTS		8,376,489.74	4,223,505.18	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		24,372.39	289,833.15
INVESTMENTS		169,426.36	168,763.28	OTHER DEPOSITS		6,210.52	1,070.00
UNBILLED COSTS AND ACCOUNTS RECEIVABLE		11,584,598.14	13,844,810.81	DEFERRED REVENUES		3,024,577.42	857,106.46
				FUND BALANCES		17,075,353.91	17,089,069.66
				TOTAL RESTRICTED		20,130,514.24	18,237,079.27
TOTAL RESTRICTED		20,130,514.24	18,237,079.27	TOTAL CURRENT FUNDS		183,447,590.51	184,449,161.60
TOTAL CURRENT FUNDS		183,447,590.51	184,449,161.60				
LOAN FUNDS:				LOAN FUNDS:			
CASH AND CASH EQUIVALENTS		211,285.46	573,086.35	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		100.00	500.00
NOTES RECEIVABLE (LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS OF \$493,734.41 FOR 2006 AND \$558,357.58 FOR 2005)				REFUNDABLE GOVERNMENT ADVANCES		4,348,114.74	4,547,901.00
				FUND BALANCES:			
				UNIVERSITY FUNDS, UNRESTRICTED		385,527.32	341,935.61
				TOTAL FUND BALANCES		385,527.32	341,935.61
TOTAL LOAN FUNDS		4,733,742.06	4,890,336.61	TOTAL LOAN FUNDS		4,733,742.06	4,890,336.61
ENDOWMENT FUNDS:				ENDOWMENT FUNDS:			
CASH AND CASH EQUIVALENTS		22,002,764.32	6,470,438.21	FUND BALANCES:			
FUNDS WITH TRUSTEES		53,981.22	54,629.68	RESTRICTED NONEXPENDABLE		15,935,397.40	12,611,443.71
INVESTMENTS		43,870,586.86	19,821,731.35	UNRESTRICTED EXPENDABLE		53,357,606.00	16,846,372.53
REMAINDER INTEREST IN REAL ESTATE		3,365,671.00	3,111,017.00				
TOTAL ENDOWMENT FUNDS		69,293,003.40	29,457,816.24	TOTAL ENDOWMENT FUNDS		69,293,003.40	29,457,816.24
PLANT FUNDS:				PLANT FUNDS:			
CASH AND CASH EQUIVALENTS		61,734,635.00	16,141,823.67	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		6,159,930.49	13,986.76
INVESTMENTS		70,966,599.86	22,000,921.35	DEFERRED REVENUES		6,722,163.31	6,993,264.58
ACCOUNTS RECEIVABLE		2,405,471.00	2,304,683.00	OTHER DEPOSITS		1,666.70	95,013.46
NOTES RECEIVABLE		258,199.26	258,199.26	NOTES PAYABLE		1,336,408.71	3,023,692.20
INTEREST RECEIVABLE		94,173.61	0.00	BONDS PAYABLE		198,156,424.64	119,322,788.98
DUE FROM OTHER FUNDS		53,317,602.97	75,457,432.13	CAPITAL LEASE OBLIGATIONS		178,733.08	0.00
PREPAID EXPENSES		2,206,396.18	1,659,957.76				
CAPITAL LEASE RECEIVABLE		1,648,138.87	2,055,609.58				
INVESTMENT IN PLANT:							
LAND		29,271,538.45	28,490,990.30	FUND BALANCES:			
LAND IMPROVEMENTS		10,963,766.34	7,514,762.85	RENEWALS AND REPLACEMENTS		85,506,354.20	69,072,060.68
BUILDINGS, ACCUM DEPREC AND IMPROVEMENTS		133,270,959.60	126,694,357.53	RETIREMENT OF INDEBTEDNESS		17,897,402.40	18,751,449.22
OTHER EQUIPMENT, BOOKS AND FILMS		47,241,146.33	38,410,220.43	INVESTMENT IN PLANT		164,346,183.73	149,388,318.08
CONSTRUCTION IN PROGRESS		66,926,639.79	45,671,816.10	TOTAL FUND BALANCES		267,749,940.33	237,211,827.98
TOTAL PLANT FUNDS		480,305,267.26	366,660,573.96	TOTAL PLANT FUNDS		480,305,267.26	366,660,573.96
TOTAL ASSETS		\$ 737,779,603.23	\$ 585,457,888.41	TOTAL LIABILITIES AND FUND BALANCES		\$ 737,779,603.23	\$ 585,457,888.41

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

UNIVERSITY OF SOUTH ALABAMA
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE MONTH ENDED OCTOBER 31, 2007

	CURRENT FUNDS		LOAN FUNDS	ENDOWMENT FUNDS	RENEWALS AND REPLACEMENTS	PLANT FUNDS RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT
	UNRESTRICTED	RESTRICTED					
REVENUES AND OTHER ADDITIONS:							
EDUCATIONAL AND GENERAL REVENUES	22,865,695.06						
HOSPITALS REVENUES	24,886,047.92						
AUXILIARY ENTERPRISES REVENUES	966,656.64						
GRANTS AND CONTRACTS:							
FEDERAL		1,467,947.44					
STATE AND LOCAL		220,382.11					
PRIVATE		487,008.39					
GOVERNMENT APPROPRIATIONS:							
FEDERAL							
STATE							
INVESTMENT INCOME, GAINS/LOSS			26.18	74,210.75	57,028.63	7,472.74	
INSURANCE PROCEEDS							
INTEREST ON LOANS RECEIVABLE							
GIFTS AND BEQUESTS			2,860.16	132,684.96	27,097.94	5,268.01	
EXPENDED FOR PLANT FACILITIES (INCLUDING \$36,606.90 CURRENT FUNDS)							2,339,150.60
RETIREMENT OF INDEBTEDNESS							
PROCEEDS FROM SALE OF CAPITAL ASSETS							
OTHER SOURCES		45.00	19.00		31,573.79		167,876.96
TOTAL REVENUES AND OTHER ADDITIONS	48,718,399.62	2,175,382.94	2,905.34	206,895.71	115,700.36	12,740.75	2,507,027.56
EXPENDITURES AND OTHER DEDUCTIONS:							
EDUCATIONAL AND GENERAL EXPENDITURES	18,688,818.47	1,939,402.03					
HOSPITALS EXPENDITURES	25,057,797.68						
AUXILIARY ENTERPRISES EXPENDITURES	934,442.82						
INDIRECT COSTS RECOVERED		398,298.92					
REFUNDED TO GRANTORS							
RETIREMENT OF INDEBTEDNESS						119,730.19	
ADMINISTRATIVE AND COLLECTION COSTS			128.00				
EXPENDED FOR PLANT FACILITIES (INCLUDING \$268,839.05 FOR NON-CAPITALIZED EXPENDITURES)					2,571,382.75	4,214.91	1,555,003.71
INTEREST ON INDEBTEDNESS							
DEPRECIATION EXPENSES OF PLANT FACILITIES							
DISPOSAL OF PLANT							
LOSS ON DISPOSAL OF PLANT							
OTHER DEDUCTIONS			2,050.65		0.00	7,709.32	
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	44,681,058.97	2,337,700.95	2,178.65	0.00	2,571,382.75	131,654.42	1,555,003.71
TRANSFERS AMONG FUNDS-ADDITIONS(DEDUCTIONS):							
MANDATORY:							
PRINCIPAL AND INTEREST	(756,760.41)				(8,573.00)	785,333.41	
NON-MANDATORY:							
FUNDED DEPRECIATION	(343,283.00)				343,283.00		
PLANT ADDITIONS AND REPLACEMENTS	(1,478,237.50)				1,478,237.50		
ENDOWMENT FUND	(258,118.67)				1,000.00		
OTHER TRANSFERS	(247,280.47)			257,118.67	95,518.70	229,827.10	(78,065.33)
TOTAL TRANSFERS	(3,083,680.05)			257,118.67	1,909,466.20	995,160.51	(78,065.33)
NET INCREASE (DECREASE) FOR THE PERIOD	953,660.60		0.00	464,014.38	(546,216.19)	876,246.84	873,958.52
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 OCTOBER 31, 2007	32,474,464.53	17,075,353.91	385,527.32	69,293,003.40	85,506,354.20	17,897,402.40	164,346,183.73

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

UNIVERSITY OF SOUTH ALABAMA
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE MONTH ENDED OCTOBER 31, 2007
WITH COMPARATIVE FIGURES FOR 2006

	MONTH ENDED OCTOBER 31, 2007			OCTOBER 31, 2006
	UNRESTRICTED	RESTRICTED	TOTAL	
REVENUES:				
TUITION AND FEES	\$ 7,389,478.12	\$	7,389,478.12	\$ 6,541,639.84
STATE APPROPRIATIONS	10,547,543.67		10,547,543.67	9,056,655.33
FEDERAL GRANTS AND CONTRACTS	302,863.22	1,102,148.50	1,405,011.72	1,495,854.83
STATE GRANTS AND CONTRACTS (INCLUDING INDIRECT COST RECOVERED OF \$36,970.09)				
PRIVATE GIFTS, GRANTS, AND CONTRACTS (INCLUDING INDIRECT COSTS RECOVERED OF \$8,485.61)	55,745.09	183,412.02	240,157.11	253,418.12
ENDOWMENT INCOME	3,372,930.16	428,542.78	3,801,472.94	3,216,005.89
SALES AND SERVICES OF EDUCATIONAL ACTIVITIES	0.00		0.00	8,891.29
HOSPITALS - SALES AND SERVICES	436,772.97		436,772.97	364,671.78
- STATE APPROPRIATIONS	23,788,847.59		23,788,847.59	20,829,796.67
AUXILIARY ENTERPRISES - SALES AND SERVICES	1,097,200.33		1,097,200.33	975,699.67
OTHER SOURCES	966,656.64		966,656.64	1,084,021.77
TOTAL CURRENT REVENUES	759,361.83	225,298.73	984,660.56	(394,177.20)
	48,718,399.62	1,939,402.03	50,657,801.65	43,432,481.99
EXPENDITURES AND TRANSFERS:				
EDUCATIONAL AND GENERAL:				
INSTRUCTION	7,536,594.12	494,149.11	8,030,743.23	7,568,886.62
RESEARCH	540,191.71	876,814.44	1,417,006.15	1,401,516.98
PUBLIC SERVICE	4,166,177.31	124,512.36	4,289,689.67	4,987,166.34
ACADEMIC SUPPORT	2,076,052.00		2,076,052.00	1,205,884.14
STUDENT SERVICES	1,422,283.63	67,879.90	1,490,163.53	1,429,459.96
INSTITUTIONAL SUPPORT	1,702,141.61	1,820.89	1,703,962.50	1,623,681.05
OPERATION AND MAINTENANCE OF PLANT	1,267,971.84	212,147.70	1,480,119.54	1,285,501.97
SCHOLARSHIPS	(21,593.75)	162,077.63	140,483.88	(11,810.40)
EDUCATIONAL AND GENERAL MANDATORY TRANSFERS FOR:	18,688,818.47	1,939,402.03	20,628,220.50	19,590,386.66
PRINCIPAL AND INTEREST	441,178.00		441,178.00	422,093.00
TOTAL EDUCATIONAL AND GENERAL	19,129,996.47	1,939,402.03	21,069,398.50	20,012,479.66
HOSPITALS (INCLUDING DEBT SERVICE OF \$168,947.41)	25,226,745.09		25,226,745.09	19,516,916.80
AUXILIARY ENTERPRISES:				
EXPENDITURES	934,442.82		934,442.82	864,292.31
MANDATORY TRANSFERS FOR:				
PRINCIPAL AND INTEREST	146,635.00		146,635.00	138,592.00
NON-MANDATORY TRANSFERS FOR:				
OTHER TRANSFERS	0.00		0.00	25.00
TOTAL AUXILIARIES	1,081,077.82	0.00	1,081,077.82	1,002,909.31
TOTAL EXPENDITURES AND TRANSFERS	45,437,819.38	1,939,402.03	47,377,221.41	40,532,305.77
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):				
EXCESS OF RESTRICTED RECEIPTS OVER TRANSFERS TO REVENUES		(162,318.01)	(162,318.01)	920,553.07
REFUNDED TO GRANTORS			0.00	0.00
FUNDED DEPRECIATION	(343,283.00)		(343,283.00)	(385,748.00)
PLANT ADDITIONS AND REPLACEMENTS	(1,478,237.50)		(1,478,237.50)	(1,471,331.00)
ENDOWMENT FUND	(258,118.67)		(258,118.67)	(9,675.36)
OTHER TRANSFERS	(247,280.47)		(247,280.47)	53.74
TOTAL TRANSFERS	(2,326,919.64)	(162,318.01)	(2,489,237.65)	(946,147.55)
NET INCREASE/(DECREASE) IN FUND BALANCES	\$ 953,660.60	\$ (162,318.01)	\$ 791,342.59	\$ 1,954,028.67

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

UNIVERSITY OF SOUTH ALABAMA
Notes to Financial Report

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.

UNIVERSITY OF SOUTH ALABAMA
Notes to Financial Report

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.

UNIVERSITY OF SOUTH ALABAMA
Notes to Financial Report

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 MONTH ENDED OCTOBER 31, 2007
WITH COMPARATIVE FIGURES FOR 2006

	REVENUES	EXPENDITURES	TRANSFERS	EXCESS REVENUES OVER EXPENDITURES AND OTHER CHANGES (DEFICIT)	
				10/31/07	10/31/06
BOOKSTORE	\$ 247,388.24	\$ 307,518.51	\$ 0.00	\$ (60,130.27)	\$ (33,048.99)
BROOKLEY CENTER	179,264.94	257,508.15	(5,936.00)	(84,179.21)	152.91
FOOD SERVICES-CAMPUS	17,582.50	11,313.99	0.00	6,268.51	5,078.24
HOUSING	522,420.96	358,102.17	(140,699.00)	23,619.79	110,227.97
TOTAL	\$ 966,656.64	\$ 934,442.82	\$ (146,635.00)	\$ (114,421.18)	\$ 82,410.13

BOOKSTORE
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE ONE MONTH ENDED OCTOBER 31, 2007
WITH COMPARATIVE FIGURES FOR 2006

	CAMPUS		HEALTH SCIENCES		TOTAL	
	10/31/07	10/31/06	10/31/07	10/31/06	10/31/07	10/31/06
REVENUES:						
SALES						
LESS: DEPARTMENTAL DISCOUNTS	\$ 181,968.57	\$ 169,363.25	\$ 30,497.95	\$ 27,243.58	\$ 212,466.52	\$ 196,606.83
COST OF GOODS SOLD	227.58	431.62	345.88	7.69	573.46	439.31
GROSS PROFIT	129,310.44	118,877.61	27,770.22	22,010.60	157,080.66	140,888.21
CASH OVER/(SHORT)	52,430.55	50,054.02	2,381.85	5,225.29	54,812.40	55,279.31
GRADUATION (NET)	0.84	109.81	7.75	(0.24)	8.59	109.57
BAD DEBT RECOVERY	32,977.00	27,872.65	0.00	0.00	32,977.00	27,872.65
OTHER	0.00	0.00	0.00	0.00	0.00	0.00
OTHER	1,699.07	2,357.20	237.06	313.86	1,936.13	2,671.06
NET REVENUES:	<u>87,107.46</u>	<u>80,393.68</u>	<u>2,626.66</u>	<u>5,538.91</u>	<u>89,734.12</u>	<u>85,932.59</u>
EXPENDITURES:						
SALARIES	50,666.46	46,091.30	9,310.27	5,748.20	59,976.73	51,839.50
EMPLOYEE BENEFITS	15,817.21	12,845.92	2,182.76	1,682.87	17,999.97	14,528.79
SUPPLIES	90.69	768.67	818.85	19.77	909.54	788.44
TRAVEL	2,523.66	0.00	0.00	0.00	2,523.66	0.00
EQUIPMENT	0.00	140.30	169.16	0.00	169.16	140.30
EQUIPMENT MAINTENANCE AND REPAIR	22,717.49	0.00	0.00	0.00	22,717.49	0.00
BUILDING & EQUIPMENT RENTAL	73.50	301.51	0.00	0.00	73.50	301.51
UTILITIES	6,250.00	6,250.00	0.00	0.00	6,250.00	6,250.00
TELEPHONE	403.03	242.68	305.79	279.16	708.82	521.84
INSURANCE AND BONDS	0.00	0.00	0.00	0.00	0.00	0.00
CONTRACT SERVICES	8,071.27	8,662.34	1,353.59	2,144.24	9,424.86	10,806.58
BAD DEBT EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00
RENT	0.00	0.00	1,665.00	1,665.00	1,665.00	1,665.00
OBSOLETE INVENTORY	0.00	0.00	0.00	0.00	0.00	0.00
GENERAL EXPENSES	106.65	7,035.78	651.66	485.10	758.31	7,520.88
CHARGE CARD AND FACULTY						
STAFF DISCOUNTS	928.41	569.84	415.28	252.90	1,343.69	822.74
INSTITUTIONAL COST ALLOCATION	21,683.08	20,140.00	3,660.58	3,656.00	25,343.66	23,796.00
TOTAL EXPENDITURES	<u>129,331.45</u>	<u>103,048.34</u>	<u>20,532.94</u>	<u>15,933.24</u>	<u>149,864.39</u>	<u>118,981.58</u>
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	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
EXCESS REVENUES OVER EXPENDITURES	\$ (42,223.99)	\$ (22,654.66)	\$ (17,906.28)	\$ (10,394.33)	\$ (60,130.27)	\$ (33,048.99)
AND MANDATORY TRANSFERS						

BROOKLEY CENTER
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE MONTH ENDED OCTOBER 31, 2007
WITH COMPARATIVE FIGURES FOR 2006

