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Financial Report Highlights December 31, 2012

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, 2012 and 2011 are as follows (in thousands):

	At and for the three months ended	
	12-31-12	12-31-11
<i>Total assets</i>		
Current	\$ 179,499	\$ 217,942
Loan	5,536	4,955
Endowment	142,785	131,408
Plant	712,580	655,955
<i>Fund Balances</i>		
Current	\$ 5,687	\$ 8,735
Loan	901	424
Endowment	110,418	102,674
Plant	341,734	315,897
<i>Other balance sheet highlights</i>		
Cash and investments	\$ 256,845	\$ 230,069
Receivables	130,976	146,486
Bonds payable	348,428	322,482

	For the three months ended	
	12-31-12	12-31-11
<i>Selected operating highlights (current funds)</i>		
Tuition and fees	\$ 38,761	\$ 36,401
State appropriations	25,324	26,348
Hospital revenues	82,806	85,957
Gifts, grants and contracts	21,915	24,749
Instruction and academic support	35,911	33,516
Research and public service	20,972	22,774
Hospital expenses	83,812	89,093
Net current fund increase (decrease)	(483)	3,032

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

While enrollment and tuition have increased in recent years, the University has continues to experience a decline in state appropriations. Additionally, the University is subject to the uncertainties of the general economic conditions in the United States and the State of Alabama. Administration is not aware of any other conditions that are expected to have a significant impact on the University's financial position in 2013 or beyond.

