



**BOARD OF REGENTS OF  
THE UNIVERSITY SYSTEM OF GEORGIA**

**ANNUAL FINANCIAL REPORTS**

**For the Year Ended  
June 30, 2006**

**Offices of Fiscal Affairs and Internal Audit**

*"Creating A More Educated Georgia"*  
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**Board of Regents of  
The University System of Georgia  
Annual Financial Report  
June 30, 2006**

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BOARD OF REGENTS  
UNIVERSITY SYSTEM OF GEORGIA  
June 30, 2006

Hugh A. Carter, Jr. ....Atlanta  
State-At-Large  
Term Expires January 1, 2009

Elridge W. McMillan .....Atlanta  
Fifth District  
Term Expires January 1, 2010

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State-At-Large  
Term Expires January 1, 2009

Michael J. Coles .....Kennesaw  
Sixth District  
Term Expires January 1, 2008

Felton Jenkins .....Madison  
State-At-Large  
Term Expires January 1, 2013

Richard L. Tucker.....Lawrenceville  
Seventh District  
Term Expires January 1, 2012

Donald M. Leebern, Jr.....Columbus  
State-At-Large  
Term Expires January 1, 2012

Robert F. Hatcher.....Macon  
Eighth District  
Term Expires January 1, 2013

Doreen Stiles Poitevint .....Bainbridge  
State-At-Large  
Term Expires January 1, 2011

Patrick S. Pittard .....Lamont  
Ninth District  
Term Expires January 1, 2008

W. Mansfield Jennings, Jr.....Hawkinsville  
First District  
Term Expires January 1, 2013

James R. Jolly.....Dalton  
Tenth District  
Term Expires January 1, 2008

Julie Ewing Hunt .....Tifton  
Second District  
Term Expires January 1, 2013

Willis J. Potts .....Rome  
Eleventh District  
Term Expires January 1, 2013

Benjamin J. Tarbuton.....Sandersville  
Third District  
Term Expires January 1, 2013

J. Timothy Shelnut .....Augusta  
Twelfth District  
Term Expires January 1, 2007

Wanda Yancey Rodwell.....Stone Mountain  
Fourth District  
Term Expires January 1, 2012

Allan Vigil .....McDonough  
Thirteenth District  
Term Expires January 1, 2010

OFFICERS OF THE BOARD OF REGENTS

J. Timothy Shelnut.....Chairman  
Patrick S. Pittard ..... Vice Chairman  
Erroll B. Davis, Jr. ....Chancellor

William R. Bowes .....Treasurer  
Gail S. Weber .....Secretary to the Board



**BOARD OF REGENTS OF  
THE UNIVERSITY SYSTEM OF GEORGIA**

OFFICE OF BUSINESS AND FISCAL AFFAIRS  
OFFICE OF INTERNAL AUDIT  
270 WASHINGTON STREET, S.W.  
ATLANTA, GEORGIA 30334

404-656-2232  
404-656-2237

December 15, 2006

Chancellor Erroll B. Davis, Jr.  
Board of Regents  
University System of Georgia

Dear Chancellor Davis:

In keeping with the by-laws of the Board of Regents, we submit to you the Annual Financial Report of the University System of Georgia for the fiscal year ended June 30, 2006.

The officers of the various institutions represented in this report have assured us that every effort has been made to reflect accurately the information considered important to all concerned parties. In the event that this report is not sufficient in detail or if there is additional information desired, this office will be glad to supply such information.

Sincerely,

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William R. Bowes  
Vice Chancellor for Fiscal Affairs  
and Treasurer of the Board

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Ronald B. Stark  
Chief Audit Officer and  
Associate Vice Chancellor

*"Creating A More Educated Georgia"*  
[www.usg.edu](http://www.usg.edu)



# Institutions of the University System of Georgia

## RESEARCH UNIVERSITIES

Georgia Institute of Technology .....	Atlanta
Georgia State University .....	Atlanta
Medical College of Georgia .....	Augusta
University of Georgia .....	Athens

## REGIONAL UNIVERSITIES

Georgia Southern University .....	Statesboro
Valdosta State University .....	Valdosta

## STATE UNIVERSITIES

Albany State University .....	Albany
Armstrong Atlantic State University .....	Savannah
Augusta State University .....	Augusta
Clayton State University .....	Morrow
Columbus State University .....	Columbus
Fort Valley State University .....	Fort Valley
Georgia College & State University .....	Milledgeville
Georgia Southwestern State University .....	Americus
Kennesaw State University .....	Kennesaw
North Georgia College & State University .....	Dahlonega
Savannah State University .....	Savannah
Southern Polytechnic State University .....	Marietta
University of West Georgia .....	Carrollton

## STATE COLLEGES

Abraham Baldwin Agricultural College .....	Tifton
Dalton State College .....	Dalton
Gainesville State College .....	Gainesville
Georgia Gwinnett College .....	Lawrenceville
Gordon College .....	Barnesville
Macon State College .....	Macon
Middle Georgia College .....	Cochran

## TWO-YEAR COLLEGES

Atlanta Metropolitan College .....	Atlanta
Bainbridge College .....	Bainbridge
Coastal Georgia Community College .....	Brunswick
Darton College .....	Albany
East Georgia College .....	Swainsboro
Georgia Highlands College .....	Rome
Georgia Perimeter College .....	Decatur
South Georgia College .....	Douglas
Waycross College .....	Waycross

## INDEPENDENT RESEARCH UNIT

Skidaway Institute of Oceanography .....	Savannah
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## STATE RESOURCES

The General Appropriations Act of 2006, as amended, provided a total of \$1,802,771,336 to the University System of Georgia. In addition, House Bill 85 provided \$16,232,554 from Tobacco funds. The amounts were as follows:

### STATE APPROPRIATIONS AVAILABLE

General Appropriations Act of 2006

House Bill 85

General State Funds

\$1,796,565,144

Tobacco funds

16,232,554

House Bill 1026

General State Funds

6,206,192

TOTAL STATE APPROPRIATIONS AVAILABLE

\$1,819,003,890

### ALLOCATIONS BY BOARD OF REGENTS

Educational and General

Teaching

\$1,521,783,521

Non-Teaching

131,033,154

Tobacco funds

16,232,554

Other Activities

Regents Central Office

\$12,383,357

Information Technology

33,853,330

Southern Regional Education Board

767,598

Rental Payments - Georgia Military College

2,896,734

Georgia Public Telecommunications Commission

16,958,649

Public Libraries

35,901,229

Research Consortium

21,962,489

Total Other Activities

124,723,386

Special Initiative Funding

25,231,275

Total Educational and General

1,819,003,890

TOTAL ALLOCATIONS BY BOARD OF REGENTS

\$1,819,003,890

# UNIVERSITY SYSTEM OF GEORGIA

## *Management's Discussion and Analysis*

### *Introduction*

The mission of the University System of Georgia is to contribute to the educational, cultural, economic, and social advancement of Georgia by providing excellent undergraduate general education and first-rate programs leading to associate, baccalaureate, masters, professional, and doctorate degrees; by pursuing leading-edge basic and applied research, scholarly inquiry, and creative endeavors; and by bringing these intellectual resources, and those of the public libraries, to bear on the economic development of the State and the continuing education of its citizens.

The 35 institutions in the University System were led by Chancellor Erroll B. Davis Jr. and the Board of Regents at June 30, 2006. The University System continues to thrive as shown by the following statistics:

	<u>Faculty</u>	<u>Students- Headcount</u>	<u>Students- FTE</u>
FY2006	10,061*	253,552	218,617
FY2005	9,335	250,659	214,863
FY2004	8,981	247,020	210,180

\* Unofficial: Final number not available at report date

### *Overview of the Financial Statements and Financial Analysis*

The University System of Georgia is proud to present its consolidated financial statements for fiscal year 2006. These consolidated statements contain information from the 35 institutions of the University System of Georgia, the Skidaway Institute of Oceanography and the University System Office. Each institution has prepared a separate financial statement that is available on CD. The emphasis of discussions about these statements will be on current year data. There are three financial statements presented: the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows. This discussion and analysis of the University System's financial statements provides an overview of its financial activities for the year. Comparative data is provided for fiscal 2005 and 2006.

### *Statement of Net Assets*

The Statement of Net Assets presents the assets, liabilities, and net assets of the University System as of the end of the fiscal year. The Statement of Net Assets is a point of time financial statement. The purpose of the Statement of Net Assets is to present to the readers of the financial statements a fiscal snapshot of the University System of Georgia. The Statement of Net Assets presents end-of-year data concerning Assets (current and non-current), Liabilities (current and



non-current), and Net Assets (assets minus liabilities). The difference between current and non-current assets will be discussed in the footnotes to the financial statements.

From the data presented, readers of the Statement of Net Assets are able to determine the assets available to continue the operations of the institution. They are also able to determine how much the institution owes vendors.

Finally, the Statement of Net Assets provides a picture of the net assets (assets minus liabilities) and their availability for expenditure by the institution. Net assets are divided into three major categories. The first category, invested in capital assets, net of debt, provides the institution's equity in property, plant and equipment owned by the institution. The next asset category is restricted net assets, which is divided into two categories, nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net assets are available for expenditure by the institution but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net assets. Unrestricted net assets are available to the institution for any lawful purpose of the institution.

#### Statement of Net Assets, Condensed

	<u>June 30, 2006</u>	<u>June 30, 2005</u>
<b>Assets:</b>		
Current Assets	\$1,009,710,744.01	\$947,979,849.96
Capital Assets, net	4,588,411,513.20	4,296,787,691.41
Other Assets	186,508,292.40	186,302,259.14
Total Assets	<u>5,784,630,549.61</u>	<u>5,431,069,800.51</u>
<b>Liabilities:</b>		
Current Liabilities	517,527,417.58	509,673,815.40
Noncurrent Liabilities	890,816,145.57	722,090,349.96
Total Liabilities	<u>1,408,343,563.15</u>	<u>1,231,764,165.36</u>
<b>Net Assets:</b>		
Invested in Capital Assets, net of debt	3,756,425,368.25	3,617,349,272.10
Restricted - nonexpendable	116,812,688.73	118,133,173.33
Restricted - expendable	203,025,824.32	198,810,437.25
Capital Projects	19,248,500.76	21,226,392.45
Unrestricted	280,774,604.40	243,786,360.02
<b>Total Net Assets</b>	<u><u>\$4,376,286,986.46</u></u>	<u><u>\$4,199,305,635.15</u></u>

The total assets of the institution increased by approximately \$353.6 million. A review of the Statement of Net Assets will reveal that the increase was primarily due to an increase of \$291.6 million of Capital Assets, net of accumulated depreciation and \$33.7 million in Cash and Investments.

The total liabilities for the year increased by approximately \$176.6 million. The primary component of this increase was an increase of \$158.7 million in lease purchase obligations. The combination of the increase in total assets of \$353.6 million and the increase in total liabilities of \$176.6 million yielded a net increase in total net assets of \$177.0 million. The increase in total

net assets is primarily in the category of Invested in Capital Assets, net of related debt in the amount of \$139.1 million.

***Statement of Revenues, Expenses and Changes in Net Assets***

Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. The purpose of the statement is to present the revenues received by the institution, both operating and non-operating, and the expenses paid by the institution, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the institution. Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the institution. Non-operating revenues are revenues received for which goods and services are not provided. For example state appropriations are non-operating because they are provided by the Legislature to the institution without the Legislature directly receiving commensurate goods and services for those revenues.

**Statement of Revenues, Expenses and Changes in Net Assets, Condensed**

	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Operating Revenues	\$2,666,117,984.00	\$2,467,384,789.61
Operating Expenses	4,591,770,541.22	4,306,001,630.19
Operating Loss	<u>(1,925,652,557.22)</u>	<u>(1,838,616,840.58)</u>
Nonoperating Revenues and Expenses	1,913,241,920.28	1,788,577,591.48
Income (Loss) Before other revenues, expenses, gains or losses	<u>(12,410,636.94)</u>	<u>(50,039,249.10)</u>
Other revenues, expenses, gains, losses and transfers	189,378,834.17	301,253,507.11
Increase in Net Assets	<u>176,968,197.23</u>	<u>251,214,258.01</u>
Net Assets at beginning of year, as originally reported	4,199,305,635.15	3,935,576,389.75
Prior Year Adjustments	13,154.08	12,514,987.39
Net Assets at beginning of year, restated	<u>4,199,318,789.23</u>	<u>3,948,091,377.14</u>
Net Assets at End of Year	<u>\$4,376,286,986.46</u>	<u>\$4,199,305,635.15</u>

The Statement of Revenues, Expenses, and Changes in Net Assets reflects a positive year with an increase in the net assets at the end of the year. Some highlights of the information presented on the Statement of Revenues, Expenses, and Changes in Net Assets are as follows:

Revenue by Source  
For the Years Ended June 30, 2006 and June 30, 2005

	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Operating Revenue		
Tuition and Fees	\$778,546,436.13	\$695,664,180.31
Federal Appropriations	15,764,280.64	11,537,500.71
Grants and Contracts	1,241,458,814.90	1,200,286,629.66
Sales and Services	105,560,471.24	99,710,783.84
Auxiliary	445,156,678.77	389,889,281.21
Other	79,631,302.32	70,296,413.88
Total Operating Revenue	<u>2,666,117,984.00</u>	<u>2,467,384,789.61</u>
Nonoperating Revenue		
State Appropriations	1,817,258,595.16	1,676,360,954.76
Grants and Contracts	76,184,807.75	61,806,941.42
Gifts	37,490,127.67	54,754,440.68
Investment Income	38,830,965.09	22,855,806.20
Other	(12,612,265.36)	8,173,142.86
Total Nonoperating Revenue	<u>1,957,152,230.31</u>	<u>1,823,951,285.92</u>
Capital Gifts and Grants		
State	149,618,883.54	276,013,805.56
Other Capital Gifts and Grants	39,712,338.52	25,239,701.55
Total Capital Gifts and Grants	<u>189,331,222.06</u>	<u>301,253,507.11</u>
Special Item Transfers	<u>47,612.11</u>	<u>0.00</u>
Total Revenues	<u>\$4,812,649,048.48</u>	<u>\$4,592,589,582.64</u>

Expenses (By Functional Classification)  
For the Years Ended June 30, 2006 and June 30, 2005

	<u>June 30, 2006</u>	<u>June 20, 2005</u>
Operating Expenses		
Instruction	\$1,136,097,589.26	\$988,427,311.48
Research	699,292,561.63	703,361,893.13
Public Service	385,137,831.91	381,049,885.70
Academic Support	338,041,955.37	325,414,901.69
Student Services	174,407,247.85	173,525,170.80
Institutional Support	693,500,531.66	638,303,116.65
Plant Operations and Maintenance	382,900,429.39	350,471,825.78
Scholarships and Fellowships	143,900,127.24	143,593,840.78
Auxiliary Enterprises	388,780,429.19	363,884,476.61
Unallocated Expenses	74,498,186.62	65,781,126.24
Patient Care (MCG only)	175,213,651.10	172,188,081.33
Total Operating Expenses	<u>4,591,770,541.22</u>	<u>4,306,001,630.19</u>
Nonoperating Expenses		
Interest Expense (Capital Assets)	<u>43,910,310.03</u>	<u>35,373,694.44</u>
Total Expenses	<u>\$4,635,680,851.25</u>	<u>\$4,341,375,324.63</u>

## *Statement of Cash Flows*

The final statement presented by the University System of Georgia is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the University System during the year. The statement is divided into five parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the University System. The second section reflects cash flows from non-capital financing activities. This section reflects the cash received and spent for non-operating, non-investing, and non-capital financing purposes. The third section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Assets.

### Cash Flows for the Years Ended June 30, 2006 and 2005, Condensed

	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Cash Provided (used) By:		
Operating Activities	(\$1,679,012,680.53)	(\$1,498,551,179.64)
Non-capital Financing Activities	1,926,902,736.95	1,798,238,947.07
Capital and Related Financing Activities	(244,102,911.87)	(218,233,085.12)
Investing Activities	<u>48,687,350.63</u>	<u>(7,884,248.48)</u>
Net Change in Cash	52,474,495.18	73,570,433.83
Cash, Beginning of Year	<u>540,669,329.30</u>	<u>467,098,895.47</u>
Cash, End of Year	<u><u>\$593,143,824.48</u></u>	<u><u>\$540,669,329.30</u></u>

## *Capital Assets*

The University System of Georgia had many significant capital asset additions and renovations during fiscal 2006 including the following:

**Georgia Institute of Technology:** The most significant capital addition for fiscal 2006 was the purchase of land and buildings in Midtown Atlanta for \$14.2 million.

**Georgia State University:** Additions in fiscal year 2006 included a \$13.6 million land donation that will be used for future student housing.

**Medical College of Georgia:** Numerous projects were completed during the fiscal year totaling \$28.9 million. Medical College of Georgia also completed the Cancer Research Center and the Satellite Energy Plant in fiscal year 2006. A total of \$15.3 million for these projects was funded by Georgia State Financing and Investment Commission (GSFIC).

**University of Georgia:** In fiscal year 2006, the University opened the Paul D. Coverdell Center for Biomedical and Health Sciences, an interdisciplinary research facility housing a range of disciplines from disease and immunology to mathematics, engineering, and other areas of biomedical research. The University also opened the Tifton Campus Conference Center

featuring a 2000 seat auditorium, exhibit space, banquet and reception facilities, and a business center. Other capital improvements made during fiscal year 2006 include improvements to the scoreboards at Sanford Stadium and Foley Field, renovations at the University of Georgia Center for Continuing Education, and improvements to the Boyd Data Center. Capital asset additions during fiscal year 2006 totaled \$93.7 million.

**Georgia Southern University:** Capital assets, net, increased \$31.3 million. The increase is primarily due to the addition of four capital leases with the GSU Housing Foundation, Inc. of a new residence hall and three capital renovations of Athletic facilities.

**Valdosta State University:** The Lowndes Hall renovation was completed and opened during the fiscal year (\$7.2 million).

**Augusta State University:** The University Village student housing complex and the new Jaguar Student Activities Center were placed into service during the fiscal year (\$32 million).

**Georgia Southwestern State University:** Construction of the Student Success Center was completed and placed into service early in fiscal year 2006 (\$20.2 million).

**Kennesaw State University:** Kennesaw State University had \$26.2 in capital asset additions in fiscal year 2006 of which \$17.4 million was funded by GSFIC, primarily for construction in progress on the Social Science Building. Kennesaw State University also entered into two new capital leases with their Foundation. The leases added \$5.8 million to capital assets for the Towne Pointe unimproved land and improved land and building.

**Southern Polytechnic State University:** Four residence halls totaling \$33.8 million were added due to the reorganization of the housing operations.

**Dalton State College:** The construction of the new continuing education center continued during the fiscal year and the building is slated to open in August 2006. Costs related to the new facility totaled nearly \$5.3 million, which included construction, equipment and furnishings.

**Georgia Highlands College:** The new Cartersville Campus was completed and opened in August 2005 (\$18.2 million).

**Georgia Perimeter College:** \$6 million in capital additions were for the renovation of the B Building on the Dunwoody Campus, and ongoing construction of the Student Center on the Clarkston Campus.

### ***Long-Term Debt and Liabilities***

The University System of Georgia had Long-Term Debts and Liabilities of \$985,288,216.52, excluding related party liabilities and deferred revenue, of which \$109,454,570.95 was reflected as current liability at June 30, 2006.

For additional information concerning Long-Term Debt, see notes 1, 8 and 10 in the Notes to the Financial Statements.

## *Component Units*

In compliance with GASB Statement No. 39, the University System of Georgia has included the financial statements and notes for all required component units for fiscal 2006. System-wide, there were 54 component units at 30 of the colleges and universities. All 54 component units are discretely presented in this consolidated Annual Financial Report. Fourteen of the foundations were also included as component units of the State of Georgia in the State Comprehensive Annual Financial Report (CAFR) for fiscal 2006.

The 54 component units had combined total assets of \$5.5 billion and total liabilities of \$2.8 billion at June 30, 2006. The assets included \$2.4 billion in investments and \$1.4 billion in capital assets. The liabilities included \$2.3 billion in long-term liabilities. Details are available in Note 1, Summary of Significant Accounting Policies and Note 16, Component Units.

## *Economic Outlook*

With significant increases in state appropriations during the last two years, the University System of Georgia financial picture appears to be improving significantly. FY 2007 state appropriations for current University System of Georgia operations, including institutions and other organized activities, were \$1.9 billion, an increase of 6.6%, or \$120.1 million, over fiscal year 2006 appropriations. Additionally, the University System of Georgia received \$310 million in general obligation bond funding for capital facilities, about 27.5% of all bond funding recommended for state government, a high water mark in capital funding in comparison to recent years. As a result of continuing strong state support, the University System of Georgia has had to rely less than most higher education systems on non-state revenue sources.

The implementation of the new guaranteed tuition policy which fixes tuition rates for all students for four years may affect revenues going forward, although the impact of this may be mitigated by establishing such rates at levels higher than had been approved in the past. Tuition rate increases under this new program ranged from 4% at the two year colleges to 7% at the University System's research universities. Total funds generated for the University System of Georgia, including all fund sources, now exceed \$5.3 billion annually.

With a solid base of state funding support, and the recent growth in appropriations and non-state revenues, the University System of Georgia remains financially strong. Enrollment in the system continues to grow although at rates lower than previously projected, although several institutions are seeing a strong enrollment demand. There do not appear to be any conditions or economic factors on the horizon that would affect the University System of Georgia's operations or its financial position.

---

William R. Bowes  
Vice Chancellor for Fiscal Affairs  
University System of Georgia

*Statement of Net Assets*

**UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET ASSETS  
June 30, 2006**

**University System of  
Georgia  
(Primary  
Government)**

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**ASSETS**

**Current Assets**

Cash and Cash Equivalents	\$578,103,042.65
Short-term Investments	109,572,740.30
Accounts Receivable, net (note 3)	
Receivables - Federal Financial Assistance	51,792,044.16
Margin Allocation Funds	9,222,551.00
Receivables - Other	110,878,663.65
Due from Component Units	82,869,006.09
Inventories (note 4)	19,749,673.11
Prepaid Items	47,492,160.59
Other Assets	30,862.46
<b>Total Current Assets</b>	<hr/> <b>1,009,710,744.01</b>

**Noncurrent Assets**

Noncurrent Cash	15,040,781.83
Short-Term Investments (noncurrent portion)	3,441,996.62
Due from Component Units	2,336,437.00
Investments (including real estate)	123,207,539.93
Notes Receivable, net	42,481,537.02
Capital Assets, net (note 6)	4,588,411,513.20
Other Assets	
<b>Total Noncurrent Assets</b>	<hr/> <b>4,774,919,805.60</b>

**TOTAL ASSETS**

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**5,784,630,549.61**

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**LIABILITIES**

**Current Liabilities**

Accounts Payable	74,147,817.13
Salaries Payable	12,938,164.33
Benefits Payable	28,191,556.29
Contracts Payable	7,158,726.08
Deposits	31,456,435.74
Deferred Revenue (note 7)	183,994,363.45
Other Liabilities	8,442,489.86
Deposits Held for Other Organizations	60,894,308.50
Lease Purchase Obligations (current portion)	24,993,937.99
Compensated Absences (current portion)	83,845,304.90
US DOE Settlement (current portion)	499,999.92
Due to Component Units	848,985.25
Notes and Loans Payable (current portion)	115,328.14
<b>Total Current Liabilities</b>	<hr/> <b>517,527,417.58</b>

**Noncurrent Liabilities (note 8)**

Lease Purchase Obligations (noncurrent)	810,438,825.72
Deferred Revenue (noncurrent)	7,107,500.00
Compensated Absences (noncurrent)	62,243,343.77
US DOE Settlement (noncurrent)	711,885.14
Due to Component Units	7,875,000.00
Notes and Loans Payable (noncurrent)	2,439,590.94
<b>Total Noncurrent Liabilities</b>	<hr/> <b>890,816,145.57</b>

**TOTAL LIABILITIES**

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**1,408,343,563.15**

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**NET ASSETS**

Invested in Capital Assets, net of related debt	3,756,425,368.25
Restricted for	
Nonexpendable	116,812,688.73
Expendable	203,025,824.32
Capital Projects	19,248,500.76
Unrestricted	280,774,604.40
<b>TOTAL NET ASSETS</b>	<hr/> <b>\$4,376,286,986.46</b> <hr/>

*Statement of Net Assets, Continued*

**UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET ASSETS  
June 30, 2006**

	<b>Component Units</b>		
	<b>Georgia Tech Foundation, Inc.</b>	<b>Georgia Tech Athletic Association</b>	<b>Georgia Tech Research Corporation</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$21,778,000.00	\$3,915,819.00	\$40,022,629.00
Short-term Investments			
Accounts Receivable, net			
Receivables - Other	336,000.00	2,081,233.00	29,020,309.00
Due from Component Units	14,769.00		
Leases Receivable	3,665,388.98		
Pledges Receivable		3,168,525.00	
Contributions Receivable	2,538,210.68		
Due From Primary Government			
Inventories			
Prepaid Items		826,824.00	400,904.00
Notes and Mortgages Receivable	1,319,000.00		
Other Assets			33,064,745.00
Total Current Assets	<u>29,651,368.66</u>	<u>9,992,401.00</u>	<u>102,508,587.00</u>
<b>Noncurrent Assets</b>			
Noncurrent Cash			
Due from Component Units		68,152,231.00	
Due from Primary Government			
Investments (including real estate)	1,111,949,000.00		959,595.00
Notes Receivable, net			
Leases Receivable	171,743,611.02		
Receivables Other			
Contributions Receivable	17,264,789.32		
Pledges Receivable		8,080,013.00	
Capital Assets, net	40,873,000.00	102,228,086.00	1,849,313.00
Other Assets	19,110,000.00	2,612,811.00	
Total Noncurrent Assets	<u>1,360,940,400.34</u>	<u>181,073,141.00</u>	<u>2,808,908.00</u>
<b>TOTAL ASSETS</b>	<u><u>1,390,591,769.00</u></u>	<u><u>191,065,542.00</u></u>	<u><u>105,317,495.00</u></u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	2,831,268.48	2,426,836.00	1,642,013.00
Salaries Payable			
Benefits Payable			
Contracts Payable			
Deposits		9,125,964.00	
Deferred Revenue	2,065,069.95	2,494,100.00	30,750,187.00
Other Liabilities	980,932.05		
Deposits Held for Other Organizations			
Due to Primary Government	3,627,026.77		37,512,894.00
Lease Purchase Obligations (current portion)			
Estimated Third-Party Payor Settlements			
Compensated Absences (current portion)	282,569.67	938,994.00	
Revenue/Mortgage Bonds payable (current)	4,385,000.00	1,830,000.00	
Due to Component Units	419,000.02		
Notes and Loans Payable (current portion)	44,220,000.00	25,480.00	
Total Current Liabilities	<u>58,810,866.94</u>	<u>16,841,374.00</u>	<u>69,905,094.00</u>
<b>Noncurrent Liabilities</b>			
Due to Primary Government			
Lease Purchase Obligations (noncurrent)			
Deferred Revenue (noncurrent)	36,549,350.43		
Revenue/Mortgage Bonds payable (noncurrent)	211,871,000.00	106,131,507.00	
Deposits			
Liabilities under Split Interest Agreements	8,617,320.65		
Other Long-Term Liabilities			
Due to Component Units	77,787,230.98		
Notes and Loans Payable (noncurrent)		962,734.00	
Total Noncurrent Liabilities	<u>334,824,902.06</u>	<u>107,094,241.00</u>	<u>0.00</u>
<b>TOTAL LIABILITIES</b>	<u><u>393,635,769.00</u></u>	<u><u>123,935,615.00</u></u>	<u><u>69,905,094.00</u></u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt	1,758,992.47	(3,195,249.00)	1,849,313.00
Restricted for			
Nonexpendable	317,986,910.75	13,669,608.00	
Expendable	311,663,881.45	46,948,959.00	
Capital Projects	14,779,719.66		
Unrestricted	350,766,495.67	9,706,609.00	33,563,088.00
<b>TOTAL NET ASSETS</b>	<u><u>\$996,956,000.00</u></u>	<u><u>\$67,129,927.00</u></u>	<u><u>\$35,412,401.00</u></u>



*Statement of Net Assets, Continued*

**UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET ASSETS  
June 30, 2006**

	<b>Component Units</b>		
	<b>Georgia Advanced Technology Ventures, Inc.</b>	<b>Georgia Tech Facilities, Inc.</b>	<b>Georgia Tech Alumni Association</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$1,355,770.00	\$375,000.00	\$263,827.00
Short-term Investments			
Accounts Receivable, net			
Receivables - Other	950,198.00	851,000.00	112,018.00
Due from Component Units		419,000.02	
Leases Receivable		2,295,000.00	
Pledges Receivable			
Contributions Receivable			
Due From Primary Government			
Inventories			2,642.00
Prepaid Items	57,985.00	6,006,000.00	8,443.00
Notes and Mortgages Receivable			
Other Assets		1,231,000.00	
Total Current Assets	<u>2,363,953.00</u>	<u>11,177,000.02</u>	<u>386,930.00</u>
<b>Noncurrent Assets</b>			
Noncurrent Cash			
Due from Component Units		9,634,999.98	
Due from Primary Government			
Investments (including real estate)	1,000,000.00	188,523,000.00	628,023.00
Notes Receivable, net			
Leases Receivable			
Receivables Other			
Contributions Receivable			
Pledges Receivable			
Capital Assets, net	77,748,125.00	69,484,000.00	511,945.00
Other Assets		5,122,000.00	
Total Noncurrent Assets	<u>78,748,125.00</u>	<u>272,763,999.98</u>	<u>1,139,968.00</u>
<b>TOTAL ASSETS</b>	<u><u>81,112,078.00</u></u>	<u><u>283,941,000.00</u></u>	<u><u>1,526,898.00</u></u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	879,704.00	7,294,000.00	264,348.00
Salaries Payable			
Benefits Payable			
Contracts Payable			
Deposits	332,711.00		
Deferred Revenue	75,520.00		310,000.00
Other Liabilities			
Deposits Held for Other Organizations			
Due to Primary Government	123,724.00	119,000.00	6,587.00
Lease Purchase Obligations (current portion)		242,000.00	
Estimated Third-Party Pay or Settlements			
Compensated Absences (current portion)			162,382.00
Revenue/Mortgage Bonds payable (current)		2,550,000.00	
Due to Component Units			14,769.00
Notes and Loans Payable (current portion)	4,383,096.00		
Total Current Liabilities	<u>5,794,755.00</u>	<u>10,205,000.00</u>	<u>758,086.00</u>
<b>Noncurrent Liabilities</b>			
Due to Primary Government			
Lease Purchase Obligations (noncurrent)	50,613,331.00	9,492,000.00	
Deferred Revenue (noncurrent)		50,404,000.00	
Revenue/Mortgage Bonds payable (noncurrent)		210,125,000.00	
Deposits			
Liabilities under Split Interest Agreements			
Other Long-Term Liabilities			
Due to Component Units			
Notes and Loans Payable (noncurrent)	6,324,344.00		
Total Noncurrent Liabilities	<u>56,937,675.00</u>	<u>270,021,000.00</u>	<u>0.00</u>
<b>TOTAL LIABILITIES</b>	<u><u>62,732,430.00</u></u>	<u><u>280,226,000.00</u></u>	<u><u>758,086.00</u></u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt	17,408,740.00	41,004,268.26	511,945.00
Restricted for			
Nonexpendable			
Expendable	862,745.00	11,854,000.00	
Capital Projects			
Unrestricted	108,163.00	(49,143,268.26)	256,867.00
<b>TOTAL NET ASSETS</b>	<u><u>\$18,379,648.00</u></u>	<u><u>\$3,715,000.00</u></u>	<u><u>\$768,812.00</u></u>

*Statement of Net Assets, Continued*

**UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET ASSETS  
June 30, 2006**

	<b>Component Units</b>		
	<b>Georgia State University Foundation, Inc.</b>	<b>Georgia State University Research Foundation, Inc.</b>	<b>MC G Health, Inc.</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$20,430,398.00	\$5,296,043.00	\$60,202,156.00
Short-term Investments			20,678,381.00
Accounts Receivable, net			
Receivables - Other	152,856.00	6,011,570.00	81,796,399.00
Due from Component Units			53,012.00
Leases Receivable			
Pledges Receivable	9,782,262.00		
Contributions Receivable			
Due From Primary Government		60,223.00	
Inventories			5,983,540.00
Prepaid Items	124,449.00	4,402,019.00	
Notes and Mortgages Receivable			
Other Assets			831,804.00
<b>Total Current Assets</b>	<b>30,489,965.00</b>	<b>15,769,855.00</b>	<b>169,545,292.00</b>
<b>Noncurrent Assets</b>			
Noncurrent Cash	115,482,909.00		
Due from Component Units			
Due from Primary Government			
Investments (including real estate)	108,656,231.00	5,619,165.00	56,821,054.00
Notes Receivable, net			
Leases Receivable			
Receivables Other			
Contributions Receivable			
Pledges Receivable	4,062,203.00		
Capital Assets, net	102,617,490.00	5,116,506.00	65,118,333.00
Other Assets	5,155,556.00		526,171.00
<b>Total Noncurrent Assets</b>	<b>335,974,389.00</b>	<b>10,735,671.00</b>	<b>122,465,558.00</b>
<b>TOTAL ASSETS</b>	<b>366,464,354.00</b>	<b>26,505,526.00</b>	<b>292,010,850.00</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	10,517,644.09	19,957.00	9,933,342.00
Salaries Payable			4,604,529.00
Benefits Payable			
Contracts Payable			
Deposits			
Deferred Revenue		3,914,328.00	
Other Liabilities			2,139,000.00
Deposits Held for Other Organizations			
Due to Primary Government	349,191.91	6,187,660.00	11,991,044.00
Lease Purchase Obligations (current portion)	686,221.00		2,353,836.00
Estimated Third-Party Payor Settlements			15,543,000.00
Compensated Absences (current portion)	19,101.00		9,731,260.00
Revenue/Mortgage Bonds payable (current)	1,550,000.00		
Due to Component Units			134,474.00
Notes and Loans Payable (current portion)			
<b>Total Current Liabilities</b>	<b>13,122,158.00</b>	<b>10,121,945.00</b>	<b>56,430,485.00</b>
<b>Noncurrent Liabilities</b>			
Due to Primary Government			
Lease Purchase Obligations (noncurrent)	9,722,456.00		6,278,650.00
Deferred Revenue (noncurrent)	864,510.00		
Revenue/Mortgage Bonds payable (noncurrent)	192,636,673.00		
Deposits			
Liabilities under Split Interest Agreements	249,819.00		
Other Long-Term Liabilities	5,197,804.00		6,416,000.00
Due to Component Units			
Notes and Loans Payable (noncurrent)			
<b>Total Noncurrent Liabilities</b>	<b>208,671,262.00</b>	<b>0.00</b>	<b>12,694,650.00</b>
<b>TOTAL LIABILITIES</b>	<b>221,793,420.00</b>	<b>10,121,945.00</b>	<b>69,125,135.00</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt	17,498,892.00	5,116,506.00	56,485,847.00
Restricted for			
Nonexpendable	65,098,919.00	2,000,000.00	
Expendable	52,938,451.00	475,225.00	
Capital Projects			
Unrestricted	9,134,672.00	8,791,850.00	166,399,868.00
<b>TOTAL NET ASSETS</b>	<b>\$144,670,934.00</b>	<b>\$16,383,581.00</b>	<b>\$222,885,715.00</b>

*Statement of Net Assets, Continued*

**UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET ASSETS  
June 30, 2006**

	<b>Component Units</b>		
	<b>Medical College of Georgia Foundation, Inc.</b>	<b>Medical College of Georgia PPG Foundation</b>	<b>Medical College of Georgia Research Institute, Inc.</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$16,334,609.00	\$18,100,759.00	\$5,677,198.00
Short-term Investments		24,838,093.00	
Accounts Receivable, net			
Receivables - Other		344,139.00	4,294,187.00
Due from Component Units		134,474.00	
Leases Receivable		2,175,624.00	
Pledges Receivable			
Contributions Receivable			
Due From Primary Government		143,158.00	
Inventories			
Prepaid Items			
Notes and Mortgages Receivable	187,036.00		
Other Assets	56,572.00		
<b>Total Current Assets</b>	<u>16,578,217.00</u>	<u>45,736,247.00</u>	<u>9,971,385.00</u>
<b>Noncurrent Assets</b>			
Noncurrent Cash			
Due from Component Units			
Due from Primary Government			12,614.00
Investments (including real estate)	109,917,975.00	17,562,055.00	
Notes Receivable, net	116,256.00		
Leases Receivable		62,005,284.00	
Receivables Other			
Contributions Receivable			
Pledges Receivable			
Capital Assets, net	4,124,798.00	4,322,749.00	22,463.00
Other Assets	292,873.00	1,812,327.00	
<b>Total Noncurrent Assets</b>	<u>114,451,902.00</u>	<u>85,702,415.00</u>	<u>35,077.00</u>
<b>TOTAL ASSETS</b>	<u>131,030,119.00</u>	<u>131,438,662.00</u>	<u>10,006,462.00</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable		3,342,224.00	48,583.00
Salaries Payable			
Benefits Payable			
Contracts Payable			
Deposits		941,973.00	6,000.00
Deferred Revenue		2,063,957.00	7,755.00
Other Liabilities			
Deposits Held for Other Organizations			
Due to Primary Government		454,406.00	4,892,910.00
Lease Purchase Obligations (current portion)			
Estimated Third-Party Pay or Settlements			
Compensated Absences (current portion)			
Revenue/Mortgage Bonds payable (current)			
Due to Component Units		53,012.00	
Notes and Loans Payable (current portion)		650,000.00	
<b>Total Current Liabilities</b>	<u>0.00</u>	<u>7,505,572.00</u>	<u>4,955,248.00</u>
<b>Noncurrent Liabilities</b>			
Due to Primary Government			
Lease Purchase Obligations (noncurrent)			
Deferred Revenue (noncurrent)		34,786,702.00	
Revenue/Mortgage Bonds payable (noncurrent)			
Deposits			
Liabilities under Split Interest Agreements	2,291,825.00		
Other Long-Term Liabilities		505,990.00	
Due to Component Units			
Notes and Loans Payable (noncurrent)		32,699,307.00	
<b>Total Noncurrent Liabilities</b>	<u>2,291,825.00</u>	<u>67,991,999.00</u>	<u>0.00</u>
<b>TOTAL LIABILITIES</b>	<u>2,291,825.00</u>	<u>75,497,571.00</u>	<u>4,955,248.00</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt	4,124,798.00	4,322,749.00	22,463.00
Restricted for			
Nonexpendable	101,162,885.00		
Expendable	15,419,645.00		
Capital Projects			
Unrestricted	8,030,966.00	51,618,342.00	5,028,751.00
<b>TOTAL NET ASSETS</b>	<u>\$128,738,294.00</u>	<u>\$55,941,091.00</u>	<u>\$5,051,214.00</u>

*Statement of Net Assets, Continued*

**UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET ASSETS  
June 30, 2006**

	<b>Component Units</b>		
	<b>Medical College of Georgia Dental Foundation</b>	<b>University of Georgia Foundation</b>	<b>University of Georgia Athletic Association, Inc.</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$62,914.00	\$7,111,948.00	\$46,922,660.00
Short-term Investments	3,614,810.00	41,161,597.00	
Accounts Receivable, net			
Receivables - Other	14,487.00	2,866,669.00	2,968,262.00
Due from Component Units			2,555,872.00
Leases Receivable			
Pledges Receivable		2,487,755.00	
Contributions Receivable			
Due From Primary Government	606,030.00		
Inventories			
Prepaid Items	78,888.00	344,481.00	194,709.00
Notes and Mortgages Receivable			
Other Assets		1,558,945.00	
Total Current Assets	<u>4,377,129.00</u>	<u>55,531,395.00</u>	<u>52,641,503.00</u>
<b>Noncurrent Assets</b>			
Noncurrent Cash		13,959,276.00	28,533,612.00
Due from Component Units			
Due from Primary Government			
Investments (including real estate)		490,567,909.00	
Notes Receivable, net		77,689.00	
Leases Receivable			
Receivables Other			
Contributions Receivable			
Pledges Receivable		18,155,595.00	
Capital Assets, net		186,536,958.00	170,478,357.00
Other Assets		4,818,887.00	1,420,090.00
Total Noncurrent Assets	<u>0.00</u>	<u>714,116,314.00</u>	<u>200,432,059.00</u>
<b>TOTAL ASSETS</b>	<u><b>4,377,129.00</b></u>	<u><b>769,647,709.00</b></u>	<u><b>253,073,562.00</b></u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	4,244,055.00	4,439,189.00	6,665,855.00
Salaries Payable		700.00	
Benefits Payable			2,639.00
Contracts Payable			
Deposits			
Deferred Revenue			16,929,225.00
Other Liabilities			500,000.00
Deposits Held for Other Organizations		710,616.00	
Due to Primary Government		768,702.00	1,676,546.00
Lease Purchase Obligations (current portion)			
Estimated Third-Party Pay or Settlements			
Compensated Absences (current portion)		26,883.00	
Revenue/Mortgage Bonds payable (current)		3,365,000.00	1,955,009.00
Due to Component Units		2,555,872.00	
Notes and Loans Payable (current portion)		1,148,762.00	80,289.00
Total Current Liabilities	<u>4,244,055.00</u>	<u>13,015,724.00</u>	<u>27,809,563.00</u>
<b>Noncurrent Liabilities</b>			
Due to Primary Government			2,336,437.00
Lease Purchase Obligations (noncurrent)			
Deferred Revenue (noncurrent)			
Revenue/Mortgage Bonds payable (noncurrent)		187,150,024.00	97,559,991.00
Deposits			
Liabilities under Split Interest Agreements		11,291,219.00	
Other Long-Term Liabilities			2,750,438.00
Due to Component Units			
Notes and Loans Payable (noncurrent)		13,201,584.00	87,112.00
Total Noncurrent Liabilities	<u>0.00</u>	<u>211,642,827.00</u>	<u>102,733,978.00</u>
<b>TOTAL LIABILITIES</b>	<u><b>4,244,055.00</b></u>	<u><b>224,658,551.00</b></u>	<u><b>130,543,541.00</b></u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt			68,145,556.00
Restricted for			
Nonexpendable		263,400,760.00	
Expendable		261,833,729.00	28,533,612.00
Capital Projects			
Unrestricted	133,074.00	19,754,669.00	25,850,853.00
<b>TOTAL NET ASSETS</b>	<u><b>\$133,074.00</b></u>	<u><b>\$544,989,158.00</b></u>	<u><b>\$122,530,021.00</b></u>

*Statement of Net Assets, Continued*

**UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET ASSETS  
June 30, 2006**

	<b>Component Units</b>		
	<b>University of Georgia Research Foundation, Inc.</b>	<b>Georgia Southern University Foundation, Inc.</b>	<b>(Georgia Southern University) Southern Boosters, Inc.</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$3,679,515.00	\$125,069.00	\$1,259,737.00
Short-term Investments		38,169,066.00	
Accounts Receivable, net			
Receivables - Other	20,352,451.00	50,628.00	565,764.00
Due from Component Units			
Leases Receivable			
Pledges Receivable		842,929.00	400,481.00
Contributions Receivable			
Due From Primary Government	469,278.00		
Inventories			
Prepaid Items	81,390.00		
Notes and Mortgages Receivable			
Other Assets	14,239,464.00		
Total Current Assets	<u>38,822,098.00</u>	<u>39,187,692.00</u>	<u>2,225,982.00</u>
<b>Noncurrent Assets</b>			
Noncurrent Cash			
Due from Component Units			
Due from Primary Government	7,875,000.00		
Investments (including real estate)	36,312,418.00	707,406.00	
Notes Receivable, net			
Leases Receivable			
Receivables Other			
Contributions Receivable			
Pledges Receivable		3,401,429.00	690,657.00
Capital Assets, net	561,076.00	421,416.00	1,074,219.00
Other Assets	497,425.00	103,294.00	
Total Noncurrent Assets	<u>45,245,919.00</u>	<u>4,633,545.00</u>	<u>1,764,876.00</u>
<b>TOTAL ASSETS</b>	<u>84,068,017.00</u>	<u>43,821,237.00</u>	<u>3,990,858.00</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	9,623,271.48	217,907.40	18,413.78
Salaries Payable			
Benefits Payable			
Contracts Payable			
Deposits	14,239,464.00		
Deferred Revenue	3,780,816.00		59,600.00
Other Liabilities			
Deposits Held for Other Organizations		2,325,006.00	
Due to Primary Government	20,064,704.52	17,037.60	31,043.22
Lease Purchase Obligations (current portion)			
Estimated Third-Party Payor Settlements			
Compensated Absences (current portion)			
Revenue/Mortgage Bonds payable (current)			
Due to Component Units			
Notes and Loans Payable (current portion)			417,468.00
Total Current Liabilities	<u>47,708,256.00</u>	<u>2,559,951.00</u>	<u>526,525.00</u>
<b>Noncurrent Liabilities</b>			
Due to Primary Government			
Lease Purchase Obligations (noncurrent)			
Deferred Revenue (noncurrent)	7,876,730.00		
Revenue/Mortgage Bonds payable (noncurrent)			
Deposits			
Liabilities under Split Interest Agreements			
Other Long-Term Liabilities			
Due to Component Units		844,936.00	
Notes and Loans Payable (noncurrent)			212,836.00
Total Noncurrent Liabilities	<u>7,876,730.00</u>	<u>844,936.00</u>	<u>212,836.00</u>
<b>TOTAL LIABILITIES</b>	<u>55,584,986.00</u>	<u>3,404,887.00</u>	<u>739,361.00</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt	561,076.00	421,416.00	673,497.00
Restricted for			
Nonexpendable		25,920,651.00	
Expendable		11,924,588.00	1,307,463.00
Capital Projects			884,035.00
Unrestricted	27,921,955.00	2,149,695.00	386,502.00
<b>TOTAL NET ASSETS</b>	<u>\$28,483,031.00</u>	<u>\$40,416,350.00</u>	<u>\$3,251,497.00</u>

*Statement of Net Assets, Continued*

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET ASSETS  
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	Component Units		
	Georgia Southern University Housing Foundation, Inc.	Georgia Southern University Research and Service Foundation, Inc.	Valdosta State University Foundation
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$418,701.00	\$1,119,221.00	\$4,288,687.00
Short-term Investments			
Accounts Receivable, net			
Receivables - Other	3,994,735.00	1,337,888.00	
Due from Component Units			
Leases Receivable	1,601,531.00		
Pledges Receivable			50,000.00
Contributions Receivable			
Due From Primary Government		3,725.58	247,965.00
Inventories			
Prepaid Items	2,171.00	103,380.00	14,132.00
Notes and Mortgages Receivable			
Other Assets			
Total Current Assets	<u>6,017,138.00</u>	<u>2,564,214.58</u>	<u>4,600,784.00</u>
<b>Noncurrent Assets</b>			
Noncurrent Cash	24,412,749.00		7,238,266.00
Due from Component Units	844,936.00		
Due from Primary Government			
Investments (including real estate)			17,815,329.00
Notes Receivable, net			
Leases Receivable	64,434,914.00		
Receivables Other	63,753,628.00		
Contributions Receivable			
Pledges Receivable			134,749.00
Capital Assets, net	27,043,744.00		34,165,199.00
Other Assets			1,209,501.00
Total Noncurrent Assets	<u>180,489,971.00</u>	<u>0.00</u>	<u>60,563,044.00</u>
<b>TOTAL ASSETS</b>	<u>186,507,109.00</u>	<u>2,564,214.58</u>	<u>65,163,828.00</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	3,554,721.00	1,326.00	1,551,149.00
Salaries Payable			
Benefits Payable			
Contracts Payable			
Deposits			
Deferred Revenue	3,994,735.00	825,968.60	
Other Liabilities			107,520.00
Deposits Held for Other Organizations			98,297.00
Due to Primary Government		1,206,119.98	
Lease Purchase Obligations (current portion)			
Estimated Third-Party Pay or Settlements			
Compensated Absences (current portion)			
Revenue/Mortgage Bonds payable (current)	1,785,000.00		395,061.00
Due to Component Units			
Notes and Loans Payable (current portion)			913,719.00
Total Current Liabilities	<u>9,334,456.00</u>	<u>2,033,414.58</u>	<u>3,065,746.00</u>
<b>Noncurrent Liabilities</b>			
Due to Primary Government			
Lease Purchase Obligations (noncurrent)			
Deferred Revenue (noncurrent)	63,698,591.00		
Revenue/Mortgage Bonds payable (noncurrent)	112,495,000.00		38,095,457.00
Deposits			
Liabilities under Split Interest Agreements			430,303.00
Other Long-Term Liabilities			
Due to Component Units			
Notes and Loans Payable (noncurrent)			349,862.00
Total Noncurrent Liabilities	<u>176,193,591.00</u>	<u>0.00</u>	<u>38,875,622.00</u>
<b>TOTAL LIABILITIES</b>	<u>185,528,047.00</u>	<u>2,033,414.58</u>	<u>41,941,368.00</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt			2,069,098.00
Restricted for			
Nonexpendable			16,712,991.00
Expendable	1,459,257.00		1,604,390.00
Capital Projects			517,675.00
Unrestricted	(480,195.00)	530,800.00	2,318,306.00
<b>TOTAL NET ASSETS</b>	<u>\$979,062.00</u>	<u>\$530,800.00</u>	<u>\$23,222,460.00</u>

*Statement of Net Assets, Continued*

**UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET ASSETS  
June 30, 2006**

	<b>Component Units</b>		
	<b>Albany State University Foundation, Inc.</b>	<b>Armstrong Atlantic State University Foundation, Inc.</b>	<b>AASU Educational Properties Foundation, Inc.</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$901,031.00	\$630,445.00	\$331,650.00
Short-term Investments		764,538.00	
Accounts Receivable, net			
Receivables - Other	17,638.00		29,823.00
Due from Component Units			
Leases Receivable			
Pledges Receivable		75,769.00	
Contributions Receivable			
Due From Primary Government			
Inventories			
Prepaid Items			15,361.00
Notes and Mortgages Receivable	80,000.00		
Other Assets	239,264.00		1,504,710.00
<b>Total Current Assets</b>	<b>1,237,933.00</b>	<b>1,470,752.00</b>	<b>1,881,544.00</b>
<b>Noncurrent Assets</b>			
Noncurrent Cash	18,081,773.00		11,006,218.00
Due from Component Units			
Due from Primary Government			
Investments (including real estate)	2,160,280.00	4,265,101.00	
Notes Receivable, net			
Leases Receivable			
Receivables Other			
Contributions Receivable			
Pledges Receivable		14,434.00	
Capital Assets, net	32,745,349.00		28,672,571.00
Other Assets	1,206,601.00		
<b>Total Noncurrent Assets</b>	<b>54,194,003.00</b>	<b>4,279,535.00</b>	<b>39,678,789.00</b>
<b>TOTAL ASSETS</b>	<b>55,431,936.00</b>	<b>5,750,287.00</b>	<b>41,560,333.00</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	7,190,436.00	13,000.00	622,979.00
Salaries Payable			
Benefits Payable			
Contracts Payable			
Deposits			26,226.00
Deferred Revenue			
Other Liabilities	1,124,103.00		
Deposits Held for Other Organizations			
Due to Primary Government			
Lease Purchase Obligations (current portion)			
Estimated Third-Party Pay or Settlements			
Compensated Absences (current portion)			
Revenue/Mortgage Bonds payable (current)			977,619.00
Due to Component Units			
Notes and Loans Payable (current portion)	83,192.00		
<b>Total Current Liabilities</b>	<b>8,397,731.00</b>	<b>13,000.00</b>	<b>1,626,824.00</b>
<b>Noncurrent Liabilities</b>			
Due to Primary Government			
Lease Purchase Obligations (noncurrent)			
Deferred Revenue (noncurrent)			
Revenue/Mortgage Bonds payable (noncurrent)	34,320,000.00		42,821,801.00
Deposits			
Liabilities under Split Interest Agreements			
Other Long-Term Liabilities	658,805.00		
Due to Component Units			
Notes and Loans Payable (noncurrent)	2,309,786.00		
<b>Total Noncurrent Liabilities</b>	<b>37,288,591.00</b>	<b>0.00</b>	<b>42,821,801.00</b>
<b>TOTAL LIABILITIES</b>	<b>45,686,322.00</b>	<b>13,000.00</b>	<b>44,448,625.00</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt	5,107,867.00		(2,615,921.00)
Restricted for			
Nonexpendable		3,877,927.00	
Expendable	2,734,700.00	1,803,635.00	
Capital Projects	1,276,805.00		
Unrestricted	626,242.00	55,725.00	(272,371.00)
<b>TOTAL NET ASSETS</b>	<b>\$9,745,614.00</b>	<b>\$5,737,287.00</b>	<b>(\$2,888,292.00)</b>