	ADMINISTRATION	INVESTMENT HOUSING	GOLF SHOP	RECREATION CENTER	FOOD SERVICE	TOTAL AUXILIARY SERVICES
REVENUES:						
SALES-FOOD & MERCHANDISE	0.00	0.00	\$ 3,256.69	\$ 0.00	\$ 0.00	\$ 3,256.69
LESS: COST OF GOODS SOLD	0.00	0.00	0.00	0.00	0.00	0.00
DISCOUNTS	0.00	0.00	331.69	0.00	0.00	331.69
GROSS PROFIT	0.00	0.00	2,925.00	0.00	0.00	2,925.00
FEES	74.00	0.00	29,082.36	0.00	2,554.68	31,617.04
RENTALS	6,500.00	57,073.00	0.00	0.00	0.00	57,073.00
OTHER	414.70	2,012.17	(5.21)	0.00	0.00	2,006.96
FACILITY ASSESSMENT FEE	0.00	0.00	0.00	0.00	0.00	0.00
NET REVENUES	6,988.70	59,085.17	31,982.15	0.00	2,554.68	93,622.60
EXPENDITURES:						
OPERATING EXPENDITURES:						
SALARIES	61,305.14	7,719.17	21,243.82	0.00	0.00	28,962.99
EMPLOYEE BENEFITS	19,750.91	2,485.90	6,250.45	0.00	0.00	8,736.35
SUPPLIES	1,099.77	0.00	60,534.30	0.00	0.00	60,534.30
TRAVEL	240.24	0.00	0.00	0.00	0.00	0.00
CONTRACT SERVICE	7,085.35	1,136.11	5,581.44	0.00	0.00	6,717.55
BUILDING MAINTENANCE & REPAIR	665.11	3,003.67	332.15	0.00	281.29	3,617.11
GROUND MAINTENANCE	2,255.72	3,109.40	1,859.66	0.00	0.00	4,969.06
UTILITIES	12,735.44	6,175.10	4,170.78	0.00	4,891.64	15,237.52
EQUIPMENT MAINTENANCE & REPAIR	0.00	0.00	1,622.22	0.00	0.00	1,622.22
BUILDING & EQUIPMENT RENTAL	330.21	0.00	2,046.01	0.00	0.00	2,046.01
TELEPHONE	1,508.94	38.20	135.48	0.00	0.08	173.76
INSURANCE AND BONDS	0.00	0.00	0.00	0.00	0.00	0.00
RECEPTIONS	0.00	0.00	0.00	0.00	0.00	0.00
ADVERTISING	1,576.96	0.00	0.00	0.00	0.00	0.00
BAD DEBT EXPENSE	0.00	0.00	252.12	0.00	46.67	298.79
GENERAL EXPENSES	6,266.04	0.00	0.00	0.00	0.00	0.00
EXPENSE OFFSET	0.00	0.00	1,299.91	0.00	0.00	1,299.91
EDUCATIONAL SUPPORT ALLOCATIONS	0.00	0.00	0.00	0.00	0.00	0.00
OPERATING COST ALLOCATIONS	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL OPERATING EXPENDITURES	(115,436.40)	32,322.19	0.00	1,154.37	4,617.46	38,094.02
EXCESS REVENUES OVER EXPENDITURES	(616.57)	55,989.74	105,328.34	1,154.37	9,837.14	172,309.59
OTHER EXPENDITURES:	7,605.27	3,095.43	(73,346.19)	(1,154.37)	(7,282.46)	(78,667.59)
EQUIPMENT	1,669.27	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	1,669.27	0.00	1,975.00	0.00	0.00	1,975.00
TRANSFERS AMONG FUNDS -						
ADDITIONS/(DEDUCTIONS):						
MANDATORY:						
PRINCIPAL AND INTEREST	(5,936.00)	0.00	0.00	0.00	0.00	0.00
NON-MANDATORY:						
OTHER NON-MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL TRANSFERS	(5,936.00)	0.00	0.00	0.00	0.00	0.00
EXCESS REVENUES OVER						
EXPENDITURES (DEFICIT)	(0.00)	3,095.43	(75,321.19)	(1,154.37)	(7,282.46)	(80,662.59)

BROOKLEY CENTER
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE MONTH ENDED OCTOBER 31, 2007
WITH COMPARATIVE FIGURES FOR 2006

	CONTINUING EDUCATION	EDUCATIONAL LEASING	UNIVERSITY SERVICE	TOTAL EDUCATIONAL SERVICES	BROOKLEY CENTER TOTAL 10/31/07	BROOKLEY CENTER TOTAL 10/31/06
REVENUES:						
SALES-FOOD & MERCHANDISE	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 3,256.69	\$ 3,976.24
LESS: COST OF GOODS SOLD	0.00	0.00	0.00	0.00	0.00	6,119.51
DISCOUNTS	571.92	0.00	0.00	571.92	903.61	595.90
GROSS PROFIT	(571.92)	0.00	0.00	(571.92)	2,353.08	(2,739.17)
FEES	19,639.43	57,583.12	0.00	77,222.55	108,913.59	115,481.49
RENTALS	1,100.00	0.00	0.00	1,100.00	64,673.00	61,383.63
OTHER	0.00	0.00	0.00	0.00	2,421.66	764.20
FACILITY ASSESSMENT FEE	0.00	0.00	0.00	0.00	0.00	0.00
NET REVENUES	20,167.51	57,583.12	0.00	77,750.63	178,361.33	174,890.15
EXPENDITURES:						
OPERATING EXPENDITURES:						
SALARIES	0.00	0.00	0.00	0.00	90,288.13	80,387.51
EMPLOYEE BENEFITS	0.00	0.00	0.00	0.00	28,487.26	25,526.07
SUPPLIES	273.57	189.96	0.00	463.53	62,097.60	8,093.58
TRAVEL	0.00	0.00	0.00	0.00	240.24	62.31
CONTRACT SERVICE	(378.35)	54.86	0.00	(323.49)	13,479.41	17,325.65
BUILDING MAINTENANCE & REPAIR	540.30	0.00	0.00	540.30	4,822.52	2,906.74
GROUND MAINTENANCE	0.00	0.00	0.00	0.00	7,224.78	3,349.82
UTILITIES	12,648.92	9,622.36	0.00	22,271.28	50,244.24	34,282.11
EQUIPMENT MAINTENANCE & REPAIR	64.34	0.00	0.00	64.34	1,686.56	1,516.63
BUILDING & EQUIPMENT RENTAL	0.00	0.00	0.00	0.00	2,376.22	0.00
TELEPHONE	0.00	0.00	0.00	0.00	1,692.70	829.85
INSURANCE AND BONDS	0.00	0.00	0.00	0.00	0.00	240.00
RECEPTIONS	0.00	0.00	0.00	0.00	0.00	0.00
ADVERTISING	718.67	0.00	0.00	718.67	2,594.42	1,873.01
BAD DEBT EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00
GENERAL EXPENSES	(2,787.50)	1,299.91	0.00	(1,487.59)	6,078.36	(9,868.79)
EXPENSE OFFSET	0.00	0.00	0.00	0.00	0.00	0.00
EDUCATIONAL SUPPORT ALLOCATIONS	0.00	0.00	(18,322.17)	(18,322.17)	(18,322.17)	0.00
OPERATING COST ALLOCATIONS	23,087.28	19,624.18	34,630.92	77,342.38	0.00	0.00
TOTAL OPERATING EXPENDITURES	34,167.23	30,781.27	16,308.75	81,267.25	252,980.27	166,504.49
EXCESS REVENUES OVER EXPENDITURES	(13,999.72)	26,791.85	(16,308.75)	(3,516.62)	(74,598.94)	8,385.66
OTHER EXPENDITURES:						
EQUIPMENT	0.00	0.00	0.00	0.00	3,644.27	2,296.75
OTHER COST ALLOCATIONS	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL OTHER EXPENDITURES	0.00	0.00	0.00	0.00	3,644.27	2,296.75
TRANSFERS AMONG FUNDS -						
ADDITIONS/(DEDUCTIONS):						
MANDATORY:						
PRINCIPAL AND INTEREST	0.00	0.00	0.00	0.00	(5,936.00)	(5,936.00)
NON-MANDATORY:						
OTHER 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	(5,936.00)	(5,936.00)
EXCESS REVENUES OVER						
EXPENDITURES (DEFICIT)	\$ (13,999.72)	\$ 26,791.85	\$ (16,308.75)	\$ (3,516.62)	\$ (84,179.21)	\$ 152.91

FOOD SERVICE
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE MONTH ENDED OCTOBER 31, 2007
WITH COMPARATIVE FIGURES FOR 2006

	<u>10/31/07</u>	<u>10/31/06</u>
REVENUES:		
COMMISSION INCOME	\$ 17,582.50	\$ 19,993.36
TOTAL REVENUES	<u>17,582.50</u>	<u>19,993.36</u>
EXPENDITURES:		
SUPPLIES	(3.71)	32.09
EQUIPMENT MAINTENANCE AND REPAIR	2,627.06	8,332.40
UTILITIES	5,416.67	5,413.00
TELEPHONE	42.24	(5.37)
MEMBERSHIPS AND DUES	270.00	0.00
CONTRACT SERVICES	919.98	0.00
BUILDING MAINTENANCE AND REPAIR	457.00	0.00
INDIRECT COST	1,348.50	1,343.00
GENERAL EXPENSE	<u>236.25</u>	<u>(200.00)</u>
TOTAL EXPENDITURES	<u>11,313.99</u>	<u>14,915.12</u>
TRANSFERS AMONG FUNDS- ADDITIONS/(DEDUCTIONS):		
NON-MANDATORY:		
OTHER TRANSFERS	<u>0.00</u>	<u>0.00</u>
TOTAL TRANSFERS		
EXCESS REVENUES OVER EXPENDITURES AND MANDATORY TRANSFERS (DEFICIT)	<u>\$ 6,268.51</u>	<u>\$ 5,078.24</u>

HOUSING
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES
FOR THE MONTH ENDED OCTOBER 31, 2007
WITH COMPARATIVE FIGURES FOR 2006

	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	\$ 51,051.29	\$ 28,955.98	\$ 91,926.70
BAD DEBT RECOVERY	50.00	0.00	0.00	0.00	0.00	0.00
OTHER	0.00	0.00	0.00	2,336.25	(569.86)	155.00
TOTAL REVENUES	50.00	0.00	37,025.00	53,387.54	28,386.12	92,081.70
EXPENDITURES:						
SALARIES	32,799.60	8,681.84	0.00	27,071.67	4,669.70	13,703.02
EMPLOYEE BENEFITS	8,797.68	0.00	0.00	8,331.41	1,248.42	4,044.87
CONTRACT LABOR	0.00	0.00	0.00	0.00	0.00	0.00
CONTRACT SERVICES	0.00	0.00	0.00	2,547.70	1,912.31	1,720.52
TRAVEL	496.29	313.58	0.00	0.00	0.00	0.00
RECEPTIONS	0.00	1,059.20	0.00	0.00	0.00	0.00
SUPPLIES	604.84	0.00	0.00	3,654.59	1,440.92	(92.47)
CABLE	0.00	0.00	0.00	81.12	0.00	0.00
TELEPHONE	9.55	0.00	0.00	285.44	0.00	5,218.44
UTILITIES	0.00	0.00	0.00	1,660.04	120.40	0.00
BUILDING MAINTENANCE AND REPAIR	0.00	0.00	0.00	0.00	0.00	6,150.00
EQUIPMENT	0.00	0.00	0.00	0.00	0.00	0.00
EQUIPMENT RENTAL	0.00	0.00	0.00	301.95	0.00	0.00
EQUIPMENT MAINTENANCE AND REPAIR	0.00	0.00	0.00	0.00	0.00	0.00
GENERAL EXPENSES	2,287.55	0.00	0.00	350.40	0.00	8,954.75
ADMINISTRATIVE OVERHEAD	24,333.25	0.00	0.00	0.00	4,329.58	24,623.50
ADMINISTRATIVE EXPENSES	(69,278.76)	(10,054.62)	2,935.34	317.33	7,378.00	15,232.01
TOTAL EXPENDITURES	50.00	0.00	2,935.34	44,601.65	21,099.33	79,554.64
TRANSFERS AMONG FUNDS -						
ADDITIONS/(DEDUCTIONS):						
MANDATORY:						
PRINCIPAL AND INTEREST	0.00	0.00	0.00	0.00	(75,879.00)	(7,997.00)
TOTAL MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	(75,879.00)	(7,997.00)
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	(75,879.00)	(7,997.00)
EXCESS REVENUES OVER EXPENDITURES						
AND TRANSFERS (DEFICIT)	\$ (0.00)	\$ 0.00	\$ 34,089.66	\$ 8,785.89	\$ (68,592.21)	\$ 4,530.06

HOUSING
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES
FOR THE MONTH ENDED OCTOBER 31, 2007
WITH COMPARATIVE FIGURES FOR 2006

	BETA DORMS	DELTA DORMS	EPSILON DORMS	TOTAL HOUSING 10/31/07	TOTAL HOUSING 10/31/06
REVENUES:					
RENTAL INCOME	\$ 50,612.22	\$ 201,611.27	\$ 56,021.85	\$ 517,204.31	\$ 646,988.03
BAD DEBT RECOVERY	0.00	0.00	0.00	50.00	1,515.00
OTHER	111.30	2,328.96	805.00	5,166.65	7,957.38
TOTAL REVENUES	<u>50,723.52</u>	<u>203,940.23</u>	<u>56,826.85</u>	<u>522,420.96</u>	<u>656,460.41</u>
EXPENDITURES:					
SALARIES	3,285.88	13,791.59	12,152.05	116,155.35	109,496.92
EMPLOYEE BENEFITS	1,100.51	4,048.16	2,014.33	29,585.38	28,362.51
CONTRACT LABOR	0.00	2,395.61	357.00	2,752.61	788.76
CONTRACT SERVICES	1,047.31	4,122.07	829.31	12,179.22	670.08
TRAVEL	0.00	0.00	0.00	809.87	300.00
RECEPTIONS	0.00	0.00	0.00	1,059.20	1,773.38
SUPPLIES	556.82	3,794.46	764.52	10,723.68	10,341.85
CABLE	0.00	0.00	0.00	81.12	25,266.10
TELEPHONE	2,090.00	12,715.37	2,891.35	23,210.15	23,321.16
UTILITIES	0.00	0.00	0.00	1,780.44	1,010.51
BUILDING MAINTENANCE AND REPAIR	0.00	0.00	0.00	6,150.00	51.30
EQUIPMENT	0.00	985.00	0.00	985.00	0.00
EQUIPMENT RENTAL	0.00	0.00	0.00	301.95	242.05
EQUIPMENT MAINTENANCE AND REPAIR	0.00	100.50	0.00	100.50	148.53
GENERAL EXPENSES	4,675.00	18,470.00	5,290.00	40,027.70	46,051.29
ADMINISTRATIVE OVERHEAD	11,633.75	35,438.92	11,841.00	112,200.00	165,727.00
ADMINISTRATIVE EXPENSES	8,647.34	33,637.35	11,186.01	0.00	0.00
TOTAL EXPENDITURES	<u>33,036.61</u>	<u>129,499.03</u>	<u>47,325.57</u>	<u>358,102.17</u>	<u>413,551.44</u>
TRANSFERS AMONG FUNDS -					
ADDITIONS/(DEDUCTIONS):					
MANDATORY:					
PRINCIPAL AND INTEREST	(5,720.00)	(33,270.00)	(17,833.00)	(140,699.00)	(132,656.00)
TOTAL MANDATORY TRANSFERS	<u>(5,720.00)</u>	<u>(33,270.00)</u>	<u>(17,833.00)</u>	<u>(140,699.00)</u>	<u>(132,656.00)</u>
NON-MANDATORY:					
OTHER NON-MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	(25.00)
TOTAL NON-MANDATORY TRANSFERS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(25.00)</u>
TOTAL TRANSFERS	<u>(5,720.00)</u>	<u>(33,270.00)</u>	<u>(17,833.00)</u>	<u>(140,699.00)</u>	<u>(132,681.00)</u>
EXCESS REVENUES OVER EXPENDITURES	\$ 11,966.91	\$ 41,171.20	\$ (8,331.72)	\$ 23,619.79	\$ 110,227.97
AND TRANSFERS (DEFICIT)					

INDEX **NOVEMBER 2007**

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Financial Report Highlights November 30, 2007

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 two months ended, November 30, 2007 and 2006 are as follows (in thousands):

	At and for the two months ended	
	11-30-07	11-30-06
<i>Total assets, by fund</i>		
Current	\$ 216,680	\$ 185,343
Loan	4,761	4,892
Endowment	71,270	30,016
Plant	478,686	361,532
<i>Fund Balances, by fund</i>		
Current	\$ 48,449	\$ 47,802
Loan	413	344
Endowment	71,270	30,016
Plant	270,961	235,273
<i>Other balance sheet highlights</i>		
Cash and investments	\$ 270,921	\$ 176,512
Accounts receivable	71,121	65,307
Bonds and notes payable	196,923	118,058

	For the two months ended	
	11-30-07	11-30-06
<i>Selected operating highlights (current funds)</i>		
Tuition and fees	\$ 14,940	\$ 13,150
State appropriations	23,289	20,065
Hospital revenues	46,078	42,624
Gifts, grants and contracts	11,730	11,249
Instruction and Academic support	20,960	19,678
Research and public service	10,343	11,466
Hospital expenses	47,832	40,791
Net current fund increase (decrease)	(309)	3,833

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 remainder of 2008 or beyond.