UNIVERSITY OF SOUTH ALABAMA
BALANCE SHEET
DECEMBER 2012 AND 2011

ASSETS		2012	2011	LIABILITIES AND FUND BALANCES		2012	2011
CURRENT FUNDS:				CURRENT FUNDS:			
UNRESTRICTED:				UNRESTRICTED:			
CASH AND CASH EQUIVALENTS	\$	135,398.84	133,963.84	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	\$	53,820,779.39	\$ 47,322,255.62
INVESTMENTS		2,979,835.55	40,405,152.48	DEFERRED REVENUES		64,596,586.10	64,323,495.49
ACCOUNTS RECEIVABLE - PATIENTS (LESS ALLOWANCE				DUE TO OTHER FUNDS		50,880,054.95	89,845,476.69
FOR DOUBTFUL ACCOUNTS OF \$54,660,217.43				DEPOSITS HELD IN CUSTODY		1,113,925.72	659,772.31
FOR 2012 AND \$55,092,277.90 FOR 2011)				OTHER DEPOSITS		687,416.28	5,390,017.60
DEPOSITS		130,975,957.74	146,485,901.81	FUND BALANCES:			
INVENTORIES AT COST		35,000.00	35,000.00	ALLOCATED FOR:			
PREPAID EXPENSES		5,520,386.80	4,693,021.94	HOSPITALS		(39,366,677.49)	(41,695,251.02)
		34,664,886.70	21,190,103.72	AUXILIARY ENTERPRISES		2,611,369.36	1,870,559.45
				ENCUMBRANCES		5,193,556.68	4,770,406.50
				SELF-SUPPORTING ACTIVITIES		45,532,914.27	47,155,958.50
				UNALLOCATED		(10,758,459.63)	(6,699,547.35)
				TOTAL FUND BALANCES		3,212,703.19	5,402,126.08
TOTAL UNRESTRICTED		174,311,465.63	212,943,143.79	TOTAL UNRESTRICTED		174,311,465.63	212,943,143.79
RESTRICTED FUNDS:				RESTRICTED FUNDS:			
CASH AND CASH EQUIVALENTS		1,935,763.62	0.00	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		15,230.77	8,099.36
INVESTMENTS		8,647.20	3,999.33	DEFERRED REVENUES		2,698,566.40	1,326,314.75
UNBILLED COSTS AND ACCOUNTS RECEIVABLE		3,243,374.62	4,994,370.22	DUE TO OTHER FUNDS		0.00	331,521.92
				FUND BALANCES		2,473,988.27	3,332,433.52
TOTAL RESTRICTED		5,187,785.44	4,998,369.55	TOTAL RESTRICTED		5,187,785.44	4,998,369.55
TOTAL CURRENT FUNDS		179,499,251.07	217,941,513.34	TOTAL CURRENT FUNDS		179,499,251.07	217,941,513.34
LOAN FUNDS:				LOAN FUNDS:			
CASH AND CASH EQUIVALENTS		1,242,312.26	1,439,561.55	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		6,000.00	0.00
NOTES RECEIVABLE (LESS ALLOWANCE FOR				REFUNDABLE GOVERNMENT ADVANCES		4,628,943.38	4,530,636.86
DOUBTFUL ACCOUNTS OF \$722,025.21 FOR				FUND BALANCES:			
2011 AND \$446,174.34 FOR 2012)				UNIVERSITY FUNDS, UNRESTRICTED		900,593.76	424,342.98
				TOTAL FUND BALANCES		900,593.76	424,342.98
TOTAL LOAN FUNDS		5,535,537.14	4,954,979.84	TOTAL LOAN FUNDS		5,535,537.14	4,954,979.84
ENDOWMENT FUNDS:				ENDOWMENT FUNDS:			
CASH AND CASH EQUIVALENTS		38,563,738.57	41,016,671.44	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		25,109,000.00	21,860,600.00
INVESTMENTS		93,214,032.87	79,108,143.19	BONDS PAYABLE		7,257,918.00	6,874,196.00
ACCOUNTS RECEIVABLE		4,237,008.07	4,554,832.11	FUND BALANCES:			
REAL ESTATE HELD FOR RESALE		3,162,768.00	3,162,768.00	RESTRICTED NONEXPENDABLE		33,825,008.46	31,254,927.31
PREPAID-LIFE ESTATE		3,607,658.00	3,565,916.00	UNRESTRICTED EXPENDABLE		76,593,279.05	71,418,605.43
				TOTAL FUND BALANCES		110,418,287.51	102,673,532.74
TOTAL ENDOWMENT FUNDS		142,785,205.51	131,408,330.74	TOTAL ENDOWMENT FUNDS		142,785,205.51	131,408,330.74
PLANT FUNDS:				PLANT FUNDS:			
CASH AND CASH EQUIVALENTS		101,721,483.27	13,084,459.46	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		14,259,298.81	10,136,103.05
INVESTMENTS		13,861,016.69	51,713,991.94	NOTES PAYABLE		958,034.31	0.00
ACCOUNTS RECEIVABLE		5,329,757.54	3,092,799.24	DEFERRED REVENUES		7,174,986.23	7,413,408.63
DUE FROM OTHER FUNDS		50,880,054.95	90,176,998.61	OTHER DEPOSITS		25,791.63	25,791.63
PREPAID EXPENSES		2,440,198.51	4,490,021.92	BONDS PAYABLE		348,427,988.29	322,481,926.43
CAPITAL LEASE RECEIVABLE		166,529.96	681,226.64				
INVESTMENT IN PLANT:							
LAND		22,242,549.92	22,056,047.66	FUND BALANCES:			
LAND IMPROVEMENTS		14,319,584.92	11,330,008.47	RENEWALS AND REPLACEMENTS		36,630,254.54	63,026,375.19
BUILDINGS, ACCUM DEPREC AND IMPROVEMENTS		315,588,213.43	302,331,753.90	RETIREMENT OF INDEBTEDNESS		3,544,026.75	7,041,033.35
OTHER EQUIPMENT, BOOKS AND FILMS		54,089,619.12	58,248,251.37	INVESTMENT IN PLANT		301,559,812.65	245,830,061.88
CONSTRUCTION IN PROGRESS		131,921,184.90	98,749,140.95	TOTAL FUND BALANCES		341,734,093.94	315,897,470.42
TOTAL PLANT FUNDS		712,580,193.21	655,954,700.16	TOTAL PLANT FUNDS		712,580,193.21	655,954,700.16
TOTAL ASSETS	\$	1,040,400,186.93	\$ 1,010,259,524.08	TOTAL LIABILITIES AND FUND BALANCES	\$	1,040,400,186.93	\$ 1,010,259,524.08