*Statement of Net Assets, Continued*

**UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET ASSETS  
June 30, 2006**

	<b>Component Units</b>		
	<b>Augusta State University Foundation, Inc.</b>	<b>Augusta State University Athletic Foundation</b>	<b>Walter &amp; Emilie Spivey Foundation</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$2,287,894.00	\$240,613.00	\$66,465.06
Short-term Investments			
Accounts Receivable, net			
Receivables - Other	18,475.00	10,587.00	
Due from Component Units			
Leases Receivable	1,774,739.00		
Pledges Receivable	57,333.00		
Contributions Receivable			
Due From Primary Government			
Inventories			
Prepaid Items		6,511.00	
Notes and Mortgages Receivable	142,000.00		24,892.08
Other Assets			
<b>Total Current Assets</b>	<b>4,280,441.00</b>	<b>257,711.00</b>	<b>91,357.14</b>
<b>Noncurrent Assets</b>			
Noncurrent Cash	5,660,643.00		
Due from Component Units			
Due from Primary Government			
Investments (including real estate)	15,108,849.00		7,352,183.30
Notes Receivable, net	1,402,695.00		
Leases Receivable	61,462,924.00		
Receivables Other			
Contributions Receivable			
Pledges Receivable	673,444.00		
Capital Assets, net		2,058,622.00	10,769.46
Other Assets	858,860.00		
<b>Total Noncurrent Assets</b>	<b>85,167,415.00</b>	<b>2,058,622.00</b>	<b>7,362,952.76</b>
<b>TOTAL ASSETS</b>	<b>89,447,856.00</b>	<b>2,316,333.00</b>	<b>7,454,309.90</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	682,641.89	183,682.00	
Salaries Payable		6,854.00	
Benefits Payable			
Contracts Payable			
Deposits			
Deferred Revenue	1,637,308.00	7,446.00	
Other Liabilities	2,350,803.00		
Deposits Held for Other Organizations			
Due to Primary Government	143.11	20,500.00	
Lease Purchase Obligations (current portion)		26,060.00	
Estimated Third-Party Payor Settlements			
Compensated Absences (current portion)			
Revenue/Mortgage Bonds payable (current)	85,000.00		
Due to Component Units			
Notes and Loans Payable (current portion)	142,000.00	150,456.00	
<b>Total Current Liabilities</b>	<b>4,897,896.00</b>	<b>394,998.00</b>	<b>0.00</b>
<b>Noncurrent Liabilities</b>			
Due to Primary Government			
Lease Purchase Obligations (noncurrent)		47,754.00	
Deferred Revenue (noncurrent)	29,055,722.00		
Revenue/Mortgage Bonds payable (noncurrent)	30,767,518.00		
Deposits			
Liabilities under Split Interest Agreements			
Other Long-Term Liabilities			
Due to Component Units			
Notes and Loans Payable (noncurrent)	1,402,695.00	1,424,267.00	
<b>Total Noncurrent Liabilities</b>	<b>61,225,935.00</b>	<b>1,472,021.00</b>	<b>0.00</b>
<b>TOTAL LIABILITIES</b>	<b>66,123,831.00</b>	<b>1,867,019.00</b>	<b>0.00</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt		410,085.00	10,769.46
Restricted for			
Nonexpendable	12,902,730.00		
Expendable	1,110,142.00		
Capital Projects	4,681,228.00		
Unrestricted	4,629,925.00	39,229.00	7,443,540.44
<b>TOTAL NET ASSETS</b>	<b>\$23,324,025.00</b>	<b>\$449,314.00</b>	<b>\$7,454,309.90</b>



*Statement of Net Assets, Continued*

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET ASSETS  
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	Component Units		
	Clayton State University Foundation, Inc.	Columbus State University Foundation, Inc.	(Columbus State University) Foundation Properties, Inc.
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$576,546.00	\$5,700,585.00	\$2,647,126.00
Short-term Investments			
Accounts Receivable, net			
Receivables - Other		72,430.00	187,188.00
Due from Component Units		2,390,285.00	
Leases Receivable			
Pledges Receivable	76,154.00	12,091,516.00	
Contributions Receivable			
Due From Primary Government			
Inventories		731.72	
Prepaid Items	2,745.00	13,287.50	365,462.00
Notes and Mortgages Receivable			
Other Assets	10,040.00	150,930.78	
Total Current Assets	<u>665,485.00</u>	<u>20,419,766.00</u>	<u>3,199,776.00</u>
<b>Noncurrent Assets</b>			
Noncurrent Cash			
Short-Term Investments (noncurrent portion)			
Due from Component Units			
Due from Primary Government			
Investments (including real estate)	4,179,204.00	28,114,178.00	6,149,745.00
Notes Receivable, net			
Leases Receivable			
Receivables Other			
Contributions Receivable			
Pledges Receivable		23,208,664.00	
Capital Assets, net			69,817,981.00
Other Assets			592,270.00
Total Noncurrent Assets	<u>4,179,204.00</u>	<u>51,322,842.00</u>	<u>76,559,996.00</u>
<b>TOTAL ASSETS</b>	<u>4,844,689.00</u>	<u>71,742,608.00</u>	<u>79,759,772.00</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	18,970.00	217,806.00	2,400,035.00
Salaries Payable			
Benefits Payable			
Contracts Payable			
Deposits			
Deferred Revenue		14,132.00	
Other Liabilities			
Deposits Held for Other Organizations			
Due to Primary Government	866.00	20,996,341.00	9,331,689.00
Lease Purchase Obligations (current portion)			
Estimated Third-Party Payor Settlements			
Compensated Absences (current portion)			
Revenue/Mortgage Bonds payable (current)			870,450.00
Due to Component Units		13,825.00	2,390,285.00
Notes and Loans Payable (current portion)			4,584,895.00
Total Current Liabilities	<u>19,836.00</u>	<u>21,242,104.00</u>	<u>19,577,354.00</u>
<b>Noncurrent Liabilities</b>			
Due to Primary Government			
Lease Purchase Obligations (noncurrent)			
Deferred Revenue (noncurrent)			
Revenue/Mortgage Bonds payable (noncurrent)			41,472,250.00
Deposits			52,424.00
Liabilities under Split Interest Agreements		1,208,920.00	
Other Long-Term Liabilities			
Due to Component Units			
Notes and Loans Payable (noncurrent)			
Total Noncurrent Liabilities	<u>0.00</u>	<u>1,208,920.00</u>	<u>41,524,674.00</u>
<b>TOTAL LIABILITIES</b>	<u>19,836.00</u>	<u>22,451,024.00</u>	<u>61,102,028.00</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt			22,890,386.00
Restricted for			
Nonexpendable	1,396,455.00	25,365,577.00	
Expendable	3,343,478.00	11,941,073.00	
Capital Projects		9,128,130.00	
Unrestricted	84,920.00	2,856,804.00	(4,232,642.00)
<b>TOTAL NET ASSETS</b>	<u>\$4,824,853.00</u>	<u>\$49,291,584.00</u>	<u>\$18,657,744.00</u>

*Statement of Net Assets, Continued*

**UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET ASSETS  
June 30, 2006**

	<b>Component Units</b>		
	<b>Columbus State University Athletic Fund, Inc.</b>	<b>Columbus State University Alumni Association, Inc.</b>	<b>Georgia College &amp; State University Foundation, Inc.</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$458,051.00	\$106,453.00	\$828,375.00
Short-term Investments		7,830.00	
Accounts Receivable, net			
Receivables - Other	41,752.00	117.00	
Due from Component Units	6,965.00	6,860.00	
Leases Receivable			
Pledges Receivable	26,763.00	1,260.00	616,020.00
Contributions Receivable			
Due From Primary Government			43,746.89
Inventories	3,745.00		
Prepaid Items	2,083.00	229.00	1,500.00
Notes and Mortgages Receivable			
Other Assets			55,508.00
Total Current Assets	<u>539,359.00</u>	<u>122,749.00</u>	<u>1,545,149.89</u>
<b>Noncurrent Assets</b>			
Noncurrent Cash			13,930,224.00
Due from Component Units			
Due from Primary Government			
Investments (including real estate)	1,386,343.00	116,590.00	9,637,437.00
Notes Receivable, net			
Leases Receivable			
Receivables Other			
Contributions Receivable			
Pledges Receivable	60,808.00		
Capital Assets, net	354.00	3,804.00	82,320,422.00
Other Assets			2,303,154.00
Total Noncurrent Assets	<u>1,447,505.00</u>	<u>120,394.00</u>	<u>108,191,237.00</u>
<b>TOTAL ASSETS</b>	<u>1,986,864.00</u>	<u>243,143.00</u>	<u>109,736,386.89</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	59,242.00	7,424.00	1,681,354.50
Salaries Payable			
Benefits Payable			
Contracts Payable			
Deposits			
Deferred Revenue	33,564.00	4,940.00	
Other Liabilities			63,373.00
Deposits Held for Other Organizations			
Due to Primary Government	18,756.00	13,795.00	531,754.39
Lease Purchase Obligations (current portion)			
Estimated Third-Party Pay or Settlements			
Compensated Absences (current portion)			
Revenue/Mortgage Bonds payable (current)			275,000.00
Due to Component Units			
Notes and Loans Payable (current portion)			450,000.00
Total Current Liabilities	<u>111,562.00</u>	<u>26,159.00</u>	<u>3,001,481.89</u>
<b>Noncurrent Liabilities</b>			
Due to Primary Government			
Lease Purchase Obligations (noncurrent)			
Deferred Revenue (noncurrent)			
Revenue/Mortgage Bonds payable (noncurrent)			95,782,000.00
Deposits			
Liabilities under Split Interest Agreements			
Other Long-Term Liabilities			
Due to Component Units			
Notes and Loans Payable (noncurrent)			
Total Noncurrent Liabilities	<u>0.00</u>	<u>0.00</u>	<u>95,782,000.00</u>
<b>TOTAL LIABILITIES</b>	<u>111,562.00</u>	<u>26,159.00</u>	<u>98,783,481.89</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt	354.00	3,804.00	2,043,823.00
Restricted for			
Nonexpendable	1,269,915.00	82,416.00	8,626,413.00
Expendable	645,791.00	97,093.00	1,892,819.00
Capital Projects			
Unrestricted	<u>(40,758.00)</u>	<u>33,671.00</u>	<u>(1,610,150.00)</u>
<b>TOTAL NET ASSETS</b>	<u>\$1,875,302.00</u>	<u>\$216,984.00</u>	<u>\$10,952,905.00</u>

*Statement of Net Assets, Continued*

**UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET ASSETS  
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	<b>Component Units</b>		
	<b>Georgia College &amp; State University Alumni Association, Inc.</b>	<b>Georgia Southwestern Foundation, Inc.</b>	<b>Georgia Southwestern Research and Development Corp., Inc.</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$188,168.00	\$1,670,561.00	\$0.00
Short-term Investments			
Accounts Receivable, net			
Receivables - Other		143,694.00	52,000.00
Due from Component Units			
Leases Receivable			
Pledges Receivable		341,527.00	
Contributions Receivable			
Due From Primary Government			
Inventories	8,111.00	16,570.00	
Prepaid Items	1,748.00		
Notes and Mortgages Receivable			
Other Assets	4,500.00		
Total Current Assets	<u>202,527.00</u>	<u>2,172,352.00</u>	<u>52,000.00</u>
<b>Noncurrent Assets</b>			
Noncurrent Cash		2,257,401.16	
Due from Component Units			
Due from Primary Government			
Investments (including real estate)	5,207,824.00	37,020,254.19	
Notes Receivable, net			
Leases Receivable			
Receivables Other			
Contributions Receivable			
Pledges Receivable			
Capital Assets, net	91,716.00	12,435,180.89	300,900.00
Other Assets		714,872.49	
Total Noncurrent Assets	<u>5,299,540.00</u>	<u>52,427,708.73</u>	<u>300,900.00</u>
<b>TOTAL ASSETS</b>	<u>5,502,067.00</u>	<u>54,600,060.73</u>	<u>352,900.00</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable		36,104.79	47,337.00
Salaries Payable			
Benefits Payable			
Contracts Payable		1,498,914.02	
Deposits			
Deferred Revenue			
Other Liabilities			
Deposits Held for Other Organizations			
Due to Primary Government	5,800.00	109,382.17	
Lease Purchase Obligations (current portion)			
Estimated Third-Party Payor Settlements			
Compensated Absences (current portion)			
Revenue/Mortgage Bonds payable (current)			
Due to Component Units			
Notes and Loans Payable (current portion)			
Total Current Liabilities	<u>5,800.00</u>	<u>1,644,400.98</u>	<u>47,337.00</u>
<b>Noncurrent Liabilities</b>			
Due to Primary Government			
Lease Purchase Obligations (noncurrent)			
Deferred Revenue (noncurrent)			
Revenue/Mortgage Bonds payable (noncurrent)		27,233,913.75	
Deposits			
Liabilities under Split Interest Agreements			
Other Long-Term Liabilities			
Due to Component Units			
Notes and Loans Payable (noncurrent)			
Total Noncurrent Liabilities	<u>0.00</u>	<u>27,233,913.75</u>	<u>0.00</u>
<b>TOTAL LIABILITIES</b>	<u>5,800.00</u>	<u>28,878,314.73</u>	<u>47,337.00</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt	91,716.00	3,236,240.98	300,900.00
Restricted for			
Nonexpendable	4,185,898.00	6,608,714.00	
Expendable	1,086,401.00	5,510,633.19	
Capital Projects		9,837.81	
Unrestricted	132,252.00	10,356,320.02	4,663.00
<b>TOTAL NET ASSETS</b>	<u>\$5,496,267.00</u>	<u>\$25,721,746.00</u>	<u>\$305,563.00</u>

*Statement of Net Assets, Continued*

**UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET ASSETS  
June 30, 2006**

	<b>Component Units</b>		
	<b>Kennesaw State University Foundation, Inc.</b>	<b>North Georgia College &amp; State University Foundation, Inc.</b>	<b>Southern Polytechnic State University Foundation, Inc.</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$2,630,886.00	\$543,967.00	\$669,098.00
Short-term Investments			
Accounts Receivable, net			
Receivables - Other	265,929.96	272,187.00	417,003.00
Due from Component Units			
Leases Receivable	4,001,315.00		2,429,316.00
Pledges Receivable	879,557.00	1,117.00	87,551.00
Contributions Receivable			
Due From Primary Government	73,079.04		
Inventories			
Prepaid Items	168,693.00	78,466.00	3,239.00
Notes and Mortgages Receivable	797,754.00		
Other Assets	282,553.00		
Total Current Assets	<u>9,099,767.00</u>	<u>895,737.00</u>	<u>3,606,207.00</u>
<b>Noncurrent Assets</b>			
Noncurrent Cash	22,718,681.00	1,810,586.00	3,726,801.00
Due from Component Units			
Due from Primary Government			
Investments (including real estate)	20,793,027.00	17,199,185.00	3,026,306.00
Notes Receivable, net	288,256.00		
Leases Receivable	81,741,589.00		52,375,384.00
Receivables Other			
Contributions Receivable			
Pledges Receivable		146,756.00	155,610.00
Capital Assets, net	106,549,343.00	7,969,418.00	
Other Assets	5,701,637.00	555,900.00	574,590.00
Total Noncurrent Assets	<u>237,792,533.00</u>	<u>27,681,845.00</u>	<u>59,858,691.00</u>
<b>TOTAL ASSETS</b>	<u>246,892,300.00</u>	<u>28,577,582.00</u>	<u>63,464,898.00</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	5,519,606.97	368,280.15	500,964.00
Salaries Payable			
Benefits Payable			
Contracts Payable			
Deposits	104,965.00	125,237.00	
Deferred Revenue	3,529,742.00	41,767.00	1,700,000.00
Other Liabilities		52,115.00	376,128.00
Deposits Held for Other Organizations			
Due to Primary Government	553,707.03	454,932.85	
Lease Purchase Obligations (current portion)			
Estimated Third-Party Payor Settlements			
Compensated Absences (current portion)			
Revenue/Mortgage Bonds payable (current)	3,868,157.00	100,000.00	810,000.00
Due to Component Units			
Notes and Loans Payable (current portion)		1,147,382.00	
Total Current Liabilities	<u>13,576,178.00</u>	<u>2,289,714.00</u>	<u>3,387,092.00</u>
<b>Noncurrent Liabilities</b>			
Due to Primary Government			
Lease Purchase Obligations (noncurrent)			
Deferred Revenue (noncurrent)	37,103,925.00		21,742,428.00
Revenue/Mortgage Bonds payable (noncurrent)	181,909,104.00	10,600,000.00	34,382,327.00
Deposits			
Liabilities under Split Interest Agreements	243,896.00	24,940.00	
Other Long-Term Liabilities			
Due to Component Units			
Notes and Loans Payable (noncurrent)			
Total Noncurrent Liabilities	<u>219,256,925.00</u>	<u>10,624,940.00</u>	<u>56,124,755.00</u>
<b>TOTAL LIABILITIES</b>	<u>232,833,103.00</u>	<u>12,914,654.00</u>	<u>59,511,847.00</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt	(3,427,616.00)	(419,798.00)	
Restricted for			
Nonexpendable	12,337,676.00	11,633,309.00	1,759,206.00
Expendable	5,026,603.00	4,230,867.00	842,692.00
Capital Projects	73,803.00		
Unrestricted	48,731.00	218,550.00	1,351,153.00
<b>TOTAL NET ASSETS</b>	<u>\$14,059,197.00</u>	<u>\$15,662,928.00</u>	<u>\$3,953,051.00</u>

*Statement of Net Assets, Continued*

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET ASSETS  
June 30, 2006

	Component Units		
	University of West Georgia Foundation, Inc.	University of West Georgia Real Estate Foundation, Inc.	Abraham Baldwin Agricultural College Foundation, Inc.
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$3,147,617.00	\$7,267,306.00	\$1,742,513.00
Short-term Investments	4,036,180.00		
Accounts Receivable, net			
Receivables - Other	104,105.00	162,889.58	251,980.00
Due from Component Units			
Leases Receivable			
Pledges Receivable	69,887.00		222,946.00
Contributions Receivable			
Due From Primary Government		43,127.42	
Inventories			
Prepaid Items		7,961.00	6,694.00
Notes and Mortgages Receivable			15,225.00
Other Assets			
Total Current Assets	<u>7,357,789.00</u>	<u>7,481,284.00</u>	<u>2,239,358.00</u>
<b>Noncurrent Assets</b>			
Noncurrent Cash			5,848,518.00
Due from Component Units			
Due from Primary Government			
Investments (including real estate)	13,605,710.00		6,696,770.00
Notes Receivable, net			
Leases Receivable			
Receivables Other			
Contributions Receivable			
Pledges Receivable	57,750.00		685,338.00
Capital Assets, net	33,754,802.00	27,066,600.00	28,055,517.00
Other Assets	978,142.00	786,799.00	1,008,309.00
Total Noncurrent Assets	<u>48,396,404.00</u>	<u>27,853,399.00</u>	<u>42,294,452.00</u>
<b>TOTAL ASSETS</b>	<u>55,754,193.00</u>	<u>35,334,683.00</u>	<u>44,533,810.00</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	554,196.00	2,704,002.64	496,048.77
Salaries Payable			
Benefits Payable			
Contracts Payable			
Deposits			
Deferred Revenue			230,423.00
Other Liabilities			
Deposits Held for Other Organizations			
Due to Primary Government		26,513.36	95,946.23
Lease Purchase Obligations (current portion)			
Estimated Third-Party Payor Settlements			
Compensated Absences (current portion)			
Revenue/Mortgage Bonds payable (current)	360,000.00	7,476.00	725,000.00
Due to Component Units			
Notes and Loans Payable (current portion)			4,423.00
Total Current Liabilities	<u>914,196.00</u>	<u>2,737,992.00</u>	<u>1,551,841.00</u>
<b>Noncurrent Liabilities</b>			
Due to Primary Government			
Lease Purchase Obligations (noncurrent)			
Deferred Revenue (noncurrent)			
Revenue/Mortgage Bonds payable (noncurrent)	33,203,924.00	30,922,900.00	31,134,292.00
Deposits			
Liabilities under Split Interest Agreements			
Other Long-Term Liabilities			
Due to Component Units			
Notes and Loans Payable (noncurrent)	5,700,000.00		4,244.00
Total Noncurrent Liabilities	<u>38,903,924.00</u>	<u>30,922,900.00</u>	<u>31,138,536.00</u>
<b>TOTAL LIABILITIES</b>	<u>39,818,120.00</u>	<u>33,660,892.00</u>	<u>32,690,377.00</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt	(4,530,980.00)	(52,948.00)	3,053,052.00
Restricted for			
Nonexpendable	9,195,532.00		6,836,009.00
Expendable	6,302,488.00	2,513,538.00	3,671,347.00
Capital Projects		3,024,029.00	
Unrestricted	4,969,033.00	(3,810,828.00)	(1,716,975.00)
<b>TOTAL NET ASSETS</b>	<u>\$15,936,073.00</u>	<u>\$1,673,791.00</u>	<u>\$11,843,433.00</u>

*Statement of Net Assets, Continued*

**UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET ASSETS  
June 30, 2006**

	<b>Component Units</b>		
	<b>Dalton State College Foundation, Inc.</b>	<b>Gainesville State College Foundation</b>	<b>Gordon College Foundation</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$1,460,205.00	\$0.00	\$143,010.00
Short-term Investments			4,853,964.00
Accounts Receivable, net			
Receivables - Other			
Due from Component Units			
Leases Receivable			
Pledges Receivable	500,908.00	306,583.00	
Contributions Receivable			
Due From Primary Government			
Inventories			
Prepaid Items	180,329.00		
Notes and Mortgages Receivable			
Other Assets			
Total Current Assets	<u>2,141,442.00</u>	<u>306,583.00</u>	<u>4,996,974.00</u>
<b>Noncurrent Assets</b>			
Noncurrent Cash		463,063.00	
Due from Component Units			
Due from Primary Government			
Investments (including real estate)	10,189,382.00	9,081,845.00	3,924,750.00
Notes Receivable, net			
Leases Receivable			
Receivables Other			
Contributions Receivable			
Pledges Receivable	1,789,288.00		
Capital Assets, net	3,701,535.00	8,400.00	12,566,571.00
Other Assets	38,366.00		674,027.00
Total Noncurrent Assets	<u>15,718,571.00</u>	<u>9,553,308.00</u>	<u>17,165,348.00</u>
<b>TOTAL ASSETS</b>	<u>17,860,013.00</u>	<u>9,859,891.00</u>	<u>22,162,322.00</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	74,571.59	298,714.00	
Salaries Payable			
Benefits Payable			
Contracts Payable			
Deposits	16,555.00		
Deferred Revenue			
Other Liabilities			310,483.00
Deposits Held for Other Organizations			
Due to Primary Government	33,245.41		
Lease Purchase Obligations (current portion)			
Estimated Third-Party Payor Settlements			
Compensated Absences (current portion)			
Revenue/Mortgage Bonds payable (current)			390,000.00
Due to Component Units			
Notes and Loans Payable (current portion)	45,462.00		304,844.00
Total Current Liabilities	<u>169,834.00</u>	<u>298,714.00</u>	<u>1,005,327.00</u>
<b>Noncurrent Liabilities</b>			
Due to Primary Government			
Lease Purchase Obligations (noncurrent)			
Deferred Revenue (noncurrent)			
Revenue/Mortgage Bonds payable (noncurrent)			15,745,000.00
Deposits			
Liabilities under Split Interest Agreements			
Other Long-Term Liabilities			
Due to Component Units			
Notes and Loans Payable (noncurrent)	2,424,945.00		53,060.00
Total Noncurrent Liabilities	<u>2,424,945.00</u>	<u>0.00</u>	<u>15,798,060.00</u>
<b>TOTAL LIABILITIES</b>	<u>2,594,779.00</u>	<u>298,714.00</u>	<u>16,803,387.00</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt	1,231,128.00	8,400.00	53,847.00
Restricted for			
Nonexpendable	8,576,180.00	2,764,214.00	86,843.00
Expendable	4,182,011.00	5,787,353.00	
Capital Projects			2,948,249.00
Unrestricted	1,275,915.00	1,001,210.00	2,269,996.00
<b>TOTAL NET ASSETS</b>	<u>\$15,265,234.00</u>	<u>\$9,561,177.00</u>	<u>\$5,358,935.00</u>

*Statement of Net Assets, Continued*

**UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET ASSETS  
June 30, 2006**

	<b>Component Units</b>		
	<b>Macon State College Foundation, Inc.</b>	<b>Middle Georgia College Foundation, Inc.</b>	<b>Bainbridge College Foundation</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$88,627.00	\$144,300.00	\$33,959.71
Short-term Investments		300,000.00	78,813.56
Accounts Receivable, net			
Receivables - Other		66,500.00	
Due from Component Units			
Leases Receivable			
Pledges Receivable	323,591.00		
Contributions Receivable			
Due From Primary Government			
Inventories			
Prepaid Items			
Notes and Mortgages Receivable			
Other Assets			
Total Current Assets	<u>412,218.00</u>	<u>510,800.00</u>	<u>112,773.27</u>
<b>Noncurrent Assets</b>			
Noncurrent Cash		20,412,196.00	
Due from Component Units			
Due from Primary Government			
Investments (including real estate)	6,452,102.00	638,718.00	
Notes Receivable, net			
Leases Receivable			
Receivables Other			
Contributions Receivable			
Pledges Receivable	726,964.00		
Capital Assets, net		10,281,800.00	
Other Assets		662,867.00	
Total Noncurrent Assets	<u>7,179,066.00</u>	<u>31,995,581.00</u>	<u>0.00</u>
<b>TOTAL ASSETS</b>	<u><u>7,591,284.00</u></u>	<u><u>32,506,381.00</u></u>	<u><u>112,773.27</u></u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	59,528.00	4,509,599.00	
Salaries Payable			
Benefits Payable			
Contracts Payable			
Deposits			
Deferred Revenue			
Other Liabilities			
Deposits Held for Other Organizations			
Due to Primary Government		1,000.00	
Lease Purchase Obligations (current portion)			
Estimated Third-Party Payor Settlements			
Compensated Absences (current portion)			
Revenue/Mortgage Bonds payable (current)			
Due to Component Units			
Notes and Loans Payable (current portion)			
Total Current Liabilities	<u>59,528.00</u>	<u>4,510,599.00</u>	<u>0.00</u>
<b>Noncurrent Liabilities</b>			
Due to Primary Government			
Lease Purchase Obligations (noncurrent)			
Deferred Revenue (noncurrent)			
Revenue/Mortgage Bonds payable (noncurrent)		26,850,000.00	
Deposits			
Liabilities under Split Interest Agreements			
Other Long-Term Liabilities			
Due to Component Units			
Notes and Loans Payable (noncurrent)			
Total Noncurrent Liabilities	<u>0.00</u>	<u>26,850,000.00</u>	<u>0.00</u>
<b>TOTAL LIABILITIES</b>	<u><u>59,528.00</u></u>	<u><u>31,360,599.00</u></u>	<u><u>0.00</u></u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt		4,506,863.00	
Restricted for			
Nonexpendable	6,227,788.00	787,333.00	78,813.56
Expendable	801,572.00	327,950.00	33,959.71
Capital Projects		1,568.00	
Unrestricted	<u>502,396.00</u>	<u>(4,477,932.00)</u>	
<b>TOTAL NET ASSETS</b>	<u><u>\$7,531,756.00</u></u>	<u><u>\$1,145,782.00</u></u>	<u><u>\$112,773.27</u></u>

*Statement of Net Assets, Continued*

**UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET ASSETS  
June 30, 2006**

	<b>Component Units</b>		
	<b>Coastal Georgia Community College Foundation, Inc.</b>	<b>Darton College Foundation</b>	<b>East Georgia College Foundation</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$256,651.00	\$307,876.00	\$117,337.00
Short-term Investments		510,000.00	
Accounts Receivable, net			
Receivables - Other			2,198.81
Due from Component Units			
Leases Receivable			
Pledges Receivable	45,199.00	91,843.00	31,004.00
Contributions Receivable			
Due From Primary Government			33.19
Inventories			
Prepaid Items	12,500.00		
Notes and Mortgages Receivable			
Other Assets			
Total Current Assets	<u>314,350.00</u>	<u>909,719.00</u>	<u>150,573.00</u>
<b>Noncurrent Assets</b>			
Noncurrent Cash		832,805.00	
Due from Component Units			
Due from Primary Government			
Investments (including real estate)	7,662,389.00		704,885.00
Notes Receivable, net			
Leases Receivable			
Receivables Other			
Contributions Receivable			
Pledges Receivable	17,788.00	292,803.00	
Capital Assets, net		428,706.00	153,600.00
Other Assets			112,981.00
Total Noncurrent Assets	<u>7,680,177.00</u>	<u>1,554,314.00</u>	<u>971,466.00</u>
<b>TOTAL ASSETS</b>	<u><u>7,994,527.00</u></u>	<u><u>2,464,033.00</u></u>	<u><u>1,122,039.00</u></u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable			318.81
Salaries Payable			
Benefits Payable			
Contracts Payable			
Deposits			
Deferred Revenue			
Other Liabilities			
Deposits Held for Other Organizations			
Due to Primary Government	500.00		33.19
Lease Purchase Obligations (current portion)			
Estimated Third-Party Pay or Settlements			
Compensated Absences (current portion)			
Revenue/Mortgage Bonds payable (current)			
Due to Component Units			
Notes and Loans Payable (current portion)			
Total Current Liabilities	<u>500.00</u>	<u>0.00</u>	<u>352.00</u>
<b>Noncurrent Liabilities</b>			
Due to Primary Government			
Lease Purchase Obligations (noncurrent)			
Deferred Revenue (noncurrent)			
Revenue/Mortgage Bonds payable (noncurrent)			
Deposits			
Liabilities under Split Interest Agreements			
Other Long-Term Liabilities			
Due to Component Units			
Notes and Loans Payable (noncurrent)			
Total Noncurrent Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>TOTAL LIABILITIES</b>	<u><u>500.00</u></u>	<u><u>0.00</u></u>	<u><u>352.00</u></u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt		428,706.00	153,600.00
Restricted for			
Nonexpendable	4,282,480.00	1,094,832.00	0.00
Expendable	1,745,040.00	287,360.00	721,805.00
Capital Projects		617,395.00	130,262.00
Unrestricted	1,966,507.00	35,740.00	116,020.00
<b>TOTAL NET ASSETS</b>	<u><u>\$7,994,027.00</u></u>	<u><u>\$2,464,033.00</u></u>	<u><u>\$1,121,687.00</u></u>



*Statement of Net Assets, Continued*

**UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF NET ASSETS  
June 30, 2006**

	<b>Component Units</b>		
	<b>Georgia Highlands College Foundation, Inc.</b>	<b>South Georgia College Foundation, Inc.</b>	<b>Waycross College Foundation, Inc.</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$478,354.00	\$94,684.19	\$178,339.64
Short-term Investments			29,634.76
Accounts Receivable, net			
Receivables - Other			
Due from Component Units			
Leases Receivable			
Pledges Receivable	6,733.00		
Contributions Receivable			
Due From Primary Government			
Inventories			
Prepaid Items			498.39
Notes and Mortgages Receivable			
Other Assets			
Total Current Assets	<u>485,087.00</u>	<u>94,684.19</u>	<u>208,472.79</u>
<b>Noncurrent Assets</b>			
Noncurrent Cash		30,500.00	
Due from Component Units			
Due from Primary Government			
Investments (including real estate)	633,761.00	2,531,470.78	1,245,249.38
Notes Receivable, net			
Leases Receivable			
Receivables Other			
Contributions Receivable			
Pledges Receivable	77,553.00		
Capital Assets, net			
Other Assets			
Total Noncurrent Assets	<u>711,314.00</u>	<u>2,561,970.78</u>	<u>1,245,249.38</u>
<b>TOTAL ASSETS</b>	<u>1,196,401.00</u>	<u>2,656,654.97</u>	<u>1,453,722.17</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable			2,521.60
Salaries Payable			
Benefits Payable			
Contracts Payable			
Deposits			
Deferred Revenue			
Other Liabilities			
Deposits Held for Other Organizations			
Due to Primary Government			4,533.38
Lease Purchase Obligations (current portion)			
Estimated Third-Party Pay or Settlements			
Compensated Absences (current portion)			
Revenue/Mortgage Bonds payable (current)			
Due to Component Units			
Notes and Loans Payable (current portion)			
Total Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>7,054.98</u>
<b>Noncurrent Liabilities</b>			
Due to Primary Government			
Lease Purchase Obligations (noncurrent)			
Deferred Revenue (noncurrent)			
Revenue/Mortgage Bonds payable (noncurrent)			
Deposits			
Liabilities under Split Interest Agreements			
Other Long-Term Liabilities			
Due to Component Units			
Notes and Loans Payable (noncurrent)			
Total Noncurrent Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>TOTAL LIABILITIES</b>	<u>0.00</u>	<u>0.00</u>	<u>7,054.98</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt			
Restricted for			
Nonexpendable	469,616.00	2,130,932.22	1,212,016.79
Expendable	549,039.00	140,961.56	98,863.83
Capital Projects			
Unrestricted	<u>177,746.00</u>	<u>384,761.19</u>	<u>135,786.57</u>
<b>TOTAL NET ASSETS</b>	<u>\$1,196,401.00</u>	<u>\$2,656,654.97</u>	<u>\$1,446,667.19</u>

*Statement of Revenues, Expenses and Changes in Net Assets*

**UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
June 30, 2006**

**University System of  
Georgia  
(Primary Government)**

**REVENUES**

Operating Revenues	
Student Tuition and Fees (net of allowance for doubtful accounts)	\$957,829,683.83
Less: Scholarship Allowances	179,283,247.70
Federal Appropriations	15,764,280.64
Grants and Contracts	
Federal	677,968,512.12
State	235,338,058.77
Other	328,152,244.01
Sales and Services	105,560,471.24
Rents and Royalties	2,274,214.63
Auxiliary Enterprises	
Residence Halls	144,148,378.52
Bookstore	72,414,555.25
Food Services	80,663,681.71
Parking/Transportation	41,154,566.92
Health Services	31,923,318.48
Intercollegiate Athletics	58,985,821.15
Other Organizations	15,866,356.74
Other Operating Revenues	77,357,087.69
Total Operating Revenues	<u>2,666,117,984.00</u>

**EXPENSES**

Operating Expenses	
Salaries:	
Faculty	902,513,507.05
Staff	1,349,380,710.11
Employee Benefits	349,808,389.91
Other Personal Services	3,855,964.46
Travel	49,168,793.38
Scholarships and Fellowships	174,162,676.93
Utilities	161,120,813.57
Supplies and Other Services	1,360,844,552.61
Depreciation	240,915,133.20
Total Operating Expenses	<u>4,591,770,541.22</u>
Operating Income (loss)	<u>(1,925,652,557.22)</u>

**NONOPERATING REVENUES (EXPENSES)**

State Appropriations	1,817,258,595.16
Grants and Contracts	
Federal	25,367,775.34
State	3,015,503.03
Other	47,801,529.38
Gifts	37,490,127.67
Investment Income (endowments, auxiliary and other)	38,830,965.09
Interest Expense (capital assets)	(43,910,310.03)
Other Nonoperating Revenues	(12,612,265.36)
Net Nonoperating Revenues	<u>1,913,241,920.28</u>
Income before other revenues, expenses, gains, or losses	<u>(12,410,636.94)</u>
Capital Grants and Gifts	
Federal	5,905,250.50
State	149,618,883.54
Other	33,807,088.02
Special Item Transfers	47,612.11
Total Other Revenues, Expenses, Gains, Losses and Transfers	<u>189,378,834.17</u>
Increase in Net Assets	<u>176,968,197.23</u>

**NET ASSETS**

Net Assets-beginning of year, as originally reported	4,199,305,635.15
Prior Year Adjustments	13,154.08
Net Assets-beginning of year, restated	<u>4,199,318,789.23</u>
Net Assets-End of Year	<u>\$4,376,286,986.46</u>

**Statement of Revenues, Expenses and Changes in Net Assets, Continued**

**UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
June 30, 2006**

	<b>Component Units</b>		
	<b>Georgia Tech Foundation, Inc.</b>	<b>Georgia Tech Athletic Association</b>	<b>Georgia Tech Research Corporation</b>
<b>Operating Revenues</b>			
Student Tuition and Fees (net of allowance for doubtful accounts)	\$0.00	\$0.00	\$0.00
Less: Scholarship Allowances			
Gifts and Contributions	38,682,495.00	7,860,322.00	
Endowment Income (per spending plan)	34,362,195.32		
Grants and Contracts			
Federal			275,585,148.00
State			13,443,178.00
Other			47,051,123.00
Sales and Services	311,595.74	24,941,310.00	
Rents and Royalties	16,391,395.31	2,044,924.00	6,635,282.00
Auxiliary Enterprises			
Residence Halls			
Intercollegiate Athletics			
Clinical and Patient Fees			
Net Patient Service Revenue			
Realized/Unrealized Gains (Losses)			
Interest and Dividend Income			
Other Operating Revenues			44,532.00
Total Operating Revenues	<u>89,747,681.37</u>	<u>34,846,556.00</u>	<u>342,759,263.00</u>
<b>EXPENSES</b>			
<b>Operating Expenses</b>			
Salaries:			
Faculty			
Staff	1,800,900.00	12,118,888.01	
Employee Benefits	355,165.00	2,606,305.00	
Other Personal Services	97,365.00		
Travel	61,725.00	2,303,427.00	36,479.00
Scholarships and Fellowships		912,605.73	
Utilities	3,340.00		
Supplies and Other Services	1,483,144.00	9,624,929.62	7,547,111.00
Depreciation	2,334,283.00	4,521,125.00	584,733.00
Other Operating Expense			
Payments to Other Component Units	5,149,888.00		
Payments to or on behalf of College/University	67,909,033.00	9,451,611.64	337,269,521.00
Total Operating Expenses	<u>79,194,843.00</u>	<u>41,538,892.00</u>	<u>345,437,844.00</u>
Operating Income (loss)	<u>10,552,838.37</u>	<u>(6,692,336.00)</u>	<u>(2,678,581.00)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State Appropriations			
Grants and Contracts			
Federal			
Gifts			
Investment Income (endowments, auxiliary and other)	85,522,813.63	8,323,024.00	1,315,834.00
Interest Income			
Interest Expense (capital assets)	(13,843,157.00)	(6,227,517.00)	
Combined Margin Allocation			
Other Nonoperating Revenues			
Net Nonoperating Revenues	<u>71,679,656.63</u>	<u>2,095,507.00</u>	<u>1,315,834.00</u>
Income before other revenues, expenses, gains, or losses	<u>82,232,495.00</u>	<u>(4,596,829.00)</u>	<u>(1,362,747.00)</u>
Capital Grants and Gifts			
Federal			
State			
Other			
Loss on Bond Retirement			
Additions to permanent endowments	21,118,505.00	1,202,291.00	
Total Other Revenues, Expenses, Gains or Losses	<u>21,118,505.00</u>	<u>1,202,291.00</u>	<u>0.00</u>
Increase in Net Assets	<u>103,351,000.00</u>	<u>(3,394,538.00)</u>	<u>(1,362,747.00)</u>
<b>NET ASSETS</b>			
Net Assets-beginning of year, as originally reported	893,605,000.00	70,524,465.00	36,775,148.00
Prior Year Adjustments	0.00	0.00	0.00
Net Assets-beginning of year, restated	<u>893,605,000.00</u>	<u>70,524,465.00</u>	<u>36,775,148.00</u>
Net Assets-End of Year	<u>\$996,956,000.00</u>	<u>\$67,129,927.00</u>	<u>\$35,412,401.00</u>

*Statement of Revenues, Expenses and Changes in Net Assets, Continued*

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
June 30, 2006

	Component Units		
	Georgia Advanced Technology Ventures, Inc.	Georgia Tech Facilities, Inc.	Georgia Tech Alumni Association
<b>REVENUES</b>			
Operating Revenues			
Student Tuition and Fees (net of allowance for doubtful accounts)	\$0.00	\$0.00	\$0.00
Less: Scholarship Allowances			
Gifts and Contributions	323,952.00		3,999,052.00
Endowment Income (per spending plan)			
Grants and Contracts			
Federal			
State	150,000.00		
Other			
Sales and Services	805,926.00	476,000.00	804,548.00
Rents and Royalties	7,003,759.00	4,500,000.00	1,014,718.00
Auxiliary Enterprises			
Residence Halls			
Intercollegiate Athletics			
Clinical and Patient Fees			
Net Patient Service Revenue			
Realized/Unrealized Gains (Losses)			
Interest and Dividend Income			64,912.00
Other Operating Revenues		72,000.00	140,968.00
Total Operating Revenues	<u>8,283,637.00</u>	<u>5,048,000.00</u>	<u>6,024,198.00</u>
<b>EXPENSES</b>			
Operating Expenses			
Salaries:			
Faculty			
Staff	76,924.00		2,784,530.00
Employee Benefits	18,076.00		677,825.00
Other Personal Services			
Travel	3,992.00		277,577.00
Scholarships and Fellowships			107,508.00
Utilities	443,410.00		
Supplies and Other Services	4,635,398.00	460,000.00	1,198,932.00
Depreciation	1,855,054.00	60,000.00	114,888.00
Other Operating Expense		96,000.00	
Payments to Other Component Units			
Payments to or on behalf of College/University	273,500.00	395,000.00	839,139.00
Total Operating Expenses	<u>7,306,354.00</u>	<u>1,011,000.00</u>	<u>6,000,399.00</u>
Operating Income (loss)	<u>977,283.00</u>	<u>4,037,000.00</u>	<u>23,799.00</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State Appropriations			
Grants and Contracts			
Federal			
Gifts			
Investment Income (endowments, auxiliary and other)	40,723.00	3,845,000.00	
Interest Income			
Interest Expense (capital assets)	(3,427,328.00)	(9,273,000.00)	(12,142.00)
Combined Margin Allocation			
Other Nonoperating Revenues			
Net Nonoperating Revenues	<u>(3,386,605.00)</u>	<u>(5,428,000.00)</u>	<u>(12,142.00)</u>
Income before other revenues, expenses, gains, or losses	<u>(2,409,322.00)</u>	<u>(1,391,000.00)</u>	<u>11,657.00</u>
Capital Grants and Gifts			
Federal			
State			
Other			
Loss on Bond Retirement			
Additions to permanent endowments			
Total Other Revenues, Expenses, Gains or Losses	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Increase in Net Assets	<u>(2,409,322.00)</u>	<u>(1,391,000.00)</u>	<u>11,657.00</u>
<b>NET ASSETS</b>			
Net Assets-beginning of year, as originally reported	20,788,970.00	5,106,000.00	757,155.00
Prior Year Adjustments	0.00	0.00	0.00
Net Assets-beginning of year, restated	<u>20,788,970.00</u>	<u>5,106,000.00</u>	<u>757,155.00</u>
Net Assets-End of Year	<u>\$18,379,648.00</u>	<u>\$3,715,000.00</u>	<u>\$768,812.00</u>

*Statement of Revenues, Expenses and Changes in Net Assets, Continued*

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
June 30, 2006

	Component Units		
	Georgia State University Foundation, Inc.	Georgia State University Research Foundation, Inc.	MCG Health, Inc.
<b>REVENUES</b>			
Operating Revenues			
Student Tuition and Fees (net of allowance for doubtful accounts)	\$0.00	\$0.00	\$0.00
Less: Scholarship Allowances			
Gifts and Contributions	687,221.00		
Endowment Income (per spending plan)	2,840,551.00		
Grants and Contracts			
Federal		37,977,238.00	
State		5,440,952.00	
Other		8,397,532.00	
Sales and Services			5,082,982.10
Rents and Royalties	10,796,623.00		705,961.90
Auxiliary Enterprises			
Residence Halls			
Intercollegiate Athletics			
Clinical and Patient Fees			
Net Patient Service Revenue			323,524,888.00
Realized/Unrealized Gains (Losses)			
Interest and Dividend Income			
Other Operating Revenues	2,905,910.00		
Total Operating Revenues	<u>17,230,305.00</u>	<u>51,815,722.00</u>	<u>329,313,832.00</u>
<b>EXPENSES</b>			
Operating Expenses			
Salaries:			
Faculty			142,078,277.00
Staff	403,712.00		
Employee Benefits	103,596.00		37,554,174.00
Other Personal Services			35,634,632.00
Travel	183,903.00		525,208.00
Scholarships and Fellowships			
Utilities			4,271,095.00
Supplies and Other Services	4,477,478.00	606,074.00	113,048,948.00
Depreciation	2,284,833.00	109,213.00	14,888,630.00
Other Operating Expense			
Payments to Other Component Units			
Payments to or on behalf of College/University	14,843,631.00	50,878,645.00	
Total Operating Expenses	<u>22,297,153.00</u>	<u>51,593,932.00</u>	<u>348,000,964.00</u>
Operating Income (loss)	<u>(5,066,848.00)</u>	<u>221,790.00</u>	<u>(18,687,132.00)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State Appropriations			31,510,080.00
Grants and Contracts			
Federal			4,946,835.00
Gifts	13,312,882.00		
Investment Income (endowments, auxiliary and other)	2,795,717.00	360,889.00	4,266,432.00
Interest Income	8,409,749.00	439,064.00	
Interest Expense (capital assets)	(1,735,215.00)		(565,085.00)
Combined Margin Allocation			(10,070,214.00)
Other Nonoperating Revenues	(710,940.00)	15,992.00	(23,336.00)
Net Nonoperating Revenues	<u>22,072,193.00</u>	<u>815,945.00</u>	<u>30,064,712.00</u>
Income before other revenues, expenses, gains, or losses	<u>17,005,345.00</u>	<u>1,037,735.00</u>	<u>11,377,580.00</u>
Capital Grants and Gifts			
Federal			
State			
Other			
Loss on Bond Retirement			
Additions to permanent endowments	1,753,104.00		
Total Other Revenues, Expenses, Gains or Losses	<u>1,753,104.00</u>	<u>0.00</u>	<u>0.00</u>
Increase in Net Assets	<u>18,758,449.00</u>	<u>1,037,735.00</u>	<u>11,377,580.00</u>
<b>NET ASSETS</b>			
Net Assets-beginning of year, as originally reported	125,912,485.00	15,345,846.00	211,508,135.00
Prior Year Adjustments	0.00	0.00	0.00
Net Assets-beginning of year, restated	<u>125,912,485.00</u>	<u>15,345,846.00</u>	<u>211,508,135.00</u>
Net Assets-End of Year	<u>\$144,670,934.00</u>	<u>\$16,383,581.00</u>	<u>\$222,885,715.00</u>

*Statement of Revenues, Expenses and Changes in Net Assets, Continued*

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
June 30, 2006

	Component Units		
	Medical College of Georgia Foundation, Inc.	Medical College of Georgia PPG Foundation	Medical College of Georgia Research Institute, Inc.
<b>REVENUES</b>			
Operating Revenues			
Student Tuition and Fees (net of allowance for doubtful accounts)	\$0.00	\$0.00	\$0.00
Less: Scholarship Allowances			
Gifts and Contributions	4,444,657.00		
Endowment Income (per spending plan)	1,308,672.00		
Grants and Contracts			
Federal			44,174,069.00
State			34,812.00
Other			8,173,516.00
Sales and Services			79,478.00
Rents and Royalties	1,051,709.00	128,937.00	409,806.00
Auxiliary Enterprises			
Residence Halls			
Intercollegiate Athletics			
Clinical and Patient Fees		86,771,062.00	
Net Patient Service Revenue			
Realized/Unrealized Gains (Losses)	(13,730.00)		
Interest and Dividend Income	1,689,465.00		
Other Operating Revenues	119,478.00		
Total Operating Revenues	<u>8,600,251.00</u>	<u>86,899,999.00</u>	<u>52,871,681.00</u>
<b>EXPENSES</b>			
Operating Expenses			
Salaries:			
Faculty			
Staff	487,132.00	8,492,207.00	
Employee Benefits	207,098.00	14,237,370.00	
Other Personal Services			
Travel		1,326,706.00	
Scholarships and Fellowships		474,950.00	
Utilities		64,920.00	
Supplies and Other Services	372,123.00	8,915,246.00	2,330,431.00
Depreciation	72,111.00	682,138.00	5,735.00
Other Operating Expense			
Payments to Other Component Units			
Payments to or on behalf of College/University	9,067,607.00	51,429,977.00	49,694,858.00
Total Operating Expenses	<u>10,206,071.00</u>	<u>85,623,514.00</u>	<u>52,031,024.00</u>
Operating Income (loss)	<u>(1,605,820.00)</u>	<u>1,276,485.00</u>	<u>840,657.00</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State Appropriations			
Grants and Contracts			
Federal			
Gifts			
Investment Income (endowments, auxiliary and other)	8,289,512.00	3,194,592.00	
Interest Income		945,774.00	156,418.00
Interest Expense (capital assets)		(1,424,910.00)	
Combined Margin Allocation			
Other Nonoperating Revenues		159,232.00	
Net Nonoperating Revenues	<u>8,289,512.00</u>	<u>2,874,688.00</u>	<u>156,418.00</u>
Income before other revenues, expenses, gains, or losses	<u>6,683,692.00</u>	<u>4,151,173.00</u>	<u>997,075.00</u>
Capital Grants and Gifts			
Federal			
State			
Other			
Loss on Bond Retirement			
Additions to permanent endowments	666,536.00		
Total Other Revenues, Expenses, Gains or Losses	<u>666,536.00</u>	<u>0.00</u>	<u>0.00</u>
Increase in Net Assets	<u>7,350,228.00</u>	<u>4,151,173.00</u>	<u>997,075.00</u>
<b>NET ASSETS</b>			
Net Assets-beginning of year, as originally reported	121,388,066.00	51,789,918.00	4,054,139.00
Prior Year Adjustments	0.00	0.00	0.00
Net Assets-beginning of year, restated	<u>121,388,066.00</u>	<u>51,789,918.00</u>	<u>4,054,139.00</u>
Net Assets-End of Year	<u>\$128,738,294.00</u>	<u>\$55,941,091.00</u>	<u>\$5,051,214.00</u>