UNIVERSITY OF SOUTH ALABAMA
BALANCE SHEETS
NOVEMBER 2007 AND 2006

ASSETS		2007	2006	LIABILITIES AND FUND BALANCES		2007	2006
CURRENT FUNDS:				CURRENT FUNDS:			
UNRESTRICTED:				UNRESTRICTED:			
CASH AND CASH EQUIVALENTS	\$	123,117.56	135,475.05	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		48,889,437.48	\$ 55,494,474.85
INVESTMENTS		102,949,866.83	89,964,951.35	DEFERRED REVENUES		28,204,355.78	23,859,638.87
ACCOUNTS RECEIVABLE - PATIENTS (LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS OF \$44,663,205.12 FOR 2007 AND \$46,934,699.69 FOR 2006)				DUE TO OTHER FUNDS		88,513,060.84	56,363,037.94
DEPOSITS		71,121,030.55	65,307,286.56	DEPOSITS HELD IN CUSTODY		507,062.51	359,712.83
INVENTORIES AT COST		35,000.00	35,000.00	OTHER DEPOSITS		504,041.40	400,691.79
PREPAID EXPENSES		4,070,027.84	3,971,739.46	FUND BALANCES:			
		19,583,668.35	7,812,695.95	ALLOCATED FOR:			
				HOSPITALS		(9,126,596.94)	(7,685,981.84)
				AUXILIARY ENTERPRISES		(503,325.00)	(167,735.58)
				ENCUMBRANCES		3,085,722.26	2,612,932.17
				SELF-SUPPORTING ACTIVITIES		40,362,046.01	36,027,034.55
				UNALLOCATED		(2,553,093.21)	(2,036,757.21)
				TOTAL FUND BALANCES		31,264,753.12	30,749,492.09
				TOTAL UNRESTRICTED		197,882,711.13	167,227,048.37
TOTAL UNRESTRICTED		<u>197,882,711.13</u>	<u>167,227,048.37</u>				
RESTRICTED FUNDS:				RESTRICTED FUNDS:			
CASH AND CASH EQUIVALENTS		6,326,242.43	5,379,465.18	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		393,549.83	270,851.13
INVESTMENTS		169,426.36	168,763.28	OTHER DEPOSITS		1,100.00	1,070.00
UNBILLED COSTS AND ACCOUNTS RECEIVABLE		12,301,710.43	12,567,328.72	DEFERRED REVENUES		1,228,192.17	790,901.65
				FUND BALANCES		17,184,537.22	17,052,734.50
				TOTAL RESTRICTED		18,797,379.22	18,115,557.18
TOTAL RESTRICTED		<u>18,797,379.22</u>	<u>18,115,557.18</u>	TOTAL CURRENT FUNDS		216,680,090.35	185,342,605.55
TOTAL CURRENT FUNDS		<u>216,680,090.35</u>	<u>185,342,605.55</u>				
LOAN FUNDS:				LOAN FUNDS:			
CASH AND CASH EQUIVALENTS		254,912.41	599,888.97	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		0.00	139.28
NOTES RECEIVABLE (LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS OF \$493,734.41 FOR 2007 AND \$558,357.58 FOR 2006)		4,505,784.90	4,292,421.76	REFUNDABLE GOVERNMENT ADVANCES		4,348,114.74	4,547,901.00
				FUND BALANCES:			
				UNIVERSITY FUNDS, UNRESTRICTED		412,582.57	344,270.45
				TOTAL FUND BALANCES		412,582.57	344,270.45
TOTAL LOAN FUNDS		<u>4,760,697.31</u>	<u>4,892,310.73</u>	TOTAL LOAN FUNDS		4,760,697.31	4,892,310.73
ENDOWMENT FUNDS:				ENDOWMENT FUNDS:			
CASH AND CASH EQUIVALENTS		24,151,560.01	6,470,942.85	FUND BALANCES:			
FUNDS WITH TRUSTEES		53,981.22	54,629.68	RESTRICTED NONEXPENDABLE		15,943,842.56	12,611,443.71
INVESTMENTS		43,699,004.19	20,379,176.99	UNRESTRICTED EXPENDABLE		55,326,373.86	17,404,322.81
REMAINDER INTEREST IN REAL ESTATE		3,365,671.00	3,111,017.00				
TOTAL ENDOWMENT FUNDS		<u>71,270,216.42</u>	<u>30,015,766.52</u>	TOTAL ENDOWMENT FUNDS		71,270,216.42	30,015,766.52
PLANT FUNDS:				PLANT FUNDS:			
CASH AND CASH EQUIVALENTS		27,242,838.85	31,391,800.43	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		3,907,555.70	1,096,671.76
INVESTMENTS		66,004,254.16	22,021,104.64	DEFERRED REVENUES		6,722,507.80	7,010,308.07
ACCOUNTS RECEIVABLE		2,405,471.00	2,304,683.00	OTHER DEPOSITS		2,000.04	95,013.46
NOTES RECEIVABLE		254,936.16	258,199.26	NOTES PAYABLE		1,216,479.85	2,899,820.31
INTEREST RECEIVABLE		94,173.61	0.00	BONDS PAYABLE		195,706,424.64	115,157,788.98
DUE FROM OTHER FUNDS		88,513,060.84	56,363,037.94	CAPITALIZED LEASE OBLIGATIONS		170,988.81	0.00
PREPAID EXPENSES		2,206,396.18	1,689,957.76				
CAPITAL LEASE RECEIVABLE		1,610,397.91	2,019,141.97				
INVESTMENT IN PLANT:							
LAND		29,271,538.45	28,490,990.30				
LAND IMPROVEMENTS		10,953,256.13	7,430,768.50				
BUILDINGS, ACCUM DEPREC AND IMPROVEMENTS		133,228,168.18	126,053,559.25				
OTHER EQUIPMENT, BOOKS AND FILMS		47,062,509.50	37,867,622.57				
CONSTRUCTION IN PROGRESS		69,839,459.91	45,671,616.10				
TOTAL PLANT FUNDS		<u>478,686,458.88</u>	<u>361,532,481.72</u>				
TOTAL ASSETS		<u>\$ 771,397,462.96</u>	<u>\$ 581,783,164.52</u>	TOTAL LIABILITIES AND FUND BALANCES		<u>\$ 771,397,462.96</u>	<u>\$ 581,783,164.52</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

UNIVERSITY OF SOUTH ALABAMA
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE TWO MONTHS ENDED NOVEMBER 30, 2007

	CURRENT FUNDS		LOAN FUNDS	ENDOWMENT FUNDS	RENEWALS AND REPLACEMENTS	PLANT FUNDS RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT
	UNRESTRICTED	RESTRICTED					
REVENUES AND OTHER ADDITIONS:							
EDUCATIONAL AND GENERAL REVENUES	48,519,423.56						
HOSPITALS REVENUES	48,272,208.27						
AUXILIARY ENTERPRISES REVENUES	1,832,637.85						
GRANTS AND CONTRACTS:							
FEDERAL		3,053,662.73					
STATE AND LOCAL		435,173.35					
PRIVATE		1,971,549.10					
GOVERNMENT APPROPRIATIONS:							
FEDERAL							
STATE							
INVESTMENT INCOME/GAINS/LOSS			97.74	967,376.24	603,894.09	77,041.49	
INSURANCE PROCEEDS					448,792.25		
INTEREST ON LOANS RECEIVABLE					2,144.88		
GIFTS AND BEQUESTS			6,244.85			10,418.44	
EXPENDED FOR PLANT FACILITIES (INCLUDING			20.00	286,503.36	117,995.41		5,554,805.71
\$254,173.74 CURRENT FUNDS EXPENDITURES)							
RETIREMENT OF INDEBTEDNESS							2,705,112.64
PROCEEDS FROM SALE OF CAPITAL ASSETS							
OTHER SOURCES			23.00		(32,454.08)		80,874.90
TOTAL REVENUES AND OTHER ADDITIONS	96,624,269.68	98,668.00	6,385.59	1,253,879.60	1,140,372.55	87,459.93	8,340,793.25
EXPENDITURES AND OTHER DEDUCTIONS:							
EDUCATIONAL AND GENERAL EXPENDITURES	38,670,207.19	4,877,470.69					
HOSPITALS EXPENDITURES	47,484,352.36						
AUXILIARY ENTERPRISES EXPENDITURES	2,085,238.49						
INDIRECT COSTS RECOVERED		787,953.80					
REFUNDED TO GRANTORS		26,880.39					
RETIREMENT OF INDEBTEDNESS						2,705,112.64	
ADMINISTRATIVE AND COLLECTION COSTS			128.00		6,888,073.17		
EXPENDED FOR PLANT FACILITIES (INCLUDING							
\$1,587,441.20 FOR NON-CAPITALIZED EXPENDITURES)							2,089,777.16
INTEREST ON INDEBTEDNESS							
DEPRECIATION EXPENSES OF PLANT FACILITIES							
DISPOSAL OF PLANT							
LOSS ON DISPOSAL OF PLANT			3,475.65				
OTHER DEDUCTIONS			3,603.65	0.00			
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	88,249,798.04	5,692,304.88			6,888,073.17	3,514,282.17	2,089,777.16
TRANSFERS AMONG FUNDS-ADDITIONS(DEDUCTIONS):							
MANDATORY:							
PRINCIPAL AND INTEREST	(1,513,520.83)				(476,800.19)	1,990,321.02	
NON-MANDATORY:							
FUNDED DEPRECIATION	(969,949.00)				969,949.00		
MOBILE RACING COMMISSION	(39,334.34)				39,334.34		
PLANT ADDITIONS AND REPLACEMENTS	(4,427,712.50)				4,427,712.50		
ENDOWMENT FUND	(1,242,438.64)				(25,906.16)		
OTHER TRANSFERS	(437,567.14)				569,695.37		
TOTAL TRANSFERS	(8,630,522.45)		25,000.00		5,503,984.86		(156,248.23)
NET INCREASE (DECREASE) FOR THE PERIOD	(266,050.81)		25,000.00	1,187,347.80	1,990,321.02		(156,248.23)
FUND BALANCES AT OCTOBER 1, 2007	31,520,803.93	80,997.00	27,781.94	2,441,227.40	(243,715.76)		6,094,767.86
FUND BALANCES AT NOVEMBER 30, 2007	31,254,753.12	17,237,671.92	384,800.63	68,828,989.02	86,052,570.39	17,021,155.56	163,472,225.21
		17,184,537.22	412,582.57	71,270,216.42	85,808,854.63	15,584,654.34	169,566,993.07

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

*HOSPITALS REVENUES AND HOSPITAL FUNDED DEPRECIATION TRANSFERS INCLUDE \$283,383.00 IN MEDICAID DISPROPORTIONATE SHARE PAYMENTS.

UNIVERSITY OF SOUTH ALABAMA
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE TWO MONTHS ENDED NOVEMBER 30, 2007
WITH COMPARATIVE FIGURES FOR 2006

	MONTH ENDED NOVEMBER 30, 2007		NOVEMBER 30, 2006	
	UNRESTRICTED	RESTRICTED	TOTAL	
REVENUES:				
TUITION AND FEES	\$ 14,939,603.36	\$	14,939,603.36	\$
STATE APPROPRIATIONS	21,095,087.34		21,095,087.34	13,149,625.20
MOBILE RACING COMMISSION	39,334.34		39,334.34	18,113,310.66
FEDERAL GRANTS AND CONTRACTS	616,782.08	2,371,944.93	2,988,727.01	51,572.65
STATE GRANTS AND CONTRACTS (INCLUDING INDIRECT COST RECOVERED OF \$1,723.63)	91,273.63	361,226.67	452,499.20	3,101,188.86
PRIVATE GIFTS, GRANTS, AND CONTRACTS (INCLUDING INDIRECT COSTS RECOVERED OF \$119,448.19)	6,441,736.73	1,847,444.67	8,289,181.40	459,296.55
ENDOWMENT INCOME	0.00	168,785.57	168,785.57	7,688,455.16
SALES AND SERVICES OF EDUCATIONAL ACTIVITIES	603,117.11		603,117.11	423,365.48
HOSPITALS - SALES AND SERVICES	46,077,807.61		46,077,807.61	471,081.07
- STATE APPROPRIATIONS	2,194,400.66		2,194,400.66	42,623,780.92
AUXILIARY ENTERPRISES - SALES AND SERVICES	1,832,637.86		1,832,637.86	1,951,399.34
OTHER SOURCES	2,692,489.07	127,069.85	2,819,558.92	1,934,216.59
TOTAL CURRENT REVENUES	96,624,269.68	4,877,470.69	101,501,740.37	2,845,064.88
				92,612,359.06
EXPENDITURES AND TRANSFERS:				
EDUCATIONAL AND GENERAL:				
INSTRUCTION	16,457,850.03	995,027.01	17,452,877.04	16,478,678.03
RESEARCH	1,180,966.17	1,929,462.98	3,110,429.15	2,962,544.21
PUBLIC SERVICE	6,952,102.23	280,846.88	7,232,949.11	8,513,609.23
ACADEMIC SUPPORT	3,507,409.38	34.92	3,507,444.30	3,199,325.11
STUDENT SERVICES	2,903,702.28	125,961.16	3,029,663.44	3,033,245.03
INSTITUTIONAL SUPPORT	4,676,133.94	1,820.89	4,676,954.83	4,816,487.11
OPERATION AND MAINTENANCE OF PLANT	3,045,732.64	1,389,090.30	4,434,822.94	2,649,694.13
SCHOLARSHIPS	(52,689.48)	155,226.55	102,537.07	44,346.88
EDUCATIONAL AND GENERAL	38,670,207.19	4,877,470.69	43,547,677.88	41,687,909.73
MANDATORY TRANSFERS FOR:				
PRINCIPAL AND INTEREST	882,356.00		882,356.00	844,186.00
TOTAL EDUCATIONAL AND GENERAL	39,552,563.19	4,877,470.69	44,430,033.88	42,532,095.73
HOSPITALS (INCLUDING DEBT SERVICE OF \$337,894.83)	47,832,247.19		47,832,247.19	40,790,636.20
AUXILIARY ENTERPRISES:				
EXPENDITURES	2,085,238.49		2,085,238.49	1,763,125.11
MANDATORY TRANSFERS FOR:				
PRINCIPAL AND INTEREST	293,270.00		293,270.00	277,184.00
NON-MANDATORY TRANSFERS FOR:				
OTHER TRANSFERS	0.00		0.00	(155.00)
TOTAL AUXILIARIES	2,378,508.49	0.00	2,378,508.49	2,040,154.11
TOTAL EXPENDITURES AND TRANSFERS	89,763,318.87	4,877,470.69	94,640,789.56	85,362,886.04
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):				
EXCESS OF RESTRICTED RECEIPTS OVER TRANSFERS TO REVENUES		(106,371.31)	(106,371.31)	926,023.19
REFUNDED TO GRANTORS		(26,880.39)	(26,880.39)	(68,597.52)
FUNDED DEPRECIATION	(969,949.00)		(969,949.00)	(1,325,760.00)
MOBILE RACING COMMISSION	(39,334.34)		(39,334.34)	(51,572.65)
PLANT ADDITIONS AND REPLACEMENTS	(4,427,712.50)		(4,427,712.50)	(2,942,662.00)
ENDOWMENT FUND	(1,242,438.64)	80,997.00	(1,161,441.64)	54,167.28
OTHER TRANSFERS	(437,567.14)	(880.00)	(438,447.14)	(8,146.57)
TOTAL TRANSFERS	(7,117,001.62)	(53,134.70)	(7,170,136.32)	(3,416,548.27)
NET INCREASE/(DECREASE) IN FUND BALANCES	\$ (256,050.81)	\$ (53,134.70)	\$ (309,185.51)	\$ 3,832,924.75

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

*HOSPITALS REVENUES AND HOSPITAL FUNDED DEPRECIATION TRANSFERS INCLUDE \$283,383.00 IN MEDICAID DISPROPORTIONATE SHARE PAYMENTS.

UNIVERSITY OF SOUTH ALABAMA
Notes to Financial Report

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.

UNIVERSITY OF SOUTH ALABAMA
Notes to Financial Report

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.