UNIVERSITY OF SOUTH ALABAMA
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE THREE MONTHS ENDED DECEMBER 31, 2012

	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	82,391,707.03						
HOSPITALS REVENUES	84,919,176.48						
AUXILIARY ENTERPRISES REVENUES	3,286,357.99						
GRANTS AND CONTRACTS:							
FEDERAL		6,606,514.81					
STATE AND LOCAL		1,261,774.76					
PRIVATE		1,243,686.85					
GOVERNMENT APPROPRIATIONS:							
FEDERAL							
STATE							
INVESTMENT INCOME, GAINS/LOSS			958.37	(662,713.39)	34,649.24	11,658.52	
INSURANCE PROCEEDS							
INTEREST ON LOANS RECEIVABLE							
GIFTS AND REQUESTS			25,551.54	1,165,191.04	54,966.68	7,859.21	
EXPENDED FOR PLANT FACILITIES (INCLUDING							12,724,102.26
\$1,830,932.28 CURRENT FUNDS EXPENDITURES)							
RETIREMENT OF INDEBTEDNESS							4,450,000.00
PROCEEDS FROM SALE OF CAPITAL ASSETS							(121,325.82)
OTHER SOURCES				1,825.00	585,437.89		17,052,776.44
TOTAL REVENUES AND OTHER ADDITIONS	170,597,240.50	1,611,763.16	26,509.91	504,302.65	775,053.81	19,517.73	
EXPENDITURES AND OTHER DEDUCTIONS:							
EDUCATIONAL AND GENERAL EXPENDITURES	75,078,824.63	8,392,043.88					
HOSPITALS EXPENDITURES	82,249,808.63	(462.00)					
AUXILIARY ENTERPRISES EXPENDITURES	2,459,709.24						
INDIRECT COSTS RECOVERED		1,084,349.14					
REFUNDED TO GRANTORS		2,673.31					
RETIREMENT OF INDEBTEDNESS						4,450,000.00	
ADMINISTRATIVE AND COLLECTION COSTS			(40.00)		11,401,713.18	3,225,955.72	6,166.82
EXPENDED FOR PLANT FACILITIES (INCLUDING							7,761,715.71
\$508,543.20 FOR NON-CAPITALIZED EXPENDITURES)							
INTEREST ON INDEBTEDNESS							
DEPRECIATION EXPENSES OF PLANT FACILITIES							
DISPOSAL OF PLANT							
OTHER DEDUCTIONS			1,800.00	100,573.69		28,997.00	
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	159,788,342.50	9,478,604.33	1,760.00	100,573.69	11,401,713.18	7,704,952.72	7,767,882.53
TRANSFERS AMONG FUNDS-ADDITIONS(DEDUCTIONS):							
MANDATORY:							
PRINCIPAL AND INTEREST	(6,641,442.42)				30,270.00	6,640,799.67	(29,627.25)
NON-MANDATORY:							
FUNDED DEPRECIATION	(1,274,998.84)				1,274,998.84		
MOBILE RACING COMMISSION	(17,235.91)				17,235.91		
PLANT ADDITIONS AND REPLACEMENTS	(3,930,000.00)				3,930,000.00		
ENDOWMENT FUND	(750,510.77)				1,834,457.00	(339,004.83)	(322,077.17)
OTHER TRANSFERS	182,980.37	262,277.00		505,469.68			
TOTAL TRANSFERS	(12,431,207.57)	(368,507.66)		(482,378.03)	7,069,725.84	6,301,794.84	(351,704.42)
NET INCREASE (DECREASE) FOR THE PERIOD	(1,622,309.57)	(106,230.66)	0.00	(78,649.07)	(3,556,933.53)	(1,383,640.15)	8,933,189.49
FUND BALANCES AT OCTOBER 1, 2012	4,835,012.76	1,138,904.59	24,749.91	110,496,936.58	40,187,188.07	4,927,666.90	292,626,623.16
FUND BALANCES AT DECEMBER 31, 2012	\$ 3,212,703.19	\$ 2,473,988.27	\$ 900,593.76	\$ 110,418,287.51	\$ 36,630,254.54	\$ 3,544,026.75	\$ 301,559,812.65

