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Department of  
**Examiners of Public Accounts**

**SUMMARY**

**University of North Alabama  
October 1, 2008 through September 30, 2009**

**University of North Alabama Foundation and Subsidiary  
October 1, 2008 through September 30, 2009**

The University of North Alabama (the “University”) is a comprehensive, regional, state university, offering undergraduate and graduate degrees, and serving both residential and

The following officials/employees were invited to an exit conference to discuss the results of this audit: Dr. William G. Cale, Jr., President; Dr. W. Steven Smith, Vice-President for Business and Financial Affairs; Ms. Donna Ford Tipps, Controller; Ms. Julie Graham, Director of Financial Affairs; and Ben Baker, Director of Student Financial Services. The following individuals attended the exit conference: Dr. William G. Cale, Jr., President; Dr. W. Steven Smith, Vice-President for Business and Financial Affairs; Ms. Donna Ford Tipps, Controller; Ms. Salena Denton, Accountant I; Anita Holcombe, Accountant II; Melissa Williams, Accountant II; via telephone Ms. Julie Graham, Director of Financial Affairs. Representing the Department of Examiners of Public Accounts were: Ms. Lola Fuqua-Haney and Johnny Goodwin, Examiners.



Department of  
**Examiners of Public Accounts**

**COMMENTS**

**University of North Alabama  
October 1, 2008 through September 30, 2009**

The University of North Alabama first opened its doors as LaGrange College on January 11, 1830, in northeast Franklin County, Alabama. LaGrange College arose from the idea offered at a November 28, 1826, meeting of the Tennessee Conference of the Methodist Episcopal Church to establish a college that would not be “religious or theological.”

A year later, LaGrange opened to students of all denominations in two three-story brick buildings. Eight days after the opening, the Alabama legislature issued a charter for the institution, making it the first state-chartered institution to begin operation in Alabama.

The Rev. Robert Paine was LaGrange’s first president. The North Carolina native was also a professor of moral science and belles letters and taught geography and mineralogy. He was assisted by two other professors. The first board of trustees had 50 members, including a Native American, a Choctaw politician and a Cherokee leader. J. D. Malone, of Limestone County, was the first graduate in 1833.

LaGrange added a grammar school in 1850. Now the University of North Alabama, the institution today offers the only university-owned and operated elementary laboratory school - Kilby Laboratory School - in Alabama.

Among LaGrange’s alumni were several generals as well as Alabama governors John Anthony Winston, Edward A. O’Neal and David P. Lewis, Alabama Supreme Court justice William M. Byrd and U. S. Senator Jeremiah Clemens.

LaGrange graduate Dr. R. H. Rivers, after becoming president of the college, led most of the students and all but one faculty member from LaGrange Mountain in late 1854 to relocate to Florence. The school was reincorporated as Florence Wesleyan University. One hundred sixty students enrolled in 1855, Florence Wesleyan’s first year of operation. The school quickly attracted students from five states and two foreign countries. Among Florence Wesleyan’s graduates were Alabama Governor Emmitt O’Neal and Texas Governor Sullivan “Sul” Ross.

When the Methodist Church deeded Florence Wesleyan to the state of Alabama in 1872, the institution became Florence State Normal School, the first state-supported teachers college south of the Ohio River. Shortly thereafter, in 1873, it became one of the first coeducational institutions in the nation.

Since its foundation in 1830, the institution has had nine name changes, becoming the University of North Alabama in 1974. It has also developed into a comprehensive regional university offering quality educational opportunities in four academic colleges: Arts and Sciences, Business, Education, and Nursing and Allied Health. The University introduced graduate programs in 1957 and today offers graduate degrees through each of its four colleges. The University currently enrolls more than 7,100 students.

Until 1967, the University was controlled by the State Board of Education. Act Number 773, Acts of Alabama 1967, page 1631 appointed a Board of Trustees to govern the institution. The governing control of the University is vested in a Board of Trustees established by action of the State Legislature. The Board is composed of the Governor as president ex officio, the State Superintendent as a member ex officio, and nine members. The chief administrative officer of the University is the President. The University of North Alabama Foundation and Subsidiary (the "Foundation") was organized as a non-profit corporation without capital stock under the laws of the State of Alabama. The organization was formed to provide support for the University.

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*Independent Auditor's Report*

## *Independent Auditor's Report*

We have audited the accompanying basic financial statements of the University of North Alabama, a component unit of the State of Alabama, as of and for the year ended September 30, 2009, as listed in the table of contents as Exhibits 1 through 3. These basic financial statements are the responsibility of the University of North Alabama's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the University of North Alabama Foundation and Subsidiary, a component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the University of North Alabama Foundation and Subsidiary is based on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. The financial statements of the University of North Alabama Foundation and Subsidiary were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the University of North Alabama and the University of North Alabama Foundation and Subsidiary, as of September 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2010 on our consideration of the University of North Alabama's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.





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*Management's Discussion and Analysis*  
*(Required Supplementary Information)*

## **Management's Discussion and Analysis**

The purpose of this annual report is to provide readers with financial information about the activities and financial condition of the University of North Alabama (University) and its component unit the University of North Alabama Foundation (Foundation). The report consists of three basic financial statements that provide information on the University and two statements providing information on the Foundation.

The University statements presented are the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows. These statements should be read in conjunction with the Notes to the Financial Statements. The Foundation's statements presented are the Statement of Financial Position and Statement of Activities.

The following summary and management discussion of financial information is intended to provide the readers with an overview of the financial statements. The comparative figures for FY 2008 appearing throughout this report are audited figures.

### **Statement of Net Assets**

The Statement of Net Assets includes all assets and liabilities using the accrual basis of accounting. Net assets, the difference between assets and liabilities, is one way to measure the financial health of the University. Net assets decreased 2.1% in the current fiscal year to \$86.7 million.