UNIVERSITY OF SOUTH ALABAMA
Notes to Financial Report

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 TWO MONTHS ENDED NOVEMBER 30, 2007
WITH COMPARATIVE FIGURES FOR 2006

	REVENUES	EXPENDITURES	TRANSFERS	EXCESS REVENUES OVER EXPENDITURES AND OTHER CHANGES (DEFICIT)	
				11/30/07	11/30/06
BOOKSTORE	\$ 399,915.73	\$ 563,012.11	\$ 0.00	\$ (163,096.38)	\$ (106,567.43)
BROOKLEY CENTER	342,606.60	505,114.47	(11,872.00)	(174,379.87)	(172,625.82)
FOOD SERVICES-CAMPUS	41,360.45	31,910.01	0.00	9,450.44	13,387.03
HOUSING	1,048,755.07	985,201.90	(281,398.00)	(217,844.83)	159,868.70
TOTAL	\$ 1,832,637.85	\$ 2,085,238.49	\$ (293,270.00)	\$ (545,870.64)	\$ (105,937.52)

BOOKSTORE
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE TWO MONTHS ENDED NOVEMBER 30, 2007
WITH COMPARATIVE FIGURES FOR 2006

	CAMPUS		HEALTH SCIENCES		TOTAL	
	11/30/07	11/30/06	11/30/07	11/30/06	11/30/07	11/30/06
REVENUES:						
SALES						
LESS: DEPARTMENTAL DISCOUNTS	\$ 307,404.62	\$ 288,386.87	\$ 53,390.64	\$ 49,168.74	\$ 360,795.26	\$ 337,555.61
COST OF GOODS SOLD	334.90	855.75	480.33	106.85	815.23	962.60
GROSS PROFIT	233,988.55	208,317.79	47,819.01	39,861.26	281,807.56	248,179.05
CASH OVER/(SHORT)	73,081.17	79,213.33	5,091.30	9,200.63	78,172.47	88,413.96
GRADUATION (NET)	(22.16)	111.39	7.50	(0.21)	(14.66)	111.18
BAD DEBT RECOVERY	35,365.00	29,371.64	0.00	0.00	35,365.00	29,371.64
OTHER	3,138.25	5,148.34	0.00	0.00	0.00	0.00
NET REVENUES:	111,562.26	113,844.70	5,730.66	9,812.61	117,292.94	123,657.31
EXPENDITURES:						
SALARIES	99,525.17	92,234.18	17,837.15	10,654.65	117,362.32	102,888.83
EMPLOYEE BENEFITS	27,897.48	25,757.67	3,859.57	3,096.89	31,757.05	28,854.56
SUPPLIES	1,633.68	1,697.54	1,162.39	114.23	2,796.07	1,811.77
TRAVEL	3,765.72	930.00	0.00	0.00	3,765.72	930.00
EQUIPMENT	1,852.49	950.74	169.16	0.00	2,021.65	950.74
EQUIPMENT MAINTENANCE AND REPAIR	22,721.48	0.00	0.00	0.00	22,721.48	0.00
BUILDING & EQUIPMENT RENTAL	346.36	541.47	241.96	138.79	588.32	680.26
UTILITIES	12,500.00	12,500.00	0.00	0.00	12,500.00	12,500.00
TELEPHONE	741.08	598.55	445.45	430.09	1,186.53	1,028.64
INSURANCE AND BONDS	2,166.00	0.00	0.00	0.00	2,166.00	0.00
CONTRACT SERVICES	13,804.71	15,223.96	1,572.23	3,757.25	15,376.94	18,981.21
BAD DEBT EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00
RENT	0.00	0.00	3,330.00	3,330.00	3,330.00	3,330.00
OBSOLETE INVENTORY	352.42	0.00	0.00	0.00	352.42	0.00
GENERAL EXPENSES	10,271.49	8,021.77	1,108.45	920.20	11,379.94	8,941.97
CHARGE CARD AND FACULTY						
STAFF DISCOUNTS	1,636.58	1,084.06	760.98	650.70	2,397.56	1,734.76
INSTITUTIONAL COST ALLOCATION	43,366.16	40,280.00	7,321.16	7,312.00	50,687.32	47,592.00
TOTAL EXPENDITURES	242,580.82	199,819.94	37,808.50	30,404.80	280,389.32	230,224.74
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	\$ (131,018.56)	\$ (85,975.24)	\$ (32,077.82)	\$ (20,592.19)	\$ (163,096.38)	\$ (106,567.43)

BROOKLEY CENTER
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE TWO MONTHS ENDED NOVEMBER 30, 2007
WITH COMPARATIVE FIGURES FOR 2006

	ADMINISTRATION	INVESTMENT HOUSING	GOLF SHOP	RECREATION CENTER	FOOD SERVICE	TOTAL AUXILIARY SERVICES
REVENUES:						
SALES-FOOD & MERCHANDISE	0.00	0.00	\$ 6,035.70	\$ 0.00	\$ 0.00	\$ 6,035.70
LESS: COST OF GOODS SOLD	108.00	0.00	(1,137.10)	0.00	0.00	(1,137.10)
DISCOUNTS	0.00	0.00	696.62	0.00	0.00	696.62
GROSS PROFIT	(108.00)	0.00	6,476.18	0.00	0.00	6,476.18
FEES	99.00	0.00	53,748.06	0.00	4,004.68	57,752.74
RENTALS	13,000.00	114,852.03	0.00	0.00	0.00	114,852.03
OTHER	466.70	2,012.17	82.25	0.00	0.00	2,094.42
FACILITY ASSESSMENT FEE	0.00	0.00	0.00	0.00	0.00	0.00
NET REVENUES	13,457.70	116,864.20	60,308.49	0.00	4,004.68	181,175.37
EXPENDITURES:						
OPERATING EXPENDITURES:						
SALARIES	120,075.57	13,710.20	41,758.30	0.00	0.00	55,468.50
EMPLOYEE BENEFITS	35,032.35	4,180.64	11,407.95	0.00	0.00	15,588.59
SUPPLIES	5,206.51	0.00	61,896.05	0.00	0.00	61,896.05
TRAVEL	596.99	0.00	380.87	0.00	0.00	380.87
CONTRACT SERVICE	19,477.39	1,214.76	9,470.09	0.00	0.00	10,684.85
BUILDING MAINTENANCE & REPAIR	2,962.25	7,155.51	732.30	0.00	346.80	8,234.61
GROUND MAINTENANCE	3,292.19	4,664.10	8,281.13	0.00	0.00	12,945.23
UTILITIES	23,228.34	12,014.36	7,075.63	0.00	8,942.64	28,032.63
EQUIPMENT MAINTENANCE & REPAIR	0.00	465.68	4,951.25	0.00	4,250.00	9,666.93
BUILDING & EQUIPMENT RENTAL	528.43	0.00	2,046.01	0.00	0.00	2,046.01
TELEPHONE	2,727.15	38.20	218.17	0.00	1.12	257.49
INSURANCE AND BONDS	38,474.00	0.00	0.00	0.00	2,115.00	2,115.00
RECEPTIONS	116.10	5.00	0.00	0.00	0.00	5.00
ADVERTISING	2,829.95	0.00	973.16	0.00	93.34	1,096.50
BAD DEBT EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00
GENERAL EXPENSES	12,183.51	417.52	2,599.82	0.00	0.00	3,017.34
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	(266,812.30)	74,707.44	0.00	2,668.13	10,672.49	88,048.06
TOTAL OPERATING EXPENDITURES	(63.57)	118,573.41	151,790.73	2,668.13	26,421.39	299,453.68
EXCESS REVENUES OVER EXPENDITURES	13,541.27	(1,709.21)	(91,484.24)	(2,668.13)	(22,416.71)	(118,278.29)
OTHER EXPENDITURES:						
EQUIPMENT						
OTHER COST ALLOCATIONS	1,669.27	0.00	1,975.00	0.00	0.00	1,975.00
TOTAL OTHER EXPENDITURES	0.00	0.00	0.00	0.00	0.00	0.00
TRANSFERS AMONG FUNDS -	1,669.27	0.00	1,975.00	0.00	0.00	1,975.00
ADDITIONS/(DEDUCTIONS):						
MANDATORY:						
PRINCIPAL AND INTEREST	(11,872.00)	0.00	0.00	0.00	0.00	0.00
NON-MANDATORY:						
OTHER NON-MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL TRANSFERS	(11,872.00)	0.00	0.00	0.00	0.00	0.00
EXCESS REVENUES OVER EXPENDITURES (DEFICIT)	0.00	(1,709.21)	(93,459.24)	(2,668.13)	(22,416.71)	(120,253.29)

BROOKLEY CENTER
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE TWO MONTHS ENDED NOVEMBER 30, 2007
WITH COMPARATIVE FIGURES FOR 2006

	CONTINUING EDUCATION	EDUCATIONAL LEASING	UNIVERSITY SERVICE	TOTAL EDUCATIONAL SERVICES	BROOKLEY CENTER TOTAL 11/30/07	BROOKLEY CENTER TOTAL 10/31/06
REVENUES:						
SALES-FOOD & MERCHANDISE	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 5,035.70	\$ 5,888.13
LESS: COST OF GOODS SOLD	0.00	0.00	0.00	0.00	(1,029.10)	1,674.18
DISCOUNTS	1,095.69	0.00	0.00	1,095.69	1,792.31	1,200.57
GROSS PROFIT	(1,095.69)	0.00	0.00	(1,095.69)	5,272.49	2,813.38
FEES	38,751.27	107,354.74	0.00	146,106.01	203,957.75	82,046.17
RENTALS	2,200.00	0.00	0.00	2,200.00	130,052.03	122,803.18
OTHER	0.00	0.00	0.00	0.00	2,561.12	1,515.70
FACILITY ASSESSMENT FEE	0.00	0.00	0.00	0.00	0.00	0.00
NET REVENUES	39,855.58	107,354.74	0.00	147,210.32	341,843.39	209,178.43
EXPENDITURES:						
OPERATING EXPENDITURES:						
SALARIES	0.00	0.00	0.00	0.00	175,544.07	164,133.08
EMPLOYEE BENEFITS	0.00	0.00	0.00	0.00	50,820.94	51,069.11
SUPPLIES	3,151.61	850.33	0.00	4,001.94	71,104.50	15,213.08
TRAVEL	0.00	0.00	0.00	0.00	977.86	637.08
CONTRACT SERVICE	1,176.75	109.72	0.00	1,286.47	31,448.71	35,563.34
BUILDING MAINTENANCE & REPAIR	3,172.57	1,374.45	0.00	4,547.02	15,743.88	11,281.03
GROUND MAINTENANCE	0.00	0.00	0.00	0.00	16,237.42	8,902.73
UTILITIES	22,944.64	17,458.29	0.00	40,402.93	91,861.90	74,757.23
EQUIPMENT MAINTENANCE & REPAIR	64.34	77.85	0.00	141.99	9,808.92	8,865.60
BUILDING & EQUIPMENT RENTAL	0.00	0.00	0.00	0.00	2,574.44	2,427.80
TELEPHONE	0.00	0.00	0.00	0.00	2,984.64	1,699.47
INSURANCE AND BONDS	0.00	0.00	0.00	0.00	40,589.00	1,080.00
RECEPTIONS	0.00	0.00	0.00	0.00	121.10	0.00
ADVERTISING	1,115.34	0.00	0.00	1,115.34	5,011.79	2,609.11
BAD DEBT EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00
GENERAL EXPENSES	(4,095.40)	9,737.72	0.00	5,642.32	20,843.17	(12,295.93)
EXPENSE OFFSET	0.00	0.00	0.00	0.00	0.00	0.00
EDUCATIONAL SUPPORT ALLOCATIONS	0.00	0.00	(36,644.34)	(36,644.34)	(36,644.34)	0.00
OPERATING COST ALLOCATIONS	53,362.46	45,358.09	80,043.69	178,764.24	0.00	0.00
TOTAL OPERATING EXPENDITURES	80,892.31	74,966.25	43,399.35	199,257.91	498,628.00	365,942.73
EXCESS REVENUES OVER EXPENDITURES	(41,036.73)	32,388.49	(43,399.35)	(52,047.59)	(156,784.61)	(156,764.30)
OTHER EXPENDITURES:						
EQUIPMENT	0.00	2,078.99	0.00	2,078.99	5,723.26	3,989.52
OTHER COST ALLOCATIONS	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL OTHER EXPENDITURES	0.00	2,078.99	0.00	2,078.99	5,723.26	3,989.52
TRANSFERS AMONG FUNDS -						
ADDITIONS/(DEDUCTIONS):						
MANDATORY:						
PRINCIPAL AND INTEREST	0.00	0.00	0.00	0.00	(11,872.00)	(11,872.00)
NON-MANDATORY:						
OTHER 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	(11,872.00)	(11,872.00)
EXCESS REVENUES OVER						
EXPENDITURES (DEFICIT)	\$ (41,036.73)	\$ 30,308.50	\$ (43,399.35)	\$ (54,126.58)	\$ (174,379.87)	\$ (172,625.82)

FOOD SERVICE
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE TWO MONTHS ENDED NOVEMBER 30, 2007
WITH COMPARATIVE FIGURES FOR 2006

	<u>11/30/07</u>	<u>11/30/06</u>
REVENUES:		
COMMISSION INCOME	\$ 41,360.45	\$ 40,758.29
TOTAL REVENUES	<u>41,360.45</u>	<u>40,758.29</u>
EXPENDITURES:		
SUPPLIES	(3.71)	27.35
EQUIPMENT MAINTENANCE AND REPAIR	3,393.33	12,324.14
UTILITIES	10,833.34	10,826.00
TELEPHONE	29.84	2.77
MEMBERSHIPS AND DUES	270.00	0.00
CONTRACT SERVICES	1,564.96	905.00
INSURANCE AND BONDS	11,865.00	0.00
BUILDING MAINTENANCE AND REPAIR	1,024.00	800.00
INDIRECT COST	2,697.00	2,686.00
GENERAL EXPENSE	<u>236.25</u>	<u>(200.00)</u>
TOTAL EXPENDITURES	<u>31,910.01</u>	<u>27,371.26</u>
TRANSFERS AMONG FUNDS-		
ADDITIONS/(DEDUCTIONS):		
NON-MANDATORY:		
OTHER TRANSFERS	<u>0.00</u>	<u>0.00</u>
TOTAL TRANSFERS		
EXCESS REVENUES OVER		
EXPENDITURES AND MANDATORY		
TRANSFERS (DEFICIT)	<u>\$ 9,450.44</u>	<u>\$ 13,387.03</u>

HOUSING
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES
FOR THE TWO MONTHS ENDED NOVEMBER 30, 2007
WITH COMPARATIVE FIGURES FOR 2006

	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	\$ 101,970.95	\$ 61,407.27	\$ 190,924.63
BAD DEBT RECOVERY	1,094.00	0.00	0.00	0.00	0.00	0.00
OTHER	0.00	0.00	0.00	4,544.51	1,298.06	450.00
TOTAL REVENUES	<u>1,094.00</u>	<u>0.00</u>	<u>37,025.00</u>	<u>106,515.46</u>	<u>62,705.33</u>	<u>191,374.63</u>
EXPENDITURES:						
SALARIES	64,522.90	18,328.39	0.00	51,529.97	18,974.44	37,532.03
EMPLOYEE BENEFITS	16,565.85	25.00	0.00	14,457.72	2,446.79	6,810.46
CONTRACT LABOR	0.00	0.00	0.00	0.00	68.00	0.00
CONTRACT SERVICES	1,001.00	0.00	0.00	5,840.25	3,212.31	2,700.52
TRAVEL	927.97	313.58	0.00	0.00	0.00	0.00
RECEPTIONS	0.00	3,579.96	0.00	0.00	0.00	0.00
SUPPLIES	1,098.82	0.00	0.00	6,577.63	3,870.34	846.64
CABLE	23,232.70	0.00	0.00	162.24	0.00	0.00
TELEPHONE	112.06	0.00	0.00	375.67	83.86	10,437.12
UTILITIES	0.00	0.00	0.00	4,171.71	205.20	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	0.00	0.00	0.00	0.00	0.00	0.00
EQUIPMENT RENTAL	90.00	0.00	0.00	796.95	0.00	0.00
EQUIPMENT MAINTENANCE AND REPAIR	0.00	0.00	0.00	326.95	0.00	0.00
GENERAL EXPENSES	8,095.26	25.00	200.00	616.61	0.00	17,339.75
ADMINISTRATIVE OVERHEAD	72,999.76	0.00	0.00	0.00	12,988.76	73,870.50
ADMINISTRATIVE EXPENSES	(187,552.32)	(22,271.93)	7,763.50	839.29	19,513.65	40,286.26
TOTAL EXPENDITURES	<u>1,094.00</u>	<u>0.00</u>	<u>7,963.50</u>	<u>94,757.99</u>	<u>69,475.35</u>	<u>209,558.28</u>
TRANSFERS AMONG FUNDS -						
ADDITIONS/(DEDUCTIONS):						
MANDATORY:						
PRINCIPAL AND INTEREST	0.00	0.00	0.00	0.00	(151,758.00)	(15,994.00)
TOTAL MANDATORY TRANSFERS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(151,758.00)</u>	<u>(15,994.00)</u>
NON-MANDATORY:						
OTHER NON-MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL NON-MANDATORY TRANSFERS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL TRANSFERS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(151,758.00)</u>	<u>(15,994.00)</u>
EXCESS REVENUES OVER EXPENDITURES	\$ 0.00	\$ 0.00	\$ 29,061.50	\$ 11,757.47	\$ (158,528.02)	\$ (34,177.65)
AND TRANSFERS (DEFICIT)	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 29,061.50</u>	<u>\$ 11,757.47</u>	<u>\$ (158,528.02)</u>	<u>\$ (34,177.65)</u>

HOUSING
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES
FOR THE TWO MONTHS ENDED NOVEMBER 30, 2007
WITH COMPARATIVE FIGURES FOR 2006

	BETA DORMS	DELTA DORMS	EPSILON DORMS	TOTAL HOUSING 11/30/07	TOTAL HOUSING 11/30/06
REVENUES:					
RENTAL INCOME	\$ 106,113.71	\$ 420,081.38	\$ 117,645.55	\$ 1,035,168.49	\$ 1,292,039.02
BAD DEBT RECOVERY	0.00	0.00	0.00	1,094.00	1,999.00
OTHER	491.30	4,027.30	1,681.41	12,492.58	14,568.14
TOTAL REVENUES	<u>106,605.01</u>	<u>424,108.68</u>	<u>119,326.96</u>	<u>1,048,755.07</u>	<u>1,308,606.16</u>
EXPENDITURES:					
SALARIES	11,692.04	47,510.71	46,886.50	296,976.98	287,105.66
EMPLOYEE BENEFITS	1,866.72	7,186.62	4,084.16	53,443.32	60,362.38
CONTRACT LABOR	357.00	10,820.69	357.00	11,602.69	1,300.52
CONTRACT SERVICES	1,588.82	6,874.07	1,701.11	22,918.08	7,346.08
TRAVEL	0.00	0.00	0.00	1,241.55	355.00
RECEPTIONS	0.00	0.00	0.00	3,579.96	2,187.70
SUPPLIES	1,432.04	8,333.63	2,487.42	24,646.52	22,709.91
CABLE	0.00	0.00	0.00	23,394.94	25,266.10
TELEPHONE	4,263.41	25,296.30	5,770.75	46,339.17	47,371.28
UTILITIES	0.00	0.00	0.00	4,376.91	3,752.08
INSURANCE AND BONDS	6,945.00	19,028.00	6,097.00	62,830.00	0.00
BUILDING MAINTENANCE AND REPAIR	0.00	0.00	0.00	6,150.00	564.72
EQUIPMENT	0.00	985.00	5,390.00	6,375.00	2,300.00
EQUIPMENT RENTAL	0.00	0.00	0.00	886.95	342.05
EQUIPMENT MAINTENANCE AND REPAIR	0.00	100.50	0.00	427.45	336.77
GENERAL EXPENSES	9,377.30	36,940.00	10,818.42	83,412.34	90,826.21
ADMINISTRATIVE OVERHEAD	34,901.26	106,316.76	35,523.00	336,600.04	331,454.00
ADMINISTRATIVE EXPENSES	22,870.84	88,965.48	29,585.23	0.00	0.00
TOTAL EXPENDITURES	<u>95,294.43</u>	<u>358,357.76</u>	<u>148,700.59</u>	<u>985,201.90</u>	<u>883,580.46</u>
TRANSFERS AMONG FUNDS -					
ADDITIONS/(DEDUCTIONS):					
MANDATORY:					
PRINCIPAL AND INTEREST	(11,440.00)	(66,540.00)	(35,666.00)	(281,398.00)	(265,312.00)
TOTAL MANDATORY TRANSFERS	<u>(11,440.00)</u>	<u>(66,540.00)</u>	<u>(35,666.00)</u>	<u>(281,398.00)</u>	<u>(265,312.00)</u>
NON-MANDATORY:					
OTHER NON-MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	155.00
TOTAL NON-MANDATORY TRANSFERS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>155.00</u>
TOTAL TRANSFERS	<u>(11,440.00)</u>	<u>(66,540.00)</u>	<u>(35,666.00)</u>	<u>(281,398.00)</u>	<u>(265,157.00)</u>
EXCESS REVENUES OVER EXPENDITURES					
AND TRANSFERS (DEFICIT)	<u>\$ (129.42)</u>	<u>\$ (789.08)</u>	<u>\$ (65,039.63)</u>	<u>\$ (217,844.83)</u>	<u>\$ 159,868.70</u>

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Financial Report Highlights December 31, 2007

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 three months ended, December 31, 2007 and 2006 are as follows (in thousands):

	At and for the three months ended	
	12-31-07	12-31-06
<i>Total assets, by fund</i>		
Current	\$ 205,168	\$ 175,668
Loan	4,763	4,894
Endowment	73,652	32,114
Plant	478,385	369,787

Fund Balances, by fund

Current	\$ 56,688	\$ 51,349
Loan	414	346
Endowment	73,652	32,114
Plant	270,927	242,941

Other balance sheet highlights

Cash and investments	\$ 282,302	\$ 185,063
Accounts receivable	66,210	63,650
Bonds and notes payable	196,803	117,933

	For the three months ended	
	12-31-07	12-31-06
<i>Selected operating highlights (current funds)</i>		
Tuition and fees	\$ 21,527	\$ 19,074
State appropriations	34,934	30,097
Hospital revenues	70,558	66,299
Gifts, grants and contracts	20,868	17,309
Instruction and Academic support	31,469	29,632
Research and public service	15,522	16,489
Hospital expenses	72,943	64,165
Net current fund increase	7,929	7,379

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 remainder of 2008 or beyond.