*HOSPITALS REVENUES AND HOSPITAL FUNDED DEPRECIATION TRANSFERS INCLUDE \$1,274,998.84 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, 2012
WITH COMPARATIVE FIGURES FOR 2011

	FOR THE THREE MONTHS ENDED DECEMBER 31, 2012			DECEMBER 31, 2011
	UNRESTRICTED	RESTRICTED	TOTAL	
REVENUES:				
TUITION AND FEES	\$ 38,760,573.89	\$	\$ 38,760,573.89	\$ 36,401,424.54
STATE APPROPRIATIONS	23,210,208.00		23,210,208.00	24,144,223.02
MOBILE RACING COMMISSION	17,235.91		17,235.91	7,482.47
FEDERAL GRANTS AND CONTRACTS	889,472.20	5,715,545.81	6,605,018.01	8,369,072.44
STATE GRANTS AND CONTRACTS (INCLUDING INDIRECT COST RECOVERED OF \$48,494.82)	95,389.34	1,044,747.21	1,140,136.55	853,021.35
PRIVATE GIFTS, GRANTS, AND CONTRACTS (INCLUDING INDIRECT COSTS RECOVERED OF \$146,382.12)	13,213,068.10	957,085.08	14,170,153.18	15,527,179.55
INVESTMENT INCOME	404,873.53		404,873.53	144,980.10
SALES AND SERVICES OF EDUCATIONAL ACTIVITIES	715,275.70		715,275.70	550,611.09
HOSPITALS - SALES AND SERVICES	82,805,624.48		82,805,624.48 *	85,956,536.52
- STATE APPROPRIATIONS	2,113,551.00		2,113,551.00	2,203,446.00
AUXILIARY ENTERPRISES - SALES AND SERVICES	3,286,357.99		3,286,357.99	3,247,204.17
OTHER SOURCES	5,085,610.36	674,203.78	5,759,814.14	6,862,408.49
TOTAL CURRENT REVENUES	170,597,240.50	8,391,581.88	178,988,822.38	184,267,589.74
EXPENDITURES AND TRANSFERS:				
EDUCATIONAL AND GENERAL:				
INSTRUCTION	29,165,929.47	2,028,023.92	31,193,953.39	28,636,815.19
RESEARCH	2,317,452.50	2,280,332.88	4,597,785.38	4,903,443.24
PUBLIC SERVICE	15,302,220.89	1,072,203.01	16,374,423.90	17,870,153.17
ACADEMIC SUPPORT	4,717,003.29		4,717,003.29	4,878,700.95
STUDENT SERVICES	6,687,318.42	223,937.79	6,911,256.21	6,184,146.58
INSTITUTIONAL SUPPORT	7,416,078.65	615,743.68	8,031,822.33	7,608,172.25
OPERATION AND MAINTENANCE OF PLANT	5,393,857.24	1,631,289.15	7,025,146.39	8,999,862.54
SCHOLARSHIPS	4,065,936.17	540,513.45	4,606,449.62	328,306.17
EDUCATIONAL AND GENERAL	75,065,796.63	8,392,043.88	83,457,840.51	79,409,600.09
MANDATORY TRANSFERS FOR:				
PRINCIPAL AND INTEREST	3,884,906.01		3,884,906.01	3,356,520.01
TOTAL EDUCATIONAL AND GENERAL	78,950,702.64	8,392,043.88	87,342,746.52	82,766,120.10
HOSPITALS (INCLUDING DEBT SERVICE OF \$1,562,456.52)	83,812,265.15	(462.00)	83,811,803.15	89,093,641.74
AUXILIARY ENTERPRISES:				
EXPENDITURES	2,459,709.24		2,459,709.24	2,488,058.53
MANDATORY TRANSFERS FOR:				
PRINCIPAL AND INTEREST	1,194,079.89		1,194,079.89	1,102,234.89
NON-MANDATORY TRANSFERS FOR:				
RENEWALS AND REPLACEMENTS	0.00		0.00	120,000.00
TOTAL AUXILIARIES	3,653,789.13	0.00	3,653,789.13	3,710,293.42
TOTAL EXPENDITURES AND TRANSFERS	166,416,756.92	8,391,581.88	174,808,338.80	175,570,055.26
OTHER TRANSFERS AND ADDITIONS/(DEDUCTIONS):				
EXCESS OF RESTRICTED RECEIPTS OVER TRANSFERS TO REVENUES		1,247,808.56	1,247,808.56	1,555,096.63
REFUNDED TO GRANTORS		(2,673.31)	(2,673.31)	(241,263.80)
FUNDED DEPRECIATION	(1,274,998.84)		(1,274,998.84) *	(2,876,380.32)
MOBILE RACING COMMISSION	(17,235.91)		(17,235.91)	(7,482.47)
PLANT ADDITIONS AND REPLACEMENTS	(3,930,000.00)		(3,930,000.00)	(3,927,000.00)
ENDOWMENT FUND	(750,510.77)		(488,233.77)	(497,724.77)
OTHER TRANSFERS	169,952.37		(368,507.66)	328,986.74
TOTAL TRANSFERS	(5,802,793.15)	1,138,904.59	(4,663,888.56)	(5,665,767.99)
NET INCREASE/(DECREASE) IN FUND BALANCES	\$ (1,622,309.57)	\$ 1,138,904.59	\$ (483,404.98)	\$ 3,031,766.49