**Condensed Statement of Net Assets**

	<b><u>2009</u></b>	<b><u>2008</u></b>
<b><u>Current Assets</u></b>		
Cash and Short-term Investments	\$49,940,481	\$51,237,764
Receivables	6,767,095	5,678,971
Inventory, Prepaid Expenses, and Other	320,892	389,946
<b>Total Current Assets</b>	<b>57,028,468</b>	<b>57,306,681</b>
<b><u>Non-Current Assets</u></b>		
Cash and Long-term Investments	5,664,040	6,056,714
Long-term Receivables	1,777,902	1,663,221
Other Non-Current Assets	760,424	821,308
Capital Assets, Net	61,703,226	63,285,322
<b>Total Non-Current Assets</b>	<b>69,905,592</b>	<b>71,826,565</b>
<b>Total Assets</b>	<b>126,934,060</b>	<b>129,133,246</b>
<b><u>Current Liabilities</u></b>		
Accounts Payable and Accrued Liabilities	3,246,765	3,863,648
Deferred Revenue	12,910,923	10,997,065
Deposits Held in Custody for Others	481,738	667,789
Long-Term Liabilities – Current Portion	1,069,175	1,608,892
<b>Total Current Liabilities</b>	<b>17,708,601</b>	<b>17,137,394</b>
<b><u>Non-Current Liabilities</u></b>		
Long-Term Liabilities	22,530,239	23,429,146
<b>Total Liabilities</b>	<b>40,238,840</b>	<b>40,566,540</b>
<b><u>Net Assets</u></b>		
Invested in Capital Assets, Net Restricted	40,055,541	40,822,633
Unrestricted	6,756,614	11,909,296
<b>Total Net Assets</b>	<b>86,695,220</b>	<b>88,566,706</b>
<b>Total Liabilities and Net Assets</b>	<b>\$126,934,060</b>	<b>\$129,133,246</b>

**Cash and short-term investments** decreased by \$1.3 million. This was due to a decrease in State funding and lower earnings on investments. Short-term investments are defined as those with maturities of less than one year.

**Receivables** include grants, state appropriations, student accounts, and various operating receivables. State appropriations

**Condensed Statement of Revenues, Expenses and Change in Net Assets**  
**For the Year Ended September 30,**

	<b><u>2009</u></b>	<b><u>2008</u></b>
<b><u>Operating Revenue</u></b>		
Student Tuition and Fees	\$29,737,093	\$30,967,040
Auxiliary Sales and Services	6,918,426	7,046,836
Grant and Contracts	7,024,485	7,739,671
Athletic Revenue	776,947	610,250
Other Operating Revenue	1,405,418	965,170
<b>Total Operating Revenue</b>	<b>45,862,369</b>	<b>47,328,967</b>
Operating Expenses	82,300,754	82,535,357
Net Operating Income/(Loss)	(36,438,386)	(35,206,390)
<b><u>Non-Operating Revenue/(Expenses)</u></b>		
State Appropriations	28,475,819	35,125,031
Federal Grants And Contracts	5,745,209	4,940,655
Capital Grants, Contracts, and Gifts	215,068	1,719,892
Non-Capital gifts and grants	1,600	0
Investment Income	501,243	1,810,774
Other Non-Operating Expenses	(1,100,257)	(2,330,121)
<b>Total Non-Operating Revenues – Net</b>	<b>33,838,682</b>	<b>41,266,231</b>
Increase in Net Assets	(2,599,704)	6,059,841
Net Assets – Beginning of Year Restated	<b>89,294,924</b>	<b>82,506,865</b>
Net Assets – End of Year	<b>Ne5-0.0.01 , 5 Tw a,475,819 (2,599,704-D 76 20.8Tts CID 76 &gt;u5-0.0.C 2h2/Ptivi 4-1hile tEM</b>	

**Grants and contracts revenue** decreased by 9.2% as a result of a decrease in federal grants and contracts.

**Athletic revenue** increased 27.3%, primarily due to an increase in external athletic fundraising.

**Operating expenses** decreased by \$235,000.

**State appropriations** decreased \$6.6 million, or 18.9% from the previous year.

**Federal grants and contracts** increased \$800,000 due to an increase in revenue from Pell Grants.

**Endowment gifts** reflect revenue to the University endowments. The majority of endowments established for the past decade are held in the UNA Foundation, but small gifts are received in the University from year to year.

**Capital grants, contracts and gifts** for FY 2009 decreased due to a decline in capital projects.

**Investment income** decreased during the fiscal year as a result of a decline in interest rates and unrealized losses in equity funds.

### **Operating Expenses by Functional Classification**

Functional classifications are the traditional categories that universities have used to report annual expenditures. They represent the type of programs and services that the University provides.

Instructional expenditures decreased by \$477,000 from FY 2008 to FY 2009 primarily due to reduced expenditures, as a result of a proration in State funding.

Decreased expenditures for academic support is also a result of reduction in State funding.

Student service, institutional support and operation and maintenance of plant expenditures remained at about the same level as FY 2008.

Depreciation expense remained the same for FY 2009.

Scholarship expenses increased due to additional scholarship awards.

Auxiliary expenditures decreased due to a reclassification of budget accounts from the education and general fund to the auxiliary fund as well as expenditures to address deferred maintenance and increased utilities costs.





Cash receipts from operating activities consist primarily of tuition, grants, contracts, food service, and housing revenues. Cash outlays include payment of wages, benefits, supplies, utilities, and scholarships.

State appropriation is the primary source of non-capital financing. Accounting standards require this source of revenue to be reported as non-operating although the University's budget depends on this funding to continue the current level of operations.

Cash flows from capital and related financing activities consist of capital grants and gifts less expenditures for capital asset construction and purchases.

Net cash inflow for investing activities reflects increased investment income and proceeds from sales of investments.

### **Significant Capital Asset and Debt Activity**

Construction projects conducted and completed during the year included renovations to the East Campus {for the Culinary Arts program}. No new debt was acquired during this reporting period.