UNIVERSITY OF SOUTH ALABAMA
BALANCE SHEETS
DECEMBER 2007 AND 2006

ASSETS		2007	2006	LIABILITIES AND FUND BALANCES		2007	2006
CURRENT FUNDS:				CURRENT FUNDS:			
UNRESTRICTED:				UNRESTRICTED:			
CASH AND CASH EQUIVALENTS	\$	138,144.81	135,503.49	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		53,806,759.23	\$ 58,852,568.51
INVESTMENTS		93,089,142.85	79,550,830.55	DEFERRED REVENUES		22,822,223.05	20,686,682.70
ACCOUNTS RECEIVABLE - PATIENTS (LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS OF \$46,723,448.47 FOR 2007 AND \$48,494,621.27 FOR 2006)				DUE TO OTHER FUNDS		69,583,526.41	43,009,592.55
DEPOSITS		66,209,924.80	63,650,482.20	DEPOSITS HELD IN CUSTODY		519,055.39	388,635.57
INVENTORIES AT COST		35,000.00	35,000.00	OTHER DEPOSITS		589,137.85	426,318.70
PREPAID EXPENSES		5,017,808.95	5,080,986.33	FUND BALANCES:			
		19,664,062.17	7,704,684.93	ALLOCATED FOR:			
				HOSPITALS		(9,491,682.42)	(7,249,416.01)
				AUXILIARY ENTERPRISES		(669,110.75)	(484,515.83)
				ENCUMBRANCES		2,743,715.48	2,702,348.63
				SELF-SUPPORTING ACTIVITIES		42,896,679.05	38,761,978.11
				UNALLOCATED		1,353,780.29	(936,705.43)
				TOTAL FUND BALANCES		36,833,381.65	32,793,689.47
				TOTAL UNRESTRICTED		184,154,083.58	156,157,487.50
TOTAL UNRESTRICTED		184,154,083.58	156,157,487.50				
RESTRICTED FUNDS:				RESTRICTED FUNDS:			
CASH AND CASH EQUIVALENTS		7,203,380.78	7,440,850.14	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		288,069.92	169,787.86
INVESTMENTS		169,426.36	168,763.28	OTHER DEPOSITS		1,100.00	1,070.00
UNBILLED COSTS AND ACCOUNTS RECEIVABLE		13,641,501.60	11,900,500.88	DEFERRED REVENUES		870,827.40	784,152.09
				FUND BALANCES		19,854,311.42	18,555,104.35
				TOTAL RESTRICTED		21,014,308.74	19,510,114.30
TOTAL RESTRICTED		21,014,308.74	19,510,114.30	TOTAL CURRENT FUNDS		205,168,392.32	175,667,601.80
TOTAL CURRENT FUNDS		205,168,392.32	175,667,601.80				
LOAN FUNDS:				LOAN FUNDS:			
CASH AND CASH EQUIVALENTS		268,522.94	632,443.09	REFUNDABLE GOVERNMENT ADVANCES		4,348,114.74	4,547,901.00
NOTES RECEIVABLE (LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS OF \$493,734.41 FOR 2007 AND \$493,734.41 FOR 2006)							
TOTAL LOAN FUNDS		268,522.94	632,443.09				
ENDOWMENT FUNDS:				FUND BALANCES:			
CASH AND CASH EQUIVALENTS		18,658,765.34	8,021,455.04	UNIVERSITY FUNDS, UNRESTRICTED		414,519.07	346,443.58
FUNDS WITH TRUSTEES		53,981.22	54,629.68	TOTAL FUND BALANCES		414,519.07	346,443.58
INVESTMENTS		51,573,674.28	20,927,321.07	TOTAL LOAN FUNDS		4,762,633.81	4,894,344.58
REMAINDER INTEREST IN REAL ESTATE		3,365,671.00	3,111,017.00				
TOTAL ENDOWMENT FUNDS		73,652,091.85	32,114,422.79				
PLANT FUNDS:				ENDOWMENT FUNDS:			
CASH AND CASH EQUIVALENTS		42,512,642.29	49,482,822.09	FUND BALANCES:			
INVESTMENTS		68,688,540.45	18,703,439.97	RESTRICTED NONEXPENDABLE		24,255,873.47	12,611,443.71
ACCOUNTS RECEIVABLE		2,405,471.00	2,304,683.00	UNRESTRICTED EXPENDABLE		49,396,218.38	19,502,979.08
NOTES RECEIVABLE		254,936.16	258,195.26				
INTEREST RECEIVABLE		94,173.61	0.00	TOTAL ENDOWMENT FUNDS		73,652,091.85	32,114,422.79
DUE FROM OTHER FUNDS		69,563,526.41	43,009,592.55				
PREPAID EXPENSES		2,206,396.18	1,659,957.76				
CAPITAL LEASE RECEIVABLE		1,572,539.01	1,982,560.40				
INVESTMENT IN PLANT:							
LAND		29,271,538.45	28,490,990.30				
LAND IMPROVEMENTS		10,790,640.08	7,346,774.15				
BUILDINGS, ACCUM DEPREC AND IMPROVEMENTS		132,110,781.03	128,796,073.08				
OTHER EQUIPMENT, BOOKS AND FILMS		46,342,892.16	35,350,752.14				
CONSTRUCTION IN PROGRESS		72,550,531.98	52,401,488.72				
TOTAL PLANT FUNDS		478,384,608.81	389,787,333.42				
TOTAL ASSETS	\$	761,967,726.79	\$ 582,463,702.59				
				TOTAL LIABILITIES AND FUND BALANCES		\$ 761,967,726.79	\$ 582,463,702.59

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

UNIVERSITY OF SOUTH ALABAMA
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE THREE MONTHS ENDED DECEMBER 31, 2007

	CURRENT FUNDS		LOAN FUNDS	ENDOWMENT FUNDS	RENEWALS AND REPLACEMENTS	PLANT FUNDS RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT
	UNRESTRICTED	RESTRICTED					
REVENUES AND OTHER ADDITIONS:							
EDUCATIONAL AND GENERAL REVENUES	71,931,459.09						
HOSPITALS REVENUES	73,850,098.30						
AUXILIARY ENTERPRISES REVENUES	2,711,506.84						
GRANTS AND CONTRACTS:							
FEDERAL		4,596,395.39					
STATE AND LOCAL		828,117.10					
PRIVATE		2,588,627.28					
GOVERNMENT APPROPRIATIONS:							
FEDERAL							
STATE			218.93	405,723.20	1,172,377.69	187,907.72	
INVESTMENT INCOME/GAINS/LOSS					448,792.25		
INSURANCE PROCEEDS					2,144.88		
INTEREST ON LOANS RECEIVABLE			9,852.31		189,892.39	15,450.93	
GIFTS AND BEQUESTS			30.00	3,415,995.59			8,841,491.21
EXPENDED FOR PLANT FACILITIES (INCLUDING \$365,953.74 CURRENT FUNDS EXPENDITURES)							
RETIREMENT OF INDEBTEDNESS							2,833,197.30
PROCEEDS FROM SALE OF CAPITAL ASSETS							
OTHER SOURCES		2,665,350.76	23.00		11,283.50		121,312.35
TOTAL REVENUES AND OTHER ADDITIONS	148,493,064.23	10,678,490.53	10,124.24	3,821,718.79	1,824,490.71	203,358.65	11,796,000.86
EXPENDITURES AND OTHER DEDUCTIONS:							
EDUCATIONAL AND GENERAL EXPENDITURES	57,531,855.19	7,129,352.93					
HOSPITALS EXPENDITURES	72,436,315.77						
AUXILIARY ENTERPRISES EXPENDITURES	2,982,310.78						
INDIRECT COSTS RECOVERED		1,213,025.72					
REFUNDED TO GRANTORS		30,364.38					
RETIREMENT OF INDEBTEDNESS						2,833,197.30	
ADMINISTRATIVE AND COLLECTION COSTS			128.00				
EXPENDED FOR PLANT FACILITIES (INCLUDING \$1,549,408.88 FOR NON-CAPITALIZED EXPENDITURES)					10,024,946.35		4,665,011.13
INTEREST ON INDEBTEDNESS							
DEPRECIATION EXPENSES OF PLANT FACILITIES							
DISPOSAL OF PLANT							
LOSS ON DISPOSAL OF PLANT							
OTHER DEDUCTIONS			5,277.80				
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	132,950,481.74	8,372,743.03	5,405.80	0.00	10,024,946.35	3,645,936.59	4,665,011.13
TRANSFERS AMONG FUNDS-ADDITIONS(DEDUCTIONS):							
MANDATORY:							
PRINCIPAL AND INTEREST	(2,270,281.24)				(715,200.29)	2,985,481.53	
NON-MANDATORY:							
FUNDED DEPRECIATION	(1,588,693.00)				1,588,693.00		
MOBILE RACING COMMISSION	(64,796.37)				64,796.37		
PLANT ADDITIONS AND REPLACEMENTS	(4,440,712.50)				4,440,712.50		
ENDOWMENT FUND	(1,261,787.85)				(51,368.19)		
OTHER TRANSFERS	(603,733.81)	311,772.00	25,000.00	1,001,384.04	814,162.88		(234,549.07)
TOTAL TRANSFERS	(10,230,004.77)	(880.00)	25,000.00	1,001,384.04	6,141,796.27	2,985,481.53	(234,549.07)
NET INCREASE (DECREASE) FOR THE PERIOD	5,312,577.72	2,616,639.50	29,718.44	4,823,102.83	(2,058,659.37)	(457,096.41)	6,896,440.66
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 DECEMBER 31, 2007	\$ 36,833,381.65	\$ 19,854,311.42	\$ 414,519.07	\$ 73,652,091.85	\$ 83,983,911.02	\$ 16,564,059.15	\$ 170,368,665.87

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

*HOSPITALS REVENUES AND HOSPITAL FUNDED DEPRECIATION TRANSFERS INCLUDE \$588,844.00 IN MEDICAID DISPROPORTIONATE SHARE PAYMENTS.

UNIVERSITY OF SOUTH ALABAMA
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE THREE MONTHS ENDED DECEMBER 31, 2007
WITH COMPARATIVE FIGURES FOR 2006

	MONTH ENDED DECEMBER 31, 2007		DECEMBER 31, 2006
	UNRESTRICTED	RESTRICTED	TOTAL
REVENUES:			
TUITION AND FEES	\$ 21,526,633.16	\$	\$ 21,526,633.16
STATE APPROPRIATIONS	31,642,631.01		31,642,631.01
MOBILE RACING COMMISSION	64,796.37		64,796.37
FEDERAL GRANTS AND CONTRACTS	960,279.70	3,571,179.97	4,531,459.67
STATE GRANTS AND CONTRACTS (INCLUDING INDIRECT COST RECOVERED OF \$68,249.39)	108,061.39	584,159.57	692,220.96
PRIVATE GIFTS, GRANTS, AND CONTRACTS (INCLUDING INDIRECT COSTS RECOVERED OF \$184,496.63)	13,244,526.16	2,399,474.41	15,644,000.57
ENDOWMENT INCOME	0.00	13,292.59	13,292.59
SALES AND SERVICES OF EDUCATIONAL ACTIVITIES	755,079.66		755,079.66
HOSPITALS - SALES AND SERVICES	70,558,497.31		70,558,497.31
- STATE APPROPRIATIONS	3,291,600.99		3,291,600.99
AUXILIARY ENTERPRISES - SALES AND SERVICES	2,711,506.84		2,711,506.84
OTHER SOURCES	3,529,451.64	561,246.39	4,190,698.03
TOTAL CURRENT REVENUES	148,493,064.23	7,129,352.93	155,622,417.16
EXPENDITURES AND TRANSFERS:			
EDUCATIONAL AND GENERAL:			
INSTRUCTION	25,226,021.80	1,549,999.09	26,776,020.89
RESEARCH	1,712,275.05	2,924,646.52	4,636,920.57
PUBLIC SERVICE	10,453,628.85	431,697.47	10,885,326.32
ACADEMIC SUPPORT	4,692,996.16	34.92	4,693,031.08
STUDENT SERVICES	4,252,759.32	174,879.64	4,427,638.96
INSTITUTIONAL SUPPORT	6,756,891.43	504.99	6,757,396.42
OPERATION AND MAINTENANCE OF PLANT	4,270,651.46	1,678,413.84	5,949,065.30
SCHOLARSHIPS	166,631.12	369,177.46	535,808.58
EDUCATIONAL AND GENERAL	57,631,855.19	7,129,352.93	64,661,208.12
MANDATORY TRANSFERS FOR:			
PRINCIPAL AND INTEREST	1,323,534.00		1,323,534.00
TOTAL EDUCATIONAL AND GENERAL	58,955,389.19	7,129,352.93	65,984,742.12
HOSPITALS (INCLUDING DEBT SERVICE OF \$506,842.24)	72,943,158.01		72,943,158.01
AUXILIARY ENTERPRISES:			
EXPENDITURES	2,982,310.78		2,982,310.78
MANDATORY TRANSFERS FOR:			
PRINCIPAL AND INTEREST	439,905.00		439,905.00
NON-MANDATORY TRANSFERS FOR:			
OTHER TRANSFERS	947.45		947.45
TOTAL AUXILIARIES	3,423,163.23	0.00	3,423,163.23
TOTAL EXPENDITURES AND TRANSFERS	135,221,710.43	7,129,352.93	142,351,063.36
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):			
EXCESS OF RESTRICTED RECEIPTS OVER TRANSFERS TO REVENUES		2,336,111.88	2,336,111.88
REFUNDED TO GRANTORS		(30,364.38)	(30,364.38)
FUNDED DEPRECIATION	(1,588,693.00)		(1,588,693.00) *
MOBILE RACING COMMISSION	(64,796.37)		(64,796.37)
PLANT ADDITIONS AND REPLACEMENTS	(4,440,712.50)		(4,440,712.50)
ENDOWMENT FUND	(1,261,787.85)	311,772.00	(950,015.85)
OTHER TRANSFERS	(602,786.36)	(880.00)	(603,666.36)
TOTAL TRANSFERS	(7,958,776.08)	2,616,639.50	(5,342,136.58)
NET INCREASE/(DECREASE) IN FUND BALANCES	\$ 5,312,577.72	\$ 2,616,639.50	\$ 7,929,217.22

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

*HOSPITALS REVENUES AND HOSPITAL FUNDED DEPRECIATION TRANSFERS INCLUDE \$588,844.00 IN MEDICAID DISPROPORTIONATE SHARE PAYMENTS.

UNIVERSITY OF SOUTH ALABAMA
Notes to Financial Report

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.

UNIVERSITY OF SOUTH ALABAMA
Notes to Financial Report

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.