*Statement of Revenues, Expenses and Changes in Net Assets, Continued*

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
June 30, 2006

	Component Units		
	Medical College of Georgia Dental Foundation	University of Georgia Foundation	University of Georgia Athletic Association, Inc.
<b>REVENUES</b>			
Operating Revenues			
Student Tuition and Fees (net of allowance for doubtful accounts)	\$0.00	\$0.00	\$0.00
Less: Scholarship Allowances			
Gifts and Contributions		4,707,522.00	
Endowment Income (per spending plan)		9,612,194.00	
Grants and Contracts			
Federal			
State			
Other			
Sales and Services		1,562,685.00	
Rents and Royalties		20,075,486.00	
Auxiliary Enterprises			
Residence Halls			
Intercollegiate Athletics			74,035,200.00
Clinical and Patient Fees	4,586,633.00		
Net Patient Service Revenue			
Realized/Unrealized Gains (Losses)			
Interest and Dividend Income			
Other Operating Revenues			
Total Operating Revenues	<u>4,586,633.00</u>	<u>35,957,887.00</u>	<u>74,035,200.00</u>
<b>EXPENSES</b>			
Operating Expenses			
Salaries:			
Faculty	479,217.00		
Staff	371,751.00	732,925.00	
Employee Benefits	8,602.00	118,383.00	
Other Personal Services			
Travel			
Scholarships and Fellowships			
Utilities		373,758.00	
Supplies and Other Services	2,597,329.00	6,177,886.00	23,590,286.00
Depreciation		5,833,163.00	4,555,529.00
Other Operating Expense			
Payments to Other Component Units			
Payments to or on behalf of College/University	1,157,959.00	22,479,425.00	25,500,018.00
Total Operating Expenses	<u>4,614,858.00</u>	<u>35,715,540.00</u>	<u>53,645,833.00</u>
Operating Income (loss)	<u>(28,225.00)</u>	<u>242,347.00</u>	<u>20,389,367.00</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State Appropriations			
Grants and Contracts			
Federal			
Gifts			589,533.00
Investment Income (endowments, auxiliary and other)	161,299.00	42,048,058.00	2,623,196.00
Interest Income			
Interest Expense (capital assets)		(8,439,683.00)	(3,693,416.00)
Combined Margin Allocation			
Other Nonoperating Revenues			(1,830,348.00)
Net Nonoperating Revenues	<u>161,299.00</u>	<u>33,608,375.00</u>	<u>(2,311,035.00)</u>
Income before other revenues, expenses, gains, or losses	<u>133,074.00</u>	<u>33,850,722.00</u>	<u>18,078,332.00</u>
Capital Grants and Gifts			
Federal			
State			
Other			
Loss on Bond Retirement			
Additions to permanent endowments		10,981,492.00	
Total Other Revenues, Expenses, Gains or Losses	<u>0.00</u>	<u>10,981,492.00</u>	<u>0.00</u>
Increase in Net Assets	<u>133,074.00</u>	<u>44,832,214.00</u>	<u>18,078,332.00</u>
<b>NET ASSETS</b>			
Net Assets-beginning of year, as originally reported	0.00	500,156,944.00	104,451,689.00
Prior Year Adjustments	0.00	0.00	0.00
Net Assets-beginning of year, restated	<u>0.00</u>	<u>500,156,944.00</u>	<u>104,451,689.00</u>
Net Assets-End of Year	<u>\$133,074.00</u>	<u>\$544,989,158.00</u>	<u>\$122,530,021.00</u>

*Statement of Revenues, Expenses and Changes in Net Assets, Continued*

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
June 30, 2006

	Component Units		
	University of Georgia Research Foundation, Inc.	Georgia Southern University Foundation, Inc.	(Georgia Southern University) Southern Boosters, Inc.
<b>REVENUES</b>			
Operating Revenues			
Student Tuition and Fees (net of allowance for doubtful accounts)	\$0.00	\$0.00	\$0.00
Less: Scholarship Allowances			
Gifts and Contributions		3,777,119.00	1,704,150.00
Endowment Income (per spending plan)		2,203,210.00	
Grants and Contracts			
Federal			
State			
Other	124,274,115.00		
Sales and Services			
Rents and Royalties	15,133,783.00		131,600.00
Auxiliary Enterprises			
Residence Halls			
Intercollegiate Athletics			
Clinical and Patient Fees			
Net Patient Service Revenue			
Realized/Unrealized Gains (Losses)			
Interest and Dividend Income			
Other Operating Revenues	516,961.00	399,065.00	122,571.00
Total Operating Revenues	<u>139,924,859.00</u>	<u>6,379,394.00</u>	<u>1,958,321.00</u>
<b>EXPENSES</b>			
Operating Expenses			
Salaries:			
Faculty			
Staff			
Employee Benefits			
Other Personal Services			
Travel		122,693.00	19,375.00
Scholarships and Fellowships			
Utilities			
Supplies and Other Services	11,693,697.00	966,721.00	389,661.00
Depreciation	46,082.00	1,667.00	18,508.00
Other Operating Expense			
Payments to Other Component Units			
Payments to or on behalf of College/University	128,439,909.00	2,194,105.00	928,755.00
Total Operating Expenses	<u>140,179,688.00</u>	<u>3,285,186.00</u>	<u>1,356,299.00</u>
Operating Income (loss)	<u>(254,829.00)</u>	<u>3,094,208.00</u>	<u>602,022.00</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State Appropriations			
Grants and Contracts			
Federal			
Gifts			
Investment Income (endowments, auxiliary and other)	2,991,714.00	533,315.00	49,111.00
Interest Income			
Interest Expense (capital assets)			(15,341.00)
Combined Margin Allocation			
Other Nonoperating Revenues			
Net Nonoperating Revenues	<u>2,991,714.00</u>	<u>533,315.00</u>	<u>33,770.00</u>
Income before other revenues, expenses, gains, or losses	<u>2,736,885.00</u>	<u>3,627,523.00</u>	<u>635,792.00</u>
Capital Grants and Gifts			
Federal			
State			
Other			
Loss on Bond Retirement			
Additions to permanent endowments		2,241,059.00	
Total Other Revenues, Expenses, Gains or Losses	<u>0.00</u>	<u>2,241,059.00</u>	<u>0.00</u>
Increase in Net Assets	<u>2,736,885.00</u>	<u>5,868,582.00</u>	<u>635,792.00</u>
<b>NET ASSETS</b>			
Net Assets-beginning of year, as originally reported	25,746,146.00	34,547,768.00	2,615,705.00
Prior Year Adjustments	0.00	0.00	0.00
Net Assets-beginning of year, restated	<u>25,746,146.00</u>	<u>34,547,768.00</u>	<u>2,615,705.00</u>
Net Assets-End of Year	<u>\$28,483,031.00</u>	<u>\$40,416,350.00</u>	<u>\$3,251,497.00</u>



*Statement of Revenues, Expenses and Changes in Net Assets, Continued*

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
June 30, 2006

	Component Units		
	Georgia Southern University Housing Foundation, Inc.	Georgia Southern University Research and Service Foundation, Inc.	Valdosta State University Foundation
<b>REVENUES</b>			
Operating Revenues			
Student Tuition and Fees (net of allowance for doubtful accounts)	\$0.00	\$0.00	\$0.00
Less: Scholarship Allowances			
Gifts and Contributions	102,827.00		967,668.00
Endowment Income (per spending plan)			1,597,283.00
Grants and Contracts			
Federal		4,025,387.00	
State		89,339.00	
Other		632,471.00	
Sales and Services	3,689,263.00		532,443.00
Rents and Royalties		29,832.00	2,894,341.00
Auxiliary Enterprises			
Residence Halls			
Intercollegiate Athletics			
Clinical and Patient Fees			
Net Patient Service Revenue			
Realized/Unrealized Gains (Losses)			
Interest and Dividend Income			
Other Operating Revenues	30,000.00	480.00	207,457.00
Total Operating Revenues	<u>3,822,090.00</u>	<u>4,777,509.00</u>	<u>6,199,192.00</u>
<b>EXPENSES</b>			
Operating Expenses			
Salaries:			
Faculty			
Staff			
Employee Benefits			
Other Personal Services			
Travel			
Scholarships and Fellowships			
Utilities			
Supplies and Other Services	106,183.00	28,897.00	947,585.00
Depreciation			712,090.00
Other Operating Expense			
Payments to Other Component Units			
Payments to or on behalf of College/University		4,524,543.00	1,661,958.00
Total Operating Expenses	<u>106,183.00</u>	<u>4,553,440.00</u>	<u>3,321,633.00</u>
Operating Income (loss)	<u>3,715,907.00</u>	<u>224,069.00</u>	<u>2,877,559.00</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State Appropriations			
Grants and Contracts			
Federal			
Gifts			
Investment Income (endowments, auxiliary and other)	195,548.00	29,383.00	9,580.00
Interest Income			
Interest Expense (capital assets)	(3,265,614.00)		(862,052.00)
Combined Margin Allocation			
Other Nonoperating Revenues	(1,160,694.00)		(244,283.00)
Net Nonoperating Revenues	<u>(4,230,760.00)</u>	<u>29,383.00</u>	<u>(1,096,755.00)</u>
Income before other revenues, expenses, gains, or losses	<u>(514,853.00)</u>	<u>253,452.00</u>	<u>1,780,804.00</u>
Capital Grants and Gifts			
Federal			
State			
Other			
Loss on Bond Retirement			
Additions to permanent endowments			780,466.00
Total Other Revenues, Expenses, Gains or Losses	<u>0.00</u>	<u>0.00</u>	<u>780,466.00</u>
Increase in Net Assets	<u>(514,853.00)</u>	<u>253,452.00</u>	<u>2,561,270.00</u>
<b>NET ASSETS</b>			
Net Assets-beginning of year, as originally reported	1,493,915.00	277,348.00	20,661,190.00
Prior Year Adjustments	0.00	0.00	0.00
Net Assets-beginning of year, restated	<u>1,493,915.00</u>	<u>277,348.00</u>	<u>20,661,190.00</u>
Net Assets-End of Year	<u>\$979,062.00</u>	<u>\$530,800.00</u>	<u>\$23,222,460.00</u>

*Statement of Revenues, Expenses and Changes in Net Assets, Continued*

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
June 30, 2006

	Component Units		
	Albany State University Foundation, Inc.	Armstrong Atlantic State University Foundation, Inc.	AASU Educational Properties Foundation, Inc.
<b>REVENUES</b>			
Operating Revenues			
Student Tuition and Fees (net of allowance for doubtful accounts)	\$0.00	\$0.00	\$0.00
Less: Scholarship Allowances			
Gifts and Contributions	609,502.00	1,507,410.00	
Endowment Income (per spending plan)		107,067.00	
Grants and Contracts			
Federal			
State			
Other			
Sales and Services	26,287.00		
Rents and Royalties			3,500,741.00
Auxiliary Enterprises			
Residence Halls			
Intercollegiate Athletics			
Clinical and Patient Fees			
Net Patient Service Revenue			
Realized/Unrealized Gains (Losses)			
Interest and Dividend Income			
Other Operating Revenues			27,646.00
Total Operating Revenues	<u>635,789.00</u>	<u>1,614,477.00</u>	<u>3,528,387.00</u>
<b>EXPENSES</b>			
Operating Expenses			
Salaries:			
Faculty			
Staff		449,224.00	263,630.00
Employee Benefits			
Other Personal Services			
Travel			
Scholarships and Fellowships	336,720.00		
Utilities			354,938.00
Supplies and Other Services	335,146.18	626,247.00	845,475.00
Depreciation	197,828.00		2,097,293.00
Other Operating Expense	83,155.00		
Payments to Other Component Units			
Payments to or on behalf of College/University	32,992.82	581,049.00	815,731.00
Total Operating Expenses	<u>985,842.00</u>	<u>1,656,520.00</u>	<u>4,377,067.00</u>
Operating Income (loss)	<u>(350,053.00)</u>	<u>(42,043.00)</u>	<u>(848,680.00)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State Appropriations			
Grants and Contracts			
Federal			
Gifts			
Investment Income (endowments, auxiliary and other)	(6,858.00)	207,036.00	
Interest Income	1,837,251.00	28,240.00	217,538.00
Interest Expense (capital assets)	(181,779.00)		(1,730,746.00)
Combined Margin Allocation			
Other Nonoperating Revenues			
Net Nonoperating Revenues	<u>1,648,614.00</u>	<u>235,276.00</u>	<u>(1,513,208.00)</u>
Income before other revenues, expenses, gains, or losses	<u>1,298,561.00</u>	<u>193,233.00</u>	<u>(2,361,888.00)</u>
Capital Grants and Gifts			
Federal			
State			
Other			
Loss on Bond Retirement			
Additions to permanent endowments		535,480.00	
Total Other Revenues, Expenses, Gains or Losses	<u>0.00</u>	<u>535,480.00</u>	<u>0.00</u>
Increase in Net Assets	<u>1,298,561.00</u>	<u>728,713.00</u>	<u>(2,361,888.00)</u>
<b>NET ASSETS</b>			
Net Assets-beginning of year, as originally reported	8,447,053.00	5,008,574.00	(526,404.00)
Prior Year Adjustments	0.00	0.00	0.00
Net Assets-beginning of year, restated	<u>8,447,053.00</u>	<u>5,008,574.00</u>	<u>(526,404.00)</u>
Net Assets-End of Year	<u>\$9,745,614.00</u>	<u>\$5,737,287.00</u>	<u>(\$2,888,292.00)</u>

*Statement of Revenues, Expenses and Changes in Net Assets, Continued*

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
June 30, 2006

	Component Units		
	Augusta State University Foundation, Inc.	Augusta State University Athletic Foundation	Walter & Emilie Spivey Foundation
<b>REVENUES</b>			
Operating Revenues			
Student Tuition and Fees (net of allowance for doubtful accounts)	\$0.00	\$0.00	\$0.00
Less: Scholarship Allowances			
Gifts and Contributions	2,379,568.00		
Endowment Income (per spending plan)	454,280.00		
Grants and Contracts			
Federal			
State			
Other			
Sales and Services	1,475,383.00	794,131.00	
Rents and Royalties	130,573.00		
Auxiliary Enterprises			
Residence Halls			
Intercollegiate Athletics			
Clinical and Patient Fees			
Net Patient Service Revenue			
Realized/Unrealized Gains (Losses)			
Interest and Dividend Income	112,363.00		
Other Operating Revenues			
Total Operating Revenues	<u>4,552,167.00</u>	<u>794,131.00</u>	<u>0.00</u>
<b>EXPENSES</b>			
Operating Expenses			
Salaries:			
Faculty			
Staff		364,818.00	24,381.37
Employee Benefits		31,401.00	
Other Personal Services		5,892.00	
Travel			
Scholarships and Fellowships			
Utilities		56,714.00	
Supplies and Other Services	821,073.00	254,720.00	
Depreciation		150,056.00	
Other Operating Expense		28,875.00	
Payments to Other Component Units			
Payments to or on behalf of College/University	700,628.00	12,000.00	354,337.98
Total Operating Expenses	<u>1,521,701.00</u>	<u>904,476.00</u>	<u>378,719.35</u>
Operating Income (loss)	<u>3,030,466.00</u>	<u>(110,345.00)</u>	<u>(378,719.35)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State Appropriations			
Grants and Contracts			
Federal			
Gifts			
Investment Income (endowments, auxiliary and other)	1,159,614.00		192,323.83
Interest Income		7,109.00	
Interest Expense (capital assets)	(531,283.00)	(110,031.00)	
Combined Margin Allocation			
Other Nonoperating Revenues	3,247,065.00	43,956.00	
Net Nonoperating Revenues	<u>3,875,396.00</u>	<u>(58,966.00)</u>	<u>192,323.83</u>
Income before other revenues, expenses, gains, or losses	<u>6,905,862.00</u>	<u>(169,311.00)</u>	<u>(186,395.52)</u>
Capital Grants and Gifts			
Federal			
State			
Other			
Loss on Bond Retirement			
Additions to permanent endowments	713,478.00		
Total Other Revenues, Expenses, Gains or Losses	<u>713,478.00</u>	<u>0.00</u>	<u>0.00</u>
Increase in Net Assets	<u>7,619,340.00</u>	<u>(169,311.00)</u>	<u>(186,395.52)</u>
<b>NET ASSETS</b>			
Net Assets-beginning of year, as originally reported	15,704,685.00	618,625.00	7,640,705.42
Prior Year Adjustments	0.00	0.00	0.00
Net Assets-beginning of year, restated	<u>15,704,685.00</u>	<u>618,625.00</u>	<u>7,640,705.42</u>
Net Assets-End of Year	<u>\$23,324,025.00</u>	<u>\$449,314.00</u>	<u>\$7,454,309.90</u>

*Statement of Revenues, Expenses and Changes in Net Assets, Continued*

**UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
June 30, 2006**

	<b>Component Units</b>		
	<b>Clayton State University Foundation, Inc.</b>	<b>Columbus State University Foundation, Inc.</b>	<b>(Columbus State University) Foundation Properties, Inc.</b>
<b>REVENUES</b>			
Operating Revenues			
Student Tuition and Fees (net of allowance for doubtful accounts)	\$0.00	\$0.00	\$0.00
Less: Scholarship Allowances			
Gifts and Contributions	1,486,653.00	7,870,563.00	523,703.00
Endowment Income (per spending plan)	68,877.00	417,525.00	
Grants and Contracts			
Federal			
State			
Other			
Sales and Services			
Rents and Royalties			2,004,763.00
Auxiliary Enterprises			
Residence Halls			2,139,546.00
Intercollegiate Athletics			
Clinical and Patient Fees			
Net Patient Service Revenue			
Realized/Unrealized Gains (Losses)			
Interest and Dividend Income			
Other Operating Revenues	41,705.00	238,620.00	
Total Operating Revenues	<u>1,597,235.00</u>	<u>8,526,708.00</u>	<u>4,668,012.00</u>
<b>EXPENSES</b>			
Operating Expenses			
Salaries:			
Faculty			
Staff	62,020.00	706,407.00	297,010.00
Employee Benefits		78,190.00	51,767.00
Other Personal Services			
Travel			
Scholarships and Fellowships			
Utilities			330,315.00
Supplies and Other Services	402,223.00	1,229,100.00	1,159,472.00
Depreciation			1,483,872.00
Other Operating Expense			
Payments to Other Component Units		(3,642,002.00)	3,645,814.00
Payments to or on behalf of College/University	228,873.00	32,715,023.00	2,876,963.00
Total Operating Expenses	<u>693,116.00</u>	<u>31,086,718.00</u>	<u>9,845,213.00</u>
Operating Income (loss)	<u>904,119.00</u>	<u>(22,560,010.00)</u>	<u>(5,177,201.00)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State Appropriations			
Grants and Contracts			
Federal			
Gifts			
Investment Income (endowments, auxiliary and other)	56,668.00	1,817,337.00	679,052.00
Interest Income			
Interest Expense (capital assets)			(1,344,851.00)
Combined Margin Allocation			
Other Nonoperating Revenues			
Net Nonoperating Revenues	<u>56,668.00</u>	<u>1,817,337.00</u>	<u>(665,799.00)</u>
Income before other revenues, expenses, gains, or losses	<u>960,787.00</u>	<u>(20,742,673.00)</u>	<u>(5,843,000.00)</u>
Capital Grants and Gifts			
Federal			
State			
Other			
Loss on Bond Retirement			
Additions to permanent endowments	40,922.00	12,646,602.00	
Total Other Revenues, Expenses, Gains or Losses	<u>40,922.00</u>	<u>12,646,602.00</u>	<u>0.00</u>
Increase in Net Assets	1,001,709.00	(8,096,071.00)	(5,843,000.00)
<b>NET ASSETS</b>			
Net Assets-beginning of year, as originally reported	3,823,144.00	57,387,655.00	24,500,744.00
Prior Year Adjustments	0.00	0.00	0.00
Net Assets-beginning of year, restated	<u>3,823,144.00</u>	<u>57,387,655.00</u>	<u>24,500,744.00</u>
Net Assets-End of Year	<u>\$4,824,853.00</u>	<u>\$49,291,584.00</u>	<u>\$18,657,744.00</u>

*Statement of Revenues, Expenses and Changes in Net Assets, Continued*

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
June 30, 2006

	Component Units		
	Columbus State University Athletic Fund, Inc.	Columbus State University Alumni Association, Inc.	Georgia College & State University Foundation, Inc.
<b>REVENUES</b>			
Operating Revenues			
Student Tuition and Fees (net of allowance for doubtful accounts)	\$0.00	\$0.00	\$0.00
Less: Scholarship Allowances			
Gifts and Contributions	183,050.00	63,557.00	1,659,138.00
Endowment Income (per spending plan)	387,166.00	7,068.00	284,941.00
Grants and Contracts			
Federal			
State			
Other			
Sales and Services			312,929.00
Rents and Royalties			10,002,052.00
Auxiliary Enterprises			
Residence Halls			
Intercollegiate Athletics			
Clinical and Patient Fees			
Net Patient Service Revenue			
Realized/Unrealized Gains (Losses)			
Interest and Dividend Income			
Other Operating Revenues	225,139.00	33,695.00	26,846.00
Total Operating Revenues	<u>795,355.00</u>	<u>104,320.00</u>	<u>12,285,906.00</u>
<b>EXPENSES</b>			
Operating Expenses			
Salaries:			
Faculty			
Staff	992.00		57,435.00
Employee Benefits	721.00	60,404.00	
Other Personal Services		15,005.00	
Travel			
Scholarships and Fellowships			
Utilities			1,021.00
Supplies and Other Services	165,851.00	44,719.00	6,214,728.00
Depreciation	354.00	660.00	2,215,713.00
Other Operating Expense			
Payments to Other Component Units	(15,065.00)	11,253.00	
Payments to or on behalf of College/University	354,139.00	9,500.00	297,100.00
Total Operating Expenses	<u>506,992.00</u>	<u>141,541.00</u>	<u>8,785,997.00</u>
Operating Income (loss)	<u>288,363.00</u>	<u>(37,221.00)</u>	<u>3,499,909.00</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State Appropriations			
Grants and Contracts			
Federal			
Gifts			
Investment Income (endowments, auxiliary and other)	1,782.00		245,110.00
Interest Income		977.00	
Interest Expense (capital assets)			(4,697,706.00)
Combined Margin Allocation			
Other Nonoperating Revenues			
Net Nonoperating Revenues	<u>1,782.00</u>	<u>977.00</u>	<u>(4,452,596.00)</u>
Income before other revenues, expenses, gains, or losses	<u>290,145.00</u>	<u>(36,244.00)</u>	<u>(952,687.00)</u>
Capital Grants and Gifts			
Federal			
State			
Other			
Loss on Bond Retirement			
Additions to permanent endowments	32,944.00		1,156,523.00
Total Other Revenues, Expenses, Gains or Losses	<u>32,944.00</u>	<u>0.00</u>	<u>1,156,523.00</u>
Increase in Net Assets	<u>323,089.00</u>	<u>(36,244.00)</u>	<u>203,836.00</u>
<b>NET ASSETS</b>			
Net Assets-beginning of year, as originally reported	1,552,213.00	253,228.00	10,749,069.00
Prior Year Adjustments	0.00	0.00	0.00
Net Assets-beginning of year, restated	<u>1,552,213.00</u>	<u>253,228.00</u>	<u>10,749,069.00</u>
Net Assets-End of Year	<u>\$1,875,302.00</u>	<u>\$216,984.00</u>	<u>\$10,952,905.00</u>

*Statement of Revenues, Expenses and Changes in Net Assets, Continued*

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
June 30 2006

	Component Units		
	Georgia College & State University Alumni Association, Inc.	Georgia Southwestern Foundation, Inc.	Georgia SW Research and Development Corp., Inc.
<b>REVENUES</b>			
Operating Revenues			
Student Tuition and Fees (net of allowance for doubtful accounts)	\$0.00	\$0.00	\$0.00
Less: Scholarship Allowances			
Gifts and Contributions	14,724.00	1,077,077.00	
Endowment Income (per spending plan)	206,754.00	1,347,508.00	
Grants and Contracts			
Federal			
State			
Other			219,000.00
Sales and Services			
Rents and Royalties			
Auxiliary Enterprises			
Residence Halls			
Intercollegiate Athletics			
Clinical and Patient Fees			
Net Patient Service Revenue			
Realized/Unrealized Gains (Losses)			
Interest and Dividend Income			
Other Operating Revenues	93,105.00	33,468.00	
Total Operating Revenues	<u>314,583.00</u>	<u>2,458,053.00</u>	<u>219,000.00</u>
<b>EXPENSES</b>			
Operating Expenses			
Salaries:			
Faculty			
Staff		139,911.34	160,441.00
Employee Benefits		50,486.08	55,901.00
Other Personal Services			
Travel		3,905.18	
Scholarships and Fellowships			
Utilities	6,038.00	142.64	
Supplies and Other Services	147,713.00	184,456.84	16,149.00
Depreciation	7,152.00	3,189.14	240,720.00
Other Operating Expense			
Payments to Other Component Units			
Payments to or on behalf of College/University	191,110.00	1,769,356.78	
Total Operating Expenses	<u>352,013.00</u>	<u>2,151,448.00</u>	<u>473,211.00</u>
Operating Income (loss)	<u>(37,430.00)</u>	<u>306,605.00</u>	<u>(254,211.00)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State Appropriations			
Grants and Contracts			
Federal			
Gifts			
Investment Income (endowments, auxiliary and other)	98,310.00		
Interest Income			
Interest Expense (capital assets)			
Combined Margin Allocation			
Other Nonoperating Revenues			
Net Nonoperating Revenues	<u>98,310.00</u>	<u>0.00</u>	<u>0.00</u>
Income before other revenues, expenses, gains, or losses	<u>60,880.00</u>	<u>306,605.00</u>	<u>(254,211.00)</u>
Capital Grants and Gifts			
Federal			
State			
Other			
Loss on Bond Retirement			
Additions to permanent endowments	46,359.00	387,694.00	
Total Other Revenues, Expenses, Gains or Losses	<u>46,359.00</u>	<u>387,694.00</u>	<u>0.00</u>
Increase in Net Assets	<u>107,239.00</u>	<u>694,299.00</u>	<u>(254,211.00)</u>
<b>NET ASSETS</b>			
Net Assets-beginning of year, as originally reported	5,389,028.00	25,027,447.00	559,774.00
Prior Year Adjustments	0.00	0.00	0.00
Net Assets-beginning of year, restated	<u>5,389,028.00</u>	<u>25,027,447.00</u>	<u>559,774.00</u>
Net Assets-End of Year	<u>\$5,496,267.00</u>	<u>\$25,721,746.00</u>	<u>\$305,563.00</u>

*Statement of Revenues, Expenses and Changes in Net Assets, Continued*

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
June 30, 2006

	Component Units		
	Kennesaw State University Foundation, Inc.	North Georgia College & State University Foundation, Inc.	Southern Polytechnic State University Foundation, Inc.
<b>REVENUES</b>			
Operating Revenues			
Student Tuition and Fees (net of allowance for doubtful accounts)	\$0.00	\$0.00	\$0.00
Less: Scholarship Allowances			
Gifts and Contributions	1,824,121.00	948,825.00	1,212,980.00
Endowment Income (per spending plan)		647,416.00	22,862.00
Grants and Contracts			
Federal			
State			
Other			
Sales and Services	19,225,668.00		2,087,148.00
Rents and Royalties		1,595,676.00	
Auxiliary Enterprises			
Residence Halls			
Intercollegiate Athletics			
Clinical and Patient Fees			
Net Patient Service Revenue			
Realized/Unrealized Gains (Losses)			
Interest and Dividend Income			
Other Operating Revenues		246,565.00	
Total Operating Revenues	<u>21,049,789.00</u>	<u>3,438,482.00</u>	<u>3,322,990.00</u>
<b>EXPENSES</b>			
Operating Expenses			
Salaries:			
Faculty			
Staff	873,462.00	402,451.00	286,786.00
Employee Benefits			61,592.00
Other Personal Services			
Travel			
Scholarships and Fellowships		67,797.00	
Utilities	1,435,889.00	219,586.00	
Supplies and Other Services	3,770,589.00	1,338,125.00	870,687.01
Depreciation	4,334,932.00	278,670.00	
Other Operating Expense		201,464.00	
Payments to Other Component Units			
Payments to or on behalf of College/University	4,140,377.00	751,345.00	321,089.00
Total Operating Expenses	<u>14,555,249.00</u>	<u>3,259,438.00</u>	<u>1,540,154.01</u>
Operating Income (loss)	<u>6,494,540.00</u>	<u>179,044.00</u>	<u>1,782,835.99</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State Appropriations			
Grants and Contracts			
Federal			
Gifts			433,040.00
Investment Income (endowments, auxiliary and other)	1,727,912.00	647,417.00	163,061.00
Interest Income			
Interest Expense (capital assets)	(8,425,914.00)	(533,388.00)	(1,628,147.00)
Combined Margin Allocation			
Other Nonoperating Revenues		581,885.00	
Net Nonoperating Revenues	<u>(6,698,002.00)</u>	<u>695,914.00</u>	<u>(1,032,046.00)</u>
Income before other revenues, expenses, gains, or losses	<u>(203,462.00)</u>	<u>874,958.00</u>	<u>750,789.99</u>
Capital Grants and Gifts			
Federal			
State			
Other			
Loss on Bond Retirement			
Additions to permanent endowments	2,224,053.00	327,687.00	891,837.00
Total Other Revenues, Expenses, Gains or Losses	<u>2,224,053.00</u>	<u>327,687.00</u>	<u>891,837.00</u>
Increase in Net Assets	<u>2,020,591.00</u>	<u>1,202,645.00</u>	<u>1,642,626.99</u>
<b>NET ASSETS</b>			
Net Assets-beginning of year, as originally reported	12,038,606.00	14,460,283.00	1,038,803.01
Prior Year Adjustments	0.00	0.00	1,271,621.00
Net Assets-beginning of year, restated	<u>12,038,606.00</u>	<u>14,460,283.00</u>	<u>2,310,424.01</u>
Net Assets-End of Year	<u>\$14,059,197.00</u>	<u>\$15,662,928.00</u>	<u>\$3,953,051.00</u>

*Statement of Revenues, Expenses and Changes in Net Assets, Continued*

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
June 30, 2006

	Component Units		
	University of West Georgia Foundation, Inc.	University of West Georgia Real Estate Foundation, Inc.	Abraham Baldwin Agricultural College Foundation, Inc.
<b>REVENUES</b>			
Operating Revenues			
Student Tuition and Fees (net of allowance for doubtful accounts)	\$0.00	\$0.00	\$0.00
Less: Scholarship Allowances			
Gifts and Contributions	2,115,476.00		1,650,565.00
Endowment Income (per spending plan)	655,600.00		4,523,923.00
Grants and Contracts			
Federal			
State			
Other			
Sales and Services	321,248.00		
Rents and Royalties	1,765,977.00	1,742,000.00	
Auxiliary Enterprises			
Residence Halls			
Intercollegiate Athletics			
Clinical and Patient Fees			
Net Patient Service Revenue			
Realized/Unrealized Gains (Losses)			
Interest and Dividend Income			
Other Operating Revenues			
Total Operating Revenues	<u>4,858,301.00</u>	<u>1,742,000.00</u>	<u>6,174,488.00</u>
<b>EXPENSES</b>			
Operating Expenses			
Salaries:			
Faculty			
Staff	434,445.00		105,212.00
Employee Benefits	102,147.00		
Other Personal Services			
Travel	10,495.00		
Scholarships and Fellowships			
Utilities			
Supplies and Other Services	578,035.00	43,696.00	2,086,702.00
Depreciation	609,809.00		1,362,013.00
Other Operating Expense	170,756.00		
Payments to Other Component Units			
Payments to or on behalf of College/University	1,440,543.00		253,406.00
Total Operating Expenses	<u>3,346,230.00</u>	<u>43,696.00</u>	<u>3,807,333.00</u>
Operating Income (loss)	<u>1,512,071.00</u>	<u>1,698,304.00</u>	<u>2,367,155.00</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State Appropriations			
Grants and Contracts			
Federal			
Gifts			
Investment Income (endowments, auxiliary and other)	562,867.00	507,841.00	
Interest Income			
Interest Expense (capital assets)	(1,283,791.00)	(500,365.00)	(1,260,500.00)
Combined Margin Allocation			
Other Nonoperating Revenues			
Net Nonoperating Revenues	<u>(720,924.00)</u>	<u>7,476.00</u>	<u>(1,260,500.00)</u>
Income before other revenues, expenses, gains, or losses	<u>791,147.00</u>	<u>1,705,780.00</u>	<u>1,106,655.00</u>
Capital Grants and Gifts			
Federal			
State			
Other			
Loss on Bond Retirement	(736,715.00)		
Additions to permanent endowments	610,279.00		544,977.00
Total Other Revenues, Expenses, Gains or Losses	<u>(126,436.00)</u>	<u>0.00</u>	<u>544,977.00</u>
Increase in Net Assets	<u>664,711.00</u>	<u>1,705,780.00</u>	<u>1,651,632.00</u>
<b>NET ASSETS</b>			
Net Assets-beginning of year, as originally reported	15,271,362.00	(581,494.00)	10,191,801.00
Prior Year Adjustments	0.00	549,505.00	0.00
Net Assets-beginning of year, restated	<u>15,271,362.00</u>	<u>(31,989.00)</u>	<u>10,191,801.00</u>
Net Assets-End of Year	<u>\$15,936,073.00</u>	<u>\$1,673,791.00</u>	<u>\$11,843,433.00</u>



*Statement of Revenues, Expenses and Changes in Net Assets, Continued*

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
June 30, 2006

	Component Units		
	Dalton State College Foundation, Inc.	Gainesville State College Foundation	Gordon College Foundation
<b>REVENUES</b>			
Operating Revenues			
Student Tuition and Fees (net of allowance for doubtful accounts)	\$0.00	\$0.00	\$0.00
Less: Scholarship Allowances			
Gifts and Contributions	2,632,490.00	559,434.00	88,204.00
Endowment Income (per spending plan)	762,019.00	284,294.00	
Grants and Contracts			
Federal			
State			
Other			
Sales and Services			
Rents and Royalties	364,430.00		
Auxiliary Enterprises			
Residence Halls			
Intercollegiate Athletics			
Clinical and Patient Fees			
Net Patient Service Revenue			
Realized/Unrealized Gains (Losses)			
Interest and Dividend Income			
Other Operating Revenues			279,521.00
Total Operating Revenues	<u>3,758,939.00</u>	<u>843,728.00</u>	<u>367,725.00</u>
<b>EXPENSES</b>			
Operating Expenses			
Salaries:			
Faculty			
Staff	82,210.00		
Employee Benefits	3,361.00		
Other Personal Services			
Travel	1,024.00		
Scholarships and Fellowships			
Utilities	16,209.00		264.00
Supplies and Other Services	224,705.00	180,988.00	176,684.00
Depreciation	38,567.00		179,175.00
Other Operating Expense	6,379.00		
Payments to Other Component Units			
Payments to or on behalf of College/University	375,243.00	403,157.00	92,172.00
Total Operating Expenses	<u>747,698.00</u>	<u>584,145.00</u>	<u>448,295.00</u>
Operating Income (loss)	<u>3,011,241.00</u>	<u>259,583.00</u>	<u>(80,570.00)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State Appropriations			
Grants and Contracts			
Federal			
Gifts			
Investment Income (endowments, auxiliary and other)		228,005.00	381,092.00
Interest Income			
Interest Expense (capital assets)	(69,306.00)		(248,578.00)
Combined Margin Allocation			
Other Nonoperating Revenues			
Net Nonoperating Revenues	<u>(69,306.00)</u>	<u>228,005.00</u>	<u>132,514.00</u>
Income before other revenues, expenses, gains, or losses	<u>2,941,935.00</u>	<u>487,588.00</u>	<u>51,944.00</u>
Capital Grants and Gifts			
Federal			
State			
Other			
Loss on Bond Retirement			
Additions to permanent endowments	1,280,636.00	207,131.00	
Total Other Revenues, Expenses, Gains or Losses	<u>1,280,636.00</u>	<u>207,131.00</u>	<u>0.00</u>
Increase in Net Assets	<u>4,222,571.00</u>	<u>694,719.00</u>	<u>51,944.00</u>
<b>NET ASSETS</b>			
Net Assets-beginning of year, as originally reported	11,042,663.00	8,866,458.00	5,306,991.00
Prior Year Adjustments	0.00	0.00	0.00
Net Assets-beginning of year, restated	<u>11,042,663.00</u>	<u>8,866,458.00</u>	<u>5,306,991.00</u>
Net Assets-End of Year	<u>\$15,265,234.00</u>	<u>\$9,561,177.00</u>	<u>\$5,358,935.00</u>

*Statement of Revenues, Expenses and Changes in Net Assets, Continued*

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
June 30, 2006

	Component Units		
	Macon State College Foundation, Inc.	Middle Georgia College Foundation, Inc.	Bainbridge College Foundation
<b>REVENUES</b>			
Operating Revenues			
Student Tuition and Fees (net of allowance for doubtful accounts)	\$0.00	\$0.00	\$0.00
Less: Scholarship Allowances			
Gifts and Contributions	278,897.00	82,678.00	2,264.00
Endowment Income (per spending plan)	239,337.00	12,682.00	
Grants and Contracts			
Federal			
State			
Other			
Sales and Services			
Rents and Royalties			
Auxiliary Enterprises			
Residence Halls			
Intercollegiate Athletics			
Clinical and Patient Fees			
Net Patient Service Revenue			
Realized/Unrealized Gains (Losses)			
Interest and Dividend Income			
Other Operating Revenues			
Total Operating Revenues	<u>518,234.00</u>	<u>95,360.00</u>	<u>2,264.00</u>
<b>EXPENSES</b>			
Operating Expenses			
Salaries:			
Faculty	162,036.00		
Staff	22,144.00		
Employee Benefits	3,408.00		
Other Personal Services			
Travel			
Scholarships and Fellowships		38,657.00	
Utilities			
Supplies and Other Services	74,450.00	26,145.00	5,416.30
Depreciation			
Other Operating Expense			
Payments to Other Component Units			
Payments to or on behalf of College/University	1,524,296.00	29,435.00	1,722.10
Total Operating Expenses	<u>1,786,334.00</u>	<u>94,237.00</u>	<u>7,138.40</u>
Operating Income (loss)	<u>(1,268,100.00)</u>	<u>1,123.00</u>	<u>(4,874.40)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State Appropriations			
Grants and Contracts			
Federal			
Gifts			
Investment Income (endowments, auxiliary and other)	195,666.00		807.49
Interest Income			
Interest Expense (capital assets)			
Combined Margin Allocation			
Other Nonoperating Revenues	54,000.00		
Net Nonoperating Revenues	<u>249,666.00</u>	<u>0.00</u>	<u>807.49</u>
Income before other revenues, expenses, gains, or losses	<u>(1,018,434.00)</u>	<u>1,123.00</u>	<u>(4,066.91)</u>
Capital Grants and Gifts			
Federal			
State			
Other			
Loss on Bond Retirement			
Additions to permanent endowments	29,085.00	1,650.00	64,248.02
Total Other Revenues, Expenses, Gains or Losses	<u>29,085.00</u>	<u>1,650.00</u>	<u>64,248.02</u>
Increase in Net Assets	<u>(989,349.00)</u>	<u>2,773.00</u>	<u>60,181.11</u>
<b>NET ASSETS</b>			
Net Assets-beginning of year, as originally reported	8,521,105.00	1,143,009.00	52,592.16
Prior Year Adjustments	0.00	0.00	0.00
Net Assets-beginning of year, restated	<u>8,521,105.00</u>	<u>1,143,009.00</u>	<u>52,592.16</u>
Net Assets-End of Year	<u>\$7,531,756.00</u>	<u>\$1,145,782.00</u>	<u>\$112,773.27</u>

*Statement of Revenues, Expenses and Changes in Net Assets, Continued*

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
June 30, 2006

	Component Units		
	Coastal Georgia Community College Foundation, Inc.	Darton College Foundation	East Georgia College Foundation
<b>REVENUES</b>			
Operating Revenues			
Student Tuition and Fees (net of allowance for doubtful accounts)	\$0.00	\$0.00	\$0.00
Less: Scholarship Allowances			
Gifts and Contributions	503,080.00	848,748.00	178,285.00
Endowment Income (per spending plan)	35,329.00	24,790.00	20,076.00
Grants and Contracts			
Federal			
State			
Other			
Sales and Services			9,123.00
Rents and Royalties			
Auxiliary Enterprises			
Residence Halls			
Intercollegiate Athletics			
Clinical and Patient Fees			
Net Patient Service Revenue			
Realized/Unrealized Gains (Losses)			
Interest and Dividend Income			
Other Operating Revenues			6,641.00
Total Operating Revenues	<u>538,409.00</u>	<u>873,538.00</u>	<u>214,125.00</u>
<b>EXPENSES</b>			
Operating Expenses			
Salaries:			
Faculty			
Staff			
Employee Benefits			
Other Personal Services	23,018.00		
Travel			
Scholarships and Fellowships			
Utilities			
Supplies and Other Services		172,030.00	20,193.00
Depreciation		3,444.00	
Other Operating Expense			
Payments to Other Component Units			
Payments to or on behalf of College/University	577,563.00	212,110.00	115,106.00
Total Operating Expenses	<u>600,581.00</u>	<u>387,584.00</u>	<u>135,299.00</u>
Operating Income (loss)	<u>(62,172.00)</u>	<u>485,954.00</u>	<u>78,826.00</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State Appropriations			
Grants and Contracts			
Federal			
Gifts			
Investment Income (endowments, auxiliary and other)	80,942.00	12,285.00	7,384.00
Interest Income			
Interest Expense (capital assets)			
Combined Margin Allocation			
Other Nonoperating Revenues			
Net Nonoperating Revenues	<u>80,942.00</u>	<u>12,285.00</u>	<u>7,384.00</u>
Income before other revenues, expenses, gains, or losses	<u>18,770.00</u>	<u>498,239.00</u>	<u>86,210.00</u>
Capital Grants and Gifts			
Federal			
State			
Other			
Loss on Bond Retirement			
Additions to permanent endowments	1,191,662.00		
Total Other Revenues, Expenses, Gains or Losses	<u>1,191,662.00</u>	<u>0.00</u>	<u>0.00</u>
Increase in Net Assets	<u>1,210,432.00</u>	<u>498,239.00</u>	<u>86,210.00</u>
<b>NET ASSETS</b>			
Net Assets-beginning of year, as originally reported	6,783,595.00	1,965,794.00	1,035,477.00
Prior Year Adjustments	0.00	0.00	0.00
Net Assets-beginning of year, restated	<u>6,783,595.00</u>	<u>1,965,794.00</u>	<u>1,035,477.00</u>
Net Assets-End of Year	<u>\$7,994,027.00</u>	<u>\$2,464,033.00</u>	<u>\$1,121,687.00</u>

*Statement of Revenues, Expenses and Changes in Net Assets, Continued*

UNIVERSITY SYSTEM OF GEORGIA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
June 30, 2006

	Component Units		
	Georgia Highlands College Foundation, Inc.	South Georgia College Foundation, Inc.	Waycross College Foundation, Inc.
<b>REVENUES</b>			
Operating Revenues			
Student Tuition and Fees (net of allowance for doubtful accounts)	\$0.00	\$0.00	\$0.00
Less: Scholarship Allowances			
Gifts and Contributions	502,993.00	68,426.82	37,327.88
Endowment Income (per spending plan)	51,022.00	78,446.15	34,357.79
Grants and Contracts			
Federal			
State			
Other			
Sales and Services	28,000.00		
Rents and Royalties	5,600.00		
Auxiliary Enterprises			
Residence Halls			
Intercollegiate Athletics			
Clinical and Patient Fees			
Net Patient Service Revenue			
Realized/Unrealized Gains (Losses)			
Interest and Dividend Income			
Other Operating Revenues			
Total Operating Revenues	<u>587,615.00</u>	<u>146,872.97</u>	<u>71,685.67</u>
<b>EXPENSES</b>			
Operating Expenses			
Salaries:			
Faculty			
Staff	35,520.00		1,200.00
Employee Benefits			412.00
Other Personal Services			
Travel			
Scholarships and Fellowships			
Utilities			
Supplies and Other Services	102,095.00	23,924.43	9,483.22
Depreciation	1,790.00		
Other Operating Expense			
Payments to Other Component Units			
Payments to or on behalf of College/University	114,909.00	195,917.13	60,852.05
Total Operating Expenses	<u>254,314.00</u>	<u>219,841.56</u>	<u>71,947.27</u>
Operating Income (loss)	<u>333,301.00</u>	<u>(72,968.59)</u>	<u>(261.60)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State Appropriations			
Grants and Contracts			
Federal			
Gifts			
Investment Income (endowments, auxiliary and other)	5,126.00		2,452.82
Interest Income			
Interest Expense (capital assets)			
Combined Margin Allocation			
Other Nonoperating Revenues	(298,996.00)		
Net Nonoperating Revenues	<u>(293,870.00)</u>	<u>0.00</u>	<u>2,452.82</u>
Income before other revenues, expenses, gains, or losses	<u>39,431.00</u>	<u>(72,968.59)</u>	<u>2,191.22</u>
Capital Grants and Gifts			
Federal			
State			
Other			
Loss on Bond Retirement			
Additions to permanent endowments	26,616.00	44,838.34	46,793.97
Total Other Revenues, Expenses, Gains or Losses	<u>26,616.00</u>	<u>44,838.34</u>	<u>46,793.97</u>
Increase in Net Assets	<u>66,047.00</u>	<u>(28,130.25)</u>	<u>48,985.19</u>
<b>NET ASSETS</b>			
Net Assets-beginning of year, as originally reported	1,130,354.00	2,684,785.22	1,397,682.00
Prior Year Adjustments	0.00	0.00	0.00
Net Assets-beginning of year, restated	<u>1,130,354.00</u>	<u>2,684,785.22</u>	<u>1,397,682.00</u>
Net Assets-End of Year	<u>\$1,196,401.00</u>	<u>\$2,656,654.97</u>	<u>\$1,446,667.19</u>

# Statement of Cash Flows

## UNIVERSITY SYSTEM OF GEORGIA STATEMENT OF CASH FLOWS June 30, 2006

	<u>June 30, 2006</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Tuition and Fees	\$788,894,294.18
Federal Appropriations	16,314,973.26
Grants and Contracts (Exchange)	1,252,109,373.96
Sales and Services of Educational Departments	110,431,887.39
Payments to Suppliers	(2,161,470,548.21)
Payments to Employees	(2,246,342,524.39)
Payments for Scholarships and Fellowships	(177,910,883.21)
Loans Issued to Students and Employees	(13,120,997.53)
Collection of Loans to Students and Employees	14,056,362.55
Auxiliary Enterprise Charges:	
Residence Halls	147,209,346.56
Bookstore	70,580,928.86
Food Services	81,021,926.72
Parking/Transportation	41,532,892.83
Health Services	32,957,320.61
Intercollegiate Athletics	59,085,282.54
Other Organizations	12,914,005.54
Other Receipts (payments)	292,723,677.81
Net Cash Provided (used) by Operating Activities	<u>(1,679,012,680.53)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
State Appropriations	1,817,258,595.16
Agency Funds Transactions	3,056,550.47
Gifts and Grants Received for Other Than Capital Purposes	105,947,819.50
Principal Paid on Installment Debt	(458,333.26)
Other Nonoperating Receipts	1,098,105.08
Net Cash Flows Provided by Non-capital Financing Activities	<u>1,926,902,736.95</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital Grants and Gifts Received	42,201,286.34
Proceeds from Capital Debt	6,268,770.00
Proceeds from sale of Capital Assets	3,005,840.37
Purchases of Capital Assets	(226,925,712.89)
Principal Paid on Capital Debt and Leases	(25,258,517.86)
Interest Paid on Capital Debt and Leases	(43,394,577.83)
Net Cash used by Capital and Related Financing Activities	<u>(244,102,911.87)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from Sales and Maturities of Investments	14,757,479.24
Interest on Investments	34,828,053.89
Purchase of Investments	(898,182.50)
Net Cash Provided (used) by Investing Activities	<u>48,687,350.63</u>
Net Increase/Decrease in Cash	52,474,495.18
Cash and Cash Equivalents - Beginning of year	540,669,329.30
Cash and Cash Equivalents - End of Year	<u>\$593,143,824.48</u>

### RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Operating Income (loss)	(\$1,925,652,557.22)
Adjustments to Reconcile Net Income (loss) to Net Cash Provided (used) by Operating Activities	
Depreciation	240,915,133.20
Change in Assets and Liabilities:	
Receivables, net	(12,300,979.80)
Inventories	(1,044,850.53)
Other Assets	760,500.48
Prepaid Items	(16,632,306.52)
Notes Receivable, Net	530,464.55
Accounts Payable	(6,609,588.56)
Deferred Revenue	11,915,502.70
Benefits Payable	26,763,564.62
Lease Purchase Obligations	84,156.34
Other Liabilities	(3,188,642.11)
Compensated Absences	5,446,922.32
Net Cash Provided (used) by Operating Activities	<u>(1,679,012,680.53)</u>

### \*\* NON-CASH INVESTING, NON-CAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS

Fixed assets acquired by incurring capital lease obligations	\$115,325,003.73
Change in accounts receivable related to private gifts	(\$20,929.70)
Change in receivable from State Agency affecting proceeds of capital debt	(\$92,989.00)
Change in fair value of investments recognized as a component of interest income	\$4,612,176.06
Gift of capital assets reducing proceeds of capital grants and gifts	(\$154,280,359.98)
Gifts other than capital assets reducing proceeds of grants & gifts for other than capital assets	(\$2,681,081.14)

**UNIVERSITY SYSTEM OF GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2006**

*Note 1. Summary of Significant Accounting Policies*

**Nature of Operations**

The University System of Georgia serves the state and national communities by providing its students with academic instruction that advances fundamental knowledge, and by disseminating knowledge to the people of Georgia and throughout the country.

**Reporting Entity**

The University System of Georgia is comprised of thirty-five (35) State supported member institutions of higher education in Georgia, the Skidaway Institute of Oceanography and the University System Office. The accompanying financial statements reflect the consolidated operations of the University System of Georgia.

The Board of Regents has constitutional authority to govern, control and manage the University System of Georgia. This authority includes but is not limited to the power to designate management, the ability to significantly influence operations, the authority to control institutions' budgets, the power to determine allotments of State funds to member institutions and the authority to prescribe accounting systems and administrative policies for member institutions. The University System of Georgia does not have authority to retain unexpended State appropriations (surplus) for any given fiscal year. Accordingly, all 35 institutions, the Skidaway Institute of Oceanography and the University System Office are considered organizational units of the Board of Regents of the University System of Georgia reporting entity for financial reporting purposes because of the significance of their legal, operational, and financial relationships with the Board of Regents as defined in Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards.

The Board of Regents of the University System of Georgia implemented GASB Statement No. 39 *Determining Whether Certain Organizations are Component Units - an amendment of Statement No. 14*, in fiscal year 2004. This statement requires the inclusion of the financial statements for foundations and affiliated organizations that qualify as component units in the Annual Financial Report. These statements (Statement of Net Assets and Statement of Revenues, Expenses, and Changes in Net Assets) are discretely presented for the 54 component units of the University System of Georgia.

See Note 16. Component Units, for foundation notes.

**Financial Statement Presentation**

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. This was followed in November 1999 by GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. The State of Georgia implemented GASB Statement No. 34 as of and for the year ended June 30, 2002. As an organizational unit of the

State of Georgia, the University System was also required to adopt GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37 and No. 38. The financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) as prescribed by the GASB and are presented as required by these standards to provide a comprehensive, entity-wide perspective of the University System's assets, liabilities, net assets, revenues, expenses, changes in net assets, cash flows, and replaces the fund-group perspective previously required.

Generally Accepted Accounting Principles (GAAP) require that the reporting of summer school revenues and expenses be between fiscal years rather than in one fiscal year. Due to the lack of materiality, institutions of the University System of Georgia will continue to report summer revenues and expenses in the year in which the predominant activity takes place.

### **Basis of Accounting**

For financial reporting purposes, the University System is considered a special-purpose government engaged only in business-type activities. Accordingly, the University System's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting, except as noted in the preceding paragraph. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant inter-institution transactions have been eliminated.

The University System has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The University System has elected to not apply FASB pronouncements issued after the applicable date.

### **Cash and Cash Equivalents**

Cash and Cash Equivalents consist of petty cash, demand deposits and time deposits in authorized financial institutions, and cash management pools that have the general characteristics of demand deposit accounts. This includes the State Investment Pool and the Board of Regents Short-Term Investment Pool.

### **Short-Term Investments**

Short-Term Investments consist of investments of 90 days – 13 months. This would include certificates of deposits or other time restricted investments with original maturities of six months or more when purchased. Funds are not readily available and there is a penalty for early withdrawal.