### **Economic and Enrollment Factors That Will Affect the Future**

The level of State support, compensation increases, student tuition and fee increases, and energy costs directly affects the University's ability to expand programs, undertake new initiatives, and meet its core mission and ongoing operational needs.

The University has experienced a significant reduction in its appropriation from the State of Alabama. The reduction amounted to approximately \$6.6 million for FY 2009. The University continues to monitor the economic climate of the State as budgeting plans are considered.

The University recorded another record increase in enrollment for Fall 2009 and continues its ongoing effort to attract and retain students.

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# *Basic Financial Statements*

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***Statement of Net Assets***  
***September 30, 2009***

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**ASSETS**

**Current Assets**

Cash and Cash Equivalents	\$ 49,358,637.90
Short-Term Investments	581,842.78
Accounts Receivable	6,544,569.73
Inventories	27,241.64
Loans Receivable	222,525.67
Stadium Use Agreement	30,887.30
Bond Discount	18,826.85
Bond Issuance Cost	11,170.70
Prepaid Assets	232,765.18
Total Current Assets	<u>57,028,467.75</u>

**Noncurrent Assets**

Deposit with Trustees	876,333.19
Restricted Cash	4,368,454.19
Investments	419,252.80
Bond Discount	246,090.67
Bond Issuance Cost	161,226.94
Loans Receivable	1,777,902.40
Stadium Use Agreement	353,106.41
Capital Assets:	
Land	3,748,828.89
Construction in Progress	1,113,662.49
Improvements Other Than Buildings	12,119,314.95
Buildings	76,531,231.75
Equipment and Furniture and Software	18,197,232.89
Library Holdings	20,483,609.66
Less: Accumulated Depreciation	<u>(70,490,654.60)</u>
Total Capital Assets, Net of Depreciation	<u>61,703,226.03</u>
Total Noncurrent Assets	<u>69,905,592.63</u>
Total Assets	<u>\$ 126,934,060.38</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**LIABILITIES**

**Current Liabilities**

Accounts Payable and Accrued Liabilities	\$ 3,246,765.31
Deferred Revenue	12,910,922.87
Refundable Deposits	72,370.00
Deposits Held for Others	409,367.85

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***Statement of Cash Flows***  
***For the Year Ended September 30, 2009***

**CASH FLOWS FROM OPERATING ACTIVITIES**

Tuition and Fees	\$ 31,650,951.64
Grants and Contracts	5,818,578.83
Payments to Suppliers	(16,986,301.27)
Payments to Utilities	(2,977,127.69)
Payments to Employees	(40,324,605.23)
Payments for Benefits	(12,331,533.90)
Payments for Scholarships	(5,519,065.51)
Auxiliary Enterprises	750,560.15
Other	1,405,417.64
Sales and Services of Educational Activities	6,918,426.05
Net Cash Provided (Used) by Operating Activities	(31,594,699.29)

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

State Appropriations	28,475,819.39
Deposit Liabilities	(186,050.86)
Gifts and Grants for Other than Capital Purposes	1,599.99
Bond Surety Fee Expense	5,745,209.11
Net Cash Provided (Used) by Noncapital Financing Activities	34,036,577.63

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Purchases of Capital Assets and Construction	(2,290,877.19)
PSCA	50,282.50
Grants and Gifts for Capital Assets	164,785.00
Deposits with Trustees	508,245.99
Principal Paid on Capital Debt	(1,487,008.20)
Interest Paid on Capital Debt	(1,100,257.43)
Net Cash Provided (Used) by Capital and Related Financing Activities	(4,154,829.33)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of Investments	7,388,370.53
Investment Income	501,243.47
Net Cash Provided (Used) by Investing Activities	7,889,614.00

Net Increase (Decrease) in Cash and Cash Equivalents	6,176,663.01
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**Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities:**

Operating Income (Loss) \$ (36,438,385.78)

**Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:**

Depreciation Expense 4,601,190.69  
Changes in Assets and Liabilities:  
(Increase)/Decrease in Receivables, Net (1,232,292.72)  
(Increase)/Decrease in Inventories (499.51)  
(Increase)/Decrease in Prepaids 100,442.05  
Increase/(Decrease) in Compensated Absences 77,870.45  
Increase/(Decrease) in Payables (616,882.85)  
Increase/(Decrease) in Deferred Revenue 1,913,858.38

Net Cash Provided (Used) by Operating Activities \$ (31,594,699.29)

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**Statement of Financial Position****University of North Alabama Foundation and Subsidiary****September 30, 2009 and 2008**

	2009	2008
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 1,279,229	\$ 1,207,567
Accounts Receivable	30,273	66,400
Pledges Receivable	2,823	41,216
Inventories	6,938	5,169
Interest Receivable	27,894	26,937
Total Current Assets	<u>1,347,157</u>	<u>1,347,289</u>
Total Investments	14,156,374	14,521,328
<b>Fixed Assets:</b>		
Donated Artifacts and Collectibles	273,950	273,950
Furniture and Equipment	34,064	34,064
Sub-Total	<u>308,014</u>	<u>308,014</u>
Less: Accumulated Depreciation	<u>34,064</u>	<u>34,064</u>
Total Fixed Assets	<u>273,950</u>	<u>273,950</u>
<b>Other Assets</b>		
Pledges Receivable	-	45,208
Total Other Assets	<u>-</u>	<u>45,208</u>
TOTAL ASSETS	<u>15,777,481</u>	<u>16,187,775</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts Payable	51,428	26,416
Obligations under Annuity Contracts - Current Portion	78,073	65,854
Total Current Liabilities	<u>129,501</u>	<u>92,270</u>
Obligations under Annuity Contracts - Deferred Portion	264,921	217,846
Total Liabilities	<u>394,422</u>	<u>310,116</u>
<b>Net Assets:</b>		
Unrestricted	287,208	320,890
Temporarily Restricted	2,642,041	3,240,763
Permanently Restricted	12,453,810	12,316,006
Total Net Assets	<u>15,383,059</u>	<u>15,877,659</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,777,481</u>	<u>\$ 16,187,775</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