UNIVERSITY OF SOUTH ALABAMA
Notes to Financial Report

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 THREE MONTHS ENDED DECEMBER 31, 2007
WITH COMPARATIVE FIGURES FOR 2006

	REVENUES	EXPENDITURES	TRANSFERS	EXCESS REVENUES OVER EXPENDITURES AND OTHER CHANGES (DEFICIT)
				12/31/07
BOOKSTORE	\$ 581,652.27	\$ 835,932.24	\$ 0.00	\$ (254,279.97)
				\$ (211,465.98)
BROOKLEY CENTER	483,985.22	684,272.45	(18,755.45)	(219,042.68)
				(165,908.62)
FOOD SERVICES-CAMPUS	57,600.01	41,272.32	0.00	16,327.69
				7,189.62
HOUSING	1,563,235.54	1,395,799.97	(422,097.00)	(254,661.43)
TOTAL	\$ 2,686,473.04	\$ 2,957,276.98	\$ (440,852.45)	\$ (419,749.77)
				\$ (49,564.79)

BOOKSTORE
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE THREE MONTHS ENDED DECEMBER 31, 2007
WITH COMPARATIVE FIGURES FOR 2006

	CAMPUS	HEALTH SCIENCES	TOTAL	TOTAL
	12/31/07	12/31/06	12/31/07	12/31/06
REVENUES:				
SALES	\$ 444,930.99	\$ 441,687.39	\$ 559,511.97	\$ 535,449.53
LESS: DEPARTMENTAL DISCOUNTS	518.64	619.71	1,138.35	1,447.01
COST OF GOODS SOLD	336,294.33	335,654.44	430,619.57	410,041.03
GROSS PROFIT	108,118.02	104,984.35	127,754.05	123,961.49
CASH OVER/(SHORT)	(13.06)	75.54	(6.76)	71.55
GRADUATION (NET)	15,336.00	15,205.34	15,336.00	15,205.34
BAD DEBT RECOVERY	0.00	0.00	0.00	0.00
OTHER	5,053.72	1,757.34	6,811.06	7,756.03
NET REVENUES:	128,494.68	126,835.80	149,894.35	146,994.41
EXPENDITURES:				
SALARIES	160,115.11	142,873.46	174,600.42	158,908.30
EMPLOYEE BENEFITS	44,490.59	37,931.08	50,488.84	42,177.96
SUPPLIES	2,215.41	2,787.97	3,459.78	3,202.44
TRAVEL	3,765.72	930.00	3,765.72	1,470.96
EQUIPMENT	2,256.19	950.74	2,425.35	950.74
EQUIPMENT MAINTENANCE AND REPAIR	22,956.54	225.15	22,956.54	225.15
BUILDING & EQUIPMENT RENTAL	403.86	559.84	645.82	698.63
UTILITIES	18,750.00	18,750.00	18,750.00	18,750.00
TELEPHONE	821.29	935.48	1,273.70	1,630.98
INSURANCE AND BONDS	2,166.00	0.00	2,166.00	0.00
CONTRACT SERVICES	20,967.28	31,561.92	23,247.33	36,947.51
BAD DEBT EXPENSE	0.00	0.00	0.00	0.00
RENT	0.00	0.00	4,995.00	4,995.00
OBSOLETE INVENTORY	352.42	0.00	352.42	0.00
GENERAL EXPENSES	13,269.14	11,660.88	14,834.38	13,019.28
CHARGE CARD AND FACULTY				
STAFF DISCOUNTS	3,093.67	2,754.26	4,182.04	4,095.44
INSTITUTIONAL COST ALLOCATION	65,049.24	60,420.00	76,030.98	71,388.00
TOTAL EXPENDITURES	360,672.46	312,340.78	404,174.32	358,460.39
TRANSFERS AMONG FUNDS-				
ADDITIONS/(DEDUCTIONS):				
MANDATORY:				
PRINCIPAL AND INTEREST	0.00	0.00	0.00	0.00
NON-MANDATORY:				
OTHER TRANSFERS	0.00	0.00	0.00	0.00
RENEWAL AND REPLACEMENT	0.00	0.00	0.00	0.00
RETIREMENT REIMBURSEMENT	0.00	0.00	0.00	0.00
TOTAL TRANSFERS	0.00	0.00	0.00	0.00
EXCESS REVENUES OVER EXPENDITURES	\$ (232,177.78)	\$ (185,504.98)	\$ (254,279.97)	\$ (211,465.98)
AND MANDATORY TRANSFERS				

BROOKLEY CENTER
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE THREE MONTHS ENDED DECEMBER 31, 2007
WITH COMPARATIVE FIGURES FOR 2006

	ADMINISTRATION	INVESTMENT HOUSING	GOLF SHOP	RECREATION CENTER	FOOD SERVICE	TOTAL AUXILIARY SERVICES
REVENUES:						
SALES-FOOD & MERCHANDISE	0.00	\$ 0.00	\$ 9,244.46	\$ 0.00	\$ 0.00	\$ 9,244.46
LESS: COST OF GOODS SOLD	203.06	0.00	8,433.77	0.00	0.00	8,433.77
DISCOUNTS	0.00	0.00	964.62	0.00	0.00	964.62
GROSS PROFIT	(203.06)	0.00	(153.93)	0.00	0.00	(153.93)
FEES	99.00	0.00	76,390.06	0.00	7,298.83	83,688.89
RENTALS	19,500.00	171,596.62	0.00	0.00	0.00	171,596.62
OTHER	569.99	2,012.17	128.16	0.00	0.00	2,140.33
FACILITY ASSESSMENT FEE	0.00	0.00	0.00	0.00	0.00	0.00
NET REVENUES	19,965.93	173,608.79	76,364.29	0.00	7,298.83	257,271.91
EXPENDITURES:						
OPERATING EXPENDITURES:						
SALARIES	177,634.87	21,356.27	60,752.68	0.00	0.00	82,110.95
EMPLOYEE BENEFITS	55,087.27	6,714.01	17,681.03	0.00	0.00	24,395.04
SUPPLIES	7,800.17	0.00	63,384.12	0.00	0.00	63,384.12
TRAVEL	760.46	0.00	380.87	0.00	0.00	380.87
CONTRACT SERVICE	29,208.28	2,214.76	13,585.68	0.00	0.00	15,800.44
BUILDING MAINTENANCE & REPAIR	3,603.59	9,276.87	937.87	0.00	828.59	11,043.33
GROUND MAINTENANCE	3,292.19	4,664.10	11,209.45	0.00	0.00	15,873.55
UTILITIES	32,738.56	17,786.52	9,413.18	0.00	12,793.40	39,993.10
EQUIPMENT MAINTENANCE & REPAIR	234.54	700.22	9,903.05	0.00	4,250.00	14,853.27
BUILDING & EQUIPMENT RENTAL	781.65	0.00	4,147.02	0.00	0.00	4,147.02
TELEPHONE	3,987.29	38.20	371.47	0.00	1.28	410.95
INSURANCE AND BONDS	38,474.00	0.00	0.00	0.00	2,115.00	2,115.00
RECEPTIONS	118.10	5.00	0.00	0.00	0.00	5.00
ADVERTISING	2,829.95	0.00	1,069.16	0.00	93.34	1,162.50
BAD DEBT EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00
GENERAL EXPENSES	21,077.67	417.52	4,775.81	0.00	0.00	5,193.33
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	(377,795.94)	105,782.86	0.00	3,777.96	15,111.83	124,672.65
TOTAL OPERATING EXPENDITURES	(169.35)	168,958.33	197,611.39	3,777.96	35,193.44	405,541.12
EXCESS REVENUES OVER EXPENDITURES	20,135.28	4,650.46	(121,247.10)	(3,777.96)	(27,894.61)	(148,269.21)
OTHER EXPENDITURES:						
EQUIPMENT	2,327.28	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	2,327.28	0.00	1,975.00	0.00	0.00	1,975.00
TRANSFERS AMONG FUNDS -						
ADDITIONS/(DEDUCTIONS):						
MANDATORY:						
PRINCIPAL AND INTEREST	(17,808.00)	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	(17,808.00)	0.00	(947.45)	0.00	0.00	(947.45)
EXCESS REVENUES OVER						
EXPENDITURES (DEFICIT)	0.00	\$ 4,650.46	\$ (124,169.55)	\$ (3,777.96)	\$ (27,894.61)	\$ (151,191.66)

BROOKLEY CENTER
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE THREE MONTHS ENDED DECEMBER 31, 2007
WITH COMPARATIVE FIGURES FOR 2006

	CONTINUING EDUCATION	EDUCATIONAL LEASING	UNIVERSITY SERVICE	TOTAL EDUCATIONAL SERVICES	BROOKLEY CENTER TOTAL 12/31/07	BROOKLEY CENTER TOTAL 12/31/06
REVENUES:						
SALES-FOOD & MERCHANDISE	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 9,244.46	\$ 10,153.67
LESS: COST OF GOODS SOLD	0.00	0.00	0.00	0.00	8,636.83	6,315.63
DISCOUNTS	1,397.86	0.00	0.00	1,397.86	2,362.48	2,041.49
GROSS PROFIT	(1,397.86)	0.00	0.00	(1,397.86)	(1,754.85)	1,786.55
FEES	74,198.67	144,381.06	0.00	218,579.73	302,367.62	194,511.10
RENTALS	3,300.00	0.00	0.00	3,300.00	194,398.62	186,837.61
OTHER	300.00	0.00	0.00	300.00	3,010.32	1,896.36
FACILITY ASSESSMENT FEE	0.00	0.00	0.00	0.00	0.00	0.00
NET REVENUES	76,400.81	144,381.06	0.00	220,781.87	498,018.71	385,041.62
EXPENDITURES:						
OPERATING EXPENDITURES:						
SALARIES	0.00	0.00	0.00	0.00	259,745.82	244,001.91
EMPLOYEE BENEFITS	0.00	0.00	0.00	0.00	79,482.31	70,389.99
SUPPLIES	7,317.31	1,195.89	0.00	8,513.20	79,897.49	19,703.31
TRAVEL	0.00	0.00	0.00	0.00	1,141.33	763.05
CONTRACT SERVICE	1,176.75	2,563.78	0.00	3,760.53	48,769.25	52,814.56
BUILDING MAINTENANCE & REPAIR	5,588.49	2,248.54	0.00	7,837.03	22,483.95	14,675.65
GROUND MAINTENANCE	0.00	0.00	0.00	0.00	19,165.74	13,590.07
UTILITIES	31,176.57	23,817.98	0.00	54,994.55	127,726.21	114,151.28
EQUIPMENT MAINTENANCE & REPAIR	298.88	312.19	0.00	611.07	15,698.88	10,831.34
BUILDING & EQUIPMENT RENTAL	0.00	0.00	0.00	0.00	4,928.67	4,889.80
TELEPHONE	0.00	0.00	0.00	0.00	4,398.24	2,744.38
INSURANCE AND BONDS	720.00	0.00	0.00	720.00	41,309.00	1,080.00
RECEPTIONS	0.00	0.00	0.00	0.00	121.10	0.00
ADVERTISING	2,396.34	0.00	0.00	2,396.34	6,388.79	3,380.55
BAD DEBT EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00
GENERAL EXPENSES	(3,258.22)	11,037.63	0.00	7,779.41	34,050.41	(23,339.49)
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	(54,966.51)	0.00
OPERATING COST ALLOCATIONS	75,559.20	64,225.31	(54,966.51)	253,123.29	0.00	0.00
TOTAL OPERATING EXPENDITURES	120,975.32	105,421.32	113,338.78	284,768.91	680,140.68	529,676.42
EXCESS REVENUES OVER EXPENDITURES	(44,574.51)	38,959.74	(58,372.27)	(63,987.04)	(192,120.97)	(144,634.80)
OTHER EXPENDITURES:						
EQUIPMENT	89.99	3,773.99	0.00	3,863.98	8,166.26	4,389.52
OTHER COST ALLOCATIONS	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL OTHER EXPENDITURES	89.99	3,773.99	0.00	3,863.98	8,166.26	4,389.52
TRANSFERS AMONG FUNDS -						
ADDITIONS/(DEDUCTIONS):						
MANDATORY:						
PRINCIPAL AND INTEREST	0.00	0.00	0.00	0.00	(17,808.00)	(17,808.00)
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	(18,755.45)	(16,884.30)
EXCESS REVENUES OVER						
EXPENDITURES (DEFICIT)	(44,664.50)	35,185.75	(58,372.27)	(67,851.02)	(219,042.68)	(165,908.62)

FOOD SERVICE
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE THREE MONTHS ENDED DECEMBER 31, 2007
WITH COMPARATIVE FIGURES FOR 2006

	<u>12/31/07</u>	<u>12/31/06</u>
REVENUES:		
COMMISSION INCOME	\$ 57,600.01	\$ 47,953.95
TOTAL REVENUES	<u>57,600.01</u>	<u>47,953.95</u>
EXPENDITURES:		
SUPPLIES	2.32	30.86
EQUIPMENT MAINTENANCE AND REPAIR	5,300.08	17,511.43
UTILITIES	16,250.01	16,239.00
TELEPHONE	69.20	(10.96)
MEMBERSHIPS AND DUES	270.00	270.00
CONTRACT SERVICES	2,209.96	2,095.00
INSURANCE AND BONDS	11,865.00	0.00
BUILDING MAINTENANCE AND REPAIR	1,024.00	800.00
INDIRECT COST	4,045.50	4,029.00
GENERAL EXPENSE	<u>236.25</u>	<u>(200.00)</u>
TOTAL EXPENDITURES	<u>41,272.32</u>	<u>40,764.33</u>
TRANSFERS AMONG FUNDS-		
ADDITIONS/(DEDUCTIONS):		
NON-MANDATORY:		
OTHER TRANSFERS		
TOTAL TRANSFERS	<u>0.00</u>	<u>0.00</u>
EXCESS REVENUES OVER		
EXPENDITURES AND MANDATORY		
TRANSFERS (DEFICIT)	<u>\$ 16,327.69</u>	<u>\$ 7,189.62</u>

HOUSING
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES
FOR THE THREE MONTHS ENDED DECEMBER 31, 2007
WITH COMPARATIVE FIGURES FOR 2006

	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	\$ 204,119.02	\$ 90,708.56	\$ 273,313.56
BAD DEBT RECOVERY	1,123.84	0.00	0.00	0.00	0.00	0.00
OTHER	0.00	0.00	0.00	7,196.71	1,931.03	1,142.00
TOTAL REVENUES	1,123.84	0.00	37,025.00	211,315.73	92,639.59	274,455.56
EXPENDITURES:						
SALARIES	95,136.11	24,219.73	0.00	74,044.07	23,173.68	49,073.40
EMPLOYEE BENEFITS	25,397.46	25.00	0.00	22,601.79	4,031.11	10,415.84
CONTRACT LABOR	0.00	0.00	0.00	73.00	68.00	0.00
CONTRACT SERVICES	1,001.00	0.00	25,143.00	5,895.25	3,212.31	2,865.52
TRAVEL	955.35	313.58	0.00	0.00	0.00	0.00
RECEPTIONS	(95.15)	6,488.79	0.00	0.00	0.00	0.00
SUPPLIES	2,633.02	0.00	0.00	9,582.37	4,471.97	1,744.88
CABLE	23,982.70	0.00	0.00	162.24	0.00	0.00
TELEPHONE	200.42	0.00	0.00	580.77	167.42	15,654.96
UTILITIES	0.00	0.00	0.00	5,700.03	288.60	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	0.00	201.42	0.00	0.00	0.00	0.00
EQUIPMENT RENTAL	264.88	0.00	0.00	996.95	0.00	0.00
EQUIPMENT MAINTENANCE AND REPAIR	0.00	0.00	0.00	326.95	0.00	0.00
GENERAL EXPENSES	8,932.50	25.00	200.00	616.61	0.00	25,729.75
ADMINISTRATIVE OVERHEAD	109,499.64	0.00	0.00	0.00	19,483.14	110,805.75
ADMINISTRATIVE EXPENSES	(266,784.09)	(31,273.52)	11,028.13	1,192.22	27,719.35	57,227.07
TOTAL EXPENDITURES	1,123.84	0.00	36,371.13	130,835.25	90,727.58	293,252.17
TRANSFERS AMONG FUNDS -						
ADDITIONS/(DEDUCTIONS):						
MANDATORY:						
PRINCIPAL AND INTEREST	0.00	0.00	0.00	0.00	(227,637.00)	(23,991.00)
TOTAL MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	(227,637.00)	(23,991.00)
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	(227,637.00)	(23,991.00)
EXCESS REVENUES OVER EXPENDITURES						
AND TRANSFERS (DEFICIT)	\$ (0.00)	\$ 0.00	\$ 653.87	\$ 80,480.48	\$ (225,724.99)	\$ (42,787.61)

HOUSING
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES
FOR THE THREE MONTHS ENDED DECEMBER 31, 2007
WITH COMPARATIVE FIGURES FOR 2006

	BETA DORMS	DELTA DORMS	EPSILON DORMS	TOTAL HOUSING 12/31/07	TOTAL HOUSING 12/31/06
REVENUES:					
RENTAL INCOME	\$ 159,275.20	\$ 614,961.50	\$ 159,828.25	\$ 1,539,231.09	\$ 1,617,053.96
BAD DEBT RECOVERY	0.00	0.00	0.00	1,123.84	2,148.11
OTHER	1,241.30	7,392.14	3,977.43	22,880.61	25,872.03
TOTAL REVENUES	<u>160,516.50</u>	<u>622,353.64</u>	<u>163,805.68</u>	<u>1,563,235.54</u>	<u>1,645,074.10</u>
EXPENDITURES:					
SALARIES	15,448.22	65,694.07	57,644.02	404,433.30	385,073.66
EMPLOYEE BENEFITS	2,876.68	11,603.27	6,816.45	83,767.60	82,879.63
CONTRACT LABOR	357.00	13,097.52	357.00	13,952.52	1,300.52
CONTRACT SERVICES	1,588.82	6,874.07	1,701.11	48,281.08	16,839.27
TRAVEL	0.00	0.00	0.00	1,268.93	441.69
RECEPTIONS	0.00	0.00	0.00	6,393.64	4,893.07
SUPPLIES	1,660.08	10,404.47	3,973.26	34,470.05	31,817.79
CABLE	0.00	0.00	0.00	24,144.94	37,782.43
TELEPHONE	6,436.82	37,894.52	8,652.11	69,587.02	74,205.30
UTILITIES	0.00	0.00	0.00	5,988.63	4,164.96
INSURANCE AND BONDS	6,945.00	19,028.00	6,097.00	62,830.00	0.00
BUILDING MAINTENANCE AND REPAIR	0.00	0.00	0.00	6,150.00	564.72
EQUIPMENT	0.00	985.00	5,390.00	6,576.42	18,764.07
EQUIPMENT RENTAL	0.00	6.95	0.00	1,268.78	968.03
EQUIPMENT MAINTENANCE AND REPAIR	0.00	100.50	0.00	427.45	2,874.23
GENERAL EXPENSES	14,052.30	55,420.00	16,383.39	121,359.55	137,075.52
ADMINISTRATIVE OVERHEAD	52,351.89	159,475.14	53,284.50	504,900.06	497,181.00
ADMINISTRATIVE EXPENSES	32,488.28	126,376.42	42,026.14	(0.00)	0.00
TOTAL EXPENDITURES	<u>134,205.09</u>	<u>506,959.93</u>	<u>202,324.98</u>	<u>1,395,799.97</u>	<u>1,296,825.89</u>
TRANSFERS AMONG FUNDS -					
ADDITIONS/(DEDUCTIONS):					
MANDATORY:					
PRINCIPAL AND INTEREST	(17,160.00)	(99,810.00)	(53,499.00)	(422,097.00)	(397,968.00)
TOTAL MANDATORY TRANSFERS	<u>(17,160.00)</u>	<u>(99,810.00)</u>	<u>(53,499.00)</u>	<u>(422,097.00)</u>	<u>(397,968.00)</u>
NON-MANDATORY:					
OTHER NON-MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	155.00
TOTAL NON-MANDATORY TRANSFERS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>155.00</u>
TOTAL TRANSFERS	<u>(17,160.00)</u>	<u>(99,810.00)</u>	<u>(53,499.00)</u>	<u>(422,097.00)</u>	<u>(397,813.00)</u>
EXCESS REVENUES OVER EXPENDITURES					
AND TRANSFERS (DEFICIT)	<u>\$ 9,151.41</u>	<u>\$ 15,583.71</u>	<u>\$ (92,018.30)</u>	<u>\$ (254,661.43)</u>	<u>\$ (49,564.79)</u>