*HOSPITALS REVENUES AND HOSPITAL FUNDED DEPRECIATION TRANSFERS INCLUDE \$1,274,998.84 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 12.07% 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.
- University Facilities Revenue Capital Improvement Bonds, Series 2008, 3.00% to 5.00%, payable through August 2038.
- University Facilities Revenue Capital Improvement Bond, Series 2010, 3.81% payable through August 2030.
- University Facilities Revenue Capital Improvement Bond, Series 2012A, 2.92% payable through August 2032.
- University Facilities Revenue Capital Improvement Bond, Series 2012B, 2.14% payable through February 2018.

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, 2012
WITH COMPARATIVE FIGURES FOR 2011

	REVENUES	EXPENDITURES	TRANSFERS	EXCESS REVENUES OVER EXPENDITURES AND OTHER CHANGES (DEFICIT)	
				12/31/12	12/31/11
BOOKSTORE	\$ 567,841.42	\$ 912,571.83	\$ (59,133.00)	\$ (403,863.41)	\$ (327,318.27)
BROOKLEY CENTER	0.00	0.00	0.00	0.00	(24,532.00)
FOOD SERVICES-CAMPUS	277,017.91	62,373.93	(169,006.89)	45,637.09	(89,540.01)
HOUSING	2,441,498.66	1,484,763.48	(965,940.00)	(9,204.82)	(21,698.97)
TOTAL	\$ 3,286,357.99	\$ 2,459,709.24	\$ (1,194,079.89)	\$ (367,431.14)	\$ (463,089.25)

BOOKSTORE
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE THREE MONTHS ENDED DECEMBER 31, 2012
WITH COMPARATIVE FIGURES FOR 2011