*Statement of Activities*

*University of North Alabama Foundation and Subsidiary*

**2008**

<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
\$ 113,512	\$ 510,017	\$ 863,943	\$ 1,487,472
12,084	23,270		35,354
	58,927		58,927
205,232	(191,590)	(13,642)	-
1,299,023	(1,274,023)	(25,000)	-
<u>1,629,851</u>	<u>(873,399)</u>	<u>825,301</u>	<u>1,581,753</u>
15,883	400,980		416,863
	(2,280,484)		(2,280,484)
<u>15,883</u>	<u>(1,879,504)</u>	<u>-</u>	<u>(1,863,621)</u>
<u>1,645,734</u>	<u>(2,752,903)</u>	<u>825,301</u>	<u>(281,868)</u>
1,139,519			1,139,519
453,259			453,259
25,000			25,000
<u>1,617,778</u>	<u>-</u>	<u>-</u>	<u>1,617,778</u>
27,956	(2,752,903)	825,301	(1,899,646)
<u>292,934</u>	<u>5,993,666</u>	<u>11,490,705</u>	<u>17,777,305</u>
<u>\$ 320,890</u>	<u>\$ 3,240,763</u>	<u>\$ 12,316,006</u>	<u>\$ 15,877,659</u>

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2009*

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#### **Note 1 – Summary of Significant Accounting Policies**

The financial statements of the University of North Alabama are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the University of North Alabama are described below.

#### **A. Reporting Entity**

The University of North Alabama is a component unit of the State of Alabama. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. The Governmental Accounting Standards Board (GASB) in Statement Number 14, “The Financial Reporting Entity,” states that a primary government is financially accountable for a component unit if it appoints a voting majority of the organization’s governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. In this case, the primary government is the State of Alabama and the Governor appoints the University of North Alabama’s Board of Trustees. In addition, the University receives a substantial portion of its funding from the State of Alabama (potential to impose a specific financial burden). Based on these criteria, the University of North Alabama is considered for financial reporting purposes to be a component unit of the State of Alabama.

#### **B. Component Units**

The University of North Alabama Foundation and Subsidiary (the “Foundation”) is organized exclusively for charitable, scientific and educational purposes for the benefit of the University. Because of the significance of the relationship between the University and the Foundation, the Foundation is considered a component unit of the University. The Foundation’s financial statements and accompanying notes are reported separately because of the difference in the reporting model for the Foundation. The Foundation follows the Financial Accounting Standards Board (FASB) rather than the Governmental Accounting Standards Board (GASB). As a result, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation’s financial statements for these differences.

#### **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The financial statements of the University of

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*Notes to the Financial Statements*

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*Notes to the Financial Statements*  
*For the Year Ended September 30, 2009*

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2. Receivables



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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2009***

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**5. Long-Term Obligations**

Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond/Warrant premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds.

**6. Compensated Absences**

The Board of Trustees determines annual and sick leave policies for the University's employees. The annual and sick leave policies adopted by the University are as follows:

No liability is recorded for sick leave. Staff and department-head employees earn and accumulate annual leave at the following rates:

Years of Employment	Number of Days Each Year	Maximum Days Accumulation
Up to 2 years	10 days	25 days
After 2 years	12 days	25 days
After 3 years	13 days	25 days
After 4 years	14 days	25 days
After 5 years	15 days	25 days
After 6 years	16 days	25 days
After 7 years	17 days	25 days
After 8 years	18 days	25 days
After 9 years	19 days	25 days
After 10 years	20 days	25 days

Faculty and staff of the University earn 12 days sick leave per year. Payment is not made to

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2009*

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#### **8. Net Assets**

Net assets are required to be classified for accounting and reporting purposes into the following net asset categories:

- ◆ **Invested in Capital Assets, Net of Related Debt** – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Any significant unspent related debt proceeds at year-end related to capital assets are not included in this calculation.
  
- ◆ **Restricted:**
  - J **Nonexpendable** – Net assets subject to externally imposed stipulations that they be maintained permanently by the University of North Alabama. Such assets include the University of North Alabama’s permanent endowment funds.
  
  - J **Expendable** – Net assets whose use by the University of North Alabama is subject to externally imposed stipulations that can be fulfilled by actions of the University of North Alabama pursuant to those stipulations or that expire by the passage of time. These include funds held in federal loan programs.
  
- ◆ **Unrestricted** – Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management or the Board of Trustees.

#### **9. Federal Financial Assistance Programs**

The University participates in various federal programs. Federal programs are audited in accordance with the Single Audit Act Amendments of 1996, the U. S. Office of Management and Budget Revised Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the Office of Management and Budget (OMB) Compliance Supplement.

#### **10. Scholarship Allowances and Student Aid**

Student tuition and fees are reported net of scholarship allowances and discounts. The amount for scholarship allowances and discounts is the difference between the stated charge for goods and services provided by the University and the amount that is paid by the student and/or third parties making payments on behalf of the student. The University uses the alternate method as prescribed by the National Association of College and University Business Officers (NACUBO) in their Advisory Report 2000-05 to determine the amount of scholarship allowances and discounts.

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2009***

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**Note 2 – Deposits and Investments**

**A. Deposits**

The University's deposits at year-end were held by financial institutions in the State of Alabama's Security for Alabama Funds Enhancement (SAFE) Program. The SAFE Program was established by the Alabama Legislature and is governed by the provisions contained in the *Code of Alabama 1975*, Sections 41-14A-1 through 41-14A-14. Under the SAFE Program all public funds are protected through a collateral pool administered by the Alabama State Treasurer's Office. Under this program, financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC). If the securities pledged fail to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance.