University of South Alabama
Quarterly Financial Statements
(A Component Unit of the State of Alabama)
Three Months Ended December 31, 2007 and 2006

Unaudited

University of South Alabama
Quarterly Financial Statements
(A Component Unit of the State of Alabama)
Three Months Ended December 31, 2007 and 2006

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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 December 31, 2007 the University had total assets of \$692,701,000, total liabilities of \$291,224,000 and net assets of \$401,477,000. University net assets increased \$16,961,000 for the three months ended December 31, 2007 compared to an increase of \$16,206,000 for the three months ended December 31, 2006. 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 three months ended December 31, 2007 and 2006 follow (in thousands):

Condensed Statements of Net Assets

	<u>2007</u>	<u>2006</u>
<i>Assets</i>		
Current	\$ 285,168	\$ 255,683
Capital and other noncurrent assets	<u>407,533</u>	<u>285,761</u>
	<u>692,701</u>	<u>541,444</u>
<i>Liabilities</i>		
Current	81,838	84,889
Noncurrent	<u>209,386</u>	<u>128,991</u>
	<u>291,224</u>	<u>213,880</u>
<i>Net Assets</i>		
Invested in capital assets, net of debt	168,717	147,747
Restricted, nonexpendable	17,781	17,161
Restricted, expendable	33,021	24,812
Unrestricted	<u>181,958</u>	<u>137,844</u>
	<u>\$ 401,477</u>	<u>\$ 327,564</u>

University of South Alabama

Management's Discussion and Analysis (continued)

Condensed Statements of Revenues, Expenses and Changes in Net Assets

	<u>2007</u>	<u>2006</u>
<i>Operating revenues</i>		
Tuition and fees	\$ 21,174	\$ 18,948
Hospital revenues, net	49,421	46,539
Other	<u>26,118</u>	<u>27,068</u>
	96,713	92,555
<i>Operating expenses</i>		
Salaries and benefits	91,410	82,058
Supplies and other services	28,196	25,251
Other	<u>7,369</u>	<u>7,024</u>
	<u>126,975</u>	<u>114,333</u>
Operating loss	(30,262)	(21,778)
<i>Nonoperating revenues (expenses)</i>		
State appropriations	34,934	30,097
Other, net	<u>7,466</u>	<u>5,607</u>
Net nonoperating revenues	<u>42,400</u>	<u>35,704</u>
Other revenues, expenses, gains or losses	<u>4,823</u>	<u>2,280</u>
Increase in net assets	16,961	16,206
Beginning net assets	<u>384,516</u>	<u>311,358</u>
Ending net assets	<u>\$ 401,477</u>	<u>\$ 327,564</u>

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

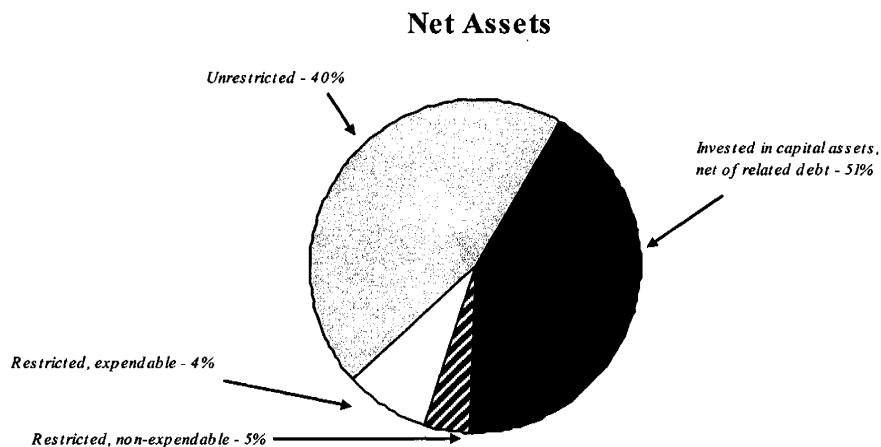
University of South Alabama

Management's Discussion and Analysis (continued)

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 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.

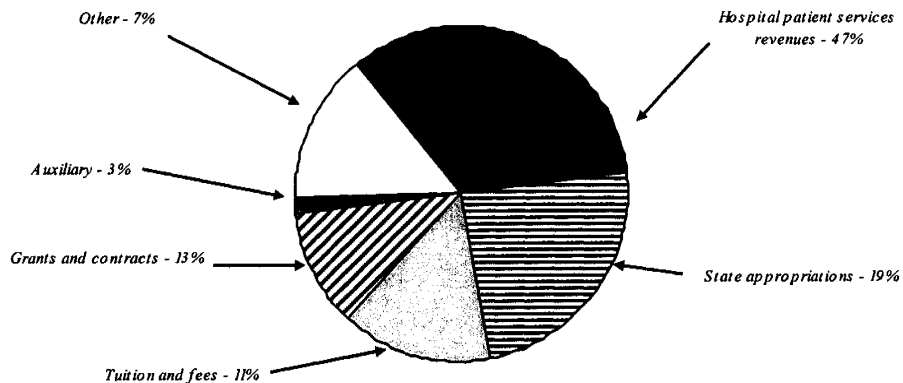
Statements of Revenues, Expenses and Changes in Net Assets

Changes in total University net assets as presented on the statements of net assets are based on the activity presented in the statement 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

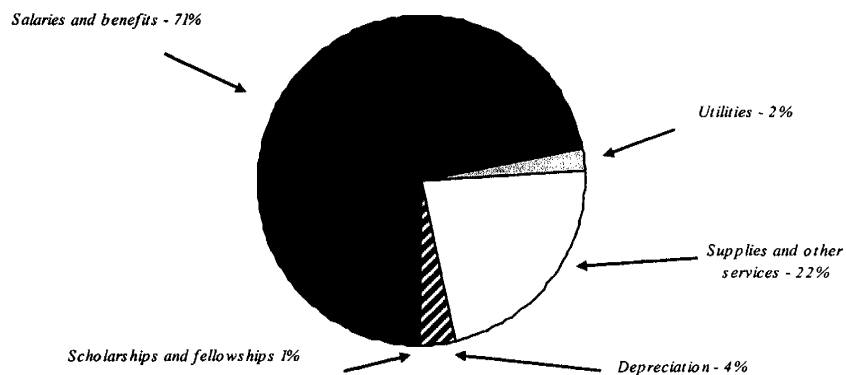


University of South Alabama

Management's Discussion and Analysis (continued)

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

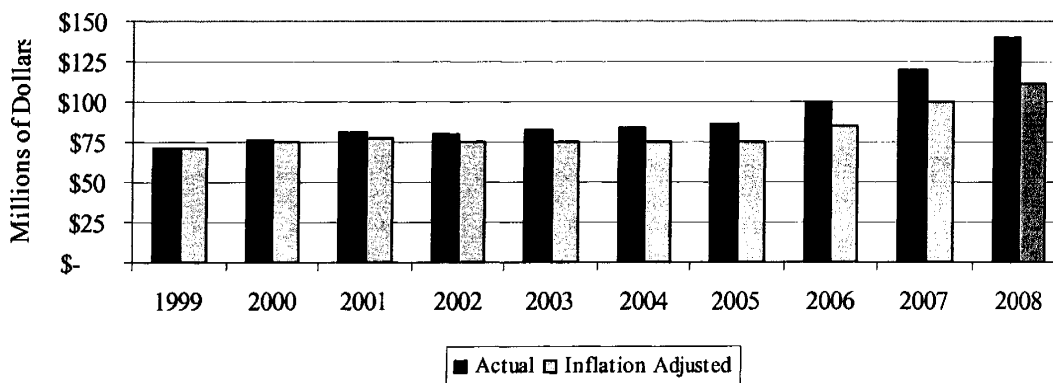
Management's Discussion and Analysis (continued)

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 has been approved and is expected for the 2008 budget year.

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

State Appropriations - Ten Year History



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

December 31, 2007 and 2006

(In thousands)

	2007	2006
Assets		
Current assets		
Cash and cash equivalents	\$ 53,700	\$ 70,669
Investments, at fair value	150,300	105,019
Net patient service receivables	28,324	29,008
Accounts receivable, affiliates	11,899	9,909
Accounts receivable, other	34,010	30,558
Notes receivable, net	802	295
Prepaid expenses, inventories and other	6,133	10,225
Total current assets	285,168	255,683
Noncurrent assets		
Restricted cash and cash equivalents	16,604	766
Investments, at fair value	62,217	8,998
Accounts receivable	7,235	9,795
Notes receivable, net	3,865	6,103
Other noncurrent assets	25,748	7,386
Capital assets (net of accumulated depreciation)	291,864	252,713
Total noncurrent assets	407,533	285,761
Total assets	692,701	541,444
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	50,511	54,159
Deferred revenue	24,173	22,266
Deposits	1,617	1,167
Current portion of long-term debt	5,537	7,297
Total current liabilities	81,838	84,889
Noncurrent liabilities		
Long-term debt	191,429	110,636
Other long-term liabilities	17,957	18,355
Total noncurrent liabilities	209,386	128,991
Total liabilities	291,224	213,880
Net Assets		
Invested in capital assets, net of related debt	168,717	147,747
Restricted, nonexpendable		
Scholarships	8,622	6,738
Other	9,159	10,423
Restricted, expendable	33,021	24,812
Unrestricted	181,958	137,844
Total net assets	\$ 401,477	\$ 327,564

University of South Alabama

Statements of Revenues, Expenses and Changes in Net Assets

Three Months Ended December 31, 2007 and 2006

(In thousands)

	<u>2007</u>	<u>2006</u>
Revenues		
Operating revenues		
Tuition and fees (net of scholarship allowances)	\$ 21,174	\$ 18,948
Patient services and other (net of contractual allowances and bad debt expense)	49,421	46,539
Federal grants and contracts	4,502	4,376
State grants and contracts	830	1,607
Private grants and contracts	11,202	11,157
Auxiliary enterprises (net of scholarship allowances)	2,697	2,640
Other operating revenues	6,887	7,288
Total operating revenues	<u>96,713</u>	<u>92,555</u>
Expenses		
Operating expenses		
Salaries and benefits	91,410	82,058
Supplies and other services	28,196	25,251
Scholarships and fellowships	33	79
Utilities	2,671	2,365
Depreciation	4,665	4,580
Total operating revenues	<u>126,975</u>	<u>114,333</u>
Operating loss	<u>(30,262)</u>	<u>(21,778)</u>
Nonoperating revenues (expenses)		
State appropriations	34,934	30,097
Investment income and gains (losses) on investments	2,257	1,506
Interest on indebtedness	(1,196)	(1,681)
Other nonoperating revenues	6,410	6,813
Other nonoperating expenses	(5)	(1,031)
Net nonoperating revenues	<u>42,400</u>	<u>35,704</u>
Income before other revenues, expenses, gains or losses	<u>12,138</u>	<u>13,926</u>
Capital appropriations	-	-
Capital gifts and grants	1,907	1,397
Additions to endowment	2,916	883
Increase in net assets	<u>16,961</u>	<u>16,206</u>
Net assets		
Beginning of period	<u>384,516</u>	<u>311,358</u>
End of period	<u>\$ 401,477</u>	<u>\$ 327,564</u>

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

University of South Alabama

Notes to 2008 Quarterly Financial Statements

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

University of South Alabama

Notes to 2008 Quarterly Financial Statements

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.

University of South Alabama

Notes to 2008 Quarterly Financial Statements

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 Infirmity 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.

University of South Alabama

Notes to 2008 Quarterly Financial Statements

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.

University of South Alabama

Notes to 2008 Quarterly Financial Statements

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.

University of South Alabama

Notes to 2008 Quarterly Financial Statements

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," the "Endowment Fund Investment Policy," and the "Derivatives 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.

University of South Alabama

Notes to 2008 Quarterly Financial Statements

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 of South Alabama

Notes to 2008 Quarterly Financial Statements

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 \$19,762,000. 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.

University of South Alabama

Notes to 2008 Quarterly Financial Statements

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 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

University of South Alabama

Notes to 2008 Quarterly Financial Statements

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 Infirmity Health System, Inc. (the Infirmity) 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 Infirmity. 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 Infirmity. 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 Infirmity, 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 Infirmity, 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 Infirmity to be significant. Significance is defined as anything that materially affects the operations, including financial and otherwise, of the hospital. If the Infirmity exercises this option, the University has the option of paying the Infirmity an amount equal to the fair market value of the capital improvements to the leased assets or selling the leased assets to the Infirmity for an amount equal to their fair market value. The University's management does not anticipate that this option will be exercised by the Infirmity.

Also in December 2005, and in connection with the lease, the University and Infirmity executed a promissory note, due in June 2006, in which the University agreed to pay the Infirmity \$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 Infirmity 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.

University of South Alabama

Notes to 2008 Quarterly Financial Statements

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. The specific components of the prepayment were as follows:

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. 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'

University of South Alabama

Notes to 2008 Quarterly Financial Statements

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.

University of South Alabama

Notes to 2008 Quarterly Financial Statements

11. 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.

12. 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.

13. 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

University of South Alabama
Notes to 2008 Quarterly Financial Statements

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.

14. 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
December 31, 2007 and 2006

	Three Months Ended December 31,		Year Ended September 30,
	<u>2007</u>	<u>2006</u>	<u>2007</u>
Net increase in current unrestricted operating funds (fund accounting format)	\$ 5,312,578	\$ 4,994,769	\$ 3,721,883
Add:			
Debt service	4,208,852	2,117,613	6,401,149
Equipment*	-	-	21,018,457
Depreciation	(3,076,318)	(2,556,327)	6,407,336
Plant Fund revenues	2,793,572	5,905,470	22,747,172
Other, net	<u>7,722,316</u>	<u>5,744,475</u>	<u>12,862,003</u>
Net increase in net assets	<u>\$ 16,961,000</u>	<u>\$ 16,206,000</u>	<u>\$ 73,158,000</u>
- GASB Statement 34/35			

* Netted for quarterly reporting purpose

**Detailed Reconciliation of Fund Financial Reports to
GASB Statement No. 34 Financial Statements**

Three Months Ended December 31, 2007

Net increase from operating (current unrestricted) funds - fund accounting format		\$ 5,312,578
Add back:		
Debt service:		
Principal payment on long term debt	2,833,197	
Actual payment of principal and interest in in excess of amounts transferred (timing issue)	<u>1,375,655</u>	4,208,852
Equipment purchases*		-
Depreciation of buildings and equipment:		
Computed depreciation	(4,665,011)	
Non-capitalized plant fund expenditures*	-	
Transfers of funded depreciation	<u>1,588,693</u>	<u>(3,076,318)</u>
		6,445,112
Add:		
Plant fund income/transfers (net) not previously combined with operating:		2,793,572
Other fund income not previously combined with operating:		
Endowment fund gifts, investment gain and other, net	4,823,103	
Loan fund	29,718	
Restricted fund	2,616,640	
Other transfers, other changes, GASB adjustment and rounding, net	<u>252,855</u>	<u>7,722,316</u>
Net increase in net assets - GASB Statement No. 34 Format		<u>\$ 16,961,000</u>

* Netted for quarterly reporting purpose

**Detailed Reconciliation of Fund Financial Reports to
GASB Statement No. 34 Financial Statements**

Three Months Ended December 31, 2006

Net increase from operating (current unrestricted) funds		
- fund accounting format		\$ 4,994,769
Add back:		
Debt service:		
Principal payment on long term debt	4,537,169	
Actual payment of principal and interest in in excess of amounts transferred (timing issue)	<u>(2,419,556)</u>	2,117,613
Equipment purchases*		-
Depreciation of buildings and equipment:		
Computed depreciation	(4,580,269)	
Non-capitalized plant fund expenditures*	-	
Transfers of funded depreciation	<u>2,023,942</u>	<u>(2,556,327)</u>
		4,556,055
Add:		
Plant fund income/transfers (net) not previously combined with operating:		5,905,470
Other fund income not previously combined with operating:		
Endowment fund gifts, investment gain and other, net	4,663,497	
Loan fund	4,578	
Restricted fund	2,384,723	
Other transfers, other changes, GASB adjustment and rounding, net	<u>(1,308,323)</u>	<u>5,744,475</u>
Net increase in net assets - GASB Statement No. 34 Format		<u>\$ 16,206,000</u>

* Netted for quarterly reporting purpose

**Detailed Reconciliation of Fund Financial Reports to
GASB Statement No. 34 Financial Statements**

Year Ended September 30, 2007

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)	<u>(498,820)</u>	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	<u>29,680,064</u>	<u>6,407,336</u>
		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	<u>(1,692,536)</u>	<u>12,862,003</u>
Net increase in net assets - GASB Statement No. 34 Format		<u>\$ 73,158,000</u>

RESOLUTION

RENOVATION OF ALPHA SOUTH BUILDING

WHEREAS, the University has the need to relocate the Army R.O.T.C. program and to renovate the Air Force R.O.T.C. 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,


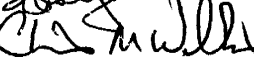
THEREFORE, BE IT RESOLVED, that the Board of Trustees authorizes the University President to approve the construction and renovation contract for the Alpha South Building with Trademark Construction, Inc., in the amount of \$2,599,385.