	12/31/12	12/31/11
REVENUES:		
SALES	\$ 505,906.98	\$ 571,693.67
LESS: DEPARTMENTAL DISCOUNTS	1,049.46	1,525.69
COST OF GOODS SOLD	366,915.69	417,106.38
GROSS PROFIT	137,941.83	153,061.60
CASH OVER/(SHORT)	(26.91)	(70.95)
GRADUATION (NET)	50,700.00	42,799.65
TEXTBOOK RENTAL INCOME	554.75	0.00
OTHER	10,706.60	7,411.91
NET REVENUES:	199,876.27	203,202.21
EXPENDITURES:		
SALARIES	254,684.23	203,208.38
EMPLOYEE BENEFITS	69,523.95	62,572.86
SUPPLIES	5,282.93	4,680.69
TRAVEL	755.33	982.32
EQUIPMENT	2,412.98	7,103.05
EQUIPMENT MAINTENANCE AND REPAIR	36,159.38	30,844.72
BUILDING & EQUIPMENT RENTAL	12,316.76	8,925.45
ADVERTISING	14,766.22	12,225.52
UTILITIES	18,750.00	18,750.00
TELEPHONE	1,706.18	11,410.69
INSURANCE AND BONDS	0.00	1,801.00
CONTRACT SERVICES	30,658.74	32,010.72
BAD DEBT EXPENSE	0.00	0.00
RENT	0.00	0.00
OBSOLETE INVENTORY	1,476.63	0.00
GENERAL EXPENSES	8,660.93	10,518.11
CHARGE CARD AND FACULTY		
STAFF DISCOUNTS	16,814.93	7,790.73
INSTITUTIONAL COST ALLOCATION	70,637.49	58,563.24
TOTAL EXPENDITURES	544,606.68	471,387.48
TRANSFERS AMONG FUNDS- ADDITIONS/(DEDUCTIONS):		
MANDATORY:		
PRINCIPAL AND INTEREST	(59,133.00)	(59,133.00)
NON-MANDATORY:		
OTHER TRANSFERS	0.00	0.00
RENEWAL AND REPLACEMENT	0.00	0.00
RETIREMENT REIMBURSEMENT	0.00	0.00
TOTAL TRANSFERS	(59,133.00)	(59,133.00)
EXCESS REVENUES OVER EXPENDITURES AND MANDATORY TRANSFERS	\$ (403,863.41)	\$ (327,318.27)

FOOD SERVICE
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
FOR THE THREE MONTHS ENDED DECEMBER 31, 2012
WITH COMPARATIVE FIGURES FOR 2011

	12/31/12	12/31/11
REVENUES:		
COMMISSION INCOME	\$ 277,017.91	\$ 265,484.82
TOTAL REVENUES	<u>277,017.91</u>	<u>265,484.82</u>
EXPENDITURES:		
SALARIES	0.00	0.00
EMPLOYEE BENEFITS	0.00	0.00
SUPPLIES	0.00	80.28
EQUIPMENT MAINTENANCE AND REPAIR	13,351.86	6,235.64
UTILITIES	31,250.01	31,250.01
TELEPHONE	65.35	320.80
MEMBERSHIPS AND DUES	0.00	0.00
CONTRACT SERVICES	9,076.75	8,297.00
INSURANCE AND BONDS	0.00	9,537.00
EQUIPMENT	0.00	0.00
BUILDING MAINTENANCE AND REPAIR	0.00	755.00
INDIRECT COST	6,249.99	6,249.99
GENERAL EXPENSE	<u>2,379.97</u>	<u>3,292.22</u>
TOTAL EXPENDITURES	<u>62,373.93</u>	<u>66,017.94</u>
TRANSFERS AMONG FUNDS-		
ADDITIONS/(DEDUCTIONS):	(169,006.89)	(169,006.89)
NON-MANDATORY:		
OTHER TRANSFERS	0.00	(120,000.00)
TOTAL TRANSFERS	<u>(169,006.89)</u>	<u>(289,006.89)</u>
EXCESS REVENUES OVER		
EXPENDITURES AND MANDATORY		
TRANSFERS (DEFICIT)	<u>\$ 45,637.09</u>	<u>\$ (89,540.01)</u>

HOUSING
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES
FOR THE THREE MONTHS ENDED DECEMBER 31, 2012
WITH COMPARATIVE FIGURES FOR 2011