The Statement of Net Assets classification "cash and cash equivalents" includes all readily available cash such as petty cash, demand deposits, and certificates of deposits with maturities of three months or less.

**B. Investments**

The University may invest its funds in securities and investments authorized by the *Code of Alabama 1975*, Section 16-13-21656 Tw invesea91025 Tw 11 r2-975

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## *Notes to the Financial Statements*



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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2009*

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#### **Note 4 – Capital Assets**

Capital asset activity for the year ended September 30, 2009, was as follows:

	Restated Beginning Balance	Adjustment/ Reclassification	Additions	Deductions	Ending Balance
Land	\$ 3,732,428.89	\$	\$ 16,400.00	\$	\$ 3,748,828.89
Improvements Other Than Buildings	12,069,339.95	49,975.00			12,119,314.95
Buildings	76,005,530.16	460,514.91	65,186.68		76,531,231.75
Equipment	16,702,697.18	809,130.44	685,405.27		18,197,232.89
Library Holdings	19,676,672.64		839,864.91	(32,927.89)	20,483,609.66
Construction in Progress	940,132.07	(510,489.91)	684,020.33		1,113,662.49
Total	129,126,800.89	809,130.44	2,290,877.19	(32,927.89)	132,193,880.63
Less: Accumulated Depreciation					
Improvements Other Than Buildings	4,260,912.21		467,365.73		4,728,277.94
Buildings	33,633,233.81		1,680,760.34		35,313,994.15
Equipment	8,270,660.10	80,913.04	1,613,199.71		9,964,772.85
Library Holdings	19,676,672.64		839,864.91	(32,927.89)	20,483,609.66
Total Accumulated Depreciation	65,841,478.76	80,913.04	4,601,190.69	(32,927.89)	70,490,654.60
Capital Assets, Net	\$ 63,285,322.13	\$ 728,217.40	\$(2,310,313.50)	\$	\$ 61,703,226.03

#### **Note 5 – Defined Benefit Pension Plan**

##### **A. Plan Description**

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

Substantially all employees of the University are members of the Teachers' Retirement System. Membership is mandatory for covered or eligible employees of the University of North Alabama. Benefits vest after 10 years of creditable service. Vested employees may retire with full benefits at age 60 or after 25 years of service. Retirement benefits are calculated by two methods with the retiree receiving payment under the method which yields the highest monthly benefit. The methods are (1) Minimum Guaranteed, or (2) Formula, of which the Formula method usually produces the highest monthly benefit. Under this method retirees are allowed 2.0125% of their average final salary (best three of the last ten years) for each year of service. Disability retirement benefits are calculated in the same manner. Pre-retirement death benefits in the amount of the annual salary for the fiscal year preceding death are provided to plan members.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2009*

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

The Retirement Systems of Alabama issues a publicly available financial report that includes financial statements and required supplementary information for the Teachers' Retirement System of Alabama. That report may be obtained by writing to The Retirement Systems of Alabama, 135 South Union Street, Montgomery, Alabama 36130-2150.

#### **B. Funding Policy**

Employees, with the exception of full-time law enforcement officers, are required by statute to contribute 5 percent of their salary to the Teachers' Retirement System. As of January 1, 2001, full-time law enforcement officers (as defined by Act Number 2000-669, Acts of Alabama, page 1335) are required by statute to contribute 6 percent of their salary to the Teachers' Retirement System. The University of North Alabama is required to contribute the remaining amounts necessary to fund the actuarially determined contributions to ensure sufficient assets will be available to pay benefits when due. Each year the Teachers' Retirement System recommends to the Legislature the contribution rate for the following fiscal year, with the Legislature setting this rate in the annual appropriation bill. The percentages of the contributions and the amount of contributions made by the University of North Alabama and its employees equal the required contributions for each year as follows:

Fiscal Year Ended September 30,	2009	2008	2007
Total Percentage of Covered Payroll	17.07%	16.75%	14.36%
<b>Contributions:</b>			
Percentage Contributed by the University	12.07%	11.75%	9.36%
Percentage Contributed by the Employees	5.00%	5.00%	5.00%
Contributed by University	\$4,511,773.47	\$4,491,405.36	\$3,209,364.16
Contributed by Employees	1,874,130.10	1,773,775.87	1,612,723.63
Total Contributions	<u>\$6,385,903.57</u>	<u>\$6,265,181.23</u>	<u>\$4,822,087.79</u>





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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2009***

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For employees that retire other than for disability, for each year under 25 years of service, the retiree pays two percent of the employer premium and for each year over 25 years of service, the retiree premium is reduced by two percent of the employer premium.

The University is required to contribute at a rate specified by the State for each active employee. The University's share of premiums for retired employees health insurance is included as part of the premium for active employees. The following shows the required contributions in dollars and the percentage of that amount contributed for retirees:

Fiscal Year Ended September 30,	Total Amount Paid Attributable to Retirees	Percentage of Required Amount Contributed
2009	\$1,217,052.00	100%
2008	\$1,136,232.00	100%
2007	\$1,235,936.00	100%

Each year the PEEHIB certifies to the Governor and to the Legislature the contribution rates based on the amount needed to fund coverage for benefits for the following fiscal year and the Legislature sets the premium rate

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2009*

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#### Note 9 – Lease Obligations

##### Operating Leases

The University is obligated under a certain lease accounted for as an operating lease. Operating leases do not give rise to property rights. During the fiscal year ended September 30, 2009, the University paid a total of \$49,127.00 for operating leases.