### **Investments**

The University System accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Assets. The Board of Regents Legal Fund, the Board of Regents Balanced Income Fund, the Board of Regents Total Return Fund, the Board of Regents Diversified Fund, and the Georgia Extended Asset Pool are included under Investments.

### **Accounts Receivable**

Accounts receivable consists of tuition and fees charged to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of Georgia. Accounts receivable also includes amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University System's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

### **Inventories**

Consumable supplies are carried at the lower of cost or market on the first-in, first-out ("FIFO") basis. Resale inventories are valued at cost using the average-cost basis.

### **Noncurrent Cash and Investments**

Cash and investments that are externally restricted and cannot be used to pay current liabilities are classified as noncurrent assets in the Statement of Net Assets.

### **Capital Assets**

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. For equipment, the University System's capitalization policy includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that exceed \$100,000 and significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 to 60 years for buildings, 20 to 25 years for infrastructure and land improvements, 10 years for library books, and 3 to 20 years for equipment. Residual values will generally be 10% of historical costs for infrastructure, buildings and building improvements, and facilities and other improvements.

To obtain the total picture of plant additions in the University System, it is necessary to look at the activities of the Georgia State Financing and Investment Commission (GSFIC) – an organization that is external to the System. GSFIC issues bonds for and on behalf of the State of Georgia, pursuant to powers granted to it in the Constitution of the State of Georgia and the Act creating the GSFIC. The bonds so issued constitute direct and general obligations of the State of Georgia, to the payment of which the full faith, credit and taxing power of the State are pledged.

Effective July 1, 2001, the GSFIC retains construction in progress on their books throughout the construction period on projects managed by them and transfers the entire project to the University System of Georgia when complete. For the year ended June 30, 2006, GSFIC transferred capital additions valued at \$54,578,913.27 to the University System of Georgia. This includes projects completed during FY2006 and additional expenditures for projects completed in prior years. This resulted in a cumulative total of \$2,289,744,024.70 as of June 30, 2006.

### **Deposits**

Deposits represent good faith deposits from students to reserve housing assignments in a University System residence hall.



### **Deferred Revenues**

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

### **Compensated Absences**

Employee vacation pay is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as compensated absences in the Statement of Net Assets, and as a component of compensation and benefit expense in the Statement of Revenues, Expenses, and Changes in Net Assets. The University System of Georgia had accrued liability for compensated absences in the amount of \$140,641,725.65 as of 7-1-2005. For FY2006, \$107,932,330.65 was earned in compensated absences and employees were paid \$102,485,407.63 for a net increase of \$5,446,923.02. The ending balance as of 6-30-2006 in accrued liability for compensated absences was \$146,088,648.67.

### **Noncurrent Liabilities**

Noncurrent liabilities include (1) liabilities that will not be paid within the next fiscal year; (2) capital lease obligations with contractual maturities greater than one year; and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as non-current assets.

### **Net Assets**

The University System's net assets are classified as follows:

*Invested in capital assets, net of related debt:* This represents the University System's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt. The term "debt obligations" as used in this definition does not include debt of the GSFIC as discussed previously in Note 1 – Capital Assets section.

*Restricted net assets - nonexpendable:* Nonexpendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The University System may accumulate as much of the annual net income of an institutional fund as is prudent under the standard established by Code Section 44-15-7 of Annotated Code of Georgia.

*Restricted net assets - expendable:* Restricted expendable net assets include resources in which the University System is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Expendable Restricted Net Assets include the following:

	<u>June 30, 2006</u>
Restricted - E&G and Other Organized Activities	\$118,112,215.50
Federal Loans	44,962,461.24
Institutional Loans	19,814,589.73
Term Endowments	4,627,155.49
Quasi-Endowments	<u>15,509,402.36</u>
Total Restricted Expendable	<u><u>\$203,025,824.32</u></u>

*Restricted net assets – expendable – Capital Projects:* This represents resources for which the University System is legally or contractually obligated to spend resources for capital projects in accordance with restrictions imposed by external third parties.

*Unrestricted net assets:* Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University System, and may be used at the discretion of the governing board to meet current expenses for those purposes, except for unexpended state appropriations (surplus). Unexpended state appropriations must be refunded to the Board of Regents of the University System of Georgia, University System Office for remittance to the office of Treasury and Fiscal Services. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

Unrestricted Net Assets include the following items which are quasi-restricted by management:

	<u>June 30, 2006</u>
R & R Reserve	\$67,933,895.59
Reserve for Encumbrances	161,523,561.57
Reserve for Inventory	3,334,644.17
Other Unrestricted	<u>47,982,503.07</u>
Total Unrestricted Net Assets	<u><u>\$280,774,604.40</u></u>

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University System's policy is to first apply the expense towards unrestricted resources, and then towards restricted resources.

### **Income Taxes**

The University System of Georgia, as a political subdivision of the State of Georgia, is excluded from Federal income taxes under Section 115(1) of the Internal Revenue Code, as amended.

### **Classification of Revenues**

The University System has classified its revenues as either operating or non-operating revenues in the Statement of Revenues, Expenses, and Changes in Net Assets according to the following criteria:

*Operating revenues:* Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of sponsored and unsponsored scholarships, (2) sales and services of auxiliary enterprises, net of sponsored and unsponsored scholarships, (3) most Federal, state and local grants and contracts and Federal appropriations, and (4) interest on institutional student loans.

*Non-operating revenues:* Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB No. 34, such as state appropriations and investment income.

### **Scholarship Allowances**

Student tuition and fee revenues, and certain other revenues from students, are reported at gross with a contra revenue account of scholarship allowances in the Statement of Revenues, Expenses, and Changes in Net Assets. Scholarship allowances are the difference between the stated charge for goods and services provided by the University System, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or non-operating revenues in the University System's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University System has recorded contra revenue for scholarship allowances.

### **Reclassifications**

Certain fiscal 2005 balances have been reclassified in the accompanying consolidated financial statements to conform to the fiscal 2006 presentation.

### **Special Item Transfers**

The following institutions had special item transfers for fiscal 2006:

#### **Special Item Transfers:**

Georgia Gwinnett College	\$21,281,180.17
Georgia Perimeter College	(21,281,180.17)
University System Office	<u>47,612.11</u>
Total	<u><u>\$47,612.11</u></u>

Georgia Gwinnett College and Georgia Perimeter College: Due to the creation of Georgia Gwinnett College by the State of Georgia, all assets purchased by the Gwinnett University Center were transferred to Georgia Gwinnett College as of July 1, 2005, along with their related liabilities. These assets were transferred from Georgia Perimeter College, which acted as custodian for the Gwinnett University Center. The net book value of the assets transferred was \$37,147,254.71 and the associated capital lease liability transferred was \$15,866,074.54. These assets, net of the capital lease liability, are included in the Statement of Net Assets and are noted as Special Item Transfers on the Statement of Revenues, Expenses, and Changes in Net Assets and on Note 6, Capital Assets.

University System Office: The Georgia Public Telecommunications Commission (“the Commission”) transferred Other Property and Equipment located at the tower sites through an Intergovernmental agreement to the University System Office. This agreement provides general obligation bonds to fund the digital conversion of the Commission’s towers and transmitters. The value of this equipment at June 30, 2006 was \$22,336,534.25 and the accumulated depreciation was \$22,288,922.14 for a net book value of \$47,612.11. This transfer of assets is noted as a Special Item Transfer on the Statement of Revenues, Expenses and Changes in Net Assets and on Note 6, Capital Assets.

**Restatement of Prior Year Balances**

The following institutions had restatements of prior year balances in FY2006:

**Prior Year Adjustments:**

Abraham Baldwin Agricultural College	\$2,995,324.48
Georgia Highlands College	(352,722.27)
Georgia Southern University	(1,770,447.30)
Savannah State University	193,105.93
South Georgia College	<u>(1,052,106.76)</u>
Total	<u><u>\$13,154.08</u></u>

Abraham Baldwin Agricultural College has a restatement of prior year net assets increasing beginning net assets by \$2,995,324.48. This is the result of adjustments to depreciable capital assets to correctly record asset values and associated depreciation.

Georgia Highlands College has a restatement of prior year net assets decreasing beginning net assets by \$352,722.27. This is due primarily to a correction of a prior year error related to invalid PELL receipts.

Georgia Southern University has a restatement of prior year net assets decreasing beginning net assets by \$1,770,447.30. This is due to (a) Georgia Southern University Housing Foundation Capital Lease assets which were not depreciated in the prior year, (b) Library Collections depreciation that was overstated in the prior year and (c) Capitalized Collections that were capitalized but did not meet the capitalization threshold in prior years.

Savannah State University has a restatement of prior year net assets that increases beginning net assets by \$193,105.93. This restatement is a result of adjustments to depreciation to correct amounts reported in fiscal 2005.

South Georgia College has a restatement of prior year net assets decreasing beginning net assets by \$1,052,106.76. In the prior fiscal year, the College failed to properly record all of its depreciable capital assets and associated depreciation in accordance with the College’s asset capitalization policies. As a result, adjustments were made to depreciable capital assets in order to correctly state their balances.

## *Note 2. Deposits and Investments*

### **A. Deposits**

The custodial credit risk for deposits is the risk that in the event of a bank failure, the University System's deposits may not be recovered. Funds belonging to the State of Georgia (and thus the University System of Georgia) cannot be placed in a depository paying interest longer than ten days without the depository providing a surety bond to the State. In lieu of a surety bond, the depository may pledge as collateral any one or more of the following securities as enumerated in the Official Code of Georgia Annotated Section 50-17-59:

1. Bonds, bills, notes, certificates of indebtedness, or other direct obligations of the United States or of the State of Georgia.
2. Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia.
3. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.
4. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.
5. Bonds, bills, certificates of indebtedness, notes or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest and debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association and the Federal National Mortgage Association.
6. Guarantee or insurance of accounts provided by the Federal Deposit Insurance Corporation.

The Treasurer of the Board of Regents is responsible for all details relative to furnishing the required depository protection for all units of the University System of Georgia.

At June 30, 2006, the carrying values of deposits were \$337,637,282.92 and the bank balances were \$387,250,418.75. Of the University System's deposits, \$383,160,247.58 were uninsured. Of these uninsured deposits, \$111,210,783.34 were collateralized with securities held by the financial institution's trust department or agent in the University System's name, \$173,097,087.08 were collateralized with securities held by the financial institution, by its trust department or agency, but not in the University System's name and \$98,852,377.16 were uncollateralized.

## B. Investments

The University System maintains investment policy guidelines that are intended to foster sound and prudent judgment in the management of assets to ensure safety of capital consistent with the fiduciary responsibility each institution has to the citizens of Georgia and which conforms to the Board of Regents investment policy. All investments must be consistent with donor intent, Board of Regents policy, and applicable federal and state laws.

The University System's investments as of June 30, 2006 are presented below. All investments are presented by investment type and debt securities are presented by maturity.

	Fair Value	Investment Maturity			
		Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
<b>Investment type</b>					
<u>Debt Securities</u>					
U.S. Treasuries	\$21,330,787.24	\$5,393,924.33	\$11,590,799.67	\$3,387,443.45	\$958,619.79
U.S. Agencies - Explicitly Guaranteed	7,546,649.93	3,343,785.03	4,197,633.75	5,231.15	
U.S. Agencies - Implicitly Guaranteed	138,180,897.71	77,222,314.16	53,251,076.86	685,989.90	7,021,516.79
Certificates of Deposit	35,000.00	35,000.00			
Corporate Debt	4,536,010.34	334,605.00	2,686,614.20	1,514,791.14	
General Obligation Bonds	1,057,413.90		144,229.65	122,398.90	790,785.35
Money Market Mutual Fund	17,910.74	17,910.74			
Mortgage Backed Securities (U.S. Agencies)	235,637.59		34,466.62	52,992.71	148,178.26
Municipal Obligation	5,000.00	5,000.00			
Mutual Bond Fund	42,713,942.01		42,479,489.15	234,452.86	
Repurchase Agreements	8,185,658.49	7,363,658.49	822,000.00		
	<u>\$223,844,907.95</u>	<u>\$93,716,197.75</u>	<u>\$115,206,309.90</u>	<u>\$6,003,300.11</u>	<u>\$8,919,100.19</u>
<u>Other Investments</u>					
Equity Mutual Funds	41,141,713.17				
Equity Securities - Domestic	43,715,988.78				
Real Estate Held for Investment Purposes	241,927.49				
Real Estate Investment Fund	7,348,609.90				
Cash Surrender Value	8,349.11				
<u>Investment Pools</u>					
Office of Treasury and Fiscal Services					
Georgia Fund 1	162,290,861.05				
Georgia Extended Asset Pool	5,678,048.37				
	<u>\$484,270,405.82</u>				

## **Investment Pools**

The Georgia Fund 1 Investment Pool, managed by the Office of Treasury and Fiscal Services, is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. This investment is valued at the pool's share price, \$1.00 per share. The Georgia Fund 1 Investment Pool is an AAAM rated investment pool by Standard and Poor's. The Weighted Average Maturity of the Fund is 28 days at June 30, 2006.

The Georgia Extended Asset Pool, managed by the Office of Treasury and Fiscal Services, is not registered with the Securities and Exchange Commission as an investment company. Net Asset Value (NAV) is calculated daily to determine current share price, which was \$1.97 at June 30, 2006. The Georgia Extended Asset Pool is an AAAf rated investment pool by Standard and Poor's. The duration for the month of June, 2006 was .92 years.

The University System Office serves as fiscal agent for various units of the University System of Georgia and cooperative organizations. The University System Office pools the monies of these organizations with the University System Office's monies for investment purposes. The University System Office cannot allocate pool investments between the internal (University System) and external (cooperative organizations) investment pool portions. The investment pool is not registered with the SEC as an investment company. The fair value of the investments is determined daily. The pool does not issue shares. Each participant is allocated a pro rata share of each investment at fair value along with a pro rata share of the interest that it earns.

The University System maintains investment policy guidelines for each pooled investment fund that is offered to qualified University System participants. These policies are intended to foster sound and prudent judgment in the management of assets to ensure safety of capital consistent with the fiduciary responsibility each institution has to the citizens of Georgia and which conforms with the Board of Regents investment policy. All investments must be consistent with donor intent, Board of Regents policy, and applicable federal and state laws.

Units of the University System of Georgia and their affiliated organizations may participate in the Pooled Investment Fund program. The overall character of the pooled fund portfolio should be one of above average quality, possessing at most, an average degree of investment risk.

The Regents' Investment Pool funds are described below. Investment fund balances within the University System (the Primary Government) have been eliminated in this report, with the underlying investment instruments of the pools reported instead.

### **Short Term Fund**

The Short Term fund provides a current return and stability of principal while affording a means of overnight liquidity for projected cash needs. The investment maturities of the fund will range between daily and two years.

### **Legal Fund**

The Legal fund provides an opportunity for greater income and modest principal growth to the extent possible with the securities allowed under Georgia Code 50-17-59 and 50-17-63. The average maturity of this fund will typically range between five and ten years, with a maximum of

thirty years for any individual investment. The overall character of the portfolio should be one of treasury and agency quality, possessing virtually no degree of financial risk.

#### Balanced Income Fund

The Balanced Income fund is designed to be a vehicle to invest funds that are not subject to the state regulations concerning investing in equities. This fund is comprised of fixed income, equity, and cash equivalent instruments.

The equity allocation range shall be between 30% and 40%, with a target of 35% of the total portfolio. The fixed income (bond) portion of the portfolio shall be between 60% and 70%, with a target of 65% of the total portfolio. Reserves for contingencies and stock and bond purchases are expected to comprise the balance of the fund. Reserves and excess income should be invested at all times in practical amounts. Reserves can be invested in high quality institutional money market mutual funds or other high quality short term instruments.

#### Total Return Fund

The Total Return fund is another pool designed to be a vehicle to invest funds that are not subject to state regulations concerning investing in equities. This pool offers the greatest percentage of overall equity exposure, with well over half of the funds typically invested in equities.

The equity allocation range shall be between 60% and 70%, with a target of 65% of the total portfolio. The fixed income (bond) portion of the portfolio shall be between 30% and 40%, with a target of 35% of the total portfolio. Reserves for contingencies and stock and bond purchases are expected to comprise the balance of the fund. Reserves and excess income should be invested at all times in practical amounts. Reserves can be invested in high quality institutional money market mutual funds or other high quality short term instruments.

#### Diversified Fund

The Diversified fund is designed to gain further diversification and increase exposures to assets that have lower correlation to equity and bond markets by utilizing alternative asset classes. In addition, this fund is constructed to build an optimal portfolio where return is increased and risk is reduced.

The equity allocation range shall be between 50% and 75% of the portfolio. The fixed income (bond) portion of the portfolio shall be between 20% and 40%. The portfolio may also consist of Hedge Funds, Real Estate and Venture Capital/Private Equity/Post Venture Capital.

Hedge Funds – The investment approach to this asset class is to use a multi-strategy, multi-manager fund of hedge funds. The Board of Regents believes that a fund of fund strategy will provide the best access to a highly diversified pool of hedge fund strategies and managers.

Real Estate – The Board of Regents’ approach to investing in this asset class is to use real estate investment trusts (REITs). REITs are more liquid than owning commercial real estate and diversification can be achieved by purchasing a mutual fund.

Venture Capital/Private Equity/Post Venture Capital – This asset class is the riskiest and most volatile permitted investment opportunity. This asset should be considered as an additional diversification investment strategy due to the low correlation with stock and bonds.



Reserves for contingencies and stock and bond purchases are expected to comprise the balance of the fund. Reserves and excess income should be invested at all times in practical amounts. Reserves can be invested in high quality institutional money market mutual funds or other high quality short-term instruments.

Condensed financial information for the investment pool follows:

<u>Regents Investment Pool</u> <u>Statement of Net Assets</u> <u>June 30, 2006</u>		<u>Regents Investment Pool</u> <u>Statement of Changes in Net Assets</u> <u>For the Fiscal Year Ended June 30, 2006</u>	
<b><u>Assets</u></b>		<b><u>Additions</u></b>	
Cash and Cash Equivalents	\$ 1,233,523	Investment Income	
Investments	143,528,392	Interest	\$ 4,786,712
Interest Receivable	<u>434,469</u>	Fair Value Increases	3,147,696
Net Assets	<u>\$ 145,196,384</u>	Less: Investment Expense	<u>(392,834)</u>
		Total Additions	<u>\$ 7,541,574</u>
		<b><u>Deductions</u></b>	
		Pool Participant Withdrawals	\$ (38,540,792)
		Capital Transactions	<u>7,884,627</u>
		Total Deductions	<u>\$ (30,656,165)</u>
		Net Decrease	\$ (23,114,591)
		<b><u>Net Assets</u></b>	
		July 1, 2005	<u>168,310,975</u>
		June 30, 2006	<u>\$ 145,196,384</u>
<b><u>Distribution of Net Assets</u></b>			
External Participant Account Balance	\$ 21,802,873		
Internal Participant Account Balance	<u>123,393,511</u>		
	<u>\$ 145,196,384</u>		

## **Investment Risks:**

### **Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The University System's policy for managing interest rate risk is contained in the investment policy guidelines for the various pooled investment funds:

1. In the Short Term fund, the average maturity of the fixed income portfolio shall not exceed three years.
2. In all the other pooled funds, the average maturity of the fixed income portfolio shall not exceed ten years.
3. Fixed income investments shall be limited to US Treasury government agency, and corporate debt instruments having minimum investment grade credit ratings of BAA by Moody's and/or Standard & Poor's.
4. The fixed income target allocation is defined in the investment policy guidelines for each pooled investment fund. These targets may be modified upon recommendation of the fund's investment manager and approval by the Board of Regents.

### **Custodial Credit Risk**

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the University System of Georgia will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The University System's policy for managing custodial credit risk for investments is:

1. The University System has appointed a federally regulated banking institution as custodian. The custodian performs its duties to the standards of a professional custodian and is liable to the University System of Georgia for claims, losses, liabilities, and expenses arising from its failure to exercise ordinary care, its willful misconduct, or its failure to otherwise act in accordance with the contract.
2. All securities transactions are to be settled on a delivery vs. payment basis through an approved depository institution such as the Depository Trust Company or The Federal Reserve.
3. Repurchase agreements are to be collateralized by United States Treasury securities at 102% of the market value of the investment at all times.

At June 30, 2006, \$29,695,786.55 of the University System's applicable investments were uninsured and held by the investment's counterparty in the University System's name and \$200,337,818.09 were uninsured and held by the investment's counterparty's trust department or agent, but not in the University System's name.

### Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University System's formal policy for managing credit quality risk is contained in the investment policy guidelines for the various pooled investment funds:

1. In all pooled funds except the Diversified Fund, all debt issues must be investment grade with ratings of at least BAA by Moody's and Standard and Poor's at the time of purchase.
2. The Diversified Fund is permitted to invest in non-investment grade debt issues up to a limit of 15% of the entire portfolio.
3. The portfolios shall be well diversified as to issuer and maturity.

The University System investments subject to credit quality risk follow:

	Fair Value	AAA	AA	A	Ba	Baa	Baaa	Unrated
Related Debt Investments								
U. S. Agencies	\$138,180,897.71	\$85,922,006.32	\$59,034.60	\$0.00	\$0.00	\$0.00	\$0.00	\$52,199,856.79
Certificates of Deposit	35,000.00							35,000.00
Corporate Debt	4,536,010.34	258,158.25	1,532,432.26	1,466,682.76	155,669.00	422,896.20	688,789.07	11,382.80
General Obligation Bonds	1,057,413.90	1,057,413.90						
Money Market Mutual Fund	17,910.74							17,910.74
Mortgage Backed Securities (U.S. Agencies)	190,594.96	184,096.36						6,498.60
Municipal Obligation	5,000.00	5,000.00						
Mutual Bond Fund	42,713,942.01	11,747,866.33	407,898.41					30,558,177.27
Repurchase Agreements - Underlying								
U. S. Agency Securities	8,185,658.49	6,622,658.49						1,563,000.00
	<u>\$194,922,428.15</u>	<u>\$105,797,199.65</u>	<u>\$1,999,365.27</u>	<u>\$1,466,682.76</u>	<u>\$155,669.00</u>	<u>\$422,896.20</u>	<u>\$688,789.07</u>	<u>\$84,391,826.20</u>

### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The University System's policy for managing concentration of credit risk is to diversify investments to the extent that any single issuer shall be limited to 5% of the market value in a particular investment fund. United States Government and United States Governmental agency securities explicitly guaranteed by the U.S. Government are exempt from this requirement.

The following investments of the University System of Georgia subject to concentration of credit risk exceed 5% of total investment holdings as of June 30, 2006:

<u>Investment</u>	<u>Amount</u>	<u>% of Total</u>
Federal National Mortgage Association	\$50,493,332.13	10%
Federal Home Loan Mortgage Corporation	\$43,270,973.78	9%
Federal Home Loan Bank	\$27,619,610.76	6%

#### Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The University System's policy for managing exposure to foreign currency credit risk is:

1. The Diversified Fund is the only pooled investment fund authorized to hold foreign investments. The current approved asset allocation target for international equity is 0 – 10% and for global fixed income 0 – 10%. As of June 30, 2006, the Diversified Fund had 7.5% (approximately \$5 million) exposure to international equity and 0% exposure to global fixed income.
2. The Diversified Fund is subject to exchange rate risk on these investments, which does ultimately impact performance.
3. The market value of all international investments is reported in United States Dollars.
4. Direct currency hedging is not permissible under the current investment policy guidelines.

### ***Note 3. Accounts Receivable***

Accounts receivable consisted of the following at June 30, 2006:

	<u>June 30, 2006</u>
Student Tuition and Fees	\$21,048,757.60
Auxiliary Enterprises and Other Operating Activities	13,163,845.97
Federal Financial Assistance	51,792,044.16
Georgia State Financing and Investment Commission	1,599,099.98
Margin Allocation Funds	9,222,551.00
Due from Component Units	82,869,006.09
Other	87,320,779.36
Sub Total	<u>267,016,084.16</u>
Less Allowance for Doubtful Accounts	12,253,819.26
Net Accounts Receivable	<u><u>\$254,762,264.90</u></u>

### ***Note 4. Inventories***

Inventories consisted of the following at June 30, 2006:

	<u>June 30, 2006</u>
Bookstore	\$12,798,012.11
Food Services	1,888,680.88
Physical Plant	2,092,462.40
Other	2,970,517.72
Total	<u><u>\$19,749,673.11</u></u>

### ***Note 5. Notes/Loans Receivable***

Notes/Loans receivable primarily consist of student loans made through the Federal Perkins Loan Program (the Program) and comprise substantially all of the loans receivable at June 30, 2006. The Program provides for cancellation of a loan at rates of 10% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. The federal government reimburses the University System for amounts cancelled under these provisions. As the University System determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and assigned to the U.S. Department of Education. The University System has provided an allowance for uncollectible loans, which, in management's opinion, is sufficient to absorb loans that will ultimately be written off. At June 30, 2006 the allowance for uncollectible loans was approximately \$2,167,406.67.

## Note 6. Capital Assets

Following are the changes in capital assets for the year ended June 30, 2006:

	Restated Beg. Bal. July 1, 2005	Special Item Transfer	Additions	Reductions	End. Bal. June 30, 2006
Capital Assets, Not Being Depreciated:					
Land	\$155,620,175.45	\$0.00	\$28,010,039.68	\$92,255.00	\$183,537,960.13
Capitalized Collections	16,158,540.58		3,552,011.00	(137,237.93)	19,847,789.51
Construction Work-in-Progress	137,916,303.25		140,926,453.34	113,210,380.02	165,632,376.57
Total Capital Assets Not Being Depreciated	309,695,019.28	0.00	172,488,504.02	113,165,397.09	369,018,126.21
Capital Assets, Being Depreciated:					
Infrastructure	251,787,150.17		16,075,664.35	1,539,238.49	266,323,576.03
Building and Building Improvements	4,195,098,141.82		201,971,231.45	(45,238,620.62)	4,442,307,993.89
Facilities and Other Improvements	225,761,727.04		8,096,364.09	158,064.99	233,700,026.14
Equipment	921,716,680.11	22,336,534.25	86,867,747.10	44,469,296.33	986,451,665.13
Capital Leases	232,643,106.46		150,553,167.94	75,239,540.79	307,956,733.61
Library Collections	556,693,815.18		32,025,870.45	3,493,450.22	585,226,235.41
Capitalized Collections	1,233,868.93		0.00	168,667.93	1,065,201.00
Total Assets Being Depreciated	6,384,934,489.71	22,336,534.25	495,590,045.38	79,829,638.13	6,823,031,431.21
Less: Accumulated Depreciation					
Infrastructure	48,026,105.53		4,173,240.07	986,841.36	51,212,504.24
Buildings	1,200,170,780.01		113,442,128.43	180,752.60	1,313,432,155.84
Facilities and Other improvements	69,981,748.06		5,726,438.88	187,425.43	75,520,761.51
Equipment	632,272,655.75	22,288,922.14	80,726,313.02	41,535,702.57	693,752,188.34
Capital Leases	25,598,677.06		13,268,935.91	10,632,374.66	28,235,238.31
Library Collections	421,020,093.44		23,553,718.07	3,513,146.67	441,060,664.84
Capitalized Collections	405,881.38		24,358.82	5,709.06	424,531.14
Total Accumulated Depreciation	2,397,475,941.23	22,288,922.14	240,915,133.20	57,041,952.35	2,603,638,044.22
Total Capital Assets, Being Depreciated, Net	3,987,458,548.48	47,612.11	254,674,912.18	22,787,685.78	4,219,393,386.99
Capital Assets, net	\$4,297,153,567.76	\$47,612.11	\$427,163,416.20	\$135,953,082.87	\$4,588,411,513.20

### **Note 7. Deferred Revenue**

Deferred revenue consisted of the following at June 30, 2006:

	<u>June 30, 2006</u>
Prepaid Tuition and Fees	\$102,909,868.74
Research	36,829,433.25
Other Deferred Revenue	44,255,061.46
Totals	<u>\$183,994,363.45</u>

### **Note 8. Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2006 was as follows:

	<u>Restated Beg. Bal. July 1, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>End. Bal. June 30, 2006</u>	<u>Current Portion</u>
<b>Leases</b>					
Lease Obligations	\$676,703,440.14	\$183,854,441.56	\$25,125,117.99	\$835,432,763.71	\$24,993,937.99
<b>Other Liabilities</b>					
Compensated Absences	140,641,725.65	107,932,330.65	102,485,407.63	146,088,648.67	83,845,304.90
US DOE Settlement	1,670,218.32		458,333.26	1,211,885.06	499,999.92
Notes & Loans	2,672,065.60		117,146.52	2,554,919.08	115,328.14
Total	<u>144,984,009.57</u>	<u>107,932,330.65</u>	<u>103,060,887.41</u>	<u>149,855,452.81</u>	<u>84,460,632.96</u>
<b>Total Long Term Obligations</b>	<u>\$821,687,449.71</u>	<u>\$291,786,772.21</u>	<u>\$128,186,005.41</u>	<u>\$985,288,216.52</u>	<u>\$109,454,570.95</u>

### **Note 9. Significant Commitments**

The University System of Georgia had significant unearned, outstanding, construction or renovation contracts executed in the amount of \$43,686,383.82 as of June 30, 2006. This amount is not reflected in the accompanying basic financial statements.

### **Note 10. Lease Obligations**

The University System of Georgia is obligated under various operating leases for the use of real property (land, buildings, and office facilities) and equipment, and also is obligated under capital leases and installment purchase agreements for the acquisition of real property and equipment.

#### **CAPITAL LEASES**

The University System of Georgia is obligated under approximately \$835 million in capital lease liability as of June 30, 2006. Capital leases are generally payable in installments ranging from monthly to annually and have terms expiring in various years between 2007 and 2036. Expenditures for fiscal year 2006 were \$68,653,095.69 of which \$43,394,577.83 represented interest. Total principal paid on capital leases was \$25,258,517.86 for the fiscal year ended June 30, 2006. Interest rates range from 0.65 percent to 10 percent.

Certain capital leases provide for renewal and/or purchase options. Generally purchase options at bargain prices of one dollar are exercisable at the expiration of the lease terms.

Details for each capital lease are included with the individual institution financial report. Major capital lease details are listed below:

### **Georgia Institute of Technology**

Georgia Institute of Technology has four capital leases with related parties in fiscal year 2006. In November 1997, Georgia Institute of Technology entered into a capital lease of \$21,560,000.00 for the Parker H. Petit Institute of Bioengineering and Biosciences Building with the Georgia Tech Research Corporation and Georgia Tech Facilities, Inc., both discretely presented component units. The lease term is for a 30-year period that began November 1997 and expires May 2028. At June 30, 2006 the remaining long-term debt obligation (principal) under the lease is \$19,025,000.00.

In February 2001, Georgia Institute of Technology entered into a capital lease of \$44,980,000.00 with the Georgia Tech Foundation, Inc. for the Institute's Campus Recreation Center. As noted previously, Georgia Tech Foundation, Inc. is a discretely presented component unit of the Institute. The lease term is for a 30-year period that began February 2001 and expires February 2031. At June 30, 2006 the remaining long-term debt obligation (principal) under the lease is \$42,605,000.00.

In August 2001, Georgia Institute of Technology entered into a capital lease of \$142,298,200.00 with the Georgia Tech Foundation, Inc. for a complex of buildings collectively named "Technology Square". Georgia Tech Foundation, Inc. is a discretely presented component unit of the Institute. The lease term is for a 29-year period that began August 2003 and expires July 2032. At June 30, 2006 the remaining long-term debt obligation (principal) under the lease is \$134,536,960.00.

In May 2005, Georgia Institute of Technology entered into a capital lease of \$70,320,000.00 with Georgia Tech Facilities, Inc., a discretely presented component unit, for a complex of buildings collectively named "Married Family Housing". The lease term is for 25 years and expires in June, 2030. At June 30, 2006 the remaining long-term debt obligation under the lease is \$68,885,000.00.

Georgia Institute of Technology also has one real property capital lease with an unrelated party. In June 2003, the Institute entered into a capital lease of \$64,029,360.00 with The University Financing Foundation for the Technology Square Research Building. The lease term is for a 23-year period that began June 2003 and expires June 2026. At June 30, 2006 the remaining long-term debt obligation (principal) under the lease is \$62,874,061.76. The Institute may cancel the lease agreement under prescribed terms if sufficient appropriations, revenues, income, grants or other funding sources are not available. The Institute is responsible for most operating costs such as repairs, utilities and insurance for this lease.

Georgia Institute of Technology also has various capital leases for equipment with an outstanding balance at June 30, 2006 totaling \$13,309,471.15.



## **Georgia State University**

Georgia State University has two capital leases with related parties associated with buildings. In July 2001, Georgia State University entered into a capital lease valued at \$34,650,000.00 with an effective interest rate of 6.985 percent with the Georgia State University Foundation (Foundation), whereby the University leases the Student Recreation Center for a twenty-year period that began July 2001 and expires June 2021. In March 2000, the University entered into a capital lease valued at \$14,038,328.00 with an effective interest rate of 6.985 percent with the Foundation, whereby the University leases the Alpharetta Center for a twenty-year period that began March 2000 and expires February 2020. The outstanding principal liability at June 30, 2006 on these capital leases is \$29,881,093.13 and \$11,466,858.64, respectively. Each year the monthly payments for both of these leases will increase by the greater of 2 percent or the CPI.

Georgia State University also has various capital leases for equipment with unrelated parties with an outstanding balance at June 30, 2006 in the amount of \$818,837.40.

## **Medical College of Georgia**

Medical College of Georgia entered into a 30 year capital lease agreement during fiscal 2006 with Medical College of Georgia Physicians Practice Group Foundation (PPG), a discretely presented component unit. The lease entitles the College to use the third, fourth and fifth floors of the Cancer Research Center. The lease has an effective interest rate of 6.85 percent and expires in 2036. The outstanding liability at June 30, 2006 is \$27,517,640.50.

Medical College of Georgia has various other capital leases for equipment with an outstanding balance at June 30, 2006 in the amount of \$1,316,141.70.

## **University of Georgia**

The University of Georgia has six real property capital leases with the University of Georgia Real Estate Foundation (UGAREF), a related entity that is discretely presented in these financial statements. Interest rates on the capital leases range from 0.65 percent to 8.48 percent and expire in fiscal years 2032, 2033, three expire in 2034, and one expires in 2036.

In August of 2001, the University of Georgia entered into a capital lease with the UGAREF, whereby the University leases the Carlton Street Parking Deck for a 30-year period that began September 30, 2001 and expires August 31, 2031. In November of 2002, the University of Georgia entered into a capital lease with the UGAREF whereby the University leases the East Village Parking Deck for a 30-year period that began on November 1, 2002 and expires July 31, 2032. In September of 2003, the University of Georgia entered into a capital lease with the UGAREF, whereby, the University leases the Complex Carbohydrate Research Center for a 30-year period that began on September 25, 2003 and expires September 30, 2033. The University of Georgia entered into two capital leases with the UGAREF, whereby the University leases the East Campus Village dormitory complex and the East Village Commons dining hall for a 30-year period that began July 1, 2004, and expires June 30, 2034. The University of Georgia entered into a capital lease with UGAREF whereby the University leases the Coverdell Center for a 30-year period that began December 9, 2005 and expires November 30, 2035. The outstanding liability at June 30, 2006 on these capital leases is \$163,656,705.22.

The University also has various capital leases for equipment with an outstanding balance of \$463,082.07 at June 30, 2006.

### **Georgia Southern University**

Georgia Southern University has five real property capital leases with Georgia Southern University Housing Foundation, Inc. (Housing Foundation), a related entity that is discretely presented in these financial statements.

In October 2002, Georgia Southern University entered into a capital lease of \$42,668,051.33 at 4.89 percent with the Housing Foundation whereby the University leases buildings (Southern Courtyard and Southern Pines) for a twenty-seven year period that began September 2003 and expires October 2031. The outstanding liability at June 30, 2006, for this capital lease was \$40,190,523.86.

In July 2005, Georgia Southern University entered into a capital lease of \$2,230,349.81 at 4.94 percent with the Housing Foundation whereby the University leases a facility (Clements Baseball Stadium) for a twenty-four year period that began August 2005 and expires July 2029. The outstanding liability at June 30, 2006, for this capital lease was \$2,185,181.44.

In July 2005, Georgia Southern University entered into a capital lease of \$694,056.02 at 4.94 percent with the Housing Foundation whereby the University leases a facility (Athletic Training Center) for a twenty-four year period that began August 2005 and expires July 2029. The outstanding liability at June 30, 2006, for this capital lease was \$679,976.78.

In July 2005, Georgia Southern University entered into a capital lease of \$1,677,441.30 at 4.94 percent with the Housing Foundation whereby the University leases a facility (Soccer Stadium) for a twenty-four year period that began August 2005 and expires July 2029. The outstanding liability at June 30, 2006, for this capital lease was \$1,642,736.98.

In July 2005, Georgia Southern University entered into a capital lease of \$30,179,998.26 at 4.94 percent with the Housing Foundation whereby the University leases buildings (Eagle Village) for a twenty-four year period that began August 2005 and expires July 2030. The outstanding liability at June 30, 2006, for this capital lease was \$29,539,516.35.

Georgia Southern University also has various capital leases for equipment with an outstanding balance at June 30, 2006 in the amount of \$274,503.09.

### **Valdosta State University**

Valdosta State University has three capital leases with related entities in the current fiscal year. Interest rates on these leases range from 4.25 percent to 10 percent and lease expirations range from 2007 to 2031.

In 2006, Valdosta State University entered into a capital lease of \$7,116,694 at a varying interest rate with the Valdosta State University Foundation Real Estate I, LLC. The University leased Lowndes Hall, a housing unit located on the main campus for a twenty-five year period. In 2005, the University entered into a capital lease for a twenty-five year period at an amount of

\$19,285,471.00 at a varying interest rate with the Valdosta State University Foundation Real Estate I, LLC, for Centennial Hall, a housing unit located on Sustella Avenue. Finally, in 2004, the University entered into a capital lease of \$1,141,194.06 at 6.25 percent with the Valdosta State University Foundation, also a related party, whereby the University leases a building for a six-year period. The outstanding liability at June 30, 2006 on these capital leases is \$7,193,676.00, \$18,261,647.66, and \$807,063.31 respectively.

Valdosta State University also has various capital leases for equipment with an outstanding balance at June 30, 2006 in the amount of \$89,391.33.

### **Augusta State University**

Augusta State University entered into two capital leases with related entities in fiscal 2006. In August 2005, Augusta State University entered into a capital lease of \$20,246,136.67 at 5.23 percent with Augusta State University Foundation (ASU Foundation), whereby the University leases a student housing complex for a thirty year period that began September, 2005 and expires January, 2035.

In February 2005, the University entered into a capital lease of \$11,782,962.26 at 4.72 percent with ASU Foundation, whereby the University leases a student center building for a 29 year period that began March, 2006 and expires June, 2034.

The University is responsible for operating costs, such as utilities and insurance for both leases listed above. The outstanding liability at June 30, 2006 on these capital leases is \$20,622,109.93 and \$11,922,522.55 respectively. The University may cancel the lease agreements at the end of any fiscal year when sufficient appropriations, revenues, income, grants or other funding sources are not available. The Augusta State University Foundation is a component unit of Augusta State University and is discretely presented in these financial statements.

Augusta State University has a capital lease for equipment with an outstanding balance at June 30, 2006 totaling \$187,750.00.

### **Kennesaw State University**

Kennesaw State University has seven capital leases with Kennesaw State University Foundation, Inc., a discretely presented component unit, in the current fiscal year.

In May 2002, Kennesaw State University entered into a capital lease of \$3,965,767.73 at 9.14 percent whereby the University leases nine houses for a twenty-five year period that expires April 2027. The outstanding liability at June 30, 2006 on this capital lease is \$3,718,606.24.

In August 2002, the University entered into a capital lease of \$21,016,937.82 at 4.7 percent whereby the University leases two parking decks for a twenty-four year period that expires July 2026. In August 2003, the lease payments increased because additional space was added to one of the decks, bringing the value of the lease to \$24,093,887.21. The decks are constructed on land owned by the University and leased to Kennesaw State University Foundation, Inc. for \$1.00 annually for a period of 25 years commencing in June 2001. At the expiration of the

ground lease, ownership of the parking decks transfers to the University. The outstanding liability at June 30, 2006 on this capital lease is \$21,648,745.89.

In January 2004, the University entered into a capital lease of \$2,718,027.73 at 5.5 percent whereby the University leases a portion of a building for a twenty-five year period that expires June 2029. The University has the right of first refusal to lease additional space in the building complex. Should the cumulative value of the rent payments equal the value of the Foundation's financing instrument and all additional rent under the terms of the agreement, Kennesaw State University Foundation, Inc. will gift the property to the University. In December 2004, the University entered into a capital lease at 7.2% for additional space in the complex, bringing the value of the lease to \$3,378,929.27. The outstanding liability at June 30, 2006 on these capital leases is \$3,219,123.71.

In February 2004, the University entered into a capital lease of \$200,000.00 at 2.0 percent whereby the University leases a house for a fifteen year period that expires January 2019. The outstanding liability at June 30, 2006 on this capital lease is \$171,687.97.

In September 2004, the University entered into a capital lease of \$14,323,133.54 at 5.79 percent whereby the University leases a parking deck for a twenty-five year period that began September 2004 and expires August 31, 2029. The deck is constructed on land owned by the University and leased to Kennesaw State University Foundation, Inc. for \$197,600.00 annually for a period of twenty-five years commencing in July 2005. At the expiration of the ground lease, ownership of the parking deck transfers to the University. The outstanding liability at June 30, 2006 on this capital lease is \$13,762,826.48.

In April 2006, the University entered into a capital lease of \$4,015,944.18 at 8.22 percent whereby the University leases a portion of an office building for a twenty-four year period that began April 2006 and expires June 30, 2030. The University is obligated to lease additional space in the building as it becomes available. At the expiration of the lease, ownership of the building transfers to the University. The outstanding liability at June 30, 2006 on this capital lease is \$3,979,085.84.

In April 2006, the University entered into a capital lease of \$1,814,401.89 at 5.07 percent whereby the University leases 7.242 acres of unimproved land for a twenty-four year period that began April 2006 and expires June 30, 2030. At the expiration of the lease, ownership of the land transfers to the University. The outstanding liability at June 30, 2006 on this capital lease is \$1,806,019.00.

### **Southern Polytechnic State University**

Southern Polytechnic State University has capital leases for two facilities with related entities in the current fiscal year. In July 2005, Southern Polytechnic State University entered into a capital lease of \$11,643,862.28 at 5.00 percent with the Southern Polytechnic State University Foundation, Inc., a discretely presented component unit, whereby the University leases a building for a twenty-two year period that began July 2005 and expires June 2027. Also in July 2005, Southern Polytechnic State University entered into a capital lease of \$22,148,455.52 at 5.00 percent with the Southern Polytechnic State University Foundation, Inc., whereby the University leases a building for a twenty-four year period that began July 2005 and expires June

2029. The outstanding liability at June 30, 2006 on these capital leases is \$33,003,905.06. The University at its option may terminate the lease and purchase the Foundation's interest for the unamortized principal balance and the payment of \$1.

### **Georgia Gwinnett College**

Georgia Gwinnett College has one capital lease on the Gwinnett University Center. In November 2001, Georgia Perimeter College entered into this 22-year lease with an implicit interest rate of 5.15 percent. On July 1, 2005, the leased assets and related liability were transferred from Georgia Perimeter College to Georgia Gwinnett College. Current outstanding balance as of June 30, 2006 is \$15,417,892.57. This lease will expire in 2023.

### **University System Office**

The University System Office has nine capital leases payable in monthly installments with terms expiring in various years between 2009 and 2025. Interest rates range from 3.83 percent to 5.00 percent.

The University System Office entered into four new capital lease obligations in the current fiscal year. In December 2005, lease obligation number 257 was completed for numerous items of equipment for a principal amount of \$3,795,715.69 at an interest rate of 4.79 percent. In January 2006, lease obligation number 273 was completed for ExLibris Software for a principal amount of \$997,365.00 at an interest rate of 5.00 percent. In May 2006, the University System Office entered into a capital lease of \$1,278,000.00 at 3.83 percent for numerous items of equipment and a capital lease of \$955,000.00 at 4.03 percent for software licenses. In May 2006, the University System Office refinanced lease obligation numbers 224, 232, 240 and 257 resulting in a decrease in interest rates from 4.95 percent, 5.65 percent, 5.65 percent and 4.79 percent, respectively to 4.10 percent for each lease obligation. The outstanding liability at June 30, 2006 on these leases is \$26,264,959.19.

### **OPERATING LEASES**

The University System of Georgia's noncancellable operating leases having remaining terms of more than one year expire in various fiscal years from 2007 through 2036. Certain operating leases provide for renewal options for periods from one to three years at their fair rental value at the time of renewal. All agreements are cancellable if the State of Georgia does not provide adequate funding, but that is considered a remote possibility. In the normal course of business, operating leases are generally renewed or replaced by other leases. Operating leases are generally payable on a monthly basis. Examples of property under operating leases are real property, copiers and other small business equipment. System-wide real property and equipment operating lease expense for fiscal 2006 was \$33,867,934.57. System-wide remaining payments on operating leases total \$198,848,019.32.

Future commitments for capital leases (which here and on the Statement of Net Assets include other installment purchase agreements) and for noncancellable operating leases having remaining terms in excess of one year as of June 30, 2006, are as follows:

Year Ending June 30:	Year	<u>Total Capital Leases</u>	<u>Total Operating Leases</u>
2007	1	\$72,673,464.87	\$28,507,392.41
2008	2	72,078,259.47	12,419,020.12
2009	3	71,144,128.77	11,036,210.31
2010	4	69,758,291.16	10,478,946.88
2011	5	66,120,998.79	10,081,336.23
2012 through 2016	6-10	325,257,064.06	41,730,472.05
2017 through 2021	11-15	333,000,938.08	25,467,379.44
2022 through 2026	16-20	290,465,146.19	27,093,952.56
2027 through 2031	21-25	215,300,075.84	23,433,309.32
2032 through 2036	26-30	63,546,089.37	8,600,000.00
Total minimum lease payments		<u>1,579,344,456.60</u>	<u>\$198,848,019.32</u>
Less: Interest		715,317,285.14	
Less: Executory costs (if paid)		<u>28,594,407.75</u>	
Principal Outstanding		<u>\$835,432,763.71</u>	

**Note 11. Retirement Plans**

**Teachers Retirement System of Georgia**

**Plan Description**

The University System of Georgia participates in the Teachers Retirement System of Georgia (TRS), a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly. TRS provides retirement allowances and other benefits for plan participants. TRS provides service retirement, disability retirement, and survivor's benefits for its members in accordance with State statute. The Teachers Retirement System of Georgia issues a separate stand alone financial audit report and a copy can be obtained from the TRS offices or from the Georgia Department of Audits and Accounts.

**Funding Policy**

Employees of the University System of Georgia who are covered by TRS are required by State statute to contribute 5% of their gross earnings to TRS. The University System of Georgia makes monthly employer contributions to TRS at rates adopted by the TRS Board of Trustees in accordance with State statute and as advised by their independent actuary. For fiscal year 2006, the employer contribution rate was 9.24% for covered employees. Employer contributions for the current fiscal year and the preceding two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>
2006	100%	\$109,977,005.24
2005	100%	\$106,062,476.85
2004	100%	\$106,773,703.51

**Employees' Retirement System of Georgia**

**Plan Description**

The University System of Georgia participates in the Employees' Retirement System of Georgia (ERS), a single-employer defined benefit pension plan established by the General Assembly of Georgia for the purpose of providing retirement allowances for employees of the State of Georgia.

The benefit structure of ERS is defined by State statute and was significantly modified on July 1, 1982. Unless elected otherwise, an employee who currently maintains membership with ERS based upon State employment that started prior to July 1, 1982, is an "old plan" member subject to the plan provisions in effect prior to July 1, 1982. All other members are "new plan" members subject to the modified plan provisions.

Under both the old plan and new plan, members become vested after 10 years of creditable service. A member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60. Additionally, there are certain provisions allowing for retirement after 25 years of service regardless of age.

Retirement benefits paid to members are based upon a formula which considers the monthly average of the member's highest twenty-four consecutive calendar months of salary, the number

of years of creditable service, and the member's age at retirement. Postretirement cost-of-living adjustments are also made to member's benefits. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension at reduced rates to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

In addition, the ERS Board of Trustees created the Supplemental Retirement Benefit Plan (SRBP) effective January 1, 1998. The SRBP was established as a qualified governmental excess benefit plan in accordance with Section 415 of the Internal Revenue Code (IRC) as a portion of ERS. The purpose of SRBP is to provide retirement benefits to employees covered by ERS whose benefits are otherwise limited by IRC 415.

The ERS issues a financial report each fiscal year, which may be obtained through ERS.

### **Funding Policy**

As established by State statute, all full-time employees of the State of Georgia and its political subdivisions, who are not members of other state retirement systems, are eligible to participate in the ERS. Both employer and employee contributions are established by State statute.

Under the old plan, member contributions consist of 7.16% of annual compensation. Of these member contributions, the employee pays the first 1.5% and the University System pays the remainder on behalf of the employee. Under the new plan, member contributions consist solely of 1.5% of annual compensation paid by employee. The University System also is required to contribute at a specified percentage of active member payroll determined annually by actuarial valuation.

Total contributions to the plan made during fiscal year 2006 amounted to \$456,199.20, of which \$365,619.14 was made by the University System and \$90,580.06 was made by employees. These contributions met the requirements of the plan.

### **Actuarial and Trend Information**

Actuarial and historical trend information is presented in the ERS June 30, 2006 financial report, which may be obtained through ERS.

### **Regents Retirement Plan**

#### **Plan Description**

The Regents Retirement Plan, a single-employer defined contribution plan, is an optional retirement plan that was created/established by the Georgia General Assembly in O.C.G.A. 47-21-1 et.seq. and is administered by the Board of Regents of the University System of Georgia. O.C.G.A. 47-3-68(a) defines who may participate in the Regents Retirement Plan. An "eligible university system employee" is a faculty member or a principal administrator, as designated by the regulations of the Board of Regents. Under the Regents Retirement Plan, a plan participant may purchase annuity contracts from four approved vendors (AIG-VALIC, American Century, Fidelity, and TIAA-CREF) for the purpose of receiving retirement and death benefits. Benefits depend solely on amounts contributed to the plan plus investment earnings. Benefits are payable to participating employees or their beneficiaries in accordance with the terms of the annuity contracts.



## **Funding Policy**

The University System of Georgia makes monthly employer contributions for the Regents Retirement Plan at rates adopted by the Teachers Retirement System of Georgia Board of Trustees in accordance with State statute and as advised by their independent actuary. For fiscal year 2006, the employer contribution was 9.65% of the participating employee's earnable compensation. Employees contribute 5% of their earnable compensation. Amounts attributable to all plan contributions are fully vested and non-forfeitable at all times.

The University System of Georgia and the covered employees made the required contributions of \$66,770,332.24 (9.65%) and \$34,582,390.99 (5%), respectively.

AIG-VALIC, American Century, Fidelity, and TIAA-CREF have separately issued financial reports which may be obtained through their respective corporate offices.

## **Georgia Defined Contribution Plan**

### **Plan Description**

The University System of Georgia participates in the Georgia Defined Contribution Plan (GDGP) which is a single-employer defined contribution plan established by the General Assembly of Georgia for the purpose of providing retirement coverage for State employees who are temporary, seasonal, and part-time and are not members of a public retirement or pension system. GDGP is administered by the Board of Trustees of the Employees' Retirement System of Georgia.

### **Benefits**

A member may retire and elect to receive periodic payments after attainment of age 65. The payment will be based upon mortality tables and interest assumptions to be adopted by the Board of Trustees. If a member has less than \$3,500.00 credited to his/her account, the Board of Trustees has the option of requiring a lump sum distribution to the member in lieu of making periodic payments. Upon the death of a member, a lump sum distribution equaling the amount credited to his/her account will be paid to the member's designated beneficiary. Benefit provisions are established by State statute.