	CENTRAL HOUSING	HOUSING PROGRAMMING	WASHERS AND DRYERS	CAMPS AND CONFERENCES	STOKES HALL	HILLSDALE MARRIED STUDENT	SMALL GROUP HOUSING
REVENUES:	\$	0.00	\$	0.00	\$	11,715.00	\$
RENTAL INCOME							
BAD DEBT RECOVERY	75.00	0.00	0.00	0.00	0.00	258.10	0.00
OTHER	18,450.00	0.00	0.00	0.00	1,345.14	650.00	(430.00)
TOTAL REVENUES	18,525.00	0.00	49,025.00	0.00	492,997.72	12,623.10	109,123.60
EXPENDITURES:							
SALARIES	108,744.29	958.81	0.00	311.75	49,856.93	0.00	36,119.09
EMPLOYEE BENEFITS	31,126.63	0.00	0.00	0.00	2,432.18	0.00	0.00
CONTRACT LABOR	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CONTRACT SERVICES	29.50	0.00	33,473.00	0.00	12,782.00	0.00	0.00
TRAVEL	650.48	0.00	0.00	0.00	0.00	0.00	0.00
RECEPTIONS	0.00	1,927.98	0.00	0.00	0.00	0.00	0.00
SUPPLIES	3,591.74	88.11	0.00	0.00	198.32	0.00	665.74
CABLE	31,587.46	0.00	0.00	0.00	0.00	0.00	0.00
TELEPHONE	93.71	0.00	0.00	0.00	102.43	0.00	71.28
UTILITIES	0.00	0.00	0.00	0.00	0.00	0.00	301.96
INSURANCE AND BONDS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BAD DEBT EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BUILDING MAINTENANCE AND REPAIR	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EQUIPMENT	0.00	2,392.00	0.00	0.00	654.00	0.00	0.00
EQUIPMENT RENTAL	346.49	0.00	0.00	0.00	0.00	0.00	0.00
EQUIPMENT MAINTENANCE AND REPAIR	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GROUPS MAINTENANCE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MAJOR RENOVATIONS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GENERAL EXPENSES	18,791.48	9,200.49	0.00	0.00	29,950.05	0.00	12,864.10
ADMINISTRATIVE OVERHEAD	126,972.39	0.00	0.00	0.00	70,138.14	0.00	23,520.00
ADMINISTRATIVE EXPENSES	(303,409.17)	(14,567.39)	10,175.25	0.00	48,650.42	0.00	25,756.11
TOTAL EXPENDITURES	18,525.00	0.00	43,648.25	311.75	214,764.47	0.00	99,298.28
TRANSFERS AMONG FUNDS -							
ADDITIONS/(DEDUCTIONS):							
MANDATORY:							
PRINCIPAL AND INTEREST	0.00	0.00	0.00	0.00	(481,404.00)	0.00	(115,140.00)
TOTAL MANDATORY TRANSFERS	0.00	0.00	0.00	0.00	(481,404.00)	0.00	(115,140.00)
NON-MANDATORY:							
RENEWALS AND REPLACEMENTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OTHER NON-MANDATORY TRANSFERS	0.00	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	0.00
TOTAL TRANSFERS	0.00	0.00	0.00	0.00	(481,404.00)	0.00	(115,140.00)
EXCESS REVENUES OVER EXPENDITURES	\$	0.00	\$	(311.75)	\$	12,623.10	\$
AND TRANSFERS (DEFICIT)			5,376.75		(203,170.75)		(105,314.68)

HOUSING
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES
FOR THE THREE MONTHS ENDED DECEMBER 31, 2012
WITH COMPARATIVE FIGURES FOR 2011