UNIVERSITY OF SOUTH ALABAMA
Office of the Vice President for Financial Affairs
AD 170

MEMORANDUM

TO: President V. Gordon Moulton

FROM: M. Wayne Davis 
Chris M. Willis 

SUBJECT: Renovation of Alpha South Building

DATE: February 29, 2008

Enclosed is a summary of bids for the renovation of the Alpha South Building. The low bidder is Trademark Construction, Inc., at an amount of \$2,599,385.

This renovated space will house the Air Force and Army R.O.T.C. units and classrooms.

With your approval, we will put this on the agenda for consideration by the Board of Trustees at the March 13, 2008, meeting.

/cbm

Enclosure

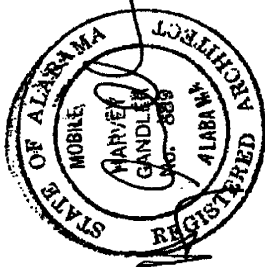


BID TABULATION FORM - Bid Number: 8011702

Project: Alpha South Building Renovations

Bid Date: February 15, 2008

Bid Time: 10:00 a.m.



BID											
Ben M. Radcliff Contractor, Inc.											
Dixie Construction	✓	✓	✓	✓	✓	✓	NONE	2,915,000.00	2,915,000.00	2,915,000.00	2,915,000.00
ESA South, Inc.	✓	✓	✓	✓	✓	✓	NONE	5,175,000.00	5,175,000.00	5,175,000.00	0
Jesco	✓	✓	✓	✓	✓	✓	-11,000.00	3,000,000.00	2,989,000.00	2,989,000.00	2,989,000.00
Jimenez	✓	✓	✓	✓	✓	✓	NONE	2,140,000.00	2,140,000.00	2,140,000.00	2,140,000.00
Lanier Construction, Inc.	✓	✓	✓	✓	✓	✓	NONE	7,699,544.00	7,699,544.00	7,699,544.00	7,699,544.00
Trademark Construction, Inc.	✓	✓	✓	✓	✓	✓	NONE	2,599,385.00	2,599,385.00	2,599,385.00	2,599,385.00
NO BID											
Vance McCown Construction Co., Inc.											
WHITE SPINNER	✓	✓	✓	✓	✓	✓	-122,000	2,400,000.00	2,278,000.00	2,278,000.00	2,278,000.00

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.



REC'D
OFFICE OF THE PRESIDENT

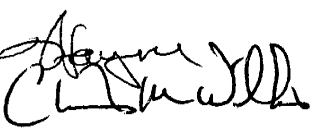

FEB 29 2008

UNIVERSITY OF SOUTH ALABAMA
Office of the Vice President for Financial Affairs
AD 170

UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

TO: President V. Gordon Moulton

FROM: M. Wayne Davis 
Chris M. Willis 

SUBJECT: Bids for Construction of Central Energy Plant Satellite Facility

DATE: February 29, 2008

Enclosed is a bid tabulation for the construction of the Central Energy Plant Satellite Facility. We have reviewed the bids and recommend acceptance of the low bid of \$5,850,000, plus Alternate 1, of \$150,000, for a total of \$6,000,000, submitted by Donaghey Mechanical Contractors, Inc.

With your approval, we will put this on the agenda for consideration by the Board of Trustees at the March 13, 2008, meeting.

/cbm

Enclosure


BID TABULATION FORM - Bid Number: 8012301

Project: New Canal Energy Plant

Bid Date: February 27, 2008

Bid Time: 10:50 a.m.

Item	UC Labeled	EM Bidding	Energy Requirements	Additional 1-2 Requirements	On-Site Supervision	Overhead Requirements	Base Bid	Adjusted Base Bid	Alternate 1	Alternate 2
Trey Mechanical	✓	✓	✓	✓	✓	✓	745,000		230,000	-0-
Donaghy Mechanical	✓	✓	✓	✓	✓	✓	5,850,000		150,000	-0-
The Civil Company, Inc.	✓	✓	✓	✓	✓	✓	4,341,221		204,432	-0-



Howard M. Yonge, P.E.

I CERTIFY THIS BID TABULATION FORM AS BEING COMPLETE AND ACCURATE





**UNIVERSITY OF SOUTH ALABAMA INTERCOLLEGIATE
ATHLETIC DEPARTMENT**

Year ended September 30, 2007

(With Report of Independent Accountants on
Applying Agreed-Upon Procedures Thereon)

**REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES
TO THE RECORDS OF THE UNIVERSITY OF SOUTH ALABAMA
INTERCOLLEGIATE ATHLETIC DEPARTMENT**

Year ended September 30, 2007

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Exhibit B – Statement of Cash Receipts and Disbursements of the Jaguar Athletic Fund, Inc.	6



KPMG LLP
Suite 1800
420 20th Street North
Birmingham, AL 35203

Report of Independent Accountants on Applying Agreed-Upon Procedures

Mr. V. Gordon Moulton, President
University of South Alabama:

We have performed the procedures enumerated below, which were agreed to by management of the University of South Alabama (the University), solely to assist you in evaluating the accompanying Statement of Revenues and Expenditures for the University of South Alabama Intercollegiate Athletic Department for the year ended September 30, 2007, and to assist the University in complying with National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1. The University's management is responsible for the Statement of Revenues and Expenditures for the University of South Alabama Intercollegiate Athletic Department. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of management of the University. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings were as follows:

Statement of Revenues and Expenditures – Agreed-Upon Substantive Procedures

- (a) We obtained the Statement of Revenues and Expenditures (Statement) for the University of South Alabama Intercollegiate Athletic Department (Athletic Department) for the year ended September 30, 2007, as prepared by management and shown in the Statement of Revenues and Expenditures (Exhibit A). We tested the mathematical accuracy of the Statement and the reconciliation prepared by the University of the amounts on the Statement to corresponding amounts in the University's general ledger without exception. Reconciling items represent amounts reported on the Statement as having been expended on behalf of the Athletic Department programs by an outside booster organization which is discussed in (c) and presented in the Statement of Cash Receipts and Disbursements of the Jaguar Athletic Fund, Inc. (Exhibit B), amounts related to trade contracts revenues and expenditures and an entry that reflects Direct Institutional Support.
- (b) We compared actual Athletic Department expenditures per the University's general ledger with budgeted amounts and inquired of Athletic Department management as to variances greater than \$25,000 and 10% of budgeted amounts. Management provided explanations for all variances which exceeded the identified scope.
- (c) We obtained a Statement of Cash Receipts and Disbursements (Jaguar Statement) of the Jaguar Athletic Fund, Inc. for the year ended June 30, 2007, as prepared by University management and shown as Exhibit B. We agreed Exhibit B to financial information from the Jaguar Athletic Fund, Inc., the only officially authorized athletic booster organization of the University. Management has represented to us that between June 30, 2007, the Jaguar Athletic Fund's year-end, and

September 30, 2007, no material disbursements were made by the Jaguar Athletic Fund, Inc. to the University.

- (d) University management provided a summary of the University's internal control unique to the Athletic Department. We read the summary documents which include information regarding the general control environment and internal control procedures unique to intercollegiate athletics which assist in ensuring that recorded revenues are complete and expenditures are properly authorized. Based on our reading of the summary documents, we noted no issues in the design of controls which would represent material weaknesses as defined by American Institute of Certified Public Accountants.
- (e) We performed the following procedures on operating revenues as presented in Exhibit A:
 - (i.) Ticket sales — We agreed revenue for Men's Basketball, Women's Basketball, and Men's Baseball, and Women's Softball per the general ledger to the Unaudited Ticket Sales register, noting a difference between the two details of approximately \$1,077. Additionally, we obtained the Qualified Audit Statements of seats sold for the Men's Basketball games and ensured that prices in the system reflect advertised ticket prices approved by University management.
 - (ii.) Student fees — We gained an understanding of the process of allocating student fees to the University's athletic program. We noted that approximately 55% of student activity/athletic fees are allocated to the Athletic Department in accordance with the allocation approved by University management.
 - (iii.) Guarantees — We obtained a detail of revenue guarantees paid to the University noting that revenue guarantees related principally to Men's Basketball and Baseball. We obtained supporting documentation (signed agreements, check copies and deposit slips) for four of the cash receipts which were on Daily Cash Report numbers 5283, 5190, 5192 and 5196 and totaled \$20,000, \$50,000, \$50,000 and \$50,000, respectively. The cash receipts documentation supported approximately 98% of the total current year guarantees.
 - (iv.) Contributions — We obtained a listing of contributions received by the University. We noted that the University did not receive any individual contributions in excess of 10% of total contributions.
 - (v.) Direct institutional support — We obtained the supporting schedules for the direct institutional support entry. We are aware that the Athletic Department operates on a zero fund balance basis. The amount allocated to this line item is designed to show the Athletic Department's revenue and expenses at approximately break-even.
 - (vi.) NCAA and conference distributions — We obtained the detail of NCAA and conference distributions from the general ledger and selected the remittances from the NCAA and conference for testing. We examined cash receipt and document numbers J0020552, J0021778, and J0022886 totaling \$47,775, \$139,410 and \$43,000, respectively. The receipts constituted approximately 77% of current year NCAA and conference distributions.
 - (vii.) Royalties, advertisements and sponsorships — We obtained a detail of royalties, advertisements and sponsorships and noted that there were agreements with Alabama Power, Coca-Cola, Gulf Distributing, USA Hospitals and Clinics, Wachovia Bank, Compass Bank and Mobile Press-Register totaling \$35,000, \$45,000, \$35,000, \$35,000,

\$35,000, \$18,250, and \$50,000 respectively. We ensured that revenue related to these contributions was recognized appropriately for the fiscal year in accordance with the contractual arrangements.

- (viii.) Sports camp revenues — We obtained a detail of sports camp revenues from the general ledger. We selected three sports camp deposits. Deposit number 714906-1 totaling \$23,334.76, deposit number 7200005-1 totaling \$4,905 and deposit number 716202-1 totaling \$2,130. For each of the deposits, we agreed deposited amounts to the detailed Departmental Deposit Form which included each participant's check number, check amount and check writer's name.
 - (ix.) Other — We obtained a detail of other revenue from the general ledger and selected a sample of cash receipts. We examined the following cash receipts amounts – \$37,000, \$1,000, \$12,234, \$12,234, \$400, and \$9,000, totaling \$71,868 or approximately 90% of the items categorized as other revenue.
- (g) We performed the following procedures on operating expenditures, as presented in Exhibit A:
- (i.) Athletics student aid — We obtained a detail of students that received athletic student aid. From that detail, we selected ten individual students (student numbers J00157829, J00256557, J00321587, J00377261, J00407814, J00155519, J00264868, J00291162, J00373532, and J00410620) and compared those individual student's financial aid awards to their student accounts to ensure that the student account appropriately reflected the student aid.
 - (ii.) Guarantees — We obtained a detail of guarantee expenditures and examined individual expenditure voucher numbers I0136051, I0136052, I0113875, I0113881, I0121090, I0121887, I0119877 and I0160995 totaling \$102,750, or 77% of the expenditures categorized as guarantees.
 - (iii.) Coaching salaries, benefits, and bonuses — We selected five coaches (Head Men's Basketball Coach, Assistant Coach Women's Basketball, Assistant Coach Baseball, Assistant Coach Softball, and Head Coach Track) and five athletic administrators (Business Manager, Advisor, Athletic Academic Advising, Account Data Specialist, Event Coordinator, Assoc. AD/SWA), we traced the Payroll Register to the Accounting Feed Audit Report, recalculated gross salaries and ensured that the gross salary was in agreement with individual contracts and payroll authorizations.
 - (iv.) All other expenditures — We selected sixty individual vouchers from the 2007 fiscal year that fall under the following expenditure categories: recruiting; team travel; equipment, uniforms and supplies; fundraising, marketing and promotion; sports camp expenses; direct facilities, maintenance and rentals; medical expenses and medical insurance and other. We examined supporting documentation for the expenditures on the following vouchers, which comprise approximately 10% of the expenditures in the categories listed above:

<u>Number</u>	<u>Voucher no.</u>	<u>Number</u>	<u>Voucher no.</u>	<u>Number</u>	<u>Voucher no.</u>
1	I012544421		I014418741		Z0024520
2	I020562122		I012066842		I0209563
3	I021113523		I012750343		I0145394
4	I020956324		I014223444		I0172686
5	I011805025		I011353645		I0124175
6	I011297726		I018649746		I0191732
7	I011213127		I016413947		I0137925
8	I018174928		I017478248		I0150493
9	I011739729		I019416249		I0145371
10	Z0024507	30	I014751750		I0137109
11	I012895031		I016412651		I0120841
12	Z0013025	32	Z0013036	52	I0162161
13	Z0018612	33	I012750053		I0184724
14	I018555334		I020524054		I0133717
15	I011389435		I020543455		I0122736
16	I012721836		I014479056		I0162353
17	Z0011304	37	I016380557		I0192219
18	I015325038		I013110458		I0161336
19	I010857839		I013029559		I0209321
20	J0012393	40	I014751860		I0190054

* * * * *

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying Statement of Revenues and Expenditures for the University of South Alabama Intercollegiate Athletic Department for the year ended September 30, 2007 (Exhibit A) and Statement of Cash Receipts and Disbursements of the Jaguar Athletic Fund, Inc. for the year ended June 30, 2007 (Exhibit B). Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is solely for the information and use of management of the University and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

January 14, 2008

**UNIVERSITY OF SOUTH ALABAMA INTERCOLLEGIATE
ATHLETIC DEPARTMENT**

Statement of Revenues and Expenditures

Year ended September 30, 2007

	Men's Basketball	Women's Basketball	Baseball	Other Sports	Nonprogram specific	Total
Operating revenues:						
Ticket sales	\$ 117,766	4,149	60,916	4,221	—	187,052
Student fees	163,357	163,357	80,921	593,422	213,383	1,214,440
Guarantees	150,000	—	20,000	1,200	3,000	174,200
Contributions	163,137	915	181,472	137,251	129,284	612,059
Direct institutional support	1,131,729	910,352	574,865	2,874,469	345,654	5,837,069
NCAA/conference distributions	10,665	—	—	825	231,847	243,337
Royalties, advertisements, and sponsorships	20,781	1,500	34,629	4,494	375,466	436,870
Sports camp revenues	16,070	26,162	71,968	124,602	—	238,802
Other	—	500	125	13,063	67,208	80,896
Total operating revenues	<u>1,773,505</u>	<u>1,106,935</u>	<u>1,024,896</u>	<u>3,753,547</u>	<u>1,365,842</u>	<u>9,024,725</u>
Operating expenditures:						
Athletics student aid	246,961	265,656	193,234	1,420,816	49,517	2,176,184
Guarantees	99,199	2,730	19,943	11,045	—	132,917
Coaching salaries, benefits, and bonuses paid by the University and related entities	627,640	357,734	381,260	724,535	1,071	2,092,240
Coaching other compensation and other benefits paid by third party	8,064	—	7,286	—	1,620	16,970
Support staff/administrative salaries, benefits, and bonuses paid by the University and related entities	72,585	57,238	46,725	126,088	1,391,721	1,694,357
Recruiting	60,049	55,958	38,102	49,909	5,060	209,078
Team travel	163,932	133,719	67,141	490,314	11,620	866,726
Equipment, uniforms, and supplies	33,076	15,081	14,917	112,563	2,294	177,931
Fund raising, marketing, and promotion	18,903	3,216	16,920	2,491	153,608	195,138
Sports camp expenses	10,312	10,221	19,600	72,789	—	112,922
Direct facilities, maintenance and rentals	92,007	51,847	76,008	213,588	142,841	576,291
Medical expenses and medical insurance	325	539	—	8,667	100,946	110,477
Game expense	51,500	40,793	35,974	35,379	130	163,776
Membership dues	2,295	1,169	95,400	4,405	86,489	189,758
Spirit groups	—	—	—	13,637	5,000	18,637
Other	102,849	48,423	81,971	100,968	308,445	642,656
Total operating expenditures	<u>1,589,697</u>	<u>1,044,324</u>	<u>1,094,481</u>	<u>3,387,194</u>	<u>2,260,362</u>	<u>9,376,058</u>
Revenues over (under) expenditures	<u>\$ 183,808</u>	<u>62,611</u>	<u>(69,585)</u>	<u>366,353</u>	<u>(894,520)</u>	<u>(351,333)</u>

See accompanying report of independent accountants on applying agreed-upon procedures.

**UNIVERSITY OF SOUTH ALABAMA INTERCOLLEGIATE
ATHLETIC DEPARTMENT**

Statement of Cash Receipts and Disbursements of
the Jaguar Athletic Fund, Inc.

Year ended June 30, 2007

Cash receipts	\$ 124,020
	<u>124,020</u>
Disbursements:	
Contribution to, or on behalf of, program	81,652
Other	<u>75,415</u>
	<u>157,067</u>
Excess of disbursements over cash receipts	<u>\$ (33,047)</u>

See accompanying report of independent accountants on applying agreed-upon procedures.