### **Contributions**

Member contributions are seven and one-half percent (7.5%) of gross salary. There are no employer contributions. Contribution rates are established by State statute. Earnings are credited to each member's account in a manner established by the Board of Trustees. Upon termination of employment, the amount of the member's account is refundable upon request by the member.

Total contributions made by employees during fiscal year 2006 amounted to \$6,559,436.96 which represents 7.5% of covered payroll. These contributions met the requirements of the plan.

The Georgia Defined Contribution Plan issues a financial report each fiscal year, which may be obtained from the ERS offices.

**Note 12. Risk Management**

The University System of Georgia offers its employees and retirees access to two different self-insured healthcare plan options – a PPO/PPO Consumer healthcare plan, and an indemnity healthcare plan. The University System of Georgia and participating employees and retirees pay premiums to either of the self-insured healthcare plan options to access benefits coverage. The respective self-insured healthcare plan options are included in the financial statements of the Board of Regents of the University System of Georgia – University System Office. All units of the University System of Georgia share the risk of loss for claims associated with these plans. The reserves for these two plans are considered to be a self-sustaining risk fund. Both self-insured healthcare plan options provide a maximum lifetime benefit of \$2,000,000 per person.

The Board of Regents has contracted with Blue Cross Blue Shield of Georgia, a wholly owned subsidiary of WellPoint, to serve as the claims administrator for the two self-insured healthcare plan products. All claims submitted by program participants are remitted directly to Blue Cross – Blue Shield from various organizational units for verification of coverage, processing and payment through a bank account maintained for this purpose by Blue Cross – Blue Shield. Blue Cross – Blue Shield maintains an eligibility file based on information furnished by the various organizational units of the University System of Georgia. In addition to the two different self-insured healthcare plan options offered to the employees of the University System of Georgia, two fully insured HMO healthcare plan options are also offered to System employees.

Express Scripts is the administrator of the Board of Regents’ prescription drug plan. Pharmacy drug claims will be processed in accordance with guidelines established for the Board of Regents’ Prescription Drug Benefit Program. Generally, claims are submitted by participating pharmacies directly to Express Scripts for verification, processing and payment. Express Scripts maintains an eligibility file based on information furnished by Blue Cross – Blue Shield on behalf of the various organizational units of the University System of Georgia.

A reconciliation of total estimated claims liabilities for the fiscal year ended June 30, 2006, is shown below:

Unpaid Claims and Claim Adjustments July 1, 2005	\$ 27,583,054.00
Incurred Claims and Claim Adjustments Expenses – Provisions for Insured Events of the current year	245,882,647.27
Payments – Claims and Claim Adjustments Attributable to Insured Events of the Current Year and of Prior Years	<u>245,422,228.27</u>
Unpaid Claims and Claim Adjustments June 30, 2006	<u><u>\$ 27,983,473.00</u></u>

The Department of Administrative Services (DOAS) has the responsibility for the State of Georgia of making and carrying out decisions that will minimize the adverse effects of accidental losses that involve State government assets. The State believes it is more economical to manage

its risks internally and set aside assets for claim settlement. Accordingly, DOAS processes claims for risk of loss to which the State is exposed, including general liability, property and casualty, workers' compensation, unemployment compensation, and law enforcement officers' indemnification. Limited amounts of commercial insurance are purchased applicable to property, employee and automobile liability, fidelity and certain other risks. The University System of Georgia, as an organizational unit of the Board of Regents of the University System of Georgia, is part of the State of Georgia reporting entity, and as such, is covered by the State of Georgia risk management program administered by DOAS. Premiums for the risk management program are charged to the various state organizations by DOAS to provide claims servicing and claims payment.

A self-insured program of professional liability for its employees was established by the Board of Regents of the University System of Georgia under powers authorized by the Official Code of Georgia Annotated Section 45-9-1. The program insures the employees to the extent that they are not immune from liability against personal liability for damages arising out of the performance of their duties or in any way connected therewith. The program is administered by DOAS as a Self-Insurance Fund.

#### ***Note 13. Contingencies***

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. This could result in refunds to the grantor agency for any expenditures that are disallowed under grant terms. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time although the University System of Georgia expects such amounts, if any, to be immaterial to its overall financial position.

Litigation, claims and assessments filed against the University System of Georgia, if any, are generally considered to be actions against the State of Georgia. Accordingly, significant litigation, claims and assessments pending against the State of Georgia are disclosed in the State of Georgia Comprehensive Annual Financial Report for the fiscal year ended June 30, 2006.

#### ***Note 14. Post-Employment Benefits Other Than Pension Benefits***

Pursuant to the general powers conferred by the Official Code of Georgia Annotated Section 20-3-31, the Board of Regents of the University System of Georgia has established group health and life insurance programs for regular employees of the University System of Georgia. It is the policy of the Board of Regents to permit employees of the University System of Georgia eligible for retirement or that become permanently and totally disabled to continue as members of the group health and life insurance programs. The policies of the Board of Regents of the University System of Georgia define and delineate who is eligible for these post-employment health and life insurance benefits. Organizational units of the Board of Regents of the University System of Georgia pay the employer portion for group insurance for affected individuals. With regard to life insurance, the employer covers the total cost for \$25,000 of basic life insurance. If an individual elects to have supplemental, and/or, dependent life insurance coverage, such costs are borne entirely by the employee.

As of June 30, 2006, there were 12,597 employees who had retired or were disabled that were receiving these post-employment health and life insurance benefits. For the year ended June 30,

2006, the University System of Georgia recognized as incurred \$54,377,135.38 of expenditures, which was net of \$20,017,644.95 of participant contributions.

**Note 15. Natural Classifications with Functional Classifications**

The University System's operating expenses by functional classification for FY2006 are shown below:

	Functional Classification					
	FY2006					
Natural Classification	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support
Faculty	\$633,842,239.79	\$204,137,301.01	\$46,594,651.84	\$11,919,015.18	\$640,582.94	\$1,801,283.30
Staff	227,426,174.10	227,418,827.77	132,995,608.16	170,452,290.06	98,045,340.56	215,663,072.00
Benefits	118,708,576.27	50,557,018.17	26,730,764.56	27,993,491.05	14,646,673.18	65,999,518.07
Personal Services	2,016,427.96	314,836.04	786,955.02	129,364.85	21,565.04	296,434.30
Travel	12,774,039.14	18,367,791.19	6,160,704.07	4,141,499.90	2,203,682.87	3,496,631.32
Scholarships and Fellowships	2,787,215.61	2,522,524.92	1,810,098.07	173,062.13	2,565,422.49	8,191,617.73
Utilities	6,659,370.97	1,754,320.28	19,959,579.45	2,437,004.90	1,604,626.62	10,279,938.75
Supplies and Other Services	100,399,654.01	172,650,018.04	144,650,470.34	94,288,515.42	51,455,210.93	368,789,545.18
Depreciation	31,483,891.41	21,569,924.21	5,449,000.40	26,507,711.88	3,224,143.22	18,982,491.01
<b>Total Expenses</b>	<b>\$1,136,097,589.26</b>	<b>\$699,292,561.63</b>	<b>\$385,137,831.91</b>	<b>\$338,041,955.37</b>	<b>\$174,407,247.85</b>	<b>\$693,500,531.66</b>

	Functional Classification					
	FY2006					
Natural Classification	Plant Operations & Maintenance	Scholarships & Fellowships	Auxiliary Enterprises	Unallocated Expenses	MCG only Patient Care	Total Expenses
Faculty	\$235,248.41	\$0.00	\$845,514.69	\$0.00	\$2,497,669.89	\$902,513,507.05
Staff	109,488,110.01	4,813.57	100,288,267.51		67,598,206.37	1,349,380,710.11
Benefits	19,416,837.16	31,320.23	14,719,106.12	636.51	11,004,448.59	349,808,389.91
Personal Services	(8,268,039.62)		8,558,420.87			3,855,964.46
Travel	328,460.90		1,454,982.55		241,001.44	49,168,793.38
Scholarships and Fellowships		143,652,614.91	12,460,121.07			174,162,676.93
Utilities	98,384,982.81		19,714,230.30		326,759.49	161,120,813.57
Supplies and Other Services	133,919,257.42	211,378.53	200,027,814.67	907,122.75	93,545,565.32	1,360,844,552.61
Depreciation	29,395,572.30		30,711,971.41	73,590,427.36		240,915,133.20
<b>Total Expenses</b>	<b>\$382,900,429.39</b>	<b>\$143,900,127.24</b>	<b>\$388,780,429.19</b>	<b>\$74,498,186.62</b>	<b>\$175,213,651.10</b>	<b>\$4,591,770,541.22</b>

## *Note 16. Component Units*

### **Georgia Institute of Technology**

#### **Georgia Tech Foundation, Inc.**

Georgia Tech Foundation, Inc. (Foundation), is a legally separate, tax-exempt component unit of the Georgia Institute of Technology (Institute). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the Institute in support of its programs. The Foundation's board of trustees is self-perpetuating and consists of forty-five (45) elected trustees, who are alumni of the Institute and five (5) ex-officio trustees. Although the Institute does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests are restricted for support of the Institute. Because the resources held by the Foundation are used by, or for the benefit of, the Institute, the Foundation is considered a component unit of the Institute and is discretely presented in the Institute's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The Foundation's fiscal year is July 1 through June 30.

During fiscal year 2006, the Foundation distributed approximately \$67.9 million to the Institute for restricted and unrestricted purposes. Note 10 of this financial report provides information on related party leases between the Foundation and the Institute. Complete financial statements for the Foundation can be requested at the following address: Georgia Tech Foundation, Inc., Controller's Office, 760 Spring Street N.W., Suite 400, Atlanta, GA 30308.

#### ***Investments for Component Units:***

The Georgia Tech Foundation holds investments totaling \$1.112 billion as of June 30, 2006, of which \$327.4 million is the corpus of the endowment (permanently restricted). The corpus is nonexpendable, but the earnings on the investments may be spent in accordance with donor restrictions or in accordance with the Foundation's spending policy. The Foundation has established a spending policy in which up to 6% of the twelve (12) quarter average market value of the endowment funds are allocated from the earnings for expenditure. In fiscal year 2006, the Foundation allocated 5.15% of that average.

Investments are comprised of the following amounts at June 30, 2006:

	<u>Cost</u>	<u>Fair Value</u>
Cash held by investment organization	\$5,217,160.36	\$5,217,160.36
Government and Agency Securities	21,941,353.76	22,373,110.11
Corporate Bonds	27,821,556.77	26,849,942.38
Equity Securities	351,946,212.78	478,800,912.57
Mutual Funds	53,192,067.63	54,277,620.03
Real Estate	33,464,313.18	37,182,570.20
Venture Capital, Buyout Funds and distressed securities	169,582,333.62	211,977,917.03
Diversifying strategies	<u>249,186,465.48</u>	<u>275,269,767.32</u>
 Total Investments	 <u><u>\$912,351,463.58</u></u>	 <u><u>\$1,111,949,000.00</u></u>

***Capital Assets for Component Units:***

Georgia Tech Foundation, Inc. holds the following Capital Assets at June 30, 2006:

	<u>June 30, 2006</u>
Capital Assets not being Depreciated:	
Land and other Assets	<u>\$2,553,000.00</u>
Total Capital Assets not being Depreciated	2,553,000.00
Capital Assets being Depreciated:	
Buildings and Improvements	38,051,000.00
Machinery and Equipment	<u>7,000,000.00</u>
Total Capital Assets being Depreciated	45,051,000.00
Less Total Accumulated Depreciation	<u>6,731,000.00</u>
Total Capital Assets being Depreciated, Net	<u>38,320,000.00</u>
Capital Assets, Net	<u><u>\$40,873,000.00</u></u>

### ***Long-term Liabilities for Component Units:***

Changes in long-term liabilities for Georgia Tech Foundation, Inc. for the fiscal year ended June 30, 2006 are shown below:

	Beginning Balance July 1, 2005	Additions	Reductions	Ending Balance June 30, 2006	Amounts due within One Year
Compensated Absences	\$268,430.75	\$485,436.25	\$471,297.33	\$282,569.67	\$282,569.67
Notes and Loans Payable		44,220,000.00		44,220,000.00	44,220,000.00
Revenue/Mortgage Bonds Payable	222,055,000.00		5,799,000.00	216,256,000.00	4,385,000.00
Other Long Term Liabilities		9,598,252.70		9,598,252.70	980,932.05
Total Long Term Liabilities	<u>\$222,323,430.75</u>	<u>\$54,303,688.95</u>	<u>\$6,270,297.33</u>	<u>\$270,356,822.37</u>	<u>\$49,868,501.72</u>

### **Lines of Credit**

The Foundation has two \$30 million revolving lines of credit. At June 30, 2006, \$44,220,000 was the total aggregate outstanding on the lines of credit. Interest is calculated using the 30-day LIBOR rate plus 0.25%, which was 5.42% at June 30, 2006. One line of credit expires on June 30, 2007 and the other on December 31, 2006. The foundation expects to renew both lines of credit upon expiration.

### **Series 2001 Bond Issuance**

During May 2001, the Foundation borrowed \$44.98 million in Series 2001A Bonds. These bonds were issued to provide funds to finance the costs of construction of the CRC, a facility that has been constructed on the Institute's campus. These bonds are general unsecured obligations of the Foundation. The interest rates on the outstanding bond principal ranges from 4% to 5.75% until maturity in November 2030.

### **Series 2002 Bond Issuance**

During January 2002, the Foundation borrowed \$111.09 million in Series 2002A (tax exempt) Bonds and \$73.19 million Series 2002B (taxable) Bonds. These bonds were issued to provide funds to finance the costs of the acquisition, construction and installation of an addition to the Institute's campus known as Technology Square. The Foundation leased the hotel and conference center portion of Technology Square to a third party in July, 2003. The other components of Technology Square were leased to the Board of Regents, on behalf of the Institute, under a capital lease effective July, 2004. The bonds are general unsecured obligations of the Foundation. The interest rates on the outstanding bond principal range from 5.23% to 6.6% through maturity in November 2031.

Annual debt service requirements to maturity for Georgia Tech Foundation's revenue bonds payable are as follows:

Year ending June 30:		Bonds Payable		Total
		Principal	Interest	
2007	1	\$4,385,000.00	\$11,879,629.78	\$16,264,629.78
2008	2	4,605,000.00	11,662,200.03	16,267,200.03
2009	3	4,825,000.00	11,437,490.53	16,262,490.53
2010	4	5,060,000.00	11,203,636.65	16,263,636.65
2011	5	5,310,000.00	10,945,586.52	16,255,586.52
2012 through 2016	6-10	31,385,000.00	49,883,558.85	81,268,558.85
2017 through 2021	11-15	41,760,000.00	39,512,526.34	81,272,526.34
2022 through 2026	16-20	48,030,000.00	26,806,193.01	74,836,193.01
2027 through 2031	21-25	61,255,000.00	12,002,153.00	73,257,153.00
2032 through 2036	26-30	11,260,000.00	316,360.00	11,576,360.00
		<u>217,875,000.00</u>	<u>185,649,334.71</u>	<u>403,524,334.71</u>
Bond Discount, net		<u>(1,619,000.00)</u>		<u>(1,619,000.00)</u>
		<u>\$216,256,000.00</u>	<u>\$185,649,334.71</u>	<u>\$401,905,334.71</u>

### Georgia Tech Athletic Association

Georgia Tech Athletic Association (the Athletic Association) is a legally separate, tax-exempt component unit of the Georgia Institute of Technology (Institute). The Athletic Association administers the Institute's intercollegiate athletics program, including fund-raising to support scholarships. The 14-member association board of trustees is appointed predominantly by the President of the Georgia Institute of Technology, and consists of faculty, alumni, students, and friends of the Institute. Although the Institute does not control the timing or amount of receipts and disbursements from the Athletic Association, all of the resources are restricted to support the intercollegiate athletic program for Georgia Tech. Because these resources are used for the benefit of the Institute, the Athletic Association is considered a component unit of the Institute and is discretely presented in the Institute's financial statements.

The Athletic Association is a private nonprofit organization that reports under GASB standards, in accordance with Statements of Governmental Accounting Standards ("SGAS") No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities, as amended by SGAS No. 37, Basic Financial Statements-and Management's Discussion and Analysis-State and Local Governments: Omnibus-an Amendment of GASB Statements No. 21 and No. 34, and SGAS No. 38, Certain Financial Statement Note Disclosures*. The financial statement presentation required by these statements provide a comprehensive, entity-wide perspective of the Association's assets, liabilities, net assets, revenues, expenses, and changes in net assets. The Athletic Association's fiscal year is July 1 through June 30.

During the year ended June 30, 2006, the Athletic Association distributed approximately \$9.5 million to the Institute for athletic scholarship support and other payments that were either expense reimbursements or support for Institute programs. Complete financial statements for the Athletic Association can be obtained from the Georgia Tech Athletic Association, Attention: Mollie Simmons Mayfield, Assistant Director of Athletics, 150 Bobby Dodd Way, NW, Atlanta, GA 30332-0455.



### ***Deposits and Investments for Component Units:***

During the year ended June 30, 2005, the Athletic Association adopted SGAS No. 40, *Deposit and Investment Risk Disclosures, which amends SGAS No. 3, Deposits With Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*. This statement requires the Association to disclose custodial risk related to deposits and investment securities. Custodial credit risk is the risk that in the event of a bank failure, the Athletic Association's deposits or funds invested may not be returned to it.

The Association does not have a policy that addresses custodial credit risk. As of June 30, 2006, \$5,194,189 of the Athletic Association's bank balance of \$5,294,189 was uncollateralized and exposed to custodial credit risk.

The Athletic Association's investments are held and reported by Georgia Tech Foundation and are represented by a \$68,152,231 Due from Component Unit balance on the Statement of Net Assets.

### ***Capital Assets for Component Units:***

Georgia Tech Athletic Association had the following Capital Asset activity for the year ended June 30, 2006:

	<b>Beginning Balances 7/1/2005</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance 6/30/2006</b>
Capital Assets, Not Being Depreciated:				
Land (and other assets)	\$0.00	\$49,946.00	\$0.00	\$49,946.00
Construction Work-in-Progress	65,888.00	473,447.00	65,888.00	473,447.00
Total Capital Assets Not Being Depreciated	65,888.00	523,393.00	65,888.00	523,393.00
Capital Assets, Being Depreciated:				
Building and Building Improvements	127,611,520.00	595,152.00	3,096,887.00	125,109,785.00
Facilities and Other Improvements	423,778.00			423,778.00
Equipment	2,238,651.00	257,560.00	(3,096,887.00)	5,593,098.00
Total Assets Being Depreciated	130,273,949.00	852,712.00	0.00	131,126,661.00
Less: Accumulated Depreciation				
Buildings	23,555,082.00	3,910,623.00	857,916.00	26,607,789.00
Facilities and Other improvements	253,535.00	46,562.00		300,097.00
Equipment	1,092,226.00	563,940.00	(857,916.00)	2,514,082.00
Total Accumulated Depreciation	24,900,843.00	4,521,125.00	0.00	29,421,968.00
Total Capital Assets, Being Depreciated, Net	105,373,106.00	(3,668,413.00)	0.00	101,704,693.00
Capital Assets, net	\$105,438,994.00	(\$3,145,020.00)	\$65,888.00	\$102,228,086.00

***Long-term Liabilities for Component Units:***

Changes in long-term liabilities for the Athletic Association for the fiscal year ended June 30, 2006 are shown below:

	Beginning Balance July 1, 2005	Additions	Reductions	Ending Balance June 30, 2006	Amounts due within One Year
Compensated Absences	\$751,616.00	\$488,145.00	\$300,767.00	\$938,994.00	\$938,994.00
Notes and Loans Payable	1,012,694.00		24,480.00	988,214.00	25,480.00
Revenue/Mortgage Bonds Payable	109,761,479.00		1,799,972.00	107,961,507.00	1,830,000.00
<b>Total Long Term Debt</b>	<b>\$111,525,789.00</b>	<b>\$488,145.00</b>	<b>\$2,125,219.00</b>	<b>\$109,888,715.00</b>	<b>\$2,794,474.00</b>

Notes Payable at June 30, 2006 represent the Athletic Association's obligation to Georgia Tech Foundation Facilities, Inc. with respect to the William C. Wardlaw Center. The effective interest rate at June 30, 2006 is 4.92%.

Annual debt service requirements to maturity for the Athletic Association's note payable are as follows:

Year Ending June	Year	Notes and Loans Payable		
		Principal	Interest	Total
2007	1	\$25,480.00	\$48,885.00	\$74,365.00
2008	2	26,979.00	47,670.00	74,649.00
2009	3	27,978.00	46,376.00	74,354.00
2010	4	29,477.00	44,998.00	74,475.00
2011	5	30,975.00	43,510.00	74,485.00
2012 through 2016	6-10	179,357.00	192,028.00	371,385.00
2017 through 2021	11-15	230,816.00	140,847.00	371,663.00
2022 through 2026	16-20	296,264.00	74,993.00	371,257.00
2027 through 2031	21-25	140,888.00	7,359.00	148,247.00
		<b>\$988,214.00</b>	<b>\$646,666.00</b>	<b>\$1,634,880.00</b>

In December, 2001, the Development Authority of Fulton County issued the Georgia Tech Athletic Association Revenue Bonds, Series 2001 ("Series 2001 Bonds") with a par value of \$112,080,000 to finance the construction of a new baseball stadium, demolish a portion of the Georgia Tech Football stadium, the construction of certain improvements thereto, other miscellaneous capital improvements, and to refinance the outstanding principal on the Series 1995 Bonds and other borrowings. The interest rates on the bonds range from 4% to 5.5% and the bonds mature in October, 2032.

On March 16, 2004, the Athletic Association entered into a master swap agreement with UBS AG, Stamford Branch ("UBS"), an investment bank, and simultaneously sold UBS, an Interest

Rate Swaption (“swaption”). The swaption represents an option to enter into an interest rate swap. The swaption premium generated by this contract was an upfront payment to the Athletic Association of \$2,367,000. In exchange for the swaption premium, UBS gains the right (but not the obligation) to enter into a specified swap agreement with the Athletic Association beginning on April 1, 2012. If the swaption is exercised, the Athletic Association and UBS will swap interest rate payments. The Athletic Association will pay interest to UBS based on the stated rates in the swap agreement. UBS would then pay the Athletic Association a floating rate based on the Bond Market Association Municipal Swap Index plus 21 basis points (0.21%), which approximates the expected interest cost on the variable rate refunding bonds. At June 30, 2006, the swaption had a fair value (representing a liability) of \$4,439,680, as calculated by UBS. The swaption premium is recorded as a component of bonds payable in the statement of net assets and is being amortized on a straight-line basis over the remaining life of the bonds as a component of interest expense in the statement of revenues, expenses, and changes in net assets.

Annual debt service requirements to maturity for the Athletic Association’s revenue bonds payable are as follows:

Year Ending June 30:	Year	Bonds Payable		
		Principal	Interest	Total
2007	1	\$1,830,000.00	\$5,426,211.00	\$7,256,211.00
2008	2	1,925,000.00	5,332,336.00	7,257,336.00
2009	3	2,025,000.00	5,233,586.00	7,258,586.00
2010	4	2,120,000.00	5,137,911.00	7,257,911.00
2011	5	2,210,000.00	5,045,346.00	7,255,346.00
2012through 2016	6-10	12,945,000.00	23,338,856.00	36,283,856.00
2017through 2021	11-15	16,950,000.00	19,330,381.00	36,280,381.00
2022through 2026	16-20	21,880,000.00	14,404,582.00	36,284,582.00
2027 through 2031	21-25	29,585,000.00	8,914,410.00	38,499,410.00
2032 through 2036	26-30	15,240,000.00	791,043.00	16,031,043.00
Bond Discount/Swaption Premium, net		\$1,251,507.00		\$1,251,507.00
		<u>\$107,961,507.00</u>	<u>\$92,954,662.00</u>	<u>\$199,664,662.00</u>

### Georgia Tech Research Corporation

Georgia Tech Research Corporation and its subsidiary Georgia Tech Applied Research Corporation (referred to in the singular as GTRC in this document), are legally separate, tax-exempt component units of the Georgia Institute of Technology (Institute). GTRC functions as the prime contractor for most sponsored research conducted at Georgia Tech and subcontracts with the Institute for faculty and staff services. GTRC's 12-member board of trustees is self-perpetuating and consists of senior Institute administrators, alumni, and supporters of Georgia Tech. GTRC's income and resources are restricted to support research mission objectives of the Institute. Because the resources held by GTRC are restricted for use in support of the Institute, GTRC is considered a component unit of Georgia Tech and is discretely presented in the Institute's financial statements.

The Georgia Tech Research Corporation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports

were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The Research Corporation's fiscal year is July 1 through June 30. During fiscal year 2006, GTRC distributed approximately \$337 million to the Institute for restricted and unrestricted purposes. Complete financial statements for GTRC can be requested at the following address: Georgia Tech Research Corporation, Director of Accounting and Reports, 505 Tenth Street, Atlanta, GA 30332-0415.

***Investments for Component Units:***

Georgia Tech Research Corporation holds investments in the amount of \$960 thousand in the form of marketable securities as of June 30, 2006.

	<u>Cost</u>	<u>Fair Value</u>
Equity Securities	<u>\$0.00</u>	<u>\$959,595.00</u>
Total Investments	<u><u>\$0.00</u></u>	<u><u>\$959,595.00</u></u>

***Capital Assets for Component Units:***

Georgia Tech Research Corporation holds the following Capital Assets as of June 30, 2006:

	<u>June 30, 2006</u>
Capital Assets being Depreciated:	
Machinery and Equipment	<u>\$4,312,482.00</u>
Total Capital Assets being Depreciated	<u>4,312,482.00</u>
Less Total Accumulated Depreciation	<u>2,463,169.00</u>
Total Capital Assets being Depreciated, Net	<u>1,849,313.00</u>
Capital Assets, Net	<u><u>\$1,849,313.00</u></u>

**Georgia Advanced Technology Ventures, Inc.**

Georgia Advanced Technology Ventures, Inc. (GATV) is a Georgia non-profit organization formed to support Georgia Institute of Technology's technology transfer and economic development mission and its Advanced Technology Development Center (ATDC) incubator program. GATV provides capital and operating support for technology transfer and economic activities including ATDC incubator facilities and services to ATDC affiliated companies.

GATV is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. Georgia Advanced Technology Ventures fiscal year is July 1 through June 30.

During the year ended June 30, 2006, Georgia Advanced Technology Ventures, Inc. distributed \$178,500 to the Institute for operating supplies and services and \$95,000 for salaries. Complete financial statements for GATV can be requested at the following address: Georgia Advanced Technology Ventures, Inc., Treasurer's Office, Lyman Hall, Room 315, Atlanta, GA 30332-0257 Attention: Joel Hercik.

***Investments for Component Units:***

Georgia Advanced Technology Ventures, Inc. holds investments in the amount of \$1 million. These funds are invested in Georgia Venture Partners, LLC.

***Capital Assets for Component Units:***

Georgia Advanced Technology Ventures, Inc. holds the following Capital Assets as of June 30, 2006:

	<u>June 30, 2006</u>
Capital Assets not being Depreciated:	
Land and other Assets	\$10,725,522.00
Total Capital Assets not being Depreciated	<u>10,725,522.00</u>
Capital Assets being Depreciated:	
Buildings and Improvements	70,384,712.00
Machinery and Equipment	<u>1,047,396.00</u>
Total Capital Assets being Depreciated	71,432,108.00
Less Total Accumulated Depreciation	<u>4,409,505.00</u>
Total Capital Assets being Depreciated, Net	<u>67,022,603.00</u>
Capital Assets, Net	<u><u>\$77,748,125.00</u></u>

***Long-term Liabilities for Component Units:***

Changes in long-term liabilities for the GATV for the fiscal year ended June 30, 2006 are shown below:

	Beginning Balance July 1, 2005	Additions	Reductions	Ending Balance June 30, 2006	Amounts due within One Year
Capital Lease Obligations	\$49,631,945.00	\$981,386.00	\$0.00	\$50,613,331.00	\$0.00
Notes and Loans Payable	<u>6,821,580.00</u>	<u>3,900,234.00</u>	<u>14,374.00</u>	<u>10,707,440.00</u>	<u>4,383,096.00</u>
Total Long Term Debt	<u>\$56,453,525.00</u>	<u>\$4,881,620.00</u>	<u>\$14,374.00</u>	<u>\$61,320,771.00</u>	<u>\$4,383,096.00</u>

Annual debt service requirements to maturity for lease purchase obligations are as follows:

Year ending June 30:		Capital Lease Payable		Total
		Principal	Interest	
2007	1	(\$307,092.00)	\$3,419,780.00	\$3,112,688.00
2008	2	(237,920.00)	3,438,286.00	3,200,366.00
2009	3	(163,918.00)	3,452,211.00	3,288,293.00
2010	4	(77,434.00)	3,460,684.00	3,383,250.00
2011	5	18,149.00	3,463,029.00	3,481,178.00
2012 through 2016	6-10	1,835,654.00	17,094,092.00	18,929,746.00
2017 through 2021	11-15	5,774,964.00	15,863,417.00	21,638,381.00
2022 through 2026	16-20	11,222,916.00	13,063,516.00	24,286,432.00
2027 through 2031	21-25	18,963,780.00	8,133,616.00	27,097,396.00
2032 through 2036	26-30	13,584,232.00	1,382,966.00	14,967,198.00
2037 through 2041	31-35			
		<u>\$50,613,331.00</u>	<u>\$72,771,597.00</u>	<u>\$123,384,928.00</u>

Annual estimated debt service requirements to maturity for Notes Payable are as follows:

Year ending June 30:		Notes Payable		Total
		Principal	Interest	
2007	1	\$4,383,096.00	\$758,078.00	\$5,141,174.00
2008	2	30,507.00	646,167.00	676,674.00
2009	3	6,032,338.00	174,307.00	6,206,645.00
2010	4	34,278.00	15,690.00	49,968.00
2011	5	36,335.00	13,633.00	49,968.00
2012 through 2016	6-10	<u>190,886.00</u>	<u>3,818.00</u>	<u>194,704.00</u>
		<u>\$10,707,440.00</u>	<u>\$1,611,693.00</u>	<u>\$12,319,133.00</u>

### Georgia Tech Facilities, Inc.

Georgia Tech Facilities, Inc. (Facilities) is a legally separate, tax-exempt component unit of the Georgia Institute of Technology (Institute). Facilities constructs research and auxiliary buildings and other structures for use by the Institute and then leases the completed buildings/structures to the Institute. The eight-member Facilities board is appointed by the President of the Georgia Institute of Technology and consists of alumni and friends of Georgia Tech. Although the Institute does not control the timing or amount of receipts and disbursements for Facilities, its resources and income are restricted to support the construction activities of Georgia Tech. Because these restricted resources held by Facilities can only be used by, or for the benefit of, the Institute, Facilities is considered a component unit of Georgia Tech and is discretely presented in the Institute's financial statements.

Georgia Tech Facilities, Inc. is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports

were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. Facilities fiscal year is July 1 through June 30.

Investments carried as capital assets valued at \$141,714,000 and bonds payable are included in the Facilities financial statements. The corresponding buildings and associated long-term debt are included in the Institute's report. Note 10 of this financial report provides information on related party leases. During fiscal 2006, Facilities distributed \$395,000 to the Institute for restricted and unrestricted purposes. Complete financial statements for Facilities can be obtained from the following address: Georgia Tech Facilities, Inc. Treasurer's Office, Lyman Hall, Room 315, Atlanta, GA 30332-0257 Attention: Joel Hercik.

***Investments for Component Units:***

Georgia Tech Facilities, Inc. holds investments in the amount of \$188.5 million. Investments consist of marketable securities, bonds and real property as follows:

	<u>Cost</u>	<u>Fair Value</u>
Cash held by investment organization	\$11,595,367.10	\$11,595,367.10
Money Market Accounts	1,921,393.28	1,921,393.28
Government and Agency Securities	8,763,701.27	8,763,701.27
Real Estate	141,714,000.00	141,714,000.00
Bankers Acceptance/Repo Agreements	<u>24,528,538.35</u>	<u>24,528,538.35</u>
 Total Investments	 <u><u>\$188,523,000.00</u></u>	 <u><u>\$188,523,000.00</u></u>

***Capital Assets for Component Units:***

Georgia Tech Facilities, Inc. holds the following Capital Assets as of June 30, 2006:

	<u>June 30, 2006</u>
Capital Assets not being Depreciated:	
Land and other Assets	\$598,000.00
Construction in Progress	<u>68,166,000.00</u>
Total Capital Assets not being Depreciated	68,764,000.00
Capital Assets being Depreciated:	
Buildings and Improvements	<u>1,200,000.00</u>
Total Capital Assets being Depreciated	1,200,000.00
Less Total Accumulated Depreciation	<u>480,000.00</u>
Total Capital Assets being Depreciated, Net	<u>720,000.00</u>
Capital Assets, Net	<u><u>\$69,484,000.00</u></u>

***Long-term Liabilities for Component Units:***

Georgia Tech Facilities, Inc. has five bond issues outstanding with balances totaling \$212,675,000 and one Master Lease/Sublease agreement for \$9,734,000.

The proceeds from the bond issues were used to acquire or construct (for the benefit of the Georgia Institute of Technology) the Habersham Building, which houses the Ivan Allen College, Bioengineering and Biosciences Building, Family Housing Complex, Klaus parking deck, the Molecular Science and Engineering Building, and the Electrical Substation. Interest rates on the bonds range from 2% to 5.25%. Also, for the 2005 Series bonds, Facilities has an interest rate swap agreement. Facilities retains an independent entity to provide periodic valuation of the interest rate swap. At June 30, 2006, the value is \$1,231,000 and is reflected in Other Current Assets on the Statement of Net Assets.

The lease agreement finances the Georgia Tech Telecommunications Equipment and Installation project. To finance the equipment, Georgia Tech Facilities, Inc. entered into a Master Lease and Sublease Agreement with SunTrust Leasing Corporation (as Lessor) and the Development Authority of Fulton County (as lessee).

Changes in long-term liabilities for Facilities for the fiscal year ended June 30, 2006 are shown below:

	Beginning Balance July 1, 2005	Additions	Reductions	Ending Balance June 30, 2006	Amounts due within One Year
Capital Lease Obligations	\$0.00	\$9,734,000.00	\$0.00	\$9,734,000.00	\$242,000.00
Revenue/Mortgage Bonds Payable	175,155,000.00	39,670,000.00	2,150,000.00	212,675,000.00	2,550,000.00
Total Long Term Debt	<u>\$175,155,000.00</u>	<u>\$49,404,000.00</u>	<u>\$2,150,000.00</u>	<u>\$222,409,000.00</u>	<u>\$2,792,000.00</u>

Annual debt service requirements to maturity for Georgia Tech Facilities, Inc. revenue bonds payable are as follows:

Year ending June 30:		Bonds Payable		Total
		Principal	Interest	
2007	1	\$2,550,000.00	\$9,988,000.00	\$12,538,000.00
2008	2	3,921,000.00	9,913,000.00	13,834,000.00
2009	3	4,795,000.00	9,789,000.00	14,584,000.00
2010	4	4,950,000.00	9,642,000.00	14,592,000.00
2011	5	4,574,000.00	9,429,000.00	14,003,000.00
2012 through 2016	6-10	28,130,000.00	43,418,000.00	71,548,000.00
2017 through 2021	11-15	37,125,000.00	35,246,000.00	72,371,000.00
2022 through 2026	16-20	46,570,000.00	24,862,000.00	71,432,000.00
2027 through 2031	21-25	46,470,000.00	13,045,000.00	59,515,000.00
2032 through 2036	26-30	31,390,000.00	4,869,000.00	36,259,000.00
2037 through 2041	31-35	2,200,000.00	72,000.00	2,272,000.00
		<u>\$212,675,000.00</u>	<u>\$170,273,000.00</u>	<u>\$382,948,000.00</u>



Annual debt service requirements to maturity for lease purchase obligations are as follows:

Year Ending June 30:	Year	Capital Lease Payable		
		Principal	Interest	Total
2007	1	\$242,000.00	\$366,000.00	\$608,000.00
2008	2	2,097,000.00	332,000.00	2,429,000.00
2009	3	2,179,000.00	251,000.00	2,430,000.00
2010	4	2,263,000.00	167,000.00	2,430,000.00
2011	5	2,351,000.00	79,000.00	2,430,000.00
2012 through 2016	6-10	602,000.00	6,000.00	608,000.00
		<u>\$9,734,000.00</u>	<u>\$1,201,000.00</u>	<u>\$10,935,000.00</u>

### Georgia Tech Alumni Association

Georgia Tech Alumni Association (Alumni Association) is a legally separate, tax-exempt component unit of the Georgia Institute of Technology (Institute). The Alumni Association acts primarily as a point of contact with the Institute's alumni, prospective students, and friends for outreach and development. The forty-three member Alumni Association board of trustees is self-perpetuating and consists of alumni and friends of the Institute. Although the Institute does not control the timing or amount of receipts from the Alumni Association, the majority of resources or income thereon that the Alumni Association holds and invests is restricted to support the Alumni Association's mission of serving and promoting the alumni of the Institute. Because resources held by the Alumni Association are used by, or for the benefit of, the Institute, the Alumni Association is considered a component unit of the Institute and is discretely presented in the Institute's financial statements.

The Alumni Association is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The Alumni Association's fiscal year is July 1 through June 30.

During the year ended June 30, 2006, the Alumni Association distributed \$839,139 to the Institute primarily for employee salary and insurance costs. Complete financial statements for the Alumni Association can be obtained from the Georgia Tech Alumni Association, Attention: Controller, 190 North Avenue, Atlanta, GA 30313.

### *Investments for Component Units:*

The Georgia Tech Alumni Association holds investments in the amount of \$628,023. Investments consist of mutual funds as follows:

	Cost	Fair Value
Mutual Funds	<u>\$725,894.00</u>	<u>\$628,023.00</u>
Total Investments	<u>\$725,894.00</u>	<u>\$628,023.00</u>

### ***Capital Assets for Component Units:***

Georgia Tech Alumni Association holds the following Capital Assets as of June 30, 2006:

	<u>June 30, 2006</u>
Capital Assets not being Depreciated:	
Land and other Assets	\$0.00
Construction in Progress	7,077.00
Total Capital Assets not being Depreciated	<u>7,077.00</u>
Capital Assets being Depreciated:	
Buildings and Improvements	702,586.00
Machinery and Equipment	618,011.00
Total Capital Assets being Depreciated	<u>1,320,597.00</u>
Less Total Accumulated Depreciation	<u>815,729.00</u>
Total Capital Assets being Depreciated, Net	<u>504,868.00</u>
Capital Assets, Net	<u><u>\$511,945.00</u></u>

### **Georgia State University**

#### **Georgia State University Foundation, Inc.**

Georgia State University Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Georgia State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The 28-member board of the Foundation, of which 6 members are ex-officio, is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. The fiscal year of the Foundation is July 1 through June 30.

During the year ended June 30, 2006, the Foundation distributed \$14,843,631 to the University for both restricted and unrestricted purposes. This amount includes land transferred at its historical cost of \$7,470,140 to the University. Complete financial statements for the Foundation can be obtained from James F. Winters, III, Controller, Georgia State University Foundation, P.O. Box 3963, Atlanta, GA 30302-3963 or in person at One Park Place South, Atlanta, GA.

### ***Investments for Component Units:***

Georgia State University Foundation holds endowment and other investments in the amount of \$108.7 million. The Foundation determines the spendable amounts for endowment funds using a total return formula and makes no spending allocations to restricted funds from the operating portfolio. Income from the operating portfolio is used to fund the Foundation's administrative activities pursuant to an unrestricted spending policy. The Trustees of the Foundation adopted an endowment spending policy that provides for the allocation of endowment funds at the rate of 70% of the previous year's allocation plus 30% of the current year's market values at a spending rate of 4.5% of the market value of the endowment funds. A 1% management fee is used to fund the Foundation's administrative activities. The balance of the return is applied to the value of the endowment funds.

Investments are comprised of the following amounts at June 30, 2006:

	<u>Cost</u>	<u>Fair Value</u>
Equities and Equity Funds	\$60,588,703.00	\$62,323,033.00
Fixed Income Securities and Funds	33,350,103.00	39,757,180.00
Real Estate Investment Trust Funds	<u>3,702,251.00</u>	<u>6,576,018.00</u>
Total Investments	<u><u>\$97,641,057.00</u></u>	<u><u>\$108,656,231.00</u></u>

### ***Capital Assets for Component Units:***

Georgia State University Foundation, Inc. holds the following Capital Assets as of June 30, 2006:

	<u>June 30, 2006</u>
Capital Assets not being Depreciated:	
Land and other Assets	\$3,746,265.00
Construction in Progress	<u>54,462,946.00</u>
Total Capital Assets not being Depreciated	58,209,211.00
Capital Assets being Depreciated:	
Buildings and Improvements	<u>63,537,731.00</u>
Total Capital Assets being Depreciated	63,537,731.00
Less Total Accumulated Depreciation	<u>19,129,452.00</u>
Total Capital Assets being Depreciated, Net	<u>44,408,279.00</u>
Capital Assets, Net	<u><u>\$102,617,490.00</u></u>

***Long-term Liabilities for Component Units:***

Changes in long-term liabilities for Georgia State University Foundation, Inc. for the fiscal year ended June 30, 2006 are shown below:

	Beginning Balance July 1, 2005	Additions	Reductions	Ending Balance June 30, 2006	Amounts due within One Year
Compensated Absences	\$0.00	\$19,101.00	\$0.00	\$19,101.00	\$19,101.00
Rialto Center - Capital Lease	3,833,028.27		263,001.27	3,570,027.00	281,246.00
Alpharetta Campus Facilities - Capital Lease	7,226,925.00		388,275.00	6,838,650.00	404,975.00
Student Recreation Center - Bonds	28,015,000.00		1,490,000.00	26,525,000.00	1,550,000.00
Piedmong Ellis - Promissory Note	8,833,332.00		8,833,332.00	0.00	
Piedmont Ellis - Bonds	0.00	161,330,000.00		161,330,000.00	
Piedmont Ellis- Unamortized Bond Prem.	0.00	6,620,809.00	289,136.00	6,331,673.00	
Other Liabilities	0.00	249,819.00		249,819.00	
<b>Total Long Term Debt</b>	<b>\$47,908,285.27</b>	<b>\$168,219,729.00</b>	<b>\$11,263,744.27</b>	<b>\$204,864,270.00</b>	<b>\$2,255,322.00</b>

***Rialto Center Facilities Capital Lease***

During 1994, the Foundation purchased and has since renovated facilities currently occupied by the University's School of Music. The project is being financed through contributions to the Foundation and through bonds issued by the Downtown Development Authority of the City of Atlanta (the "Authority"). The Foundation has entered into long term lease commitments with TUFF to provide for the debt service payments on the bonds and other bond financing related expenses. The Foundation in turn leases the facilities to the University through a series of one year renewable lease agreements. Title to the two office buildings will pass to the Foundation at the end of the lease period or the retirement of the bonds, whichever occurs first. During 2004, the 1994 bonds issued by the "Authority" were refunded to obtain savings in debt service and to obtain funds for improvements to the Rialto Theater. Accordingly, the "Authority" entered into a new loan agreement with TUFF and a new agreement with the Foundation as the guarantor of the bonds. The guarantee is expressly limited to the unrestricted income and unrestricted assets of the Foundation. The terms of the long term lease commitment between TUFF and the Foundation were modified to reflect the new interest rate of the bonds, the additional proceeds available for capital improvements, the additional bond financing related expenses and extension of the term of the lease through November 1, 2015. Pursuant to this transaction, the Foundation also formed Rialto Center, LLC, a single member LLC with the Foundation as the sole member, for the purpose of holding the related capital lease.

Annual debt requirements to maturity for TUFF/Rialto Capital Lease Obligation are as follows:

		Capital Lease Obligation		
		Principal	Interest	Total
Year ending June 30:				
2007	1	\$281,246.00	\$231,538.00	\$512,784.00
2008	2	300,755.00	212,029.00	512,784.00
2009	3	321,618.00	191,166.00	512,784.00
2010	4	343,927.00	168,857.00	512,784.00
2011	5	367,785.00	144,999.00	512,784.00
2012 through 2016	6-10	1,954,696.00	310,100.00	2,264,796.00
		<u>\$3,570,027.00</u>	<u>\$1,258,689.00</u>	<u>\$4,828,716.00</u>

#### *Alpharetta Campus Facilities Capital Lease*

On September 23, 1998, \$10,600,000 of revenue bonds were issued by the Development Authority of Alpharetta, Georgia (the "Authority") for the purpose of financing the costs of acquiring, constructing and installing educational facilities located in the City of Alpharetta and are to be leased by the Foundation. The bonds are special limited obligation bonds payable by the Development Authority from lease payments made to it by the Foundation. The lease obligates the Foundation, on a limited recourse basis, to make lease payments sufficient to pay 83.5% of principal and interest on the bonds with the balance to be paid by the Authority. The Foundation in turn subleases the facilities to the Board of Regents of the University System of Georgia (Board of Regents) for the use by the University. The liability of the Foundation is limited to the interest of the Foundation in the project and the rents, profits, issues, products and proceeds thereof. The City of Alpharetta is obligated to make 100% of the principal and interest payments on the bonds to the extent rental payments derived from the project are insufficient for such purposes.

Annual debt requirements to maturity for Alpharetta Capital Lease Obligation are as follows:

		Capital Lease Obligation		
		Principal	Interest	Total
Year Ending June 30:	Year			
2007	1	\$404,975.00	\$298,973.68	\$703,948.68
2008	2	421,675.00	282,469.35	704,144.35
2009	3	438,375.00	264,956.94	703,331.94
2010	4	455,075.00	246,318.72	701,393.72
2011	5	471,775.00	226,383.66	698,158.66
2012 through 2016	6-10	2,701,225.00	782,949.41	3,484,174.41
2017 through 2019	11-13	1,945,550.00	135,303.40	2,080,853.40
		<u>\$6,838,650.00</u>	<u>\$2,237,355.16</u>	<u>\$9,076,005.16</u>

#### *Student Recreation Center Note Payable*

On October 15, 1998, \$33,430,000 of revenue bonds were issued by the Atlanta Development Authority (ADA) with the proceeds to be loaned to the Foundation for the purpose of financing the acquisition, construction, improvement and equipping of a student recreation center for the benefit of the University. The bonds are special limited obligation bonds of the ADA payable from funds received from the Foundation pursuant to a promissory note between the ADA and

the Foundation. The Foundation leases the facilities to the Board of Regents for the use of the University. The Foundation's liability on the note is limited to its interest in the project and the rents and revenues from the project, including amounts received pursuant to the rental agreement with the Board of Regents. Payment of principal and interest on the bonds are insured by AMBAC Assurance Corporation. Principal payments are to be made annually to October 1, 2018. Interest is paid semi-annually also through 2018 at a rate specified in the revenue bonds ranging from 3.60% to 4.60%.

Annual debt service requirements to maturity for ADA/GSU Student Recreation Center Revenue Bonds Payable are as follows:

Year ending June 30:		Bonds Payable		Total
		Principal	Interest	
2007	1	\$1,550,000.00	\$1,249,946.66	\$2,799,946.66
2008	2	1,615,000.00	1,085,058.74	2,700,058.74
2009	3	1,680,000.00	1,015,585.00	2,695,585.00
2010	4	1,755,000.00	942,004.39	2,697,004.39
2011	5	1,830,000.00	864,340.00	2,694,340.00
2012 through 2016	6-10	10,505,000.00	2,956,188.12	13,461,188.12
2017 through 2019	11-13	7,590,000.00	462,056.25	8,052,056.25
		<u>\$26,525,000.00</u>	<u>\$8,575,179.16</u>	<u>\$35,100,179.16</u>

#### *Piedmont Ellis Bonds*

On September 8, 2005, \$161,330,000 of tax-exempt and taxable revenue bonds were issued by the Atlanta Development Authority (ADA) on behalf of the Foundation with the proceeds to be used for the purpose of financing the acquisition, construction and equipping of certain land, buildings and personal property to be used as a student housing project. The project has approximately 1,984 beds, including community activity facilities, site amenities and parking for approximately 786 vehicles. There is a 22-month construction schedule for the project to be completed and open for occupancy in the fall semester of 2007. The real property upon which the project is located is owned by the Board of Regents and leased to the Foundation pursuant to a Ground Lease for a construction term of up to two years. Upon completion of the project, the Foundation will lease the facility to the Board of Regents on an annually-renewable basis for a term of 33 years for the use and benefit of the University. Principal payments are to be made annually starting September 1, 2009 and ending September 1, 2036. Interest is paid semi-annually through 2036 at a rate specified in the revenue bonds ranging from 3.875% to 5.0%.

Annual debt service requirements to maturity for ADA/GSU Piedmont Ellis Student Housing Revenue Bonds Payable are as follows:

Year Ending June 30:	Year	Bonds Payable		
		Principal	Interest	Total
2007	1	\$0.00	\$7,762,467.50	\$7,762,467.50
2008	2	0.00	7,762,467.50	7,762,467.50
2009	3	0.00	7,762,467.50	7,762,467.50
2010	4	1,270,000.00	7,713,784.18	8,983,784.18
2011	5	1,580,000.00	7,642,822.50	9,222,822.50
2012 through 2016	6-10	13,105,000.00	36,740,777.49	49,845,777.49
2017 through 2021	11-15	22,345,000.00	32,817,020.89	55,162,020.89
2022 through 2026	16-20	28,735,000.00	26,488,895.89	55,223,895.89
2027 through 2031	21-25	36,680,000.00	18,218,854.18	54,898,854.18
2032 through 2036	26-30	46,805,000.00	7,663,229.21	54,468,229.21
2037	31	10,810,000.00	78,822.92	10,888,822.92
		<u>\$161,330,000.00</u>	<u>\$160,651,609.76</u>	<u>\$321,981,609.76</u>

### **Georgia State University Research Foundation, Inc.**

Georgia State University Research Foundation, Inc. (the Research Foundation) is a legally separate, tax-exempt component unit of Georgia State University (University) and was established to contribute to the scientific, literary, educational, and charitable functions of the University in securing gifts, contributions, and grants from individuals, private organizations, and public agencies, and in obtaining contracts with such individuals or entities for the performance of sponsored research, development, or other programs by the various colleges, schools, departments or other units of the University. Most of the research grants awarded to the Research Foundation are subcontracted to the University, which is responsible for the fiscal administration of the grants. The ten member board of the Research Foundation is self-perpetuating and consists of faculty and administrators of the University. Because the resources held by the Research Foundation can only be used by or for the benefit of the University, the Research Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Research Foundation is considered a special-purpose government entity engaged only in business-type activities and is required to follow all applicable GASB pronouncements. The Research Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2006, the Research Foundation paid to the University \$49,845,424 in grant revenue and \$1,033,221 for support of research activities. Complete financial statements for the Research Foundation can be obtained from the office of the Georgia State University Research Foundation, Inc., Alumni Hall, 30 Courtland Street, Suite 219, Atlanta, GA 30303.

## *Deposits and Investments*

### **Deposits:**

The custodial credit risk for deposits is the risk that in the event of a bank failure, the Research Foundation's deposits may not be recovered. In lieu of a surety bond, the depository may pledge as collateral any one or more of the following securities as enumerated in the Official Code of Georgia Annotated Section 50-17-59:

1. Bonds, bills notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia.
2. Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia.
3. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.
4. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.
5. Bonds, bills, certificates of indebtedness, notes or other obligations of a subsidiary Authority of the United States government, which are fully guaranteed by the United States government, both as to principal and interest and debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.
6. Insurance of accounts provided by the Federal Deposit Insurance Corporation and the Federal Savings and Loan Insurance Corporation.

At June 30, 2006, the Research Foundation's carrying amount of deposits was \$5,296,043 and the bank balance was \$6,380,292. Of the bank balance, \$100,000 was covered by FDIC insurance and the remaining balance was uninsured and uncollateralized.