The following is a schedule by fiscal year of future minimum rental payments required under operating leases for facilities that have an initial or remaining noncancelable lease term in excess of one year as of September 30, 2009:

Fiscal Years	Principal	Interest	Total
2009-2010	\$ 30,887.30	\$ 18,239.70	\$ 49,127.00
2010-2011	32,354.45	16,772.55	49,127.00
2011-2012	33,891.28	15,235.72	49,127.00
2012-2013	35,501.12	13,625.88	49,127.00
2013-2014	37,187.42	11,939.58	49,127.00
2014-2015	38,953.82	10,173.18	49,127.00
2015-2016	40,804.13	8,322.87	49,127.00
2016-2017	42,742.33	6,384.67	49,127.00
2017-2018	44,772.59	4,354.41	49,127.00
2018-2019	46,899.27	2,227.73	49,127.00
<b>Total Minimum Payments Required</b>	<b>\$383,993.71</b>	<b>\$107,276.29</b>	<b>\$491,270.00</b>

#### Note 10 – Long-Term Liabilities

Long-term liabilities activity for the year ended September 30, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
<b>Bonds and Lease Payable:</b>					
Revenue Bonds	\$22,930,000.00	\$	\$845,000.00	\$22,085,000.00	\$ 940,000.00
Lease Payable	413,480.39		29,486.68	383,993.71	30,887.30
<b>Total Bonds and Lease Payable</b>	<b>23,343,480.39</b>		<b>874,486.68</b>	<b>22,468,993.71</b>	<b>970,887.30</b>
<b>Other Liabilities:</b>					
Compensated Absences	1,052,550.32	77,870.45		1,130,420.77	98,288.28
<b>Total Other Liabilities</b>	<b>1,052,550.32</b>	<b>77,870.45</b>		<b>1,130,420.77</b>	<b>98,288.28</b>
<b>Total Long-Term Liabilities</b>	<b>\$24,396,030.71</b>	<b>\$77,870.45</b>	<b>\$874,486.68</b>	<b>\$23,599,414.48</b>	<b>\$1,069,175.58</b>

The Revenue Bonds were issued in 1999 and 2003 by the Board of Trustees to provide funds for construction of additional residential facilities.

## *Notes to the Financial Statements*

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2009***

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**Bond Issuance Costs and Discounts**

The University has bond issuance costs as well as bond discounts in connection with the issuance of its 1999 and 2003 Revenue Bonds. The issuance costs and bond discount are being amortized using the straight-line method over the life of the bonds.

	Issuance Costs	Discount
Total Issuance Costs and Discount	\$267,252.57	\$432,577.50
Amount Amortized Prior Years	83,684.23	148,834.47
Balance Issuance Costs and Discount	183,568.34	283,746.03
Current Amount Amortized	11,170.70	18,826.18
Balance Issuance Costs and Discount	<u>\$172,397.64</u>	<u>\$264,916.85</u>

**Pledged Revenues**

The University has pledged general student tuition and fee revenue to repay the 1999-A General Fee Revenue Bonds. Future revenues of \$14,191,510.71 are pledged to repay principal and interest through maturity in fiscal year 2019. In fiscal year 2009, tuition and fee revenue totaled \$36,820,391, from which \$1,205,159 was paid for principal and interest or 3.3% of pledged revenue.

The University has also pledged net student housing revenues to repay the 2003 Student Housing Revenue Bonds. Future revenues of \$19,069,391.25 are pledged to repay principal and interest through maturity in fiscal year 2035. In fiscal year 2009, net student housing revenue totaled \$873,096 from which \$735,741 was paid for principal and interest, or 84.3% of pledged revenue.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2009*

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#### **Note 11 – Risk Management**

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The University has insurance for its buildings and contents through the State Insurance Fund (SIF), part of the State of Alabama, Department of Finance; Division of Risk Management which operates as a common risk management and insurance program for state owned properties. The University pays an annual premium based on the amount of coverage requested. The SIF provides coverage up to \$2 million per occurrence and is self-insured up to a maximum of \$6 million in aggregate claims. The SIF purchases commercial insurance for claims which in the aggregate exceed \$6 million. The University purchases commercial insurance for its automobile coverage, general liability, and professional legal liability coverage. In addition, the University has fidelity bonds on the University's president, vice president of business and administrative affairs, controller, financial systems manager as well as on all other university personnel who handle funds.

Employee health insurance for the University of North Alabama is provided through Blue Cross/Blue Shield of Alabama. The plan was established to provide a uniform plan of health insurance for employees of the University. Monthly premiums for employee and dependent coverage are determined annually by the plan's actuary and are based on anticipated claims in the upcoming year, considering any remaining fund balance on hand available for claims. The University contributes a specified amount monthly to the plan for each employee and this amount is applied against the employee's premiums for the coverage selected and the employee pays any remaining premium.

Settled claims resulting from these risks have not exceeded the University's coverage in any of the past three fiscal years.

Claims which occur as a result of employee job-related injuries may be brought before the State of Alabama Board of Adjustment. The Board of Adjustment serves as an arbitrator and its decision is binding. If the Board of Adjustment determines that a claim is valid, it decides the proper amount of compensation (subject to statutory limitations) and the funds are paid by the University.

#### **Note 12 – Endowments**

If a donor has not provided specific instructions, state law permits the Board of Trustees to authorize for expenditure the net appreciation (realized and unrealized) of the investments of endowment funds. When administering its power to spend net appreciation, the Board of Trustees is required to consider the University's "long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price-level trends, and general economic condition." Any net appreciation that is spent is required to be spent for the purposes for which the endowment was established.

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2009***

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The Board of Trustees chooses to spend only a portion of the investment income (including changes in the value of investments) each year. Under the policy established by the Board, 3-6 percent of the average market value of endowment investments at the end of the previous three years has been authorized for expenditure. The remaining amount, if any, is retained to be used in future years when the amount computed using the spending policy exceeds the investment income

**Note 13 – Related Parties**

**University of North Alabama Alumni Association**

The University of North Alabama Alumni Association was created to promote scientific, literary, and educational purposes, advancement of the University of North Alabama, and for the encouragement and support of its students and faculty. This report contains no financial statements of the University of North Alabama Alumni Association.