	GAMMA DORMS	BETA DORMS	DELTA DORMS	EPSILON DORMS	NEW RESIDENCE HALL 2013	TOTAL HOUSING 12/31/12	TOTAL HOUSING 12/31/11
REVENUES:							
RENTAL INCOME	\$ 361,055.85	\$ 245,352.10	\$ 808,465.88	\$ 338,522.41	0.00	\$ 2,415,342.42	\$ 2,326,051.69
BAD DEBT RECOVERY	0.00	0.00	0.00	0.00	0.00	333.10	0.00
OTHER	470.00	947.00	2,749.00	1,642.00	0.00	25,823.14	33,833.38
TOTAL REVENUES	<u>361,525.85</u>	<u>246,299.10</u>	<u>811,214.88</u>	<u>340,164.41</u>	<u>0.00</u>	<u>2,441,498.66</u>	<u>2,359,885.07</u>
EXPENDITURES:							
SALARIES	57,891.14	31,248.80	106,002.27	49,448.99	0.00	440,582.07	327,629.65
EMPLOYEE BENEFITS	6,133.27	4,277.38	17,416.30	2,722.79	0.00	64,108.55	40,364.08
CONTRACT LABOR	0.00	0.00	551.93	0.00	0.00	551.93	7,409.71
CONTRACT SERVICES	1,365.00	75.00	1,829.25	524.33	0.00	50,078.08	34,855.82
TRAVEL	0.00	0.00	0.00	0.00	0.00	650.48	303.60
RECEPTIONS	0.00	0.00	0.00	0.00	0.00	1,927.98	1,593.60
SUPPLIES	143.25	0.00	1,803.13	623.77	0.00	7,114.06	9,190.96
CABLE	0.00	0.00	0.00	0.00	0.00	31,587.46	34,714.20
TELEPHONE	32.72	59.93	150.72	116.49	0.00	627.28	832.14
UTILITIES	0.00	0.00	0.00	0.00	0.00	301.96	177.89
INSURANCE AND BONDS	0.00	0.00	0.00	0.00	0.00	0.00	51,837.00
BAD DEBT EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BUILDING MAINTENANCE AND REPAIR	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EQUIPMENT	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EQUIPMENT RENTAL	0.00	0.00	0.00	0.00	0.00	3,046.00	7,833.71
EQUIPMENT MAINTENANCE AND REPAIR	0.00	0.00	383.29	0.00	0.00	729.78	340.10
GROUND MAINTENANCE	0.00	0.00	0.00	0.00	0.00	0.00	255.00
MAJOR RENOVATIONS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GENERAL EXPENSES	24,670.35	20,221.75	65,814.45	26,899.40	0.00	208,412.07	407,226.41
ADMINISTRATIVE OVERHEAD	133,986.00	63,274.50	192,800.25	64,354.50	0.00	675,045.78	582,925.17
ADMINISTRATIVE EXPENSES	52,466.13	29,571.82	113,517.63	37,839.20	0.00	0.00	0.00
TOTAL EXPENDITURES	<u>276,687.86</u>	<u>148,729.18</u>	<u>500,269.22</u>	<u>182,529.47</u>	<u>0.00</u>	<u>1,484,763.48</u>	<u>1,507,489.04</u>
TRANSFERS AMONG FUNDS -							
ADDITIONS/(DEDUCTIONS):							
MANDATORY:							
PRINCIPAL AND INTEREST	(57,432.00)	(17,160.00)	(177,431.00)	(93,222.00)	(24,151.00)	(965,940.00)	(874,095.00)
TOTAL MANDATORY TRANSFERS	<u>(57,432.00)</u>	<u>(17,160.00)</u>	<u>(177,431.00)</u>	<u>(93,222.00)</u>	<u>(24,151.00)</u>	<u>(965,940.00)</u>	<u>(874,095.00)</u>
NON-MANDATORY:							
RENEWALS AND REPLACEMENTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OTHER NON-MANDATORY TRANSFERS	0.00	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>	<u>0.00</u>
TOTAL TRANSFERS	<u>(57,432.00)</u>	<u>(17,160.00)</u>	<u>(177,431.00)</u>	<u>(93,222.00)</u>	<u>(24,151.00)</u>	<u>(965,940.00)</u>	<u>(874,095.00)</u>
EXCESS REVENUES OVER EXPENDITURES							
AND TRANSFERS (DEFICIT)	\$ 27,405.99	\$ 80,409.92	\$ 133,514.66	\$ 64,412.94	(24,151.00)	(9,204.82)	(21,698.97)