### **Investments:**

At June 30, 2006, the carrying value and fair value of the Research Foundation's investments was \$5,619,165. Investments are comprised of common stock and mutual funds. The common stock investment in the amount of \$198,607 is held in the Research Foundation's name. Other investments are held by the Georgia State University Foundation on behalf of the Research Foundation.



### ***Capital Assets for Component Units:***

Georgia State University Research Foundation, Inc. had the following Capital Asset activity for the year ended June 30, 2006:

	<b>Beginning Balances 7/1/2005</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance 6/30/2006</b>
Capital Assets, Not Being Depreciated:				
Land (and other assets)	\$150,024.00	\$1,493,967.00	\$0.00	\$1,643,991.00
Construction Work-in-Progress	0.00			0.00
Total Capital Assets Not Being Depreciated	150,024.00	1,493,967.00	0.00	1,643,991.00
Capital Assets, Being Depreciated:				
Building and Building Improvements	3,894,651.00			3,894,651.00
Facilities and Other Improvements	359,744.00			359,744.00
Total Assets Being Depreciated	4,254,395.00	0.00	0.00	4,254,395.00
Less: Accumulated Depreciation				
Buildings	402,948.00	87,629.00		490,577.00
Facilities and Other improvements	269,719.00	21,584.00		291,303.00
Total Accumulated Depreciation	672,667.00	109,213.00	0.00	781,880.00
Total Capital Assets, Being Depreciated, Net	3,581,728.00	(109,213.00)	0.00	3,472,515.00
Capital Assets, net	\$3,731,752.00	\$1,384,754.00	\$0.00	\$5,116,506.00

### **Medical College of Georgia**

#### **MCG Health, Inc.**

MCG Health, Inc. (Company) is a legally, separate tax-exempt component unit of Medical College of Georgia (College). The Company is organized to further the health sciences, patient care, research, and education mission of the Medical College of Georgia Hospitals and Clinics (Hospital). The Hospital, which is owned by the Board of Regents of the University System of Georgia (Regents), consists of a 632 licensed bed acute care hospital and related outpatient care facilities principally located in Augusta, Georgia. Because of the special relationship with the College, the Company is considered a component unit and is discretely presented in the College's financial statements.

The Company utilizes the accrual basis of accounting using the economic resources measurement focus. Pursuant to, and as permitted by GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, the Company has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements. The Company's fiscal year is July 1 through June 30.

Complete financial statements for the Company can be obtained from the Administrative Office at 1120 15th Street, Augusta, Georgia 30912.

## ***Deposits and Investments***

At June 30, 2006, \$62,482,586 of MCG Health, Inc.'s deposits was uninsured and collateralized by securities held by the pledging institution in the Company's name.

At June 30, 2006, MCG Health, Inc. maintains an investment policy which fosters sound and prudent judgment in the management of assets to ensure safety of capital consistent with the fiduciary responsibility each institution has to the citizens of Georgia and which conforms to Board of Regents policy. All investments are consistent with donor intent, Board of Regents policy, and applicable federal and state laws.

A summary of investments follows:

Investment type	Fair Value	Investment Maturity			
		Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
<b>Debt Securities</b>					
U.S. Treasuries	\$9,945,241.00	\$1,161,144.00	\$8,784,097.00	\$0.00	\$0.00
U.S. Agencies					
Explicitly Guaranteed	20,690,248.00	448,953.00	17,947,158.00	207,734.00	2,086,403.00
Implicitly Guaranteed	0.00				
Corporate Debt	17,116,228.00	1,259,621.00	15,856,607.00		
Mortgage/Asset Backed Securities (Corporate)	11,055,360.00		3,869,316.00	1,677,358.00	5,508,686.00
	<u>\$58,807,077.00</u>	<u>\$2,869,718.00</u>	<u>\$46,457,178.00</u>	<u>\$1,885,092.00</u>	<u>\$7,595,089.00</u>
<b>Other Investments</b>					
Equity Securities - Domestic	17,646,518.00				
Equity Securities - International	162,145.00				
Joint Venture	<u>883,695.00</u>				
Real Estate Investment Fund					
	<u>\$77,499,435.00</u>				

### **Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. MCG Health, Inc. does not have a formal policy for managing interest rate risk.

### **Custodial Credit Risk**

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the Company will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Company does not have a formal policy for managing custodial credit risk for investments.

As of June 30, 2006, none of MCG Health, Inc.'s investments are subject to Custodial Credit Risk.

### **Credit Quality Risk**

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Company's policy for managing credit quality risk is as follows: The

Company's assets may be invested only in investment grade bonds rated AA (or equivalent) or better. The Company's assets may be invested only in commercial paper rated A1 (or equivalent) or better. Fixed income maturity restrictions are as follows: Maximum maturity for any single security is five years, and weighted average portfolio maturity may not exceed 3 years. Securities comprising money market funds must be rated investment grade by Standard and Poor's and/or Moody's.

The investments subject to credit quality risk at June 30, 2006 are rated as follows:

	Fair Value	AAA	AA	A	Unrated
<b>Related Debt Investments</b>					
U. S. Agencies	\$20,690,248.00	\$20,690,248.00	\$0.00	\$0.00	\$0.00
Corporate Debt	17,116,228.00	1,250,737.00	6,865,206.00	8,508,867.00	491,418.00
Mortgage/Asset Backed Securities (Corporate)	11,055,360.00	8,830,722.00			2,224,638.00
	<u>\$48,861,836.00</u>	<u>\$30,771,707.00</u>	<u>\$6,865,206.00</u>	<u>\$8,508,867.00</u>	<u>\$2,716,056.00</u>

#### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Company limits investments in any single government agency to 10% and 30% respectively, of its investment portfolio. Individual U.S. Treasury securities may represent up to 30% of the total investment portfolio, while the total allocation to U.S. Treasury notes and bonds may represent up to 100% of the Company's aggregate bond position.

As of June 30, 2006, none of MCG Health, Inc.'s applicable investments exceed 5% of its total investment balance.

#### Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Company does not have a policy for managing exposure to foreign currency risk.

MCG Health, Inc. holds investments totaling \$162,145, or 0.2% in International equity securities. Foreign currency risk is considered negligible related to this holding in comparison to total investments.

### ***Capital Assets for Component Units:***

MCG Health, Inc.'s capital asset activity for the year ending June 30, 2006 was as follows:

	<b>Beginning Balances 7/1/2005</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance 6/30/2006</b>
<b>Capital Assets, Not Being Depreciated:</b>				
Land (and other assets)	\$2,978,188.00	\$1,766,090.00	\$0.00	\$4,744,278.00
Construction Work-in-Progress	5,529,336.00	5,871,002.00	3,862,055.00	7,538,283.00
<b>Total Capital Assets Not Being Depreciated</b>	<b>8,507,524.00</b>	<b>7,637,092.00</b>	<b>3,862,055.00</b>	<b>12,282,561.00</b>
<b>Capital Assets, Being Depreciated:</b>				
Building and Building Improvements	3,551,922.00	208,466.00	123,241.00	3,637,147.00
Equipment	113,201,406.00	5,304,197.00	572,909.00	117,932,694.00
Leasehold Improvements	12,343,253.00	3,994,640.00	251,898.00	16,085,995.00
Capital Leases	6,902,737.00	6,838,963.00		13,741,700.00
<b>Total Assets Being Depreciated</b>	<b>135,999,318.00</b>	<b>16,346,266.00</b>	<b>948,048.00</b>	<b>151,397,536.00</b>
<b>Less: Accumulated Depreciation</b>				
Buildings	73,502.00	133,522.00	9,202.00	197,822.00
Equipment	80,036,503.00	11,015,028.00	556,795.00	90,494,736.00
Leasehold Improvements	2,986,994.00	1,905,693.00		4,892,687.00
Capital Leases	1,142,132.00	1,834,387.00		2,976,519.00
<b>Total Accumulated Depreciation</b>	<b>84,239,131.00</b>	<b>14,888,630.00</b>	<b>565,997.00</b>	<b>98,561,764.00</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>51,760,187.00</b>	<b>1,457,636.00</b>	<b>382,051.00</b>	<b>52,835,772.00</b>
<b>Capital Assets, net</b>	<b>\$60,267,711.00</b>	<b>\$9,094,728.00</b>	<b>\$4,244,106.00</b>	<b>\$65,118,333.00</b>

### ***Long-term Liabilities for Component Units:***

MCG Health, Inc. is the lessee of certain equipment under noncancellable leases expiring in various years through 2011. Interest rates range from 4.99% to 6.98%. Professional liability is the self-insured portion of professional liability risks. Accrued professional liability costs are determined actuarially.

Changes in long-term liabilities for the fiscal year ended June 30, 2006 are shown below:

	<b>Beginning Balance July 1, 2005</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance June 30, 2006</b>	<b>Amounts due within One Year</b>
Compensated Absences	\$8,892,686.00	\$12,309,635.00	\$11,471,061.00	\$9,731,260.00	\$9,731,260.00
Capital Lease Obligations	3,734,546.00	6,838,963.00	1,941,023.00	8,632,486.00	2,353,836.00
Professional Liabilities	8,826,000.00	92,895.00	363,895.00	8,555,000.00	2,139,000.00
<b>Total Long Term Debt</b>	<b>\$21,453,232.00</b>	<b>\$19,241,493.00</b>	<b>\$13,775,979.00</b>	<b>\$26,918,746.00</b>	<b>\$14,224,096.00</b>

***Debt Service Obligations:***

Annual debt service requirements to maturity for capital leases are as follows:

Year Ending June 30:	Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	1	\$2,353,836.00	\$438,677.00	\$2,792,513.00
2008	2	2,012,251.00	315,444.00	2,327,695.00
2009	3	1,954,206.00	200,532.00	2,154,738.00
2010	4	1,782,545.00	85,297.00	1,867,842.00
2011	5	<u>529,648.00</u>	<u>8,416.00</u>	<u>538,064.00</u>
		<u>\$8,632,486.00</u>	<u>\$1,048,366.00</u>	<u>\$9,680,852.00</u>

**Medical College of Georgia Foundation, Inc.**

Medical College of Georgia Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Medical College of Georgia (College). The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. The Foundation functions as an independent corporation governed by its articles of incorporation, by-laws and its Board of Directors. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources and income that the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2006, the Foundation distributed \$9.1 million to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Foundation office at 919 15th Street, Augusta, Georgia 30912 or from the Foundation's website at [www.mcgfoundation.org](http://www.mcgfoundation.org).

### ***Investments for Component Units:***

Investments are comprised of the following amounts at June 30, 2006:

	<u>Cost</u>	<u>Fair Value</u>
Money Market Accounts	\$858,330.00	\$858,330.00
Government and Agency Securities	554,500.00	537,959.00
Corporate Bonds	25,000.00	24,998.00
Equity Securities	7,480,360.00	8,886,624.00
Mutual Funds	84,826,885.00	98,545,655.00
Real Estate	<u>1,064,409.00</u>	<u>1,064,409.00</u>
 Total Investments	 <u><u>\$94,809,484.00</u></u>	 <u><u>\$109,917,975.00</u></u>

### ***Capital Assets for Component Units:***

Medical College of Georgia Foundation, Inc. held the following Capital Assets as of June 30, 2006:

	<u>June 30, 2006</u>
Capital Assets being Depreciated:	
Buildings and Improvements	\$6,676,594.00
Machinery and Equipment	<u>325,545.00</u>
Total Capital Assets being Depreciated	7,002,139.00
Less Total Accumulated Depreciation	<u>2,877,341.00</u>
Total Capital Assets being Depreciated, Net	<u>4,124,798.00</u>
Capital Assets, Net	<u><u>\$4,124,798.00</u></u>

### ***Long-term Liabilities for Component Units:***

At June 30, 2006, Medical College of Georgia Foundation, Inc. long-term liabilities consisted of a \$2,291,825 liability due under a split-interest agreement.

### **The Medical College of Georgia Physicians Practice Group Foundation**

The Medical College of Georgia Physicians Practice Group Foundation (PPG) is a legally separate, tax-exempt component unit of Medical College of Georgia (College). PPG acts primarily as a non-profit organization for the purpose of enhancing the clinical, research, and educational missions of the College and billing and collecting for medical services provided to patients. Revenues are obtained primarily from physician fees charged to patients at Medical College of Georgia Hospital and Clinics, which is operated by MCG Health, Inc. PPG Properties, LLC is a limited liability company formed in 2001 by PPG to manage real estate rental properties. PPG Alternative Collections, LLC is a limited liability company formed in 2003 by PPG to bill and collect for anesthesia services provided to patients. Georgia Esoteric and Molecular Labs, LLC was formed in 2004 by PPG to operate a specialized pathology laboratory with genetic or molecular testing capabilities. MCG-PPG Cancer Research Center, LLC was formed in 2004 by PPG to construct, own and operate a portion of a building to house a cancer research center on the campus of MCG. PPG is a sole partner and has sole voting control

of each LLC. Because PPG's purpose is to support the clinical, research, and educational missions of the College, it is considered a component unit of the College and is discretely presented in the college's financial statements.

PPG is a private non-profit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations with the exceptions as noted below. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. PPG's consolidated financial statements have been prepared substantially on the basis of cash receipts and cash disbursements with the exception of the following: interest earned on investments, salary supplements due to the College, incentive compensation, and retirement plan contribution expense are accounted for using the accrual method of accounting. Additionally, four-year scholarships funded for College students are expensed in the year awarded, and property and equipment are capitalized and depreciated.

Other adjustments required under accounting principles generally accepted in the United States of America for the accrual basis of accounting have not been reflected in the accompanying financial statements, including the equity method of accounting for PPG's investments in a joint venture. The equity method of accounting requires that the carrying value of investments meeting certain criteria be adjusted to reflect the investor's share of the investee's income and losses with the income or losses included in the statement of activities. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The PPG's fiscal year is July 1 through June 30.

During the year ended June 30, 2006, the PPG distributed \$51.4 million to the College for salaries and departmental support. Complete financial statements for the PPG can be obtained from the Administrative Office at 1499 Walton Way, Suite 1400, Augusta, Georgia 30901.

***Investments for Component Units:***

PPG invests in mutual funds, equity securities and debt securities, which are measured at fair value. For investments other than common stock and mutual funds, classification between current and non-current is determined based upon individual investment maturity dates. Investments in common stock and mutual funds are actively traded and are classified as current. Investment income or loss (including realized gains and losses, interest and dividends) is included in revenues collected in excess of (less than) expenses paid.

Investments are comprised of the following amounts at June 30, 2006:

	Cost	Fair Value
Government and Agency Securities	\$11,354,661.00	\$11,354,661.00
Corporate Bonds	8,709,351.08	8,325,514.00
Equity Securities	9,452,764.52	12,515,460.00
Mutual Funds	9,362,035.12	9,557,013.00
Joint Venture	585,000.00	585,000.00
Venture Capital	62,500.00	62,500.00
	<hr/>	<hr/>
Total Investments	<u>\$39,526,311.72</u>	<u>\$42,400,148.00</u>

In addition, PPG holds a Net Investment in a direct financing lease with the College in the amount of \$27,517,640 as of June 30, 2006.

***Capital Assets for Component Units:***

PPG held the following Capital Assets as of June 30, 2006:

	<u>June 30, 2006</u>
Capital Assets not being Depreciated:	
Land and other Assets	\$885,901.00
Construction in Progress	<u>0.00</u>
Total Capital Assets not being Depreciated	885,901.00
Capital Assets being Depreciated:	
Buildings and Improvements	2,364,064.00
Machinery and Equipment	<u>5,769,846.00</u>
Total Capital Assets being Depreciated	8,133,910.00
Less Total Accumulated Depreciation	<u>4,697,062.00</u>
Total Capital Assets being Depreciated, Net	<u>3,436,848.00</u>
Capital Assets, Net	<u><u>\$4,322,749.00</u></u>

***Long-Term Liabilities for Component Units:***

Deferred Compensation - PPG administers a deferred compensation plan for various current and former MCG faculty members. Deferred Compensation represents the accounts held on behalf of these members and was (\$505,990) at June 30, 2006.

Loan Payable - During 2004, the MCG-PPG Cancer Research Center, LLC (CRC) entered into a loan agreement with the Development Authority of Richmond County (the Authority), whereby the Authority issued bonds in the aggregate amount of \$32,870,000 plus a premium of \$498,784 and lent the proceeds thereof to CRC for the purpose of providing funds to finance the cost of construction of a portion of a cancer research center building on the campus of MCG. The loan agreement provides for semi-annual interest payments at interest rates ranging from 2.5 percent to 5.0 percent. Principal payments are due annually beginning December 2006 and continuing through December 2034.

Changes in long-term liabilities for component units for the fiscal year ended June 30, 2006 are shown below:

	Beginning Balance July 1, 2005	Additions	Reductions	Ending Balance June 30, 2006	Amounts due within One Year
Notes and Loans Payable	\$32,870,000.00	\$0.00	\$0.00	\$32,870,000.00	\$650,000.00
Loan Premium	498,784.00		19,477.00	479,307.00	
Other Long Term Debt	<u>471,830.00</u>	<u>34,160.00</u>		<u>505,990.00</u>	
Total Long Term Debt	<u><u>\$33,840,614.00</u></u>	<u><u>\$34,160.00</u></u>	<u><u>\$19,477.00</u></u>	<u><u>\$33,855,297.00</u></u>	<u><u>\$650,000.00</u></u>



## Debt Service Obligations

Annual debt service requirements to maturity for the loan payable are as follows:

Year ending June 30:		Note Payable		Total
		Principal	Interest	
2007	1	\$650,000.00	\$1,416,172.81	\$2,066,172.81
2008	2	670,000.00	1,400,183.94	2,070,183.94
2009	3	685,000.00	1,384,150.48	2,066,172.81
2010	4	705,000.00	1,365,797.53	2,070,183.94
2011	5	725,000.00	1,344,952.71	2,069,150.48
2012 through 2016	6-10	3,965,000.00	6,335,375.20	10,300,375.20
2017 through 2021	11-15	4,735,000.00	5,489,086.08	10,224,086.08
2022 through 2026	16-20	5,865,000.00	4,308,754.07	10,173,754.07
2027 through 2031	21-25	7,460,000.00	2,724,843.30	10,184,843.30
2032 through 2036	26-30	7,410,000.00	738,162.78	8,148,162.78
		<u>\$32,870,000.00</u>	<u>\$26,507,478.90</u>	<u>\$55,236,728.66</u>

### Medical College of Georgia Research Institute, Inc.

Medical College of Georgia Research Institute, Inc. (Institute) is a legally separate, tax-exempt component unit of Medical College of Georgia (College). The Institute was established in 1980 to contribute to the educational, research and service functions of the College in obtaining contracts from individuals, industrial or other private organizations, government or other public agencies for the performance of sponsored research, development or other programs by the various departments or other units of the College. All research contracts awarded to the Institute are sub-contracted to the College, which is responsible for the fiscal administration of the research projects. Although the College does not control the timing or amount of activity, all grant awards are sub-contracted and managed by the College. Because of this special relationship, the Institute is considered a component unit of the College and is discretely presented in the College's financial statements.

The Institute's financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB"), in order to be consistent with the accounting principles followed by its primary government, the Medical College of Georgia. The Institute's fiscal year is July 1 through June 30.

During the year ended June 2006, the Institute sub-contracted approximately \$50 million of research projects to the College. Complete financial statements for the Institute can be obtained from the Medical College of Georgia's Division of Sponsored Program Administration at Medical College of Georgia, Augusta, Georgia 30912.

## ***Deposits and Investments***

As of June 30, 2006, \$5,948,040 of the Institute's bank balance was exposed to custodial credit risk. \$200,000 was uninsured and collateralized by the pledging bank's trust department, but not in the Institute's name and \$5,748,040 was uninsured and uncollateralized.

The Institute had no investments as of June 30, 2006.

## ***Capital Assets for Component Units:***

The Institute's Capital Asset activity for the year ending June 30, 2006 was as follows:

	<b>Beginning Balances 7/1/2005</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance 6/30/2006</b>
Capital Assets, Being Depreciated:				
Equipment	\$28,676.00	\$0.00	\$0.00	\$28,676.00
Total Assets Being Depreciated	28,676.00	0.00	0.00	28,676.00
Less: Accumulated Depreciation				
Equipment	478.00	5,735.00		6,213.00
Total Accumulated Depreciation	478.00	5,735.00	0.00	6,213.00
Total Capital Assets, Being Depreciated, Net	28,198.00	(5,735.00)	0.00	22,463.00
Capital Assets, net	\$28,198.00	(\$5,735.00)	\$0.00	\$22,463.00

## **Medical College of Georgia Dental Foundation**

Medical College of Georgia Dental Foundation (Foundation) is a legally separate, tax-exempt component unit of the Medical College of Georgia (College). The objectives and purposes of the Dental Foundation are to acquire and administer funds and property which are derived from fees charged for services rendered in the practice of dentistry at the School of Dentistry at the Medical College of Georgia by members of the faculty, residents and hygienists of the School of Dentistry. Dental Foundation funds are used to maintain and improve the high standard of instruction at the Medical College of Georgia Dental School for advanced study by members of the School's student body and faculty and for research in the dental health field. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered to be a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The Foundation's fiscal year is from March 1, 2005 through February 28, 2006. Because the Foundation's year end differs from that of the College, amounts due to or due from the two entities are not consistent in this report.

During the year ended February 28, 2006, the Foundation distributed \$1.2 million to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office of Medical College of Georgia, School of Dentistry, AD 1104, Augusta, Georgia 30912.

***Investments for Component Units:***

The Foundation's investments are comprised of the following amounts at February 28, 2006:

	<u>Cost</u>	<u>Fair Value</u>
Certificates of Deposit	\$1,042,000.00	\$993,989.00
U. S. Treasury Obligations	751,537.00	725,717.00
Annuities	200,000.00	242,355.00
Index Funds	400,000.00	378,600.00
Cash Management Funds	201,360.00	201,680.00
Domestic Equities	<u>987,399.00</u>	<u>1,072,469.00</u>
 Total Investments	 <u><u>\$3,582,296.00</u></u>	 <u><u>\$3,614,810.00</u></u>

**University of Georgia**

**The University of Georgia Foundation**

The University of Georgia Foundation is a legally separate, tax-exempt component unit of the University of Georgia. The Foundation was chartered in 1937 to receive and administer contributions for the support of the academic programs of the University of Georgia (the "University"). The 35-member Board of Trustees has fiduciary responsibility for managing the Foundation's assets. The Foundation Executive Committee is composed of the chairman, vice-chairman, secretary, treasurer, the chairman from each of the other standing trustee committees and one at-large member. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by or for the benefit of the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

In 1996, the Foundation entered into a cooperative organization agreement with the Board of Regents which provided administrative services and facilities to the Foundation. In April 2005, the Board of Regents exercised its right to terminate the agreement after a period of 90 days. On July 1, 2005, the Foundation entered into an agreement with the University to provide administrative services and facilities to the Foundation, effectively terminating the cooperative organization agreement. The administrative services and facilities agreement expires on June 30, 2007 and provides for annual renewal. The Real Estate Foundation's \$50 million revolving credit facility provides the bank with certain rights upon the termination of the cooperative organization agreement. In September of 2005, the Real Estate Foundation entered into a forbearance agreement with the bank whereby the bank agreed not to exercise their termination event rights until July 31, 2007.

In February 2006, the Board of Trustees of the Foundation agreed to transfer the sole membership of the Real Estate Foundation to the University of Georgia Research Foundation, Inc. (the "Research Foundation") contingent on a private letter ruling from the Internal Revenue Service accepting this transfer with no negative impact on the tax-exempt status of the outstanding bond debt. As of October 20, 2006, the anticipated date of ruling from the Internal Revenue Service is unknown. Upon receipt of an acceptable ruling, the bylaws of the Foundation and Real Estate Foundation will be amended to reflect the transfer of sole membership. Also at that time, the Foundation's guarantee of the Real Estate Foundation's revolving credit agreement will be replaced by a guarantee from the Research Foundation.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2006, the Foundation distributed \$22,479,425 to the University for scholarships and donor restricted support. Facilities valued at \$181 million and the associated long-term debt are included in the financial statements of the Foundation. The corresponding capital leases and associated long-term debt are included in the University's report. Complete financial statements for the Foundation can be obtained from the Foundation Office at 394 South Milledge Avenue, Athens, GA 30602.

#### ***Investments for Component Units:***

The University of Georgia Foundation holds investments in the amount of \$491 million. The University of Georgia Foundation established a spending plan for all endowment funds effective with fiscal year 1999. Under this plan, funds are allowed to expend the lesser of Investment Return (dividend/interest yield and market appreciation) or the Spending Calculation for that fund. The Spending Calculation is derived by applying a "Spending Calculation Rate" to the average principal balance of the fund over the preceding 36 months. The Investment Committee of the Foundation's Board of Trustees establishes the "Spending Calculation Rate" to be used in the spending calculation each year. Gifts made to fund current expenditures are not endowed and, therefore, are not subject to the Spending Policy.

Investments are comprised of the following amounts at June 30, 2006:

	<u>Cost</u>	<u>Fair Value</u>
Managed Cash Funds	\$172,451.00	\$172,451.00
Government and Agency Securities	887,911.00	852,747.00
Corporate Bonds	1,089,390.00	879,477.00
Equity Securities	6,795,849.00	7,203,604.00
Mutual Funds	1,145,048.00	1,267,232.00
Real Estate	17,315,885.00	17,315,885.00
Split-Interest Investments	13,313,088.00	15,027,655.00
Long-term Investment Pools	<u>350,152,974.00</u>	<u>447,848,858.00</u>
 Total Investments	 <u><u>\$390,872,596.00</u></u>	 <u><u>\$490,567,909.00</u></u>

As of June 30, 2006, the long-term investment pool consists of investments in domestic and international equities (71.4%), fixed income instruments (6.5%), private equity investments (4.5%), real estate funds (6.2%), hedge funds (7.4%), timber, gas & oil (0.2%), and deposits (3.8%) that are held by outside investment managers.

The Long-Term Investment Pool includes assets held for the Athletic Association in the amount of \$2,555,872. This amount is reported as Due from Component Units by this entity. The Foundation reports the liability for these investments in Due to Component Units.

***Capital Assets for Component Units:***

The University of Georgia Foundation holds the following Capital Assets as of June 30, 2006:

	<u>June 30, 2006</u>
Capital Assets not being Depreciated:	
Land and other Assets	\$21,830,788.00
Construction in Progress	<u>4,394.00</u>
Total Capital Assets not being Depreciated	21,835,182.00
Capital Assets being Depreciated:	
Buildings and Improvements	179,178,357.00
Machinery and Equipment	<u>889,559.00</u>
Total Capital Assets being Depreciated	180,067,916.00
Less Total Accumulated Depreciation	<u>15,366,140.00</u>
Total Capital Assets being Depreciated, Net	<u>164,701,776.00</u>
Capital Assets, Net	<u><u>\$186,536,958.00</u></u>

### ***Long-Term Liabilities for Component Units:***

Changes in long-term liabilities for the University of Georgia Foundation for the fiscal year ended June 30, 2006 are shown below:

	Beginning Balance July 1, 2005	Additions	Reductions	Ending Balance June 30, 2006	Amounts due within One Year
Revenue/Mortgage Bonds Payable	\$196,090,000.00	\$0.00	\$7,080,000.00	\$189,010,000.00	\$3,365,000.00
Notes and Loans Payable	15,336,557.00	4,914,342.00	5,900,553.00	14,350,346.00	1,148,762.00
Bond Premiums/Discounts, net	1,593,914.00		88,890.00	1,505,024.00	
Total Long Term Debt	<u>\$213,020,471.00</u>	<u>\$4,914,342.00</u>	<u>\$13,069,443.00</u>	<u>\$204,865,370.00</u>	<u>\$4,513,762.00</u>

**\$25,620,000 Bond Issue** - In 2001, the Development Authority of the Unified Government of Athens—Clarke County, Georgia (the “Development Authority”) issued Revenue Bonds (UGA Real Estate Foundation, Inc. Project), Series 2001 (the “2001 Bonds”) and entered into an agreement (the “2001 Loan Agreement”) to loan \$25,620,000 to the Real Estate Foundation, a wholly owned subsidiary of the Foundation. The 2001 Bonds are secured by a letter of credit issued on behalf of the Real Estate Foundation in favor of the Development Authority under the Real Estate Foundation’s \$50 million credit agreement discussed below. The Foundation has guaranteed certain obligations, including the letter of credit, under the Real Estate Foundation’s \$50 million revolving credit agreement. During 2002, the Real Estate Foundation used the proceeds of this loan to fund purchases and improvements of certain properties.

Borrowings under the 2001 Loan Agreement bear interest payable monthly at a formula rate adjusted each week (3.99% at June 30, 2006). The loan matures in 2031, subject to certain early repayment provisions. During the year ended June 30, 2006 principal payments of \$4,255,000 were made.

During 2005, the Real Estate Foundation entered into an interest rate cap agreement effectively limiting the interest rate on a portion of the 2001 Loan Agreement to a 3.5% fixed rate until November 30, 2007. The Real Estate Foundation paid a premium of \$91,000 in connection with this agreement. The fair value of the interest rate cap as of June 30, 2006 was \$102,506, and was recorded as an asset in accordance with SFAS No. 133. The Real Estate Foundation recorded a gain of \$44,195 on the fair value of the derivative for the year ended June 30, 2006, as an adjustment to interest expense.

**\$39,155,000 Bond Issue** - In 2002, the Development Authority issued Educational Facilities Revenue Bonds (UGAREF CCRC Building, LLC Project), Series 2002 (the “CCRC Bonds”) and entered into an agreement (the “CCRC Loan Agreement”) to loan \$39,155,000 to UGAREF CCRC Building, LLC (a single-member limited liability company owned by the Real Estate Foundation) (the “CCRC Entity”). Payment of principal and interest under the CCRC Bonds is insured by a financial guaranty insurance policy and secured by certain real property constituting the facility and by the CCRC Entity’s interest in certain rents and leases derived from the facility. The CCRC Entity used the proceeds of this loan to fund construction of the facility which was completed in October 2003.

Borrowings under the CCRC Loan Agreement bear interest payable semiannually on December 15 and June 15 at fixed rates ranging from 2.5% to 5% depending on the schedule of bond maturities. Principal payments are due on December 15 starting in 2004 and continuing through 2032. During the year ended June 30, 2006 principal payments of \$760,000 were made.

**\$99,860,000 Bond Issue** - In 2002, the Housing Authority of the City of Athens, Georgia, issued Student Housing Lease Revenue Bonds (UGAREF East Campus Housing, LLC Project), Series 2002 (the "Housing Bonds") and entered into an agreement (the "Housing Loan Agreement") to loan \$99,860,000 to UGAREF East Campus Housing, LLC (a single-member limited liability company owned by the Real Estate Foundation) (the "Housing Entity"). Payment of principal and interest under the Housing Bonds is insured by a financial guaranty insurance policy and secured by certain real property constituting the facilities and by the Housing Entity's interest in certain rents and leases derived from the facilities. The Housing Entity used the proceeds of this loan to fund construction of certain real estate projects which were completed in July 2004.

Borrowings under the Housing Loan Agreement bear interest payable semiannually on December 1 and June 1 at fixed rates ranging from 3% to 5.25% depending on the schedule of bond maturities. Principal payments are due on December 1 starting in 2005 and continuing through 2033. During the year ended June 30, 2006, a principal payment of \$1,825,000 was made.

**\$8,215,000 Bond Issue** - In 2003, the Oconee County Industrial Development Authority issued Revenue Bonds (UGAREF Gainesville Campus, LLC Project), Series 2003 (the "Gainesville Campus Bonds") and entered into an agreement (the "Gainesville Campus Loan Agreement") to loan \$8,215,000 to UGAREF Gainesville Campus, LLC (a single-member limited liability company owned by the Real Estate Foundation) (the "Gainesville Campus Entity"). Payment of principal and interest under the Gainesville Campus Bonds is insured by a financial guaranty insurance policy and secured by certain real property constituting the land and educational facility and by the Gainesville Campus Entity's interest in certain rents and leases derived from the land and educational facility. During 2003, the Gainesville Campus Entity used the proceeds of this loan to fund the acquisition of the land and educational facility.

Borrowings under the Gainesville Campus Loan Agreement bear interest payable semiannually on December 15 and June 15 at fixed rates ranging from 2.2% to 4.375% depending on the schedule of bond maturities. Principal payments are due on December 15 starting in 2003 and continuing through 2027. During the year ended June 30, 2006, principal payments of \$240,000 were made.

**\$25,970,000 Bond Issue** - In 2004, the Development Authority issued \$25,545,000 of Educational Facilities Revenue Bonds (UGAREF Coverdell Building, LLC Project), Series 2004A, and \$425,000 of Educational Facilities Taxable Revenue Bonds (UGAREF Coverdell Building, LLC Project), Series 2004B (collectively, the "Coverdell Bonds"). The Development Authority entered into an agreement (the "Coverdell Loan Agreement") to loan \$25,970,000 to UGAREF Coverdell Building, LLC (a single-member limited liability company owned by the Real Estate Foundation) (the "Coverdell Entity"). Payment of principal and interest under the Coverdell Bonds is insured by a financial guaranty insurance policy and secured by certain real property constituting a portion of the facility and by the Coverdell Entity's interest in certain rents and leases derived from a portion of the facility. During the years ended June 30, 2006 and

2005, the Coverdell Entity used the proceeds of this loan to fund construction of a portion of the facility.

Borrowings under the Coverdell Loan Agreement bear interest payable semiannually on December 15 and June 15 at fixed rates ranging from 2.5% to 5% depending on the schedule of bond maturities. Principal payments are due on December 15 starting in 2006 and continuing through 2034.

### Debt Service Obligations for Revenue and Mortgage Bonds Payable:

Year ending June 30:		Total Bond Obligations		
		Principal	Interest	Total
2007	1	\$3,365,000.00	\$8,643,676.00	\$12,008,676.00
2008	2	14,875,561.00	8,092,775.62	22,968,336.62
2009	3	3,595,000.00	7,989,577.62	11,584,577.62
2010	4	3,695,000.00	7,869,861.62	11,564,861.62
2011	5	3,825,000.00	7,734,749.62	11,559,749.62
2012 through 2016	6-10	21,320,000.00	36,289,959.08	57,609,959.08
2017 through 2021	11-15	26,615,000.00	30,762,590.08	57,377,590.08
2022 through 2026	16-20	34,280,000.00	23,234,761.08	57,514,761.08
2027 through 2031	21-25	50,184,439.00	13,491,175.46	63,675,614.46
2032 through 2036	26-30	27,255,000.00	2,097,853.00	29,352,853.00
		<u>\$189,010,000.00</u>	<u>\$146,206,979.18</u>	<u>\$335,216,979.18</u>

### Notes and Loans Payable

**\$50,000,000 Revolving Credit Agreement** - During 2002, the Real Estate Foundation established a \$50 million revolving credit agreement with a bank, which was later increased to a limit of \$75 million during the year ended June 30, 2005, and then decreased to \$50 million during the year ended June 30, 2006. The agreement expires November 30, 2007. The revolving credit agreement provides for direct borrowings or letters of credit at the Real Estate Foundation's option. Credit available under the revolving credit agreement is reduced by outstanding borrowings and outstanding letters of credit. At June 30, 2006, amounts outstanding or issued under this agreement included borrowings of \$12,111,334, and letters of credit and bank credit reserves of \$20,264,347, resulting in \$17,624,319 available as borrowing capacity under this line. Borrowings under the revolving credit agreement bear interest at the bank's 30-day London InterBank Offered Rate ("LIBOR") plus 32-1/2 basis points (or 0.325%).

At June 30, 2006, the rate applicable to the borrowings was 5.454%. The Foundation has guaranteed certain obligations of the Real Estate Foundation under this revolving credit agreement.

The revolving credit agreement provides the bank with certain rights after a 90-day forbearance period from the date of the termination of the cooperative services agreement discussed above. The cooperative service agreement was terminated July 1, 2005. Those termination event rights include (1) the ability to require that the Real Estate Foundation prepay a portion of the outstanding loans which are not directly and fully supported by a lease agreement with the Board



of Regents and (2) the ability to decline to make any further loans or to issue further letters of credit to the Real Estate Foundation.

In September 2005, the Real Estate Foundation entered into a forbearance agreement with the bank, which has been amended to expire on July 31, 2007. During the forbearance period, the bank agrees not to call any borrowings or letters of credit and to continue to make loans as long as the conditions of the revolving credit agreement and the forbearance agreement are met. The balance of borrowings and letters of credit as of June 30, 2006, that is callable by the bank after the forbearance period is \$12,390,969 and is included in the total principal payments due during the year ending June 30, 2008.

During 2006, the Real Estate Foundation entered into an interest rate cap agreement effectively limiting the interest rate on the revolving credit agreement to a 6.0% fixed rate until December 1, 2010. The Real Estate Foundation paid a premium of \$122,000 in connection with this agreement. The fair value of the interest rate cap as of June 30, 2006 was \$124,097 and was recorded as an other asset in accordance with SFAS No. 133. The Real Estate Foundation recorded a gain of \$2,097 on the fair value of the derivative for the year ended June 30, 2006 as an adjustment to interest expense.

**\$1,800,000 Note Payable** - During 2000, the Foundation signed a \$1.8 million promissory note agreement with a bank, which expires on December 31, 2019. At June 30, 2006, \$1,179,250 was outstanding under this agreement. Interest is charged at a fixed rate of 7.13%. Principal payments in the amount of \$22,250 are payable quarterly.

**\$1,117,865 Note Payable** - During 2002, the Foundation signed an \$880,000 promissory loan agreement with a bank, which was amended during 2005 to increase the borrowed amount to \$1,117,865. This agreement expires on May 1, 2007. At June 30, 2006, \$1,059,762 was outstanding under this agreement. Interest is charged at the bank's 30 day LIBOR rate plus .45%, or 5.56% at June 30, 2006. Principal and interest are payable monthly.

**Debt Obligations for Notes and Loans Payable:**

Year Ending June 30:	Year	Notes and Loans Payable		
		Principal	Interest	Total
2007	1	\$1,148,762.00	\$861,559.04	\$2,010,321.04
2008	2	12,200,334.00	135,911.67	12,336,245.67
2009	3	89,000.00	69,009.00	158,009.00
2010	4	89,000.00	62,664.00	151,664.00
2011	5	89,000.00	56,318.00	145,318.00
2012 through 2016	6-10	445,000.00	186,405.00	631,405.00
2017 through 2020	11-14	289,250.00	36,091.00	325,341.00
		<u>\$14,350,346.00</u>	<u>\$1,407,957.71</u>	<u>\$15,758,303.71</u>

### **The University of Georgia Athletic Association, Inc.**

The University of Georgia Athletic Association, Inc. (the Athletic Association) is a legally separate, tax-exempt component unit of The University of Georgia (the "University"). The Association was organized in 1938 as a not-for-profit corporation to promote intercollegiate athletic sports representing the University. The twenty-member board of directors consists of faculty, staff, students, and alumni of the University. Although the University does not control the timing or amount of receipts from the Association, the majority of resources or income thereon that the Association holds and invests are restricted to the athletic activities of the University. Because these restricted resources held by the Association can only be used by or for the benefit of the University and their management role is significant to the accomplishment of the University's mission, the Association is considered a component unit of the University and is discretely presented in the University's financial statements.

For financial reporting purposes, the Association is considered a special purpose government agency engaged only in business-type activities, as defined by GASB Statement 34. The Association's fiscal year is July 1 through June 30.

During the year ended June 30, 2006, the Association made payments to the University for services such as food services, parking services, health services, tuition, gas, electricity, security, and golf course maintenance. These payments totaled \$25,500,018 and were recognized as expenses of the Association. Capital assets net of accumulated depreciation of \$144.7M are included in the financial statements of the Association. These capital assets, excluding moveable equipment, are also included in the University's report. Complete financial statements for the Association can be obtained from the Treasurer's office at 456 East Broad Street, Athens, GA 30602.

### ***Deposits for Component Units:***

Funds belonging to the State of Georgia cannot be placed in a depository paying interest longer than ten days without the depository providing a surety bond to the State. In lieu of a surety bond, the depository may pledge as collateral any one or more of the following securities as enumerated in the Official Code of Georgia Annotated Section 50-17-59:

1. Bonds, bills notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia.
2. Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia.
3. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.
4. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.
5. Bonds, bills, certificates of indebtedness, notes or other obligations of a subsidiary Authority of the United States government, which are fully guaranteed by the United States government, both as to principal and interest and debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.
6. Insurance of accounts provided by the Federal Deposit Insurance Corporation and the Federal Savings and Loan Insurance Corporation.

As authorized in the Official Code of Georgia Annotated Section 50-17-53, the State Depository Board has adopted policies which allow agencies of the State of Georgia the option of exempting demand deposits from the collateral requirements.

At June 30, 2006, the book-carrying amount of the Association's deposits, including noncurrent cash and cash equivalents, was \$75,456,272 and the bank balance was \$78,469,403. The Association's bank balance is classified as follows at June 30, 2006:

Amount insured by the FDIC and FSLIC or Collateralized with securities held in the Association's name	\$72,892,574
Uncollateralized	<u>5,576,829</u>
	<u>\$78,469,403</u>

***Capital Assets for Component Units:***

The University of Georgia Athletic Association, Inc. had the following Capital Assets activity for the year ended June 30, 2006:

	<b>Beginning Balances 7/1/2005</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance 6/30/2006</b>
Capital Assets, Not Being Depreciated:				
Construction Work-in-Progress	\$4,761,467.00	\$8,686,344.00	\$4,491,941.00	\$8,955,870.00
Total Capital Assets Not Being Depreciated	4,761,467.00	8,686,344.00	4,491,941.00	8,955,870.00
Capital Assets, Being Depreciated:				
Land Improvements	16,902,083.00	2,381,286.00		19,283,369.00
Building , Building Improvements & Infrastructure	167,196,490.00	9,057,273.00		176,253,763.00
Equipment	6,652,886.00	2,310,201.00	1,659,846.00	7,303,241.00
Total Assets Being Depreciated	190,751,459.00	13,748,760.00	1,659,846.00	202,840,373.00
Less: Accumulated Depreciation				
Land Improvements	4,748,033.00	790,867.00		5,538,900.00
Building , Building Improvements & Infrastructure	28,720,933.00	3,119,513.00		31,840,446.00
Equipment	4,787,253.00	645,149.00	1,493,862.00	3,938,540.00
Total Accumulated Depreciation	38,256,219.00	4,555,529.00	1,493,862.00	41,317,886.00
Total Capital Assets, Being Depreciated, Net	152,495,240.00	9,193,231.00	165,984.00	161,522,487.00
Capital Assets, net	<u>\$157,256,707.00</u>	<u>\$17,879,575.00</u>	<u>\$4,657,925.00</u>	<u>\$170,478,357.00</u>

### ***Long-term Liabilities for Component Units:***

Changes in long-term liabilities for the Athletic Association for the fiscal year ended June 30, 2006 are shown below:

	Beginning Balance July 1, 2005	Additions	Reductions	Ending Balance June 30, 2006	Amounts due Within One Year
Revenue/Mortgage Bonds Payable	\$71,470,000.00	\$30,000,000.00	\$1,955,000.00	\$99,515,000.00	\$1,955,009.00
Notes and Loans Payable-Primary Government	2,946,082.00		295,682.00	2,650,400.00	313,963.00
Notes and Loans Payable	241,400.00		73,999.00	167,401.00	80,289.00
Other Long-term Liabilities	1,781,602.00	1,830,348.00	361,512.00	3,250,438.00	500,000.00
Total Long Term Debt	<u>\$76,439,084.00</u>	<u>\$31,830,348.00</u>	<u>\$2,686,193.00</u>	<u>\$105,583,239.00</u>	<u>\$2,849,261.00</u>

On September 27, 2001, the Development Authority of Athens-Clarke County, Georgia (the Authority) issued \$34 million in Revenue Bonds (UGA Athletic Association, Inc. Project), Series 2001 (the Bonds) and entered into an agreement (the Loan Agreement) to loan \$34 million to the Association. The Bonds are secured by a letter of credit issued by SunTrust Bank in favor of the Authority. The letter of credit expires on January 15, 2007 and must be renewed annually. Under the Loan Agreement, the Association is required to use the proceeds of such loan to fund improvements of certain properties as specified in the Loan Agreement. Borrowings under the Loan Agreement bear interest payable monthly at a formula rate adjusted daily (4.02% on June 30, 2006). The loan matures in 2031, subject to certain early repayment provisions.

On December 22, 2005, the Association entered into a fifteen and one-half year interest rate swap agreement for the remaining \$33.1 million of the Series 2001 Bonds. Based on the swap agreement, the Association owes interest calculated at a fixed rate of 3.49% to the counterparty to the swap. In return, the counterparty owes the Association interest based on a variable rate that matches the rate required by the bonds. Only the net difference in interest payments is actually exchanged with the counterparty. The bond principal is not exchanged; it is only the basis on which the interest payments are calculated. The Association continues to pay interest to the bondholders at the variable rate provided by the bonds. The Association will be exposed to variable rates if the counterparty to the swap defaults or if the swap is terminated. A termination of the swap agreement may also result in the Association's making or receiving a termination payment. The fair value of the interest rate swap agreement as of June 30, 2006 represented a \$983,903 receivable for the Association had the swap been terminated at that time.

On August 28, 2003, the Development Authority of Athens-Clarke County, Georgia (the Authority) issued \$36 million in Revenue Bonds (UGA Athletic Association, Inc. Project), Series 2003 (the Bonds) and entered into an agreement (the Loan Agreement) to loan \$36 million to the Association. The Bonds are secured by a letter of credit issued by Bank of America, NA in favor of the Authority that expires on August 28, 2006 and must be renewed annually. Under the Loan Agreement, the Association is required to use the proceeds of such loan to fund improvements of certain properties as specified in the Loan Agreement. Borrowings under the Loan Agreement bear interest payable monthly at a formula rate adjusted daily (4.04% on June 30, 2006). The loan matures in 2033, subject to certain early repayment provisions. On March 7, 2005, the Association redeemed \$16 million of these bonds.

On January 28, 2005, the Association entered into a twenty-eight year interest rate swap agreement for the remaining \$20 million of the Series 2003 Bonds. Based on the swap agreement, the Association owes interest calculated at a fixed rate of 3.38% to the counterparty to the swap. In return, the counterparty owes the Association interest based on a variable rate that matches the rate required by the bonds. Only the net difference in interest payments is actually exchanged with the counterparty. The bond principal is not exchanged; it is only the basis on which the interest payments are calculated. The Association continues to pay interest to the bondholders at the variable rate provided by the bonds. However, during the term of the swap agreement, the Association effectively pays a fixed rate on the debt. The debt service requirements to maturity for these bonds are based on that fixed rate. The Association will be exposed to variable rates if the counterparty to the swap defaults or if the swap is terminated. A termination of the swap agreement may also result in the Association's making or receiving a termination payment. The fair value of the interest rate swap agreement as of June 30, 2006, represented a \$696,915 receivable for the Association had the swap been terminated at that time.

On January 27, 2005, the Development Authority of Athens-Clarke County, Georgia (the Authority) issued \$17.47 million in Revenue Bonds (UGA Athletic Association, Inc. Project), Series 2005 (the Bonds) and entered into an agreement (the Loan Agreement) to loan \$17.47 million to the Association. The Bonds are secured by a letter of credit issued by Bank of America, NA in favor of the Authority that expires on January 27, 2007 and must be renewed annually. Under the Loan Agreement, the Association is required to use the proceeds of such loan to fund improvements of certain properties as specified in the Loan Agreement. Borrowings under the Loan Agreement bear interest payable monthly at a formula rate adjusted daily (5.30% on June 30, 2006). The loan matures in 2021 and requires yearly principal reductions.

On December 22, 2005, the Association entered into a fifteen and one-half year interest rate swap agreement for the remaining \$17.09 million of the Series 2005A Bonds. Based on the swap agreement, the Association owes interest calculated at a fixed rate of 5.058% to the counterparty to the swap. In return, the counterparty owes the Association interest based on a variable rate that matches the rate required by the bonds. Only the net difference in interest payments is actually exchanged with the counterparty. The bond principal is not exchanged; it is only the basis on which the interest payments are calculated. The Association continues to pay interest to the bondholders at the variable rate provided by the bonds. However, during the term of the swap agreement, the Association effectively pays a fixed rate on the debt. The debt service requirements to maturity for these bonds are based on that fixed rate. The Association will be exposed to variable rates if the counterparty to the swap defaults or if the swap is terminated. A termination of the swap agreement may also result in the Association's making or receiving a termination payment. The fair value of the interest rate swap agreement as of June 30, 2006 represented a \$560,113 receivable for the Association had the swap been terminated at that time.

On August 25, 2005, the Development Authority of Athens-Clarke County, Georgia (the Authority) issued \$30 million in Revenue Bonds (UGA Athletic Association, Inc. Project), Series 2005B (the Bonds) and entered into an agreement (the Loan Agreement) to loan \$30 million to the Association. The Bonds are secured by a letter of credit issued by Bank of America, NA in favor of the Authority. The letter of credit expires August 24, 2006 and must be renewed annually. Under the Loan Agreement, the Association is required to use the proceeds of such loan to fund improvements of certain properties as specified in the Loan Agreement. Borrowings under the Loan Agreement bear interest payable monthly at a formula rate adjusted

daily (4.04% on June 30, 2006). The loan matures in 2035, subject to certain early repayment provisions.

On August 25, 2005, the Association entered into a thirty year interest rate swap agreement for \$30 million of the Series 2005B Bonds. Based on the swap agreement, the Association owes interest calculated at a fixed rate of 3.483% to the counterparty to the swap. In return, the counterparty owes the Association interest based on a variable rate that matches the rate required by the bonds. Only the net difference in interest payments is actually exchanged with the counterparty. The bond principal is not exchanged; it is only the basis on which the interest payments are calculated. The Association continues to pay interest to the bondholders at the variable rate provided by the bonds. However, during the term of the swap agreement, the Association effectively pays a fixed rate on the debt. The debt service requirements to maturity for these bonds are based on that fixed rate. The Association will be exposed to variable rates if the counterparty to the swap defaults or if the swap is terminated. A termination of the swap agreement may also result in the Association's making or receiving a termination payment. The fair value of the interest rate swap agreement as of June 30, 2006 represented a \$908,349 receivable for the Association had the swap been terminated at that time.

### Debt Service Obligations

Annual debt service requirements to maturity for Athletic Facilities (Athletic Association) revenue bonds payable are as follows:

Year Ending June 30:	Year	Bonds Payable		Total
		Principal	Interest	
2007	1	\$1,955,009.82	\$3,633,885.17	\$5,588,894.99
2008	2	2,090,009.90	3,547,357.10	5,637,367.00
2009	3	2,140,007.78	3,458,788.22	5,598,796.00
2010	4	2,195,006.83	3,367,915.17	5,562,922.00
2011	5	3,118,941.21	3,356,897.79	6,475,839.00
2012 through 2016	6-10	11,206,024.46	14,818,558.54	26,024,583.00
2017 through 2021	11-15	13,645,000.00	12,211,784.00	25,856,784.00
2022 through 2026	16-20	10,105,000.00	9,841,455.00	19,946,455.00
2027 through 2031	21-25	10,105,000.00	8,192,381.00	18,297,381.00
2032 through 2036	26-30	42,955,000.00	810,611.00	43,765,611.00
		<u>\$99,515,000.00</u>	<u>\$63,239,632.99</u>	<u>\$100,691,640.99</u>

Annual debt service requirements to maturity for Athletic Facilities (Athletic Association) notes and loans payable are as follows:

Year Ending June 30:	Year	Notes and Loans Payable		
		Principal	Interest	Total
2007	1	\$394,252.18	\$178,182.83	\$572,435.01
2008	2	420,497.10	151,937.90	572,435.00
2009	3	354,008.22	123,908.78	477,917.00
2010	4	375,907.17	102,009.83	477,917.00
2011	5	399,160.79	78,756.21	477,917.00
2012 through 2016	6-10	873,975.54	81,858.46	955,834.00
		<u>\$2,817,801.00</u>	<u>\$716,654.01</u>	<u>\$3,534,455.01</u>

### **University of Georgia Research Foundation, Inc.**

The University of Georgia Research Foundation, Inc. (the Research Foundation) is a legally separate, tax-exempt component unit of The University of Georgia. The Research Foundation serves to enhance the research mission of the University by securing sponsored research funding and by providing funding of special research initiatives. All University intellectual property developed through these research programs are managed by the Research Foundation. The eighteen-member board of directors consists of designated University personnel, appointees of several University constituent groups, and individuals selected by the Research Foundation itself. Although the University does not control the timing or amount of receipts from the Research Foundation, all sponsored research awards are subcontracted to the University and other resources and related income are restricted to benefit the research mission of the University. Consequently, the Research Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Research Foundation is considered a special-purpose government entity engaged only in business-type activities and is required to follow all applicable GASB pronouncements. The Research Foundation's fiscal year is July 1 through June 30.

During fiscal year 2006, the Research Foundation transferred approximately \$128 million in sponsored research to the University and shows a net payable to the University at June 30 related to this activity. Complete financial statements for the Research Foundation can be obtained from the Treasurer's office at 456 East Broad Street, Athens, GA 30602.

### ***Deposits and Investments***

#### **Deposits**

The custodial credit risk for deposits is the risk that in the event of a bank failure, the Foundation's deposits may not be recovered. The Foundation does not have a deposit policy for custodial credit risk.

At June 30, 2006, the book value of the Foundation's deposits was \$3,679,515. The bank and investment account balances at June 30, 2006 were \$5,670,586 of which \$5,570,586 was uninsured. Of these uninsured deposits, \$4,969,000 were collateralized with securities held by the financial institution, by its trust department or agency, but not in the University's name and \$601,586 were uncollateralized.

## Investments

University of Georgia Research Foundation maintains both short-term and long-term investment policies. Both establish primary and secondary objectives, specify allowable investments, set target investment mix, and provide investment guidelines.

The Research Foundation's investments as of June 30, 2006 are presented below. All investments are presented by investment type and debt securities are presented by maturity.

Investment type	Fair Value	Investment Maturity			
		Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Debt Securities					
U.S. Treasuries	\$1,267,933.00	\$244,503.00	\$265,724.00	\$618,705.00	\$139,001.00
U.S. Agencies					
Explicitly Guaranteed	272,721.00				272,721.00
Implicitly Guaranteed	3,171,735.00	177,513.00	2,577,271.00	280,189.00	136,762.00
Corporate Debt	16,516,444.00	13,487,842.00	2,792,382.00	236,220.00	
Mortgage Backed Securities (U.S. Agencies)	1,589,075.00				1,589,075.00
Mortgage Backed Securities (Corporate)	2,266,584.00		1,979,680.00		286,904.00
	\$25,084,492.00	\$13,909,858.00	\$7,615,057.00	\$1,135,114.00	\$2,424,463.00
Other Investments					
Equity Mutual Funds -Domestic	2,033,496.00				
Equity Mutual Funds -International	1,467,511.00				
Equity Securities - Domestic	5,770,342.00				
Equity Securities - International	1,123,901.00				
Managed Futures/Hedge Funds	832,676.00				
	\$36,312,418.00				

## Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Foundation's policy for managing interest rate risk is divided between short-term and long-term investments. Short-term investments will have a maximum maturity of eighteen months to five years depending on type of investment. Long-term investments are managed using a planning timeline of five years or more and overall risk measurements rather than specific maturity limits.

## Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the Research Foundation will not be able to recover the value of the investment or collateral securities that are in possession of an outside party. The Foundation does not have a formal policy for managing custodial credit risk for investments.

At June 30, 2006, \$27,030,053 of the Foundation's applicable investments were uninsured and held by the investment's counterparty in the Foundation's name.



### Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Foundation's investment policies specify that fixed income securities be of investment grade. The short-term investment policy specifies that corporate bonds be rated BBB (Standard & Poor's) or Baa (Moody's) or higher; the long-term policy requires a BBB (Standard & Poor's) or Baa3 (Moody's) rating or higher. The investment policy also requires that securities that drop below investment grade should be sold at the manager's discretion; in the event that a rating falls below investment grade, the manager will contact the financial advisor and advise them of the proposed strategy for disposition of the security.

	<u>Fair Value</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Ba</u>	<u>Baa</u>	<u>Unrated</u>
Related Debt Investments							
U. S. Agencies	\$3,171,735.00	\$673,833.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,497,902.00
Corporate Debt	18,783,028.00	368,609.00	142,464.00	4,589,223.00	1,617,328.00	12,065,404.00	
	<u>\$21,954,763.00</u>	<u>\$1,042,442.00</u>	<u>\$142,464.00</u>	<u>\$4,589,223.00</u>	<u>\$1,617,328.00</u>	<u>\$12,065,404.00</u>	<u>\$2,497,902.00</u>
Mutual Bond Funds (Morningstar Ratings)							
5-Star	504,848.00						
4-Star	2,996,159.00						

### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The Foundation's policy for managing concentration of credit risk is divided between short-term and long-term investments. For short-term investments, maximum percentages are set for cash and cash equivalents at 15%, asset backed securities at 50% and corporate bonds at 90%, while U.S. Treasuries, U.S. Agencies debt, and certificates of deposit may comprise 100% for the short-term investments. For long-term investment, equities comprise 40-80%, bonds 20-60% and alternative investments can range 0-20%.

As of June 30, 2006, investments in a single issuer where those investments exceed 5% of total investments were: Colonial Realty LP 5%; core Investment Grade Bond Trust 5%; Government National Mortgage Association 5%.

### Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Foundation's investments are not exposed to foreign currency risk as securities denominated in currencies other than the U.S. dollar are not permissible by the Foundation's investment policy.

### ***Capital Assets for Component Units:***

University of Georgia Research Foundation, Inc. had Capital Assets activity as follows for the year ended June 30, 2006:

	<b>Beginning Balances 7/1/2005</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance 6/30/2006</b>
Capital Assets, Not Being Depreciated:				
Land (and other assets)	\$110,000.00	\$0.00	\$0.00	\$110,000.00
Total Capital Assets Not Being Depreciated	110,000.00	0.00	0.00	110,000.00
Capital Assets, Being Depreciated:				
Building and Building Improvements	1,142,307.00			1,142,307.00
Total Assets Being Depreciated	1,142,307.00	0.00	0.00	1,142,307.00
Less: Accumulated Depreciation				
Buildings	645,149.00	46,082.00		691,231.00
Total Accumulated Depreciation	645,149.00	46,082.00	0.00	691,231.00
Total Capital Assets, Being Depreciated, Net	497,158.00	(46,082.00)	0.00	451,076.00
Capital Assets, net	\$607,158.00	(\$46,082.00)	\$0.00	\$561,076.00

### **Georgia Southern University**

#### **Georgia Southern University Foundation, Inc.**

Georgia Southern University Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Georgia Southern University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The forty-six member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2006, the Foundation distributed \$2,194,105.00 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from Georgia Southern University Legal Office, P.O. Box 8020, Statesboro, GA 30461.

### ***Investments for Component Units:***

Georgia Southern University Foundation, Inc. holds endowment and other investments in the amount of \$39 million. The \$24 million corpus of the endowment portion is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. Georgia Southern University Foundation, in conjunction with the donors, has established a spending plan whereby 5% of the three year moving average of the endowment fair market value may be used for academic scholarships. The remaining earnings are set aside as a reserve. \$2.3 million of the Foundation's reported investments are funds invested on behalf of the University. The University reports these funds as Short-term Investments.

In addition to investments in Money Market/Certificates of Deposits and Mutual Funds, Georgia Southern University Foundation, Inc. also holds investments in real property valued at \$707,406.00.

Investments are comprised of the following amounts at June 30, 2006:

	<u>Cost</u>	<u>Fair Value</u>
Money Market Accounts/Certificates of Deposits	\$2,490,962.00	\$2,490,962.00
Mutual Funds	34,287,317.00	35,678,104.00
Real Estate	<u>707,406.00</u>	<u>707,406.00</u>
 Total Investments	 <u><u>\$37,485,685.00</u></u>	 <u><u>\$38,876,472.00</u></u>

### ***Capital Assets for Component Units***

Georgia Southern University Foundation, Inc. holds the following Capital Assets as of June 30, 2006:

	<u>June 30, 2006</u>
Capital Assets not being Depreciated:	
Land and other Assets	\$395,860.00
Construction in Progress	<u>0.00</u>
Total Capital Assets not being Depreciated	395,860.00
Capital Assets being Depreciated:	
Buildings and Improvements	<u>50,000.00</u>
Total Capital Assets being Depreciated	50,000.00
Less Total Accumulated Depreciation	<u>24,444.00</u>
Total Capital Assets being Depreciated, Net	<u><u>25,556.00</u></u>
Capital Assets, Net	<u><u>\$421,416.00</u></u>

### **Southern Boosters, Inc.**

Southern Boosters, Inc. (Boosters Foundation) is a legally separate, tax-exempt component unit of Georgia Southern University (University). The Boosters Foundation acts primarily as a fund-raising organization to supplement resources that are available to the University in support of its athletic programs. The fifty-member board of the Boosters Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Boosters Foundation, the majority of resources or income thereon that the Boosters Foundation holds and invests is restricted to the athletic activities of the University by the donors. Because these restricted resources held by the Boosters Foundation can only be used by, or for the benefit of, the University and their management role is significant to the accomplishment of the University's mission, the Boosters Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Boosters Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The Boosters Foundation fiscal year is July 1 through June 30.

During the year ended June 30, 2006, the Boosters Foundation distributed \$928,755.00 to the University for athletic scholarship support and for the support of other University programs.

Complete financial statements for the Boosters Foundation can be obtained from the Southern Boosters Cowart Building, Lanier Road, P.O. Box 8115, Statesboro, GA, 30461.

### ***Capital Assets for Component Units***

Southern Boosters, Inc. has the following Capital Assets as of June 30, 2006:

	<u>June 30, 2006</u>
Capital Assets not being Depreciated:	
Land and other Assets	\$80,301.00
Construction in Progress	<u>678,679.00</u>
Total Capital Assets not being Depreciated	758,980.00
Capital Assets being Depreciated:	
Buildings and Improvements	324,687.00
Infrastructure	0.00
Machinery and Equipment	<u>93,085.00</u>
Total Capital Assets being Depreciated	417,772.00
Less Total Accumulated Depreciation	<u>102,533.00</u>
Total Capital Assets being Depreciated, Net	<u>315,239.00</u>
Capital Assets, Net	<u><u>\$1,074,219.00</u></u>

### ***Long-Term Liabilities for Component Units***

Southern Boosters, Inc. has a Note Payable to Sea Island Bank, payable in annual installments of \$35,220.00 including interest at a variable rate (8.25% at June 30, 2006), through September 14, 2013, unsecured. The original note amount was \$279,000.

Southern Boosters, Inc. obtained new financing in 2006 with a Note Payable to Park Avenue Bank. Interest is payable in quarterly installments at a variable rate (8.25% at June 30, 2006) and the note matures on November 13, 2006. This debt is secured by the Golf Practice facility.

Changes in long-term liabilities for component units for the fiscal year ended June 30, 2006 are shown below:

	Beginning Balance July 1, 2005	Additions	Reductions	Ending Balance June 30, 2006	Amounts due within One Year
Notes and Loans Payable	\$250,553.00	\$400,722.00	\$20,971.00	\$630,304.00	\$417,468.00
Total Long Term Debt	<u>\$250,553.00</u>	<u>\$400,722.00</u>	<u>\$20,971.00</u>	<u>\$630,304.00</u>	<u>\$417,468.00</u>

### **Notes Payable Obligations**

Annual requirements to maturity for notes payable are as follows:

Year Ending June 30:	Year	Notes Payable		
		Principal	Interest	Total
2007	1	\$417,468.00	\$35,350.00	\$452,818.00
2008	2	17,661.00	17,559.00	35,220.00
2009	3	19,118.00	16,102.00	35,220.00
2010	4	20,695.00	14,525.00	35,220.00
2011	5	22,403.00	12,817.00	35,220.00
2012 through 2016	6-10	<u>132,959.00</u>	<u>26,740.00</u>	<u>159,699.00</u>
		<u>\$630,304.00</u>	<u>\$123,093.00</u>	<u>\$753,397.00</u>

### **Georgia Southern University Housing Foundation, Inc.**

Georgia Southern University Housing Foundation, Inc. (Housing Foundation) is a legally separate, tax-exempt component unit of Georgia Southern University (University). The Housing Foundation constructs research and auxiliary buildings and facilities for use by the University and then leases the completed buildings to the institution. The six-member board of the Housing Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Housing Foundation, the majority of resources or income thereon that the Housing Foundation holds and invests is restricted to the real estate activities of the University by the donors. Because these restricted resources held by the Housing Foundation can only be used by, or for the benefit of, the University, the Housing Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30.

Buildings (Construction in Progress) valued at \$27 million and the associated long-term debt of \$41 million, plus the net Investment in Direct Financing Lease valued at \$66 million and the associated long-term receivables of \$68 million along with the associated long-term debt of \$73 million are included in the financial statements of the Housing Foundation. The corresponding capital assets and associated long-term debt are included in the University's report. Complete financial statements for the Foundation can be obtained from Georgia Southern University Legal Office, P.O. Box 8020, Statesboro, GA 30461.

***Investments for Component Units***

Georgia Southern University Foundation holds a Net Investment in direct financing leases with the University in the amount of \$66,036,445 as of June 30, 2006.

***Capital Assets for Component Units***

Georgia Southern University Foundation held the following Capital Assets as of June 30, 2006:

	<u>June 30, 2006</u>
Capital Assets not being Depreciated:	
Construction in Progress	<u>\$27,043,744.00</u>
Total Capital Assets not being Depreciated	27,043,744.00
Total Capital Assets being Depreciated, Net	<u>0.00</u>
Capital Assets, Net	<u><u>\$27,043,744.00</u></u>

***Long-Term Liabilities for Component Units***

Student Housing Bonds were issued by the Georgia Southern University Housing Foundation to finance student housing and recreation facilities on university property funded by the proceeds of the Bond Issuance. The Foundation has note payables with banks and grants a pledge and assignment of and grants a lien upon and security interest in, the loan agreement, the deed, and the development agreement as security for the bonds. The interest rates on the Bonds vary, based on the Bond and the Year; from 2.75% to 5.25%.

Changes in long-term liabilities for the Housing Foundation for the fiscal year ended June 30, 2006 are shown below:

	Beginning Balance July 1, 2005	Additions	Reductions	Ending Balance June 30, 2006	Amounts due within One Year
Bond Issuance Costs, net	\$1,153,489.00	\$0.00	\$113,489.00	\$1,040,000.00	\$0.00
Revenue/Mortgage Bonds Payable	114,225,000.00	0.00	985,000.00	113,240,000.00	1,785,000.00
<b>Total Long Term Debt</b>	<b>\$115,378,489.00</b>	<b>\$0.00</b>	<b>\$1,098,489.00</b>	<b>\$114,280,000.00</b>	<b>\$1,785,000.00</b>

Annual debt service requirements to maturity for Student Housing revenue bonds payable are as follows:

Year ending June 30:		Bonds Payable		
		Principal	Interest	Total
2007	1	\$1,785,000.00	\$3,341,880.00	\$5,126,880.00
2008	2	2,685,000.00	5,168,219.00	7,853,219.00
2009	3	2,840,000.00	5,071,254.00	7,911,254.00
2010	4	3,000,000.00	5,740,273.00	8,740,273.00
2011	5	3,170,000.00	6,384,510.00	9,554,510.00
2012 through 2016	6-10	17,745,000.00	24,299,791.00	42,044,791.00
2017 through 2021	11-15	21,835,000.00	17,783,953.00	39,618,953.00
2022 through 2026	16-20	27,710,000.00	11,667,325.00	39,377,325.00
2027 through 2031	21-25	32,470,000.00	3,965,955.00	36,435,955.00
		<b>\$113,240,000.00</b>	<b>\$83,423,160.00</b>	<b>\$183,683,061.00</b>

### **Georgia Southern University Research and Service Foundation, Inc.**

Georgia Southern University Research & Service Foundation, Inc. (the Research Foundation) is a legally separate, tax-exempt component unit of Georgia Southern University (University). The Research Foundation serves to enhance the research mission of the University by securing sponsored research funding and by providing funding of special research initiatives. All University intellectual property developed through these research programs are managed by the Research Foundation. The seven member board of the Foundation consists of designated University personnel, appointees of several University constituent groups, and individuals selected by the Research Foundation itself. Although the University does not control the timing or amount of receipts from the Research Foundation, all sponsored research awards are subcontracted to the University and other resources and related income are restricted to benefit the research mission of the University. Consequently, the Research Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB

presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30.

During fiscal year 2006, the Research Foundation transferred \$4,524,543 in sponsored research to the University. Complete financial statements for the Research Foundation can be obtained from Georgia Southern University Provost Office, P.O. Box 8022, Statesboro, GA 30461.

### **Valdosta State University**

**Valdosta State University Foundation-** Consolidated (Foundation) is a legally separate, tax-exempt component unit of Valdosta State University (University). The Foundation is also the sole member of VSU Foundation Real Estate I, LLC, and VSU Foundation Real Estate II, LLC. The Foundation and any subsidiaries under its control act primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The twenty-six member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation, consolidated with any subsidiaries, is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The Foundation's fiscal year is January 1 through December 31, which is different than that of the University.

Property and Equipment and Construction in Progress and the associated long-term debt are included in the consolidated financial statements of the Foundation; the corresponding capital assets and associated long-term debt are included in the University's report.

During the year ended December 31, 2005, the Foundation distributed \$1,661,958 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Offices at 102 Georgia Avenue, Valdosta, GA 31698 or from the Foundation's website at <http://www.valdosta.edu/foundation/>.

### ***Investments for Component Units:***

Valdosta State University Foundation (consolidated) holds endowment investments in the amount of \$17,815,329. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. Valdosta State University Foundation, in conjunction with the donors, has established a spending plan whereby 5% of the earnings may be used for academic scholarships. The remaining earnings are set aside as a reserve.



Investments are comprised of the following amounts at December 31, 2005:

	<u>Cost</u>	<u>Fair Value</u>
Money Market Accounts	\$499,042.00	\$499,042.00
Life Income agreements	654,632.00	654,632.00
Corporate Bonds	4,216,822.00	4,950,863.00
Equity Securities	2,436,440.00	2,750,539.00
Mutual Funds	1,411,471.00	1,376,015.00
Equity Common Trust Funds	<u>5,085,401.00</u>	<u>7,584,238.00</u>
 Total Investments	 <u><u>\$14,303,808.00</u></u>	 <u><u>\$17,815,329.00</u></u>

***Capital Assets for Component Units:***

Valdosta State University Foundation, Inc. holds the following Capital Assets as of December 31, 2005:

	<u>December 31, 2005</u>
Capital Assets not being Depreciated:	
Land and other Assets	\$3,016,925.00
Construction in Progress	<u>3,925,877.00</u>
Total Capital Assets not being Depreciated	6,942,802.00
Capital Assets being Depreciated:	
Buildings and Improvements	<u>29,039,397.00</u>
Total Capital Assets being Depreciated	29,039,397.00
Less Total Accumulated Depreciation	<u>1,817,000.00</u>
Total Capital Assets being Depreciated, Net	<u>27,222,397.00</u>
Capital Assets, Net	<u><u>\$34,165,199.00</u></u>

***Long-term Liabilities for Component Units:***

Valdosta State University Foundation issued Bonds to finance the acquisition of facilities for Valdosta State University. The bonds mature serially and are collateralized by real estate. The interest rates for the 95 and 98 bonds are 4.8% and 5.0%, respectively. These Bonds are represented as Property and Equipment and a Bond Payable on the Foundation's financial statement. Since the University leases the property from the Foundation, the University has accounted for this transaction as a capital lease and related lease obligation.

The Foundation also incurred a Note payable to a local financial institution to assist with updating University Athletic facilities. The Foundation has reported this transaction as a receivable from the University and as a liability. Since the University retains ownership of the facility, the University has recorded a capital asset and liability.

In June 2004, the Valdosta Housing Authority issued Series 2004 Student Housing Revenue Bonds and loaned the proceeds to VSU Foundation Real Estate I, LLC (a subsidiary). The bonds, serial and term, are secured by pledges of gross receipts from student housing at Valdosta State University. The bonds bear interest at rates ranging from 3.25% to 5.25%. Interest is due semiannually and principal is due annually.

Changes in long-term debt for the Foundation for the fiscal year ended December 31, 2005 are shown below:

	Beginning Balance January 1, 2005	Additions	Reductions	Ending Balance December 31, 2005	Amounts due within One Year
Notes and Loans Payable	\$240,692.00	\$1,059,594.00	\$36,705.00	\$1,263,581.00	\$913,719.00
Revenue/Mortgage Bonds Payable	38,925,739.00		435,221.00	38,490,518.00	395,061.00
<b>Total Long Term Debt</b>	<b>\$39,166,431.00</b>	<b>\$1,059,594.00</b>	<b>\$471,926.00</b>	<b>\$39,754,099.00</b>	<b>\$1,308,780.00</b>

Annual debt service requirements to maturity for Notes and Revenue Bonds Payable are as follows:

		Notes and Bonds Payable		
		Principal	Interest	Total
Year ending December 31:				
2006	1	\$1,308,780.00	\$1,716,230.00	\$3,025,010.00
2007	2	448,857.00	1,716,230.00	2,165,087.00
2008	3	1,240,706.00	1,694,905.00	3,025,010.00
2009	4	1,170,482.00	1,668,455.00	2,165,087.00
2010	5	1,177,775.00	1,640,805.00	2,935,611.00
2011 through 2015	6-10	7,960,838.00	7,545,962.50	15,506,800.50
2016 through 2020	11-15	7,500,000.00	6,085,335.00	13,585,335.00
2021 through 2025	16-20	9,610,000.00	3,964,675.70	13,574,675.70
2026 through 2030	21-25	9,635,000.00	1,247,312.30	10,882,312.30
		40,052,438.00	27,279,910.50	66,864,928.50
Unamortized Bond Premium, net		(298,339.00)		(298,339.00)
		<b>\$39,754,099.00</b>	<b>\$27,279,910.50</b>	<b>\$61,674,831.50</b>

### **Albany State University**

**Albany State University Foundation, Inc.** (Foundation) is a legally separate, tax-exempt component unit of Albany State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The seven-member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for

the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation follows GASB Statement No. 34, Basic Financial Statements – and Managements Discussion and Analysis- for State and Local Governments, GASB Statement 35, Basic Financial Statements – Management's Discussion and Analysis – for Public Colleges and Universities, GASB Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and local Governments: Omnibus – an amendment of GASB Statements No. 21 and No. 34, and GASB Statement No. 38, Certain Financial Statement Note Disclosures. The foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2006, the Foundation distributed \$32,993 to the University for restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at 504 College Drive, Albany, GA 31705.

### ***Deposits and Investments***

#### **Deposits:**

As of June 30, 2006, the carrying amount of the Foundation's bank deposits was \$901,031 and the respective bank balances totaled \$957,432. Of the total bank balance, \$209,999 was insured through the Federal Depository Insurance Corporation (FDIC). The remaining \$747,433 was collateralized with pooled securities held by the financial institutions' trust departments, but not in the Foundation's name.

#### **Investments:**

Investments as of June 30, 2006 are summarized as follows:

	Fair Value	Investment Maturity			More Than 10 Years
		Less Than 1 Year	1-5 Years	6-10 Years	
Investment type					
Certificates of Deposit	\$1,026,439.00	\$0.00	\$1,026,439.00	\$0.00	\$0.00
General Obligation Bonds	1,133,841.00		1,133,841.00		
Money Market Mutual Fund	3,772,146.00	3,772,146.00			
Repurchase Agreements	14,309,627.00	14,309,627.00			
	<u>\$20,242,053.00</u>	<u>\$18,081,773.00</u>	<u>\$2,160,280.00</u>	<u>\$0.00</u>	<u>\$0.00</u>

***Capital Assets for Component Units:***

Albany State University Foundation Inc. had the following Capital Asset activity for the year ended June 30, 2006:

	<b>Beginning Balances 7/1/2005</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance 6/30/2006</b>
Capital Assets, Not Being Depreciated:				
Construction Work-in-Progress	\$46,400.00	\$25,198,104.00	\$0.00	\$25,244,504.00
Total Capital Assets Not Being Depreciated	46,400.00	25,198,104.00	0.00	25,244,504.00
Capital Assets, Being Depreciated:				
Facilities and Other Improvements	7,773,248.00			7,773,248.00
Equipment	24,340.00			24,340.00
Total Assets Being Depreciated	7,797,588.00	0.00	0.00	7,797,588.00
Less: Accumulated Depreciation				
Facilities and Other improvements	97,166.00	194,331.00		291,497.00
Equipment	1,749.00	3,497.00		5,246.00
Total Accumulated Depreciation	98,915.00	197,828.00	0.00	296,743.00
Total Capital Assets, Being Depreciated, Net	7,698,673.00	(197,828.00)	0.00	7,500,845.00
Capital Assets, net	<u>\$7,745,073.00</u>	<u>\$25,000,276.00</u>	<u>\$0.00</u>	<u>\$32,745,349.00</u>

***Long-term Liabilities for Component Units:***

The Foundation had the following activity in long-term liabilities for the year ended June 30, 2006:

	Beginning Balance July 1, 2005	Additions	Reductions	Ending Balance June 30, 2006	Amounts due within One Year
Revenue/Mortgage Bonds Payable	\$0.00	\$34,320,000.00	\$0.00	\$34,320,000.00	\$0.00
Unamortized bond premium	0.00	658,805.00		658,805.00	
Notes and Loans Payable	2,472,283.00		79,305.00	2,392,978.00	83,192.00
Total Long Term Debt	<u>\$2,472,283.00</u>	<u>\$34,978,805.00</u>	<u>\$79,305.00</u>	<u>\$37,371,783.00</u>	<u>\$83,192.00</u>

Student Housing Bonds were issued by the Albany State University Real Estate Foundation, LLC, a single member Limited Liability Company, to finance student housing on University property. On July 1, 2005, the Foundation issued \$33,110,000.00 Albany-Dougherty Inner City Authority Revenue Bonds, Series 2005A, and \$1,210,000.00 Albany-Dougherty Inner City Authority Taxable Revenue Bonds, Series 2005B. The bonds, serial and term, are secured by pledges of gross receipts from student housing at Albany State University.

Annual debt service requirements to maturity for Student Housing revenue bonds payable are as follows:

Year ending June 30:		Bonds Payable		Total
		Principal	Interest	
2007	1	\$0.00	\$1,576,737.00	\$1,576,737.00
2008	2	225,000.00	1,576,737.00	1,801,737.00
2009	3	230,000.00	1,567,175.00	1,797,175.00
2010	4	240,000.00	1,557,400.00	1,797,400.00
2011 through 2015	5-9	2,510,000.00	7,584,488.00	10,094,488.00
2016 through 2020	10-14	4,810,000.00	6,944,663.00	11,754,663.00
2021 through 2025	15-19	7,385,000.00	5,685,975.00	13,070,975.00
2026 through 2030	20-24	9,500,000.00	3,645,625.00	13,145,625.00
2031 through 2034	25-28	9,420,000.00	1,094,575.00	10,514,575.00
		<u>\$34,320,000.00</u>	<u>\$31,233,375.00</u>	<u>\$62,174,901.00</u>

Albany State Foundation entered into an installment loan with SunTrust Bank to finance the construction of the Albany Municipal Coliseum facility at Albany State University. On May 7, 2004, Albany State University Foundation, Inc. entered into a loan agreement with SunTrust Bank for the purpose of completing the Albany Municipal Coliseum construction project. The multi-advance loan is in the amount of \$2,181,889.00. The accrued interest is payable on the 1st day of each August beginning August 1, 2005, at a rate equal to the LIBOR index plus 2.5% per annum. The total principal payment will be due at maturity on August 1, 2007. The outstanding loan balance as of June 30, 2006 is \$2,181,889.00.

Albany State Foundation entered into an installment loan with SunTrust Bank to finance the Albany Municipal Coliseum scoreboard. On October 29, 2003, Albany State University Foundation, Inc. entered into a loan agreement with SunTrust Bank for the purpose of purchasing a scoreboard for the Albany Municipal Coliseum. The term loan is in the amount of \$332,092.00, with 12 interest only payments, at a rate of 4.130% per annum, beginning December 1, 2003. Beginning December 1, 2004, 47 monthly payments in the amount of \$7,526.00 are due with final payment due on November 1, 2008. The outstanding loan balance as of June 30, 2006 is \$211,089.00.

Annual debt service requirements to maturity for Albany Municipal Coliseum installment loan with SunTrust Bank are as follows:

Year Ending June 30:	Year	Notes Payable		Total
		Principal	Interest	
2007	1	\$83,192.00	\$109,318.00	\$192,510.00
2008	2	2,269,843.00	105,816.00	2,375,659.00
2009	3	39,943.00	799.00	40,742.00
		<u>\$2,392,978.00</u>	<u>\$215,933.00</u>	<u>\$2,608,911.00</u>

## Armstrong Atlantic State University

### **Armstrong Atlantic State University Foundation, Inc.**

Armstrong Atlantic State University Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Armstrong Atlantic State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The seven-member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is January 1 through December 31.

During the year ended December 31, 2005, the Foundation distributed \$581,049 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at Armstrong Atlantic State University, 11935 Abercorn Street, Savannah, GA 31419.

### ***Investments for Component Units:***

Armstrong Atlantic State University Foundation holds endowment investments in the amount of \$5 million. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors.

Armstrong Atlantic State University Foundation holds no investments in real property.

Investments are comprised of the following amounts at December 31, 2005:

	<u>Cost</u>	<u>Fair Value</u>
Money Market Accounts	\$76,764.00	\$76,764.00
Government and Agency Securities	1,564,037.00	1,548,089.00
Fixed Income Debt Securities	288,557.00	285,831.00
Equity Securities	2,243,903.00	2,900,336.00
Mutual Funds	218,619.00	218,619.00
	<u>                    </u>	<u>                    </u>
Total Investments	<u>\$4,391,880.00</u>	<u>\$5,029,639.00</u>

### **Armstrong Atlantic State University Educational Properties Foundation, Inc.**

AASU Educational Properties Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Armstrong Atlantic State University (University). The Foundation buys buildings and leases them to the university, manages apartment complexes, and operates student housing. The five-member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the real estate activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is January 1 through December 31.

The Foundation holds real estate assets, the purchase and improvement of which have been financed through bond issuance. The corresponding capital leases and associated long-term debt are included in the University's report. During the year ended December 31, 2005, the Foundation distributed \$815,731 to the University. Complete financial statements for the Foundation can be obtained from the Administrative Office at Armstrong Atlantic State University, 11935 Abercorn Street, Savannah, GA 31419.

#### ***Capital Assets for Component Units:***

The Foundation held the following Capital Assets as of December 31, 2005:

	<u>December 31, 2005</u>
Capital Assets not being Depreciated:	
Land and other Assets	\$475,561.00
Construction in Progress	942,674.00
Total Capital Assets not being Depreciated	<u>1,418,235.00</u>
Capital Assets being Depreciated:	
Buildings and Improvements	21,862,184.00
Land Improvement	5,668,845.00
Machinery and Equipment	2,558,961.00
Total Capital Assets being Depreciated	<u>30,089,990.00</u>
Less Total Accumulated Depreciation	<u>2,835,654.00</u>
Total Capital Assets being Depreciated, Net	<u>27,254,336.00</u>
Capital Assets, Net	<u><u>\$28,672,571.00</u></u>

### ***Long-term Liabilities for Component Units:***

Student Housing Bonds were issued by the AASU Educational Properties Foundation to finance student housing on university property. The bonds, serial and term, are secured by pledges of gross receipts from student housing at Armstrong Atlantic State University. The interest rate is 4.0%.

Resident Instruction Bonds were issued by the AASU Educational Properties Foundation to finance professional, continuing education and recreational facilities at Armstrong Atlantic State University. The bonds, serial and term, are secured by pledges of gross receipts from rents and leases. The interest rate is 3.55%.

Changes in long-term liabilities for the Foundation for the fiscal year ended December 31, 2005 are shown below:

	Beginning Balance January 1, 2005	Additions	Reductions	Ending Balance December 31, 2005	Amounts due within One Year
Revenue/Mortgage Bonds Payable	\$17,250,000.00	\$43,799,420.00	\$17,250,000.00	\$43,799,420.00	\$977,619.00
Total Long Term Debt	<u>\$17,250,000.00</u>	<u>\$43,799,420.00</u>	<u>\$17,250,000.00</u>	<u>\$43,799,420.00</u>	<u>\$977,619.00</u>

### **Debt Service Obligations**

Annual debt service requirements to maturity for Student Housing Bonds (Educational Properties Foundation) revenue bonds payable are as follows:

		Bonds Payable		Total
		Principal	Interest	
Year ending December 31, 2006:		\$650,405.00	\$827,342.00	\$1,477,747.00
2007	1	525,406.00	964,313.00	1,489,719.00
2008	2	540,405.00	947,900.00	1,488,305.00
2009	3	555,406.00	931,000.00	1,486,406.00
2010	4	575,405.00	913,613.00	1,489,018.00
2011	5	595,406.00	891,413.00	1,486,819.00
2012 through 2016	6-10	3,342,028.00	4,098,615.00	7,440,643.00
2017 through 2021	11-15	4,057,027.00	3,387,915.00	7,444,942.00
2022 through 2026	16-20	5,052,028.00	2,383,315.00	7,435,343.00
2027 through 2031	21-25	6,948,119.00	938,502.00	7,886,621.00
		<u>\$22,841,635.00</u>	<u>\$16,283,928.00</u>	<u>\$39,125,563.00</u>



Annual debt service requirements to maturity for Resident Instruction, Professional and Recreational (Educational Properties Foundation) revenue bonds payable are as follows:

		Bonds Payable		Total
		Principal	Interest	
Year ending December 31, 2006:		\$327,214.00	\$906,309.00	\$1,233,523.00
2007	1	432,216.00	893,189.00	1,325,405.00
2008	2	457,216.00	876,314.00	1,333,530.00
2009	3	452,216.00	857,914.00	1,310,130.00
2010	4	467,216.00	843,452.00	1,310,668.00
2011	5	482,216.00	829,389.00	1,311,605.00
2012 through 2016	6-10	2,641,079.00	3,889,080.00	6,530,159.00
2017 through 2021	11-15	3,166,080.00	3,345,255.00	6,511,335.00
2022 through 2026	16-20	3,806,079.00	2,646,607.00	6,452,686.00
2027 through 2031	21-25	4,716,080.00	1,692,188.00	6,408,268.00
2032 through 2036	26-30	4,010,173.00	433,225.00	4,443,398.00
		<u>\$20,957,785.00</u>	<u>\$17,212,922.00</u>	<u>\$38,170,707.00</u>

### **Augusta State University**

#### **Augusta State University Foundation, Inc.**

Augusta State University Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Augusta State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The seven-member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2006, the Foundation distributed \$700,628 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at 2500 Walton Way, Augusta, GA 30904.

### ***Investments for Component Units:***

Investments are comprised of the following amounts at June 30, 2006:

	<u>Cost</u>	<u>Fair Value</u>
Government and Agency Securities	\$2,925,158.00	\$2,884,042.00
Equity Securities	8,660,784.00	9,395,402.00
Mutual Funds	2,772,505.00	2,809,405.00
Real Estate	<u>20,000.00</u>	<u>20,000.00</u>
 Total Investments	 <u><u>\$14,378,447.00</u></u>	 <u><u>\$15,108,849.00</u></u>

The Foundation also holds net investments in direct financing leases with the University of \$32,544,633 as of June 30, 2006.

### ***Long-term Liabilities for Component Units:***

On April 23, 2003, the Foundation entered into a construction loan in the amount of \$1,250,000 and increased the loan to \$1,600,000 on November 10, 2003. The loan had principal outstanding in the amount of \$1,544,695 at June 30, 2006. The loan was for real estate improvements at the Forest Hills Golf Club for the benefit of the Augusta State University Athletic Association, a related party. This note carries a variable interest rate of LIBOR plus 1.20% (6.6803% at June 30, 2006). Interest payments are due monthly. In August 2006, the loan will convert to a term loan with quarterly payments of principal and interest. This loan will mature May 24, 2011. The loan is secured by the Foundation's investment account with Georgia Bank & Trust.

ASU Jaguar Student Housing I, LLC had the following revenue bonds payable at June 30, 2006:

\$19,515,000 ASU Jaguar Student Housing I, LLC, Revenue Bonds, Series 2004, dated August 1, 2004, due in annual installments of \$85,000 to \$1,445,000, through February 1, 2035, interest at 4.375% to 5.375%. The bonds were issued to finance property and equipment known as University Village on behalf of the University.

ASU Jaguar Student Center, LLC had the following revenue bonds payable at June 30, 2006:

\$11,145,000 ASU Jaguar Student Center, LLC, Educational Facilities Revenue Bonds, Series 2005, dated February 1, 2005, due in annual installments of \$170,000 to \$705,000, through July 1, 2034, interest at 3.25% to 5%. The bonds were issued to finance property and equipment known as the Student Center on behalf of the University. Original issue premium on the Series 2005 Revenue Bonds was \$192,518.

Changes in long-term liabilities for the Foundation for the fiscal year ended June 30, 2006 are shown below:

	Beginning Balance <u>July 1, 2005</u>	Additions	Reductions	Ending Balance <u>June 30, 2006</u>	Amounts due within One Year
Notes and Loans Payable	\$1,509,195.00	\$0.00	(\$35,500.00)	\$1,544,695.00	\$142,000.00
Series 2004 Bonds Payable	19,515,000.00			19,515,000.00	85,000.00
Series 2005 Bonds Payable	11,145,000.00			11,145,000.00	
Premium on Bonds Payable	<u>192,518.00</u>			<u>192,518.00</u>	
Total Long Term Debt	<u>\$32,361,713.00</u>	<u>\$0.00</u>	<u>(\$35,500.00)</u>	<u>\$32,397,213.00</u>	<u>\$227,000.00</u>

Annual debt service requirements to maturity for the construction loan (Augusta State University Foundation) are as follows:

	Year	Principal	Interest	Total
2007	1	\$142,000	\$82,846	\$224,846
2008	2	142,000	90,650	232,650
2009	3	142,000	81,111	223,111
2010	4	142,000	71,572	213,572
2011	5	<u>976,695</u>	<u>66,680</u>	<u>1,043,375</u>
		<u>\$1,544,695</u>	<u>\$392,859</u>	<u>\$1,937,554</u>

Annual debt service requirements to maturity for Student Housing Revenue Bonds, Series 2004 (ASU Jaguar Student Housing I, LLC) bonds payable are as follows:

	Year	Principal	Interest	Total
2007	1	\$85,000	\$1,011,020	\$1,096,020
2008	2	85,000	1,007,578	1,092,578
2009	3	90,000	1,003,838	1,093,838
2010	4	155,000	999,563	1,154,563
2011	5	195,000	991,813	1,186,813
2012 through 2016	6-10	1,520,000	4,785,538	6,305,538
2017 through 2021	11-15	2,540,000	4,336,913	6,876,913
2022 through 2026	16-20	4,145,000	3,496,706	7,641,706
2027 through 2031	21-25	5,335,000	2,277,450	7,612,450
2032 through 2036	26-30	<u>5,365,000</u>	<u>722,138</u>	<u>6,087,138</u>
		<u>\$19,515,000</u>	<u>\$20,632,557</u>	<u>\$40,147,557</u>

Annual debt service requirements to maturity for Student Housing Revenue Bonds, Series 2005 (ASU Jaguar Student Center, LLC) bonds payable are as follows:

			Year	Principal	Interest	Total
2007			1	\$0	\$503,864	\$503,864
2008			2	170,000	503,864	673,864
2009			3	170,000	497,149	667,149
2010			4	175,000	489,924	664,924
2011			5	200,000	484,236	684,236
2012	through	2016	6-10	1,350,000	2,293,806	3,643,806
2017	through	2021	11-15	1,710,000	1,996,956	3,706,956
2022	through	2026	16-20	2,095,000	1,612,975	3,707,975
2027	through	2031	21-25	2,645,000	1,067,000	3,712,000
2032	through	2036	26-30	2,630,000	336,750	2,966,750
				<u>\$11,145,000</u>	<u>\$9,786,524</u>	<u>\$20,931,524</u>

### **Augusta State University Athletic Association**

Augusta State University Athletic Association (the Athletic Association) is a legally separate, tax-exempt component unit of Augusta State University (University). The Foundation manages all extramural athletic activities and constructs athletic facilities for use by the University and then leases the completed facilities to the institution. The twenty-member board of the Athletic Association is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Athletic Association, the majority of resources or income thereon that the Athletic Association holds and invests is restricted to the athletic activities of the University by the donors. Because these restricted resources held by the Athletic Association can only be used by, or for the benefit of, the University and their management role is significant to the accomplishment of the University's mission, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Athletic Association is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The Athletic Association's fiscal year is July 1 through June 30.

During the year ended June 30, 2006, the Foundation distributed \$12,000 to the University. Complete financial statements for the Association can be obtained from the Administrative Office at 2500 Walton Way, Augusta, Georgia 30904-2200.

### ***Capital Assets for Component Units:***

Augusta State University Athletic Association held the following Capital Assets as of June 30, 2006:

	<u>June 30, 2006</u>
Capital Assets being Depreciated:	
Buildings and Improvements	\$3,416,691.00
Infrastructure	0.00
Machinery and Equipment	981,941.00
Total Capital Assets being Depreciated	<u>4,398,632.00</u>
Less Total Accumulated Depreciation	<u>2,340,010.00</u>
Total Capital Assets being Depreciated, Net	<u>2,058,622.00</u>
Capital Assets, Net	<u><u>\$2,058,622.00</u></u>

### ***Long-term Liabilities for Component Units:***

Augusta State University Athletic Association leases golf course equipment under capital leases that expire in June 2007, October 2007 and April 2010.

The Athletic Association entered into a Note Payable with a third party in September 2005 in the amount of \$35,961 for equipment. The Note matures in September 2009.

In May 2005, the Athletic Association entered into a Note Payable agreement with Augusta State University Foundation, Inc., a related party, to finance golf course improvements. The Note is payable in quarterly installments, with interest accruing at the LIBOR rate plus 1.2%, and matures in May, 2011.

Changes in long-term liabilities for the Athletic Association for the fiscal year ended June 30, 2006 are shown below:

	Beginning Balance July 1, 2005	Additions	Reductions	Ending Balance June 30, 2006	Amounts due within One Year
Capital Lease Obligations	\$27,413.00	\$86,582.00	\$40,181.00	\$73,814.00	\$26,060.00
Notes and Loans Payable	1,544,695.00	35,961.00	5,933.00	1,574,723.00	150,456.00
Total Long Term Debt	<u>\$1,572,108.00</u>	<u>\$122,543.00</u>	<u>\$46,114.00</u>	<u>\$1,648,537.00</u>	<u>\$176,516.00</u>

## Debt Service Obligations

Annual debt service requirements to maturity for Athletic Association's capital leases are as follows:

Year Ending June 30:	Year	<u>Capital Leases</u>
2007	1	\$30,914.00
2008	2	19,825.00
2009	3	17,832.00
2010	4	<u>14,860.00</u>
Total minimum lease payments		83,431.00
Less: Interest		(9,617.00)
Less: Executory costs (if paid)		<u>0.00</u>
Principal Outstanding		<u><u>\$73,814.00</u></u>

Annual debt service requirements to maturity for Athletic Association's notes payable are as follows:

Year Ending June 30:	Year	<u>Notes Payable</u>		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	1	\$150,456.10	\$68,111.70	\$218,567.80
2008	2	151,157.95	61,123.85	212,281.80
2009	3	151,918.08	54,078.96	205,997.04
2010	4	144,496.40	47,191.62	191,688.02
2011	5	<u>976,694.47</u>	<u>40,873.76</u>	<u>1,017,568.23</u>
		<u>\$1,574,723.00</u>	<u>\$271,379.89</u>	<u>\$1,846,102.89</u>

## Clayton State University

### **The Walter & Emilie Spivey Foundation**

The Walter & Emilie Spivey Foundation (Foundation) is a legally separate, tax-exempt component unit of Clayton State University (University). The Foundation provides music scholarships and sponsors programming in Spivey Hall, the University's world class music performance hall. The six-member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the real estate activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The

Foundation's fiscal year is January 1 through December 31. Due to this different fiscal year end, the Foundation's reported payable at December 31, 2005 to the University is not in agreement with the University's reported receivable as of June 30, 2006.

During the year ended December 31, 2005, the Foundation distributed \$354,338 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at Clayton State University, 2000 Clayton State Blvd, Morrow, Georgia, 30260.

***Investments for Component Units:***

The Walter & Emilie Spivey Foundation holds investments in the amount of \$7.4 million as of December 31, 2005. Investments consist of marketable securities, bonds and real property as follows:

	<u>Cost</u>	<u>Fair Value</u>
Money Market Accounts	\$324,527.12	\$324,527.12
Corporate Bonds/Mutual Bond Funds	4,831,407.52	4,974,754.19
Equity Securities	1,639,000.48	1,775,501.83
Real Estate	<u>277,400.16</u>	<u>277,400.16</u>
 Total Investments	 <u><u>\$7,072,335.28</u></u>	 <u><u>\$7,352,183.30</u></u>

***Capital Assets for Component Units:***

The Foundation holds the following Capital Assets as of December 31, 2005:

	<u>December 31, 2005</u>
Capital Assets being Depreciated:	
Machinery and Equipment	<u>\$15,384.46</u>
Total Capital Assets being Depreciated	15,384.46
Less Total Accumulated Depreciation	<u>4,615.00</u>
Total Capital Assets being Depreciated, Net	<u>10,769.46</u>
Capital Assets, Net	<u><u>\$10,769.46</u></u>

**Clayton State University Foundation, Inc.**

Clayton State University Foundation (Foundation) is a legally separate, tax-exempt component unit of Clayton State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The twenty-eight-member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit

of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2006, the Foundation distributed \$228,873 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at Clayton State University Foundation, Inc., Alumni Affairs Office, Harry Downs Continuing Education Building, 2000 Clayton State Blvd, Morrow, Georgia, 30260.

***Investments for Component Units:***

Clayton State University Foundation holds endowment investments in the amount of \$2.2 million. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors.

Clayton State University Foundation also holds investments in real property valued at \$1,981,502.

Investments are comprised of the following amounts at June 30, 2006:

	Cost	Fair Value
	<hr/>	<hr/>
Real Estate	\$1,981,502.00	\$1,981,502.00
Georgia Investment Pools		
BOR Total Return Fund	<hr/> 2,205,425.00	<hr/> 2,197,702.00
Total Investments	<hr/> <hr/> \$4,186,927.00	<hr/> <hr/> \$4,179,204.00

**Columbus State University**

**Columbus State University Foundation, Inc.**

Columbus State University Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Columbus State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The fifty-seven-member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.



The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements.

The board of the Foundation approved a change to its fiscal year to August 1 through July 31. This financial statement represents activity for the year ended July 31, 2005. The amount due to Columbus State University, \$20,996,341, results primarily from funds that are designated for payments on the construction of the RiverPark Campus. It is the intent of the Foundation that the facility be transferred to the University upon completion. The due from amount on the University's Statement of Net Assets does not agree due to the difference in fiscal year ends.

During the year ended July 31, 2005, the Foundation distributed \$32,715,023 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from Columbus State University Foundation, Inc. at 4225 University Avenue, Columbus, Georgia 31907.

***Investments for Component Units:***

Columbus State University Foundation, Inc. holds endowment investments in the amount of \$28,114,178. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. Columbus State University Foundation, Inc., in conjunction with the donors, has established a spending plan of 5% of a trailing three-year average of the endowment's total asset value, with the understanding that this spending rate plus inflation will not normally exceed total return from investments. This trailing three-year average shall be set back six months from the time of current-year calculations for the purpose of spending, with the three year average being that of either calendar or fiscal year periods according to the requirements of the budgetary process.

Investments are comprised of the following amounts at July 31, 2005:

	Cost	Fair Value
	<hr/>	<hr/>
Certificates of Deposit	\$326,254.00	\$326,254.00
Government and Agency Securities	7,103,936.00	7,076,839.00
Corporate Bonds	3,239,396.00	2,931,282.00
Equity Securities	9,460,146.00	10,589,281.00
Mutual Funds	1,252,910.00	1,260,300.00
Board of Regents Pooled Funds	5,304,792.00	5,930,222.00
	<hr/>	<hr/>
Total Investments	<u>\$26,687,434.00</u>	<u>\$28,114,178.00</u>

**Foundation Properties, Inc.**

Foundation Properties, Inc. is a legally separate, tax-exempt component unit of Columbus State University (University). Foundation Properties, Inc. constructs auxiliary buildings and facilities for use by the University and then leases the completed buildings to the Board of Regents of the University System of Georgia. The eleven-member board of Foundation Properties, Inc. is self-

perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from Foundation Properties, Inc., the majority of resources or income thereon that Foundation Properties, Inc. holds and invests is restricted to the real estate activities of the University by the donors. Because these restricted resources held by Foundation Properties, Inc. can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

Foundation Properties, Inc. is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements.

The board of Foundation Properties, Inc. approved a change to its fiscal year to August 1 through July 31. This financial statement represents activity for the year ended July 31, 2005. The amount due to Columbus State University, \$9,331,689, results primarily from funds that have been transferred from the Foundation which are designated for payments on the construction of the RiverPark Campus. It is the intent of Foundation Properties that the facility be transferred to the University upon completion. There is no corresponding due from amount on the University's Statement of Net Assets due to the difference in fiscal year ends.

During the year ended July 31, 2005, Foundation Properties, Inc. distributed \$2,876,963 to the University. Complete financial statements for Foundation Properties, Inc. can be obtained from Foundation Properties, Inc. at 4225 University Avenue, Columbus, Georgia 31907.

***Investments in Component Units:***

Foundation Properties, Inc. holds investments as of July 31, 2005 in the amount of \$6,149,745. Investments consist of marketable securities and bonds as follows:

	<u>Cost</u>	<u>Fair Value</u>
Government and Agency Securities	\$704,922.00	\$696,396.00
Corporate Bonds	1,735,149.00	1,761,318.00
Equity Securities	<u>3,191,975.00</u>	<u>3,692,031.00</u>
Total Investments	<u><u>\$5,632,046.00</u></u>	<u><u>\$6,149,745.00</u></u>

***Capital Assets for Component Units:***

Foundation Properties, Inc. held the following Capital Assets as of July 31, 2005:

	<u>July 31, 2005</u>
Capital Assets not being Depreciated:	
Land and other Assets	\$10,915,291.00
Construction in Progress	<u>13,154,551.00</u>
Total Capital Assets not being Depreciated	24,069,842.00
Capital Assets being Depreciated:	
Buildings and Improvements	48,916,453.00
Machinery and Equipment	<u>1,616,375.00</u>
Total Capital Assets being Depreciated	50,532,828.00
Less Total Accumulated Depreciation	<u>4,784,689.00</u>
Total Capital Assets being Depreciated, Net	<u>45,748,139.00</u>
Capital Assets, Net	<u><u>\$69,817,981.00</u></u>

***Long-term Liabilities for Component Units:***

Student Housing Bonds are issued by the Foundation Properties, Inc. to finance student housing on university property. The bonds, serial and term, are secured by pledges of gross receipts from student housing at Columbus State University.

Educational Programming Bonds are issued by Foundation Properties, Inc. to finance the purchase of the One Arsenal Property to be incorporated with the future development of the Uptown Campus, as well as the construction of the Cunningham Conference Center.