**Note 14 – Net Asset Restatement**

Prior period adjustments have been made as outlined below:

Beginning Net Assets September 30, 2008	\$88,566,706.22
<u>Prior Period Adjustments</u>	
Restatement of Accumulated Depreciation	(80,913.04)
Restatement of Equipment	809,130.44
Total Adjustments	<u>728,217.40</u>
Net Assets October 1, 2008, as Restated	<u>\$89,294,923.62</u>



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*Notes to the Financial Statements*  
*University of North Alabama Foundation and Subsidiary*  
*September 30, 2009 and 2008*

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Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period



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*Notes to the Financial Statements*  
*University of North Alabama Foundation and Subsidiary*  
*September 30, 2009 and 2008*

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***Notes to the Financial Statements***  
***University of North Alabama Foundation and Subsidiary***  
***September 30, 2009 and 2008***

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**NOTE 2 – PLEDGES RECEIVABLE**

As of September 30, 2009 and 2008, the Foundation has pledges receivable totaling \$2,823 and \$86,425, respectively. No allowance has been made for uncollectible amounts. Most pledges receivable are restricted by donors for scholarships or are available for general operating support purposes. All pledges receivable at September 30, 2009 and 2008 are due within one to four years. The total pledges receivable as of September 30, 2009 and September 30, 2008 are permanently restricted. Net pledges receivable were discounted to present value at September 30, 2008 using a discount rate of 4%. The net effect at September 30 is as follows:

	2009	2008
Total Pledge Receivable	\$2,823	\$89,823
Unamortized Discount	-	(3,399)
NET PLEDGES RECEIVABLE	<u>\$2,823</u>	<u>\$86,424</u>

**NOTE 3 – INVESTMENTS**

Investments are reported at their market value. Securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the year. Investments traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at fair value based upon the most recently reported bid prices. Short-term investments are valued at cost which approximates market. Certain other investments are valued at fair value as determined by the Foundation or its trustee banks.

Realized and unrealized investment gains or losses are determined by comparison of asset cost to net proceeds received at the time of disposal and changes in the difference between market values and cost, respectively. These amounts are reflected in the financial statements as net unrealized and realized gain or loss on investments.

The Foundation has established a common investment fund for its restricted funds which allows for the commingling of various trust assets into the common investment fund. The common investment fund is maintained at one trustee bank in 2008. Investment in the funds is limited only to the trust funds of the Foundation.



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*Notes to the Financial Statements*  
*University of North Alabama Foundation and Subsidiary*  
*September 30, 2009 and 2008*

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**NOTE 5 – PROGRAM SUPPORT**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated to Other Program Support as follows:

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***Notes to the Financial Statements***  
***University of North Alabama Foundation and Subsidiary***  
***September 30, 2009 and 2008***

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**NOTE 7 – NATURE AND AMOUNT OF TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes at September 30:

	2009	Restated 2008
Program Services	\$1,284,794	\$1,192,849
Instruction	821,216	1,022,370
Scholarships	536,031	1,025,544
TOTAL TEMPORARILY RESTRICTED NET ASSETS	<u>\$2,642,041</u>	<u>\$3,240,763</u>

**NOTE 8 – NATURE AND AMOUNT OF PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets in the following amounts are restricted to investments in perpetuity, the income which is expendable for the following purposes at September 30:

	2009	2008
Program Services and Instruction	\$ 4,988,384	\$ 5,042,300
Scholarships	7,465,426	7,273,706
TOTAL PERMANENTLY RESTRICTED NET ASSETS	<u>\$12,453,810</u>	<u>\$12,316,006</u>

**NOTE 9 – ANNUITY GIFTS AND OBLIGATIONS**

Gifts are made to the Organization in the form of gift annuities. A gift annuity is a simple contract between the donor and University of North Alabama Foundation. In exchange for the donor's contribution, UNA Foundation promises to make fixed, guaranteed payments for life to the annuitant. The amount is based on the age of the annuitant, in accordance with UNA Foundation's rate schedule. The rate schedule is those suggested by the American Council on Gift Annuities. The annuity payments are a general obligation of UNA Foundation.

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*Notes to the Financial Statements*  
*University of North Alabama Foundation and Subsidiary*  
*September 30, 2009 and 2008*

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Obligations under annuity contracts at September 30 are as follows:

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## *Supplementary Information*

***Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2009***

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>
<b><u>Student Financial Assistance Cluster</u></b>		
<b><u>U. S. Department of Education</u></b>		
<b><u>Direct Programs</u></b>		
Federal Pell Grant Program	84.063	
Federal Pell Grant Program	84.063	
Federal Pell Grant Program Administrative Allowance	84.063	
Federal Work-Study Program	84.033	
Federal Work-Study Program	84.033	
Federal Supplemental Educational Opportunity Grants	84.007	
Federal Supplemental Educational Opportunity Grants	84.007	
Academic Competitiveness Grants	84.375	
Academic Competitiveness Grants	84.375	
National Science and Mathematics Access to Retain Talent (Smart) Grants	84.376	
National Science and Mathematics Access to Retain Talent (Smart) Grants	84.376	
Total Student Financial Assistance Cluster (M)		
<b><u>Highway Safety Cluster</u></b>		
<b><u>U. S. Department of Transportation</u></b>		
<b><u>Passed Through the North Alabama Highway Safety Office</u></b>		
Safety Belt Performance Grants	20.609	07-HS-K4-016
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	07-HS-K8-007
Total Highway Safety Cluster		
<b><u>Other Federal Awards</u></b>		
<b><u>U. S. Department of Education</u></b>		
<b><u>Direct Program</u></b>		
Fund for the Improvement of Education	84.215	
<b><u>Passed Through Alabama Department of Education</u></b>		
Improving Teacher Quality State Grants	84.367	U900451
Improving Teacher Quality State Grants	84.367	N/A
Total Improving Teacher Quality State Grants		