Changes in long-term liabilities for component units for the fiscal year ended July 31, 2005 are shown below:

	Beginning Balance <u>August 1, 2004</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance <u>July 31, 2005</u>	Amounts due within <u>One Year</u>
Revenue/Mortgage Bonds Payable	<u>\$27,380,000.00</u>	<u>\$15,614,724.00</u>	<u>\$652,024.00</u>	<u>\$42,342,700.00</u>	<u>\$870,450.00</u>
Total Long Term Debt	<u><u>\$27,380,000.00</u></u>	<u><u>\$15,614,724.00</u></u>	<u><u>\$652,024.00</u></u>	<u><u>\$42,342,700.00</u></u>	<u><u>\$870,450.00</u></u>

Annual debt service requirements to maturity for Student Housing and Educational Programming revenue bonds payable are as follows:

Year ending July 31:		Bonds Payable		
		Principal	Interest	Total
2006	1	\$870,450.00	\$1,312,001.00	\$2,182,451.00
2007	2	12,297,250.00	936,043.00	13,233,293.00
2008	3	945,000.00	667,228.00	1,612,228.00
2009	4	14,830,000.00	620,968.00	15,450,968.00
2010	5	3,960,000.00	99,823.00	4,059,823.00
2011-2015	6-10	9,440,000.00	361,678.00	9,801,678.00
		<u>\$42,342,700.00</u>	<u>\$3,997,741.00</u>	<u>\$46,340,441.00</u>

### **Columbus State University Athletic Fund, Inc.**

Columbus State University Athletic Fund, Inc. (Athletic Fund) is a legally separate, tax-exempt component unit of Columbus State University (University). The Athletic Fund supports athletic endeavors of the institution. These endeavors include but are not limited to student services and student financial aid. The thirty-three-member board of the Athletic Fund is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Athletic Fund, the majority of resources or income thereon that the Athletic Fund holds and invests is restricted to the athletic activities of the University by the donors. Because these restricted resources held by the Athletic Fund can only be used by, or for the benefit of, the University and their management role is significant to the accomplishment of the University's mission, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Athletic Fund is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The board of the Athletic Fund approved a change to its fiscal year to August 1 through July 31. This financial statement represents activity for the year ended July 31, 2005.

During the year ended July 31, 2005 the Athletic Fund distributed \$354,139 to the University for both restricted and unrestricted purposes. Complete financial statements for the Athletic Fund can be obtained from Columbus State University Athletic Fund, Inc. at 4225 University Avenue, Columbus, Georgia 31907.

Due to the difference in fiscal year ending dates between Columbus State University and the Athletic Fund, the amount due to Columbus State University, \$18,756, is not reflected as a receivable on the University's Statement of Net Assets. This amount was received by the University before its year end of June 30, 2006.

### ***Investments for Component Units:***

Columbus State University Athletic Fund, Inc. holds endowment investments in the amount of \$1,386,343. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. Columbus State University Athletic Fund, Inc., in conjunction with the donors, has established a spending plan of 5% of a trailing three-year average of the endowment's total asset value, with the understanding that this spending rate plus inflation will not normally exceed total return from investments. This trailing three-year average shall be set back six months from the time of current-year calculations for the purposes of spending, with the three year average being that of either calendar or fiscal year periods according to the requirements of the budgetary process.

Investments are comprised of the following amounts at July 31, 2005:

	<u>Cost</u>	<u>Fair Value</u>
Equity Securities	<u>\$1,000,078.00</u>	<u>\$1,386,343.00</u>
Total Investments	<u><u>\$1,000,078.00</u></u>	<u><u>\$1,386,343.00</u></u>

### ***Capital Assets for Component Units:***

Columbus State University Athletic Fund, Inc. held the following Capital Assets at July 31, 2005:

	<u>July 31, 2005</u>
Capital Assets being Depreciated:	
Machinery and Equipment	<u>\$2,628.00</u>
Total Capital Assets being Depreciated	2,628.00
Less Total Accumulated Depreciation	<u>2,274.00</u>
Total Capital Assets being Depreciated, Net	<u>354.00</u>
Capital Assets, Net	<u><u>\$354.00</u></u>

### **Columbus State University Alumni Association, Inc.**

Columbus State University Alumni Association, Inc. (Association) is a legally separate, tax-exempt component unit of Columbus State University (University). The Association seeks to promote the mission of the University through mutually beneficial relations between the University and its alumni. The twenty-member board of the Association is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Association, the majority of resources or income thereon that the Association holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Association can only be used by or for the benefit of the University and their management role is significant to the accomplishment of the University's mission, the Association is considered a component unit of the University and is discretely presented in the University's financial statements.

The Association is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The board of the Association approved a change to its fiscal year to August 1 through July 31. This financial statement represents activity for the year ended July 31, 2005.

During the year ended July 31, 2005, the Association distributed \$9,500 to the University for both restricted and unrestricted purposes. Complete financial statements for the Association can be obtained from Columbus State University Alumni Association, Inc. at 4225 University Avenue, Columbus, Georgia 31907.

Due to the difference in fiscal year ending dates between Columbus State University and the Association, the amount due to Columbus State University, \$13,795, is not reflected as a receivable on the University's Statement of Net Assets. This amount was received by the University before its year end of June 30, 2006.

***Investments for Component Units:***

Columbus State University Alumni Association, Inc. holds endowment investments in the amount of \$124,420. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. Columbus State University Alumni Association, Inc. in conjunction with the donors, has established a spending plan of 5% of the trailing three-year average of the endowment's total asset value, with the understanding that this spending rate plus inflation will not normally exceed total return from investments. This trailing three-year average shall be set back six months from the time of current-year calculations for the purposes of spending, with the three year average being that of either calendar or fiscal year periods according to the requirements of the budgetary process.

Investments are comprised of the following amounts at July 31, 2005:

	Cost	Fair Value
	<hr/>	<hr/>
Certificates of Deposit	\$78,989.00	\$78,989.00
Equity Mutual Funds	70,087.00	45,431.00
	<hr/>	<hr/>
Total Investments	<u>\$149,076.00</u>	<u>\$124,420.00</u>

### ***Capital Assets for Component Units:***

Columbus State University Alumni Association, Inc. held Capital Assets as of July 31, 2005 as follows:

	<u>July 31, 2005</u>
Capital Assets being Depreciated:	
Buildings and Improvements	\$9,900.00
Machinery and Equipment	400.00
Total Capital Assets being Depreciated	<u>10,300.00</u>
Less Total Accumulated Depreciation	<u>6,496.00</u>
Total Capital Assets being Depreciated, Net	<u>3,804.00</u>
Capital Assets, Net	<u><u>\$3,804.00</u></u>

### **Georgia College and State University**

**Georgia College & State University Foundation, Inc.** (Foundation) and **Georgia College & State University Alumni Association, Inc.** (Alumni Association) are legally separate, tax-exempt component units of Georgia College & State University (University). The Foundation and Alumni Association act primarily as fund-raising organizations to supplement the resources that are available to the University in support of its programs. The boards of the Foundation and Alumni Association are self-perpetuating and consist of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation or Alumni Association, the majority of resources or income thereon that the Foundation and Alumni Association holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation and Alumni Association can only be used by, or for the benefit of, the University, the Foundation and Alumni Association are considered component units of the University and are discretely presented in the University's financial statements.

The Foundation and Alumni Association are private nonprofit organizations that report under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The Foundation's and Alumni Association's fiscal year is July 1 through June 30.

During the year ended June 30, 2006, the Foundation distributed \$297,100 and the Alumni Association distributed \$191,110 to the University for both restricted and unrestricted purposes. Complete financial statements for both the Foundation and Alumni Association can be obtained from the Georgia College & State University Advancement Office at Campus Box 096, Milledgeville, GA 31061.

***Investments for Component Units:***

Georgia College & State University Foundation holds endowment investments in the amount of \$9.6 million and Georgia College & State University Alumni Association holds endowment investments in the amount of \$5.2 million. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. Georgia College & State University Foundation and Alumni Association, in conjunction with the donors, has established a spending plan whereby 4.75% of the earnings may be used for academic scholarships and .25% of the earnings may be used for administrative expenses.

Investments are comprised of the following amounts at June 30, 2006:

**Georgia College & State University Foundation, Inc.**

	<u>Cost</u>	<u>Fair Value</u>
Money Market Accounts	\$1,243,488.00	\$1,243,488.00
Corporate Bonds	3,042,682.00	2,938,003.00
Equity Securities	<u>4,717,644.00</u>	<u>5,455,946.00</u>
 Total Investments	 <u><u>\$9,003,814.00</u></u>	 <u><u>\$9,637,437.00</u></u>

**Georgia College & State University Alumni Association, Inc.:**

	<u>Cost</u>	<u>Fair Value</u>
Money Market Accounts	\$246,724.00	\$246,724.00
Corporate Bonds	1,780,300.00	1,719,704.00
Equity Securities	<u>2,797,493.00</u>	<u>3,241,396.00</u>
 Total Investments	 <u><u>\$4,824,517.00</u></u>	 <u><u>\$5,207,824.00</u></u>



***Capital Assets for Component Units:***

Georgia College & State University Foundation, Inc. holds the following Capital Assets as of June 30, 2006:

	<u>June 30, 2006</u>
Capital Assets not being Depreciated:	
Land and other Assets	\$372,188.00
Construction in Progress	6,364,814.00
Total Capital Assets not being Depreciated	<u>6,737,002.00</u>
Capital Assets being Depreciated:	
Buildings and Improvements	75,646,127.00
Furniture and Equipment	3,599,332.00
Vehicles	121,538.00
Total Capital Assets being Depreciated	<u>79,366,997.00</u>
Less Total Accumulated Depreciation	<u>3,783,577.00</u>
Total Capital Assets being Depreciated, Net	<u>75,583,420.00</u>
Capital Assets, Net	<u><u>\$82,320,422.00</u></u>

Georgia College & State University Alumni Association, Inc. holds the following Capital Assets as of June 30, 2006:

	<u>June 30, 2006</u>
Capital Assets not being Depreciated:	
Land and other Assets	\$24,000.00
Total Capital Assets not being Depreciated	<u>24,000.00</u>
Capital Assets being Depreciated:	
Buildings and Improvements	227,692.00
Machinery and Equipment	110,600.00
Total Capital Assets being Depreciated	<u>338,292.00</u>
Less Total Accumulated Depreciation	<u>270,576.00</u>
Total Capital Assets being Depreciated, Net	<u>67,716.00</u>
Capital Assets, Net	<u><u>\$91,716.00</u></u>

***Long-term Liabilities for Component Units:***

On December 1, 2003, Property II, LLC, a subsidiary of the Foundation, entered into a loan agreement with the Development Authority of the City of Milledgeville and Baldwin County (the Authority) whereby the Authority would issue certain bonds totaling \$7,840,000 and loan the entire proceeds to Property II, LLC. Property II, LLC agreed to use the bond proceeds to construct and equip a student center and a parking lot located on the campus of the University. The principal and interest are payable solely from and secured by a lien upon certain interests in real property and certain assignments of rental income originating from rental agreements between Property II, LLC and the University System of Georgia. The rental agreements are annual arrangements and commence following the issuance of a certificate of occupancy. The

serial bonds have various annual maturities with the final payment scheduled for September 1, 2022. Interest rates on the bonds range from 2.17% to 4.5%.

On July 14, 2004, Property III, LLC, a subsidiary of the Foundation, entered into a loan agreement with the Authority whereby the Authority would issue certain bonds totaling \$89,000,000 and loan the entire proceeds to Property III, LLC. As part of the loan agreement, Property III, LLC agreed to use the bond proceeds to refund and redeem \$55,875,000 in outstanding principal of a previous bond issue, to complete certain uncompleted projects, to perform capital renovations, improvements and acquisitions, to establish a debt service reserve, to establish certain amounts for capitalized interest and to pay the cost of issuance of the bonds. The principal and interest are payable solely from and secured by a lien upon certain leasehold deeds to secure debt and certain pledged revenues and assignments of rents and leases. Completion of various projects will be guaranteed by a letter of credit from a banking institution. The serial bonds have various annual maturities with the final payment due September 1, 2015. Interest rates on the bonds range from 4.5% to 6%.

On December 28, 2005, the Foundation entered into a loan agreement with a financial institution for \$450,000 in order to purchase two houses that were gifted to the University. The Foundation is paying interest on the loan at 8.5% monthly. The principal balance is due September 28, 2006.

Changes in long-term liabilities for component units for the fiscal year ended June 30, 2006 are shown below:

	Beginning Balance <u>July 1, 2005</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance <u>June 30, 2006</u>	Amounts due within <u>One Year</u>
Notes and Loans Payable	\$0.00	\$450,000.00	\$0.00	\$450,000.00	\$450,000.00
Revenue/Mortgage Bonds Payable	96,840,000.00		265,000.00	96,575,000.00	275,000.00
Bond Premium/Discount, net	<u>(536,924.00)</u>		<u>(18,924.00)</u>	<u>(518,000.00)</u>	
Total Long Term Debt	<u>\$96,303,076.00</u>	<u>\$450,000.00</u>	<u>\$246,076.00</u>	<u>\$96,507,000.00</u>	<u>\$725,000.00</u>

## Debt Service Obligations

Annual debt service requirements to maturity for Student Housing and Lease Revenue bonds payable are as follows:

Year Ending June 30: Year	Bonds Payable		
	Principal	Interest	Total
2007 1	\$275,000.00	\$5,264,056.25	\$5,539,056.25
2008 2	915,000.00	5,241,181.25	6,156,181.25
2009 3	1,115,000.00	5,197,431.25	6,312,431.25
2010 4	1,335,000.00	5,142,031.25	6,477,031.25
2011 5	1,575,000.00	5,066,781.25	6,641,781.25
2012 through 2016 6-10	11,735,000.00	23,738,694.25	35,473,694.25
2017 through 2021 11-15	16,050,000.00	20,188,631.75	36,238,631.75
2022 through 2026 16-20	20,880,000.00	15,357,614.50	36,237,614.50
2027 through 2031 21-25	24,340,000.00	9,083,437.00	33,423,437.00
2032 through 2034 26-30	18,355,000.00	1,696,050.00	20,051,050.00
	<u>\$96,575,000.00</u>	<u>\$95,975,908.75</u>	<u>\$192,550,908.75</u>

Annual debt service requirements to maturity for Notes Payable are as follows:

Year Ending June 30: Year	Note Payable		
	Principal	Interest	Total
2007 1	\$450,000.00	\$9,563.00	\$459,563.00
	<u>\$450,000.00</u>	<u>\$9,563.00</u>	<u>\$459,563.00</u>

## Georgia Southwestern State University

### **Georgia Southwestern Foundation, Inc.**

The Georgia Southwestern Foundation, Inc (Foundation) is a legally separate, tax-exempt component unit of Georgia Southwestern State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The thirty six member board of the Foundation is self-perpetuating and consists of graduates and friends of the University, and members of the local community. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB

presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2006, the Foundation distributed \$1,769,356.78 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Georgia Southwestern State University Business Office 800 Georgia Southwestern State University Drive, Americus, GA 31709.

***Investments for Component Units:***

Investments are comprised of the following amounts at June 30, 2006:

	<u>Cost</u>	<u>Fair Value</u>
Money Market Accounts	\$482,611.30	\$482,611.30
Government and Agency Securities	15,302,989.54	15,293,758.99
Corporate Bonds	4,462,327.31	4,197,403.93
Equity Securities	15,278,196.61	16,956,236.97
Whole Life Insurance Policy	90,243.00	90,243.00
	<u>90,243.00</u>	<u>90,243.00</u>
Total Investments	<u>\$35,616,367.76</u>	<u>\$37,020,254.19</u>

***Capital Assets for Component Units:***

Georgia Southwestern Foundation, Inc. holds the following Capital Assets as of June 30, 2006:

	<u>June 30, 2006</u>
Capital Assets not being Depreciated:	
Land and other Assets	\$1,006,964.07
Construction in Progress	10,804,862.88
Total Capital Assets not being Depreciated	<u>11,811,826.95</u>
Capital Assets being Depreciated:	
Buildings and Improvements	662,375.24
Machinery and Equipment	46,578.30
Total Capital Assets being Depreciated	<u>708,953.54</u>
Less Total Accumulated Depreciation	<u>85,599.60</u>
Total Capital Assets being Depreciated, Net	<u>623,353.94</u>
Capital Assets, Net	<u>\$12,435,180.89</u>

***Long-term Liabilities for Component Units:***

The Foundation borrowed \$27,365,000 in November 2005 from the Americus-Sumter Payroll Development Authority ("PDA"). The loan proceeds were obtained by the PDA from the issuance of its Revenue Bonds, Series 2005 and are being used to construct two student housing

buildings and parking facilities for use by the University. Upon completion of construction, the facilities will be leased to the University.

The bonds mature in the year 2037 and have interest rates ranging from 4% to 5.125%.

Long-term liability activity for the year ended June 30, 2006 is as follows:

	Beginning Balance July 1, 2005	Additions	Reductions	Ending Balance June 30, 2006	Amounts due within One Year
Revenue/Mortgage Bonds Payable	\$0.00	\$27,233,913.75	\$0.00	\$27,233,913.75	\$0.00
Total Long Term Debt	\$0.00	\$27,233,913.75	\$0.00	\$27,233,913.75	\$0.00

### Debt Service Obligations

Annual debt service requirements to maturity for Georgia Southwestern Foundation, Inc. revenue bonds payable are as follows:

Year Ending June 30:	Year	Bonds Payable		Total
		Principal	Interest	
2007	1	\$0.00	\$1,284,108.00	\$1,284,108.00
2008	2	250,000.00	1,284,108.00	1,534,108.00
2009	3	65,000.00	1,274,108.00	1,339,108.00
2010	4	105,000.00	1,271,508.00	1,376,508.00
2011	5	145,000.00	1,267,308.00	1,412,308.00
2012 through 2016	6-10	1,450,000.00	6,209,138.00	7,659,138.00
2017 through 2021	11-15	3,000,000.00	5,772,445.00	8,772,445.00
2022 through 2026	16-20	4,735,000.00	4,939,288.00	9,674,288.00
2027 through 2031	21-25	5,980,000.00	3,738,138.00	9,718,138.00
2032 through 2036	26-30	7,605,000.00	2,115,519.00	9,720,519.00
2037 through 2041	31-35	4,030,000.00	186,388.00	4,216,388.00
		\$27,365,000.00	\$29,342,056.00	\$56,707,056.00
Bond Discount, net		(\$131,086.25)		(\$131,086.25)
		\$27,233,913.75	\$29,342,056.00	\$56,575,969.75

### Georgia Southwestern Research and Development Corporation, Inc.

Georgia Southwestern Research and Development Corporation, Inc. (the Research Foundation) is a legally separate, tax-exempt component unit of Georgia Southwestern State University (University). The Research Foundation serves to enhance the research mission of the University by securing sponsored research funding and by providing funding of special research initiatives. The fourteen member board of the Foundation consists of designated University personnel, appointees of several University constituent groups, and individuals selected by the Research Foundation itself. Although the University does not control the timing or amount of receipts from the Research Foundation, all sponsored research awards are subcontracted to the University and other resources and related income are restricted to benefit the research mission of the

University. Consequently, the Research Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is August 1 through July 31.

Complete financial statements for the Research Foundation can be obtained from the Administrative Office at 800 Georgia Southwestern State University Drive, Americus, GA 31709.

***Capital Assets for Component Units:***

Georgia Southwestern Research and Development Corporation, Inc. holds the following Capital Assets as of July 31, 2006:

	<u>July 31, 2006</u>
Capital Assets being Depreciated:	
Machinery and Equipment	\$1,203,600.00
Total Capital Assets being Depreciated	<u>1,203,600.00</u>
Less Total Accumulated Depreciation	<u>902,700.00</u>
Total Capital Assets being Depreciated, Net	<u>300,900.00</u>
Capital Assets, Net	<u><u>\$300,900.00</u></u>

**Kennesaw State University**

**The Kennesaw State University Foundation, Inc.** (Foundation) is a legally separate, tax-exempt component unit of Kennesaw State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The Foundation also constructs buildings and facilities for use by the University and then leases the completed buildings to the institution. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB

presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2006, the Foundation distributed \$4,140,377 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at 1000 Chastain Road, Mailbox 910, Kennesaw, GA 30144 or from the Foundation's website at [www.kennesaw.edu/foundation](http://www.kennesaw.edu/foundation).

***Investments for Component Units:***

Kennesaw State University Foundation holds endowment and other investments in the amount of \$20.8 million. The \$10.6 million corpus of the endowment portion is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. The Foundation, in conjunction with the donors, has established a spending plan whereby 4% of the scholarship balance, in excess of \$400, may be used for academic scholarships. The remaining 96% of the balance is set aside as a reserve.

Investments are comprised of the following amounts at June 30, 2006:

	<u>Cost</u>	<u>Fair Value</u>
Mutual Funds	<u>\$16,647,164.00</u>	<u>\$20,793,027.00</u>
Total Investments	<u><u>\$16,647,164.00</u></u>	<u><u>\$20,793,027.00</u></u>

The Foundation also holds a net investment in direct financing leases with the University of \$45,674,605 at June 30, 2006.

***Capital Assets for Component Units:***

Kennesaw State University Foundation holds the following Capital Assets as of June 30, 2006:

	<u>June 30, 2006</u>
Capital Assets not being Depreciated:	
Land and other Assets	\$8,274,083.00
Construction in Progress	<u>114,424.00</u>
Total Capital Assets not being Depreciated	8,388,507.00
Capital Assets being Depreciated:	
Buildings and Improvements	105,301,702.00
Machinery and Equipment	<u>3,141,980.00</u>
Total Capital Assets being Depreciated	108,443,682.00
Less Total Accumulated Depreciation	<u>10,282,846.00</u>
Total Capital Assets being Depreciated, Net	<u>98,160,836.00</u>
Capital Assets, Net	<u><u>\$106,549,343.00</u></u>

### ***Long-term Debt for Component Units:***

Student Housing Revenue Bonds are issued by the Kennesaw State University Foundation to finance student housing on university property. The bonds mature at term and are secured by pledges of gross receipts from student housing at Kennesaw State University. The interest rate is variable.

Parking Facility Revenue Bonds are issued by the Kennesaw State University Foundation to finance parking facilities on university property. The bonds mature at term and are secured by pledges of gross receipts from parking deck rents at Kennesaw State University. The interest rate is variable.

Teaching and Administrative Revenue Bonds are issued by the Kennesaw State University Foundation to finance the purchase of teaching and administrative facilities. The bonds mature serially and are serviced by a pledge of gross receipts of rents from facilities financed by the bonds. The interest rate is variable.

Lenders have provided three letters of credit to secure the bonds. The obligations of the Foundation to repay the amounts are secured by a deed to secure debt, an assignment of rents and leases, and by a security agreement which encumbers the Foundation's interest in the projects and its revenues.

Changes in long-term liabilities for component units for the fiscal year ended June 30, 2006 are shown below:

	Beginning Balance July 1, 2005	Additions	Reductions	Ending Balance June 30, 2006	Amounts due within One Year
Short term insurance note	\$0.00	\$133,157.00	\$0.00	\$133,157.00	\$133,157.00
Educational Facilities Bonds	13,005,000.00		680,000.00	12,325,000.00	715,000.00
University Facilities Taxable Senior Series - 2004B	8,050,000.00			8,050,000.00	770,000.00
Student Housing Series 2004 A, C, D	102,230,000.00			102,230,000.00	930,000.00
Parking Revenue Bonds	36,380,000.00		860,000.00	35,520,000.00	1,060,000.00
University Facilities Lease Revenue Bonds	8,400,000.00			8,400,000.00	260,000.00
University Facilities Revenue Bonds - 2006A	0.00	12,810,000.00		12,810,000.00	
University Facilities Taxable Revenue Bonds - 2006B	0.00	2,245,000.00		2,245,000.00	
Unamortized Cost of Issuance (reclassified to Other Assets)	(5,542,973.00)		(5,542,973.00)	0.00	
Unamortized bond premium	4,279,421.00	137,170.00	352,487.00	4,064,104.00	
Other Liabilities	0.00	243,896.00		243,896.00	
Total Long Term Debt	<u>\$166,801,448.00</u>	<u>\$15,569,223.00</u>	<u>(\$3,650,486.00)</u>	<u>\$186,021,157.00</u>	<u>\$3,868,157.00</u>



Annual debt service requirements to maturity for Student Housing, Parking and Teaching and Administrative bonds payable and other long-term debt are as follows:

Year Ending June 30:	Year	Notes Payable & Bonds Payable		
		Principal	Interest	Total
2007	1	\$3,868,157.00	\$7,779,646.00	\$11,647,803.00
2008	2	4,230,000.00	7,823,320.00	12,053,320.00
2009	3	4,400,000.00	7,686,590.00	12,086,590.00
2010	4	4,585,000.00	7,537,475.00	12,122,475.00
2011	5	4,800,000.00	7,436,920.00	12,236,920.00
2012 through 2016	6-10	26,695,000.00	34,542,951.00	61,237,951.00
2017 through 2021	11-15	30,400,000.00	28,966,291.00	59,366,291.00
2022 through 2026	16-20	34,105,000.00	21,373,794.00	55,478,794.00
2027 through 2031	21-25	31,725,000.00	12,689,127.00	44,414,127.00
2032 through 2036	26-30	29,130,000.00	5,337,479.00	34,467,479.00
2037 through 2041	31-35	11,839,104.00	163,391.00	12,002,495.00
		<u>\$185,777,261.00</u>	<u>\$141,336,984.00</u>	<u>\$327,114,245.00</u>

### **North Georgia College and State University**

**North Georgia College & State University Foundation, Inc.** (Foundation) is a legally separate, tax-exempt component unit of North Georgia College & State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The twenty-five member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2006, the Foundation distributed \$751,345 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the NGCSU Office of Advancement at 70 Alumni Drive, Dahlonega, GA 30533 or from the Foundation's page on the College's website at [www.ngcsu.edu](http://www.ngcsu.edu).

### ***Investments for Component Units:***

North Georgia College & State University Foundation holds endowment investments in the amount of \$15.86 million. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. North Georgia College & State University Foundation, in conjunction with the donors, has established a spending plan whereby 50% of the earnings may be used for academic scholarships. The remaining 50% of the earnings are set aside as a reserve.

North Georgia College & State University Foundation also holds investments in real property valued at \$1,339,154.

Investments are comprised of the following amounts at June 30, 2006:

	<u>Cost</u>	<u>Fair Value</u>
Cash held by investment organization	\$54,608.00	\$54,608.00
Money Market Accounts	235,185.00	235,185.00
Government and Agency Securities	700,221.00	700,221.00
Equity Securities	4,685.00	4,685.00
Mutual Funds	14,865,332.00	14,865,332.00
Real Estate	<u>1,339,154.00</u>	<u>1,339,154.00</u>
 Total Investments	 <u><u>\$17,199,185.00</u></u>	 <u><u>\$17,199,185.00</u></u>

### ***Capital Assets for Component Units:***

North Georgia College & State University Foundation, Inc. holds the following Capital Assets as of June 30, 2006:

	<u>June 30, 2006</u>
Capital Assets being Depreciated:	
Buildings and Improvements	\$8,319,938.00
Machinery and Equipment	<u>707,631.00</u>
Total Capital Assets being Depreciated	9,027,569.00
 Less Total Accumulated Depreciation	 <u>1,058,151.00</u>
Total Capital Assets being Depreciated, Net	<u>7,969,418.00</u>
 Capital Assets, Net	 <u><u>\$7,969,418.00</u></u>

### ***Long-Term Liabilities for Component Units:***

Student Housing Bonds were issued by the North Georgia College & State University Foundation to finance student housing on university property. The bonds, serial and term, are secured by pledges of gross receipts from student housing at North Georgia College & State University. The effective interest rate, due to an interest rate swap agreement, is 4.25% until June 2007 and 4.28% effective June 2007 through maturity in June 2028. The estimated fair

value of the interest rate swap was a liability of \$52,115 at June 30, 2006 and is reported as an other current liability on the Statement of Net Assets.

Changes in long-term liabilities for the year ended June 30, 2006 are as follows:

	Beginning Balance <u>July 1, 2005</u>	Additions	Reductions	Ending Balance <u>June 30, 2006</u>	Amounts due within <u>One Year</u>
Revenue/Mortgage Bonds Payable	\$10,800,000.00	\$0.00	\$100,000.00	\$10,700,000.00	\$100,000.00
Other Long Term Liabilities	<u>28,584.00</u>		<u>3,644.00</u>	<u>24,940.00</u>	
Total Long Term Liabilities	<u>\$10,828,584.00</u>	<u>\$0.00</u>	<u>\$103,644.00</u>	<u>\$10,724,940.00</u>	<u>\$100,000.00</u>

### **Debt Service Obligations:**

Annual debt service obligations to maturity for the Student Housing Bonds are as follows:

Year ending June 30:		Bonds Payable		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	1	\$100,000.00	\$450,500.00	\$550,500.00
2008	2	100,000.00	446,250.00	546,250.00
2009	3	100,000.00	442,000.00	550,500.00
2010	4	200,000.00	433,500.00	546,250.00
2011	5	200,000.00	425,000.00	542,000.00
2012 through 2016	6-10	1,700,000.00	1,938,000.00	3,638,000.00
2017 through 2021	11-15	2,800,000.00	1,419,500.00	4,219,500.00
2022 through 2026	16-20	3,700,000.00	709,750.00	4,409,750.00
2027 through 2031	21-25	<u>1,800,000.00</u>	<u>38,250.00</u>	<u>1,838,250.00</u>
		<u>\$10,700,000.00</u>	<u>\$6,302,750.00</u>	<u>\$15,744,250.00</u>

### **Southern Polytechnic State University**

**Southern Polytechnic State University Foundation, Inc.** (Foundation) is a legally separate, tax-exempt component unit of Southern Polytechnic State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The forty member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2006, the Foundation distributed \$321,089 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Advancement Office, Southern Polytechnic State University, 1100 South Marietta Pkwy., Marietta, GA, 30060-2896.

**Prior Year Adjustment**

As of July 1, 2005, the Foundation's net assets have been restated to properly record the investment in direct financing leases from Southern Polytechnic State University. The effect of this change in accounting method was to increase net assets at June 30, 2005 by \$1,271,621 for the cumulative effect of the change on net income for prior years. This change was made in recognition of the fact that the buildings revert to the University at the end of the lease agreement.

***Investments for Component Units:***

Southern Polytechnic State University Foundation holds endowment and other investments in the amount of \$3 million. The \$2.7 million corpus of the endowment portion is nonexpendable, but the earnings on the investments may be expended as restricted by the donors. The Foundation, in conjunction with the donors, has established a spending plan whereby 5% of the earnings may be used for academic scholarships. The remaining 95% of the earnings are set aside as a reserve.

Investments are comprised of the following amounts at June 30, 2006:

	<u>Cost</u>	<u>Fair Value</u>
Corporate Bonds	\$857,276.00	\$850,487.00
Equity Securities	1,989,901.00	1,903,774.00
Certificates of Deposit	<u>272,045.00</u>	<u>272,045.00</u>
 Total Investments	 <u><u>\$3,119,222.00</u></u>	 <u><u>\$3,026,306.00</u></u>

***Long-term Liabilities for Component Units:***

During the year ended June 30, 2004, SPSU Student Housing I, LLC, a subsidiary of the Foundation, arranged for the sale of \$35,690,000 Development Authority of the City of Marietta Georgia (the Issuer) Tax-Exempt Adjustment Mode Revenue Bonds (Student Housing Facilities Revenue Bonds) Series 2003 (the Bonds). The proceeds were loaned to SPSU Student Housing I, LLC to finance the development, purchase and construction of dormitory and apartment facilities and to pay certain costs of issuance of the bonds. The Issuer entered into a loan agreement with the SPSU Student Housing I, LLC dated December 1, 2003. The Bonds are secured by all property of the borrower. The Bonds interest ranges from 2.5 to 5.25 percent.

Changes in long-term debt for the year ended June 30, 2006 are as follows:

	Beginning Balance July 1, 2005	Additions	Reductions	Ending Balance June 30, 2006	Amounts due within One Year
Revenue/Mortgage Bonds Payable	\$35,690,000.00	\$0.00	\$850,000.00	\$34,840,000.00	\$810,000.00
Bond Premium, Net	380,666.00		28,339.00	352,327.00	
Total Long Term Debt	<u>\$36,070,666.00</u>	<u>\$0.00</u>	<u>\$878,339.00</u>	<u>\$35,192,327.00</u>	<u>\$810,000.00</u>

### Debt Service Obligations

Annual debt service requirements to maturity for Student Housing Facilities revenue bonds payable are as follows:

Year ending June 30:		Bonds Payable		
		Principal	Interest	Total
2007	1	\$810,000.00	\$1,623,720.00	\$2,433,720.00
2008	2	900,000.00	1,599,420.00	2,499,420.00
2009	3	970,000.00	1,576,020.00	2,433,720.00
2010	4	1,000,000.00	1,546,920.00	2,499,420.00
2011	5	1,030,000.00	1,515,920.00	2,546,020.00
2012 through 2016	6-10	5,740,000.00	6,987,465.00	12,727,465.00
2017 through 2021	11-15	7,240,000.00	5,489,775.00	12,729,775.00
2022 through 2026	16-20	9,305,000.00	3,416,969.00	12,721,969.00
2027 through 2031	21-25	7,845,000.00	936,000.00	8,781,000.00
		<u>\$34,840,000.00</u>	<u>\$24,692,209.00</u>	<u>\$54,439,369.00</u>

### University of West Georgia

#### University of West Georgia Foundation, Inc.

University of West Georgia Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of University of West Georgia (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The Foundation board consists of approximately forty members and is made up of alumni and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue

recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is January 1 through December 31.

During the year ended December 31, 2005, the Foundation distributed \$1,440,543 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Office of Development and Alumni Services at 1901 Maple Street Carrollton Georgia 30118.

***Investments for Component Units:***

University of West Georgia Foundation, Inc. holds endowment investments in the amount of \$13.6 million. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. University of West Georgia Foundation, Inc. in conjunction with the donors, has established a spending plan whereby up to 5% of the adjusted corpus balance at year end may be used for academic scholarships. The remaining amount is retained in each endowment account.

Investments are comprised of the following amounts at December 31, 2005:

	<u>Cost</u>	<u>Fair Value</u>
Cash held by investment organization	\$265,146.00	\$265,146.00
Government and Agency Securities	2,956,400.00	2,931,474.00
Corporate Bonds	515,348.00	499,686.00
Equity Securities	7,929,520.00	9,636,486.00
Managed Futures	<u>200,000.00</u>	<u>272,918.00</u>
 Total Investments	 <u><u>\$11,866,414.00</u></u>	 <u><u>\$13,605,710.00</u></u>

***Capital Assets for Component Units:***

The University of West Georgia Foundation, Inc. holds the following Capital Assets as of December 31, 2005:

	<u>December 31, 2005</u>
Capital Assets not being Depreciated:	
Land and other Assets	<u>\$1,918,366.00</u>
Total Capital Assets not being Depreciated	1,918,366.00
Capital Assets being Depreciated:	
Buildings and Improvements	<u>32,534,437.00</u>
Total Capital Assets being Depreciated	32,534,437.00
Less Total Accumulated Depreciation	<u>698,001.00</u>
Total Capital Assets being Depreciated, Net	<u>31,836,436.00</u>
Capital Assets, Net	<u><u>\$33,754,802.00</u></u>

### *Long-term Liabilities for Component Units:*

Student Housing Bonds were issued by the University of West Georgia Foundation, Inc. to finance student housing on university property. The bonds, serial and term, are secured by pledges of gross receipts from student housing at University of West Georgia.

Series 2004A bonds were issued on October 1, 2004 in the amount of \$19,175,000 to fund the Construction of Phase II. The bonds bear interest rates ranging from 3.0% to 5.0%.

Series 2004B bonds were issued on October 1, 2004 in the amount of \$180,000 to fund the Construction of Phase II. The bonds bear interest at a rate of 3.4%.

Series 2005 bonds were issued on March 1, 2005 in the amount of \$13,860,000 as a result of refunding the Series 2003 bonds. These bonds funded the construction of Phase I, University Suites. The bonds bear interest rates ranging from 3.375% to 5.0%

In October 2004, the Foundation obtained a mortgage collateralized by an apartment complex purchased by the Foundation. The principal amount of the loan is \$5,700,000.

The mortgage note payable is payable in monthly installments of interest computed at the rate of London Interbank Offered Rate (LIBOR) plus 1.2% per annum adjusted monthly as of the first business day of each month. At December 31, 2005 the rate was 5.49%. Principal is due at September 29, 2007.

Long-term liability activity for the Foundation for the year ended December 31, 2005 was as follows:

	Beginning Balance January 1, 2005	Additions	Reductions	Ending Balance December 31, 2005	Amounts due within One Year
Notes and Loans Payable	\$5,700,000.00	\$0.00	\$0.00	\$5,700,000.00	\$0.00
Revenue/Mortgage Bonds Payable	32,560,000.00	13,860,000.00	13,205,000.00	33,215,000.00	360,000.00
Bond Premium	363,667.00	0.00	14,743.00	348,924.00	0.00
Total Long Term Debt	<u>\$38,623,667.00</u>	<u>\$13,860,000.00</u>	<u>\$13,219,743.00</u>	<u>\$39,263,924.00</u>	<u>\$360,000.00</u>

## Debt Service Obligations

Annual debt service requirements to maturity for Student Housing (Foundation) revenue bonds payable are as follows:

		<b><u>Series 2004 A and B Bonds</u></b>		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending December 31,2005				
2006	1	\$0.00	\$856,626.00	\$856,626.00
2007	2	455,000.00	856,626.00	1,311,626.00
2008	3	485,000.00	842,256.00	1,327,256.00
2009	4	535,000.00	827,706.00	1,362,706.00
2010	5	600,000.00	806,306.00	1,406,306.00
2011 through 2015	6-10	3,285,000.00	3,710,880.00	6,995,880.00
2016 through 2020	11-15	3,980,000.00	3,017,075.00	6,997,075.00
2021 through 2025	16-20	5,030,000.00	1,968,875.00	6,998,875.00
2026 through 2029	21-25	4,985,000.00	607,658.00	5,592,658.00
		<u>\$19,355,000.00</u>	<u>\$13,494,008.00</u>	<u>\$32,849,008.00</u>

		<b><u>Series 2005 Bonds</u></b>		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending December 31,2005	Year			
2006	1	\$360,000.00	\$574,662.00	\$934,662.00
2007	2	370,000.00	562,063.00	932,063.00
2008	3	385,000.00	549,112.00	934,112.00
2009	4	375,000.00	535,638.00	910,638.00
2010	5	400,000.00	522,512.00	922,512.00
2011 through 2015	6-10	2,290,000.00	2,339,176.00	4,629,176.00
2016 through 2020	11-15	2,845,000.00	1,817,787.00	4,662,787.00
2021 through 2025	16-20	3,480,000.00	1,189,131.00	4,669,131.00
2026 through 2029	21-25	3,355,000.00	374,937.00	3,729,937.00
		<u>\$13,860,000.00</u>	<u>\$8,465,018.00</u>	<u>\$22,325,018.00</u>

Annual debt service requirements to maturity for Mortgage loans for the Foundation are as follows:

		<b><u>Mortgage Note Payable</u></b>		
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending December 31,2005	Year			
2006	1	\$0.00	\$0.00	\$0.00
2007	2	5,700,000.00	0.00	5,700,000.00
		<u>\$5,700,000.00</u>	<u>\$0.00</u>	<u>\$5,700,000.00</u>



### **UWG Real Estate Foundation, Inc.**

UWG Real Estate Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of the University of West Georgia (University). The Foundation constructs research and auxiliary buildings and facilities for use by the University and then leases the completed buildings to the University. The nine-member board of the Foundation is self-perpetuating and consists of four University administrative positions plus five community directors, who are alumni and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to real estate activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements. The Foundation is the sole member of UWG Campus Center, LLC, a Georgia limited liability company, who holds title to all assets and associated conduit debt described herein in connection with the Campus Center construction project.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30.

Construction and equipment valued at \$27 million and the associated long-term debt of \$30.9 million are included in the financial statements of the Foundation. Complete financial statements for the Foundation can be obtained from the Treasurer, Office of Business and Finance 1601 Maple Street, Carrollton, Georgia 30118.

### **Prior Year Adjustment**

A prior year adjustment was necessary to restate the beginning unrestricted net assets for interest not properly accrued or capitalized in fiscal year 2005.

### ***Capital Assets for Component Units:***

UWG Real Estate Foundation, Inc. holds the following Capital Assets as of June 30, 2006:

	<u>June 30, 2006</u>
Capital Assets not being Depreciated:	
Construction in Progress	<u>\$27,066,600.00</u>
Total Capital Assets not being Depreciated	27,066,600.00
Capital Assets, Net	<u><u>\$27,066,600.00</u></u>

### ***Long-term Liabilities for Component Units:***

Resident Instruction Bonds were issued by the UWG Real Estate Foundation, Inc. to finance Student Center facilities at University of West Georgia. The bonds mature serially and are

serviced by a pledge of a portion of student fee and appropriations formerly used for square footage support. The interest rate can fluctuate between 3% and 5.25% over the term of the bonds.

Changes in long-term liabilities for UWG Real Estate Foundation for the fiscal year ended June 30, 2006 are shown below:

	Beginning Balance July 1, 2005	Additions	Reductions	Ending Balance June 30, 2006	Amounts due within One Year
Revenue/Mortgage Bonds Payable	\$30,720,000.00	\$0.00	\$0.00	\$30,720,000.00	\$0.00
Bond Premium, net	217,852.00	0.00	7,476.00	210,376.00	7,476.00
Total Long Term Debt	<u>\$30,937,852.00</u>	<u>\$0.00</u>	<u>\$7,476.00</u>	<u>\$30,930,376.00</u>	<u>\$7,476.00</u>

### Debt Service Obligations

Annual debt service requirements to maturity for Student Housing (Real Estate Foundation) revenue bonds payable are as follows:

Year ending June 30:		Bonds Payable		
		Principal	Interest	Total
2007	1	\$0.00	\$1,427,520.00	\$1,427,520.00
2008	2	360,000.00	1,422,120.00	1,782,120.00
2009	3	390,000.00	1,410,383.00	1,800,383.00
2010	4	425,000.00	1,395,545.00	1,820,545.00
2011	5	465,000.00	1,378,326.00	1,843,326.00
2012 through 2016	6-10	2,950,000.00	6,600,594.00	9,550,594.00
2017 through 2021	11-15	4,265,000.00	5,898,985.00	10,163,985.00
2022 through 2026	16-20	6,235,000.00	4,660,094.00	10,895,094.00
2027 through 2031	21-25	8,355,000.00	2,759,945.00	11,114,945.00
2032 through 2036	26-30	7,275,000.00	695,039.00	7,970,039.00
		<u>\$30,720,000.00</u>	<u>\$27,648,551.00</u>	<u>\$58,368,551.00</u>

### Abraham Baldwin Agricultural College

**Abraham Baldwin Agricultural College Foundation, Inc.** (Foundation) is a legally separate, tax-exempt component unit of Abraham Baldwin Agricultural College (College). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2006, the Foundation distributed \$253,406 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Foundation Office at 2802 Moore Highway - ABAC 13, Tifton, GA. 31793.

***Investments for Component Units:***

Investments are comprised of the following amounts at June 30, 2006:

	<u>Cost</u>	<u>Fair Value</u>
Government and Agency Securities	\$1,573,579.00	\$1,558,573.00
Corporate Bonds	865,818.00	822,439.00
Equity Securities	3,108,629.00	3,271,604.00
Mutual Funds	<u>883,351.00</u>	<u>1,044,154.00</u>
 Total Investments	 <u><u>\$6,431,377.00</u></u>	 <u><u>\$6,696,770.00</u></u>

***Capital Assets for Component Units:***

Abraham Baldwin Agricultural College Foundation, Inc. held the following Capital Assets as of June 30, 2006:

	<u>June 30, 2006</u>
Capital Assets not being Depreciated:	
Land and other Assets	\$2,080,799.00
Construction in Progress	<u>0.00</u>
Total Capital Assets not being Depreciated	2,080,799.00
Capital Assets being Depreciated:	
Buildings and Improvements	26,907,284.00
Machinery and Equipment	<u>1,229,090.00</u>
Total Capital Assets being Depreciated	28,136,374.00
Less Total Accumulated Depreciation	<u>2,161,656.00</u>
Total Capital Assets being Depreciated, Net	<u>25,974,718.00</u>
Capital Assets, Net	<u><u>\$28,055,517.00</u></u>

***Long-term Liabilities for Component Units:***

Student Housing Bonds are issued by the First ABAC, LLC., a wholly-owned subsidiary of the Abraham Baldwin Agricultural College Foundation, to finance student housing on college property. The bonds, serial and term, are secured by pledges of gross receipts from student housing at Abraham Baldwin Agricultural College. The interest rates range from 1.75% to 4.25%.

Changes in long-term liabilities for the Foundation for the fiscal year ended June 30, 2006 are shown below:

	Beginning Balance July 1, 2005	Additions	Reductions	Ending Balance June 30, 2006	Amounts due within One Year
Revenue Bonds Payable					
Real Estate Foundation					
Student Housing	\$30,930,000.00	\$0.00	\$0.00	\$30,930,000.00	\$725,000.00
Bond Premium, net	969,405.00		40,113.00	929,292.00	
Other Long-term liabilities	8,666.00		(1.00)	8,667.00	4,423.00
<b>Total Long Term Debt</b>	<b>\$31,908,071.00</b>	<b>\$0.00</b>	<b>\$40,112.00</b>	<b>\$31,867,959.00</b>	<b>\$729,423.00</b>

Annual debt service requirements to maturity for Student Housing revenue bonds payable are as follows:

		Principal	Bonds Payable Interest	Total
2007	1	\$725,000.00	\$1,289,394.00	\$2,014,394.00
2008	2	785,000.00	1,270,519.00	2,055,519.00
2009	3	870,000.00	1,249,831.00	2,119,831.00
2010	4	900,000.00	1,226,581.00	2,126,581.00
2011	5	925,000.00	1,201,519.00	2,126,519.00
2012 through 2016	6-10	5,105,000.00	5,512,253.00	10,617,253.00
2017 through 2021	11-15	6,115,000.00	4,437,712.00	10,552,712.00
2020 through 2026	16-20	7,790,000.00	2,718,687.00	10,508,687.00
2027 through 2030	21-25	7,715,000.00	680,481.00	8,395,481.00
		<b>\$30,930,000.00</b>	<b>\$19,586,977.00</b>	<b>\$50,516,977.00</b>

**Dalton State College**

**Dalton State College Foundation, Inc.** (Foundation) is a legally separate, tax-exempt component unit of Dalton State College (College). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The forty member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because

these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is April 1 through March 31. Amounts reported due to or due from the College do not agree because of the different fiscal year ends.

During the year ended March 31, 2006, the Foundation distributed \$375,243 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at 650 College Drive, Dalton, GA 30720-3797.

***Investments for Component Units:***

Investments are comprised of the following amounts at March 31, 2006:

	<u>Cost</u>	<u>Fair Value</u>
Cash held by investment organization	\$346,209.40	\$405,457.00
Certificate of Deposit	362,867.00	388,206.00
Corporate Bonds	2,436,566.00	2,537,723.00
Equity Securities	<u>5,795,926.00</u>	<u>6,857,996.00</u>
 Total Investments	 <u><u>\$8,941,568.40</u></u>	 <u><u>\$10,189,382.00</u></u>

***Capital Assets for Component Units:***

Dalton State College Foundation, Inc. held the following Capital Assets as of March 31, 2006:

	<u>March 31, 2006</u>
Capital Assets not being Depreciated:	
Land and other Assets	<u>\$925,000.00</u>
Total Capital Assets not being Depreciated	925,000.00
Capital Assets being Depreciated:	
Buildings and Improvements	2,807,198.00
Machinery and Equipment	<u>5,527.00</u>
Total Capital Assets being Depreciated	2,812,725.00
Less Total Accumulated Depreciation	<u>36,190.00</u>
Total Capital Assets being Depreciated, Net	<u>2,776,535.00</u>
Capital Assets, Net	<u><u>\$3,701,535.00</u></u>

### ***Long-term Liabilities for Component Units:***

On September 30, 2005, the Foundation assumed an outstanding note payable related to the purchase of the Wood Valley Apartment complex. The principal balance of the note at the time of assumption was \$2,475,000 and accrued interest at an annual rate of 5.54%. The note matures on March 11, 2015.

Changes in long-term liabilities for component units for the fiscal year ended March 31, 2006 are shown below:

	Beginning Balance April 1, 2005	Additions	Reductions	Ending Balance March 31, 2006	Amounts due within One Year
Notes and Loans Payable	\$0.00	\$2,475,000.00	\$4,593.00	\$2,470,407.00	\$45,462.00
Total Long Term Debt	\$0.00	\$2,475,000.00	\$4,593.00	\$2,470,407.00	\$45,462.00

### **Debt Service Obligations**

Annual debt service requirements to maturity for Dalton State College Foundation notes payable are as follows:

Year Ending March 31:	Year	Notes Payable		
		Principal	Interest	Total
2007	1	\$45,462.00	\$137,634.00	\$183,096.00
2008	2	47,716.00	135,380.00	183,096.00
2009	3	50,833.00	132,263.00	183,096.00
2010	4	53,763.00	129,333.00	183,096.00
2011	5	56,862.00	126,234.00	183,096.00
2012 through 2016	6-10	2,215,771.00	485,869.00	2,701,640.00
		\$2,470,407.00	\$1,146,713.00	\$3,617,120.00

### **Gainesville State College**

**Gainesville State College Foundation** (Foundation) is a legally separate, tax-exempt component unit of Gainesville State College (College). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The thirty-six member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is January 1 through December 31.

During the year ended December 31, 2005, the Foundation distributed \$403,157 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Foundation Office at P O Box 1358, Gainesville, GA 30503.

***Investments for Component Units:***

Gainesville State College Foundation holds endowment investments in the amount of \$9.1 million. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. Gainesville State College Foundation, in conjunction with the donors, has established a spending plan whereby 3-5% of the total market value at November 30th may be used for academic scholarships. Normally, not more than 2% is spent.

Gainesville State College Foundation

Investments are comprised of the following amounts at December 31, 2005:

	<u>Cost</u>	<u>Fair Value</u>
Money Market Accounts	\$1,293,759.00	\$1,293,759.00
Government and Agency Securities	16,180.00	15,826.00
Equity Securities	1,631,681.00	1,623,633.00
Mutual Funds	<u>6,187,101.00</u>	<u>6,148,627.00</u>
 Total Investments	 <u>\$9,128,721.00</u>	 <u>\$9,081,845.00</u>

***Capital Assets for Component Units:***

Gainesville State College Foundation holds the following Capital Assets as of December 31, 2005:

**Capital Assets Disclosure**

	<u>December 31, 2005</u>
Capital Assets not being Depreciated:	
Land and other Assets	<u>\$8,400.00</u>
Total Capital Assets not being Depreciated	8,400.00
 Capital Assets, Net	 <u>\$8,400.00</u>

## **Gordon College**

**Gordon College Foundation** (Foundation) is a legally separate, tax-exempt component unit of Gordon College (College). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The 38-member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is January 1 through December 31.

Capital Assets valued at \$12.6 million and the associated long-term debt of \$16.1 million are included in the financial statements of the Foundation. The Series 2004 Bond issue will be used to finance the cost of the construction and equipping of a new student housing complex containing approximately 459 beds, including related parking for approximately 597 vehicles and road and pedestrian walkway improvements located on the campus of Gordon College. Interest rates on the Series 2004 bonds range from 3 to 5%.

During the year ended December 31, 2005, the Foundation distributed \$92,172 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at 419 College Drive, Barnesville, GA 30204.

### ***Investments for Component Units:***

Gordon College Foundation

Investments are comprised of the following amounts at December 31, 2005:

	<u>Cost</u>	<u>Fair Value</u>
Equity Securities	\$6,130.00	\$6,130.00
Mutual Funds	2,893,090.00	3,624,961.00
Real Estate	<u>293,659.00</u>	<u>293,659.00</u>
Total Investments	<u>\$3,192,879.00</u>	<u>\$3,924,750.00</u>

### ***