<b>Assistance Period</b>	<b>Total</b>	<b>Federal Share</b>	<b>Revenue Recognized</b>	<b>Expenditures</b>
07/01/2009-06/30/2010	\$ 7,916,250.00	\$ 7,916,250.00	\$ 1,308,420.45	\$ 1,308,420.45
07/01/2008-06/30/2009	5,746,209.11	5,746,209.11	4,694,053.33	4,694,053.33
07/01/2008-06/30/2009	8,895.00	8,895.00	8,895.00	8,895.00
07/01/2009-06/30/2010	195,347.00	195,347.00	32,338.01	32,338.01
07/01/2008-06/30/2009	208,380.00	208,380.00	149,782.91	149,782.91
07/01/2009-06/30/2010	126,246.00	126,246.00	14,829.55	14,829.55

***Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2009***

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>
<b><u>Department of Justice</u></b>		
<b><u>Direct Program</u></b>		
Public Safety Partnership and Community Policing Grants	16.710	
<b><u>Passed Through the City of Florence</u></b>		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	07-DJ-01-022
Edward Byrne Memorial Justice Assistance Grant Program	16.738	07-DJ-01-038
Total Edward Byrne Memorial Justice Assistance Grant Program		
<b><u>Department of Transportation</u></b>		
<b><u>Direct Programs</u></b>		
Federal Transit - Capital Investment Grants	20.500	
Airport Improvement Program	20.106	
<b>Department of Energy</b>		

<b>Assistance Period</b>	<b>Total</b>	<b>Federal Share</b>	<b>Revenue Recognized</b>	<b>Expenditures</b>
12/26/2007-12/25/2010	\$ 280,590.00	\$ 280,590.00	\$ 73,787.66	\$ 73,787.66
04/01/2008-03/31/2009	90,000.00	90,000.00	12,544.39	12,544.39
04/01/2009-10/31/2009	61,000.00	61,000.00	19,974.22	19,974.22

***Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2009***

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>
<b><u>U. S. Department of Defense</u></b>		
<b><u>Defense Logistics Agency</u></b>		
<b><u>Passed Through the University of Alabama</u></b>		
Procurement Technical Assistance For Business Firms	12.002	SP4800-08-2-0801
<b><u>Passed Through Battelle Columbus Operations</u></b>		
Basic Scientific Research	12.431	W911NF-07-D-0001
Basic Scientific Research	12.431	W911NF-07-D-0001
Total Basic Scientific Research		
<b><u>General Services Administration</u></b>		
<b><u>Passed Through Alabama Department of Economic and Community Affairs</u></b>		
Donation of Federal Surplus Personal Property (N)	39.003	N.A.
Total Federal Awards		

(M) = Major Program  
(N) = Non-Monetary Federal Assistance  
N.A. = Not Available

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Assistance Period	Budget		Revenue Recognized	Expenditures
	Total	Federal Share		
10/01/2008-09/30/2009	\$ 44,000.00	\$ 22,000.00	\$ 22,000.00	\$ 22,000.00
03/26/2008-10/31/2008	17,608.00	17,608.00	5,124.77	5,124.77
05/08/2009-12/07/2009	28,920.00	28,920.00	105.85	105.85
			<u>5,230.62</u>	<u>5,230.62</u>
10/01/2008-09/31/2009	\$ 2,332.51	\$ 2,332.51	<u>2,332.51</u>	<u>2,332.51</u>
			<u>\$ 7,626,753.44</u>	<u>\$ 7,626,753.44</u>

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***Notes to the Schedule of Expenditures  
of Federal Awards  
For the Year Ended September 30, 2009***

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***Note 1 – Basis of Presentation***

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the University of North Alabama and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, ***Audits of States, Local Governments, and Non-Profit Organizations***.

Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements.

Total Loans	<u>\$20,084,153.60</u>
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## *Additional Information*

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*Board Members and Officials*  
*October 1, 2008 through September 30, 2009*

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***Board Members and Officials***  
***October 1, 2008 through September 30, 2009***

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**Board Members**

**Term  
Expires**

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***Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance With  
Government Auditing Standards***

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We have audited the financial statements of the University of North Alabama as of and for the year ended September 30, 2009, and have issued our report thereon dated July 16, 2010. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the University of North Alabama Foundation and Subsidiary as described in our report on the University of North Alabama's financial statements. The financial statements of the University of North Alabama Foundation and Subsidiary were not audited in accordance with ***Government Auditing Standards*** and accordingly this report does not extend to the University of North



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

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***Report on Compliance With Requirements Applicable to Each***



***Schedule of Findings and Questioned Costs***  
***For the Year Ended September 30, 2009***

**Section I – Summary of Examiner's Results**

**Financial Statements**

Type of opinion issued: Unqualified  
Internal control over financial reporting: X

\_\_\_\_\_ None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes X No

**Federal Awards**

Internal control over major programs:  
Material weakness(es) identified? \_\_\_\_\_ Yes X No  
Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes X None reported  
Type of opinion issued on compliance for major programs: Unqualified  
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? \_\_\_\_\_ Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.007	<u>Student Financial Assistance Cluster</u> Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.375	Academic Competitiveness Grants
84.376	National Science and Mathematics Access to Retain Talent (SMART) Grants
84.032	Federal Family Education Loans
84.038	Federal Perkins Loan Program-Federal Capital Contributions

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***Schedule of Findings and Questioned Costs***  
***For the Year Ended September 30, 2009***

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**Section I – Summary of Examiner's Results**

Dollar threshold used to distinguish between  
Type A and Type B programs:

\$300,000.00

Auditee qualified as low-risk auditee?

  X   Yes           No

**Section II – Financial Statement Findings (GAGAS)**

<b>Ref. No.</b>	<b>Type of Finding</b>
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# *Summary Schedule of Prior Audit Findings*



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OFFICE of BUSINESS and FINANCIAL AFFAIRS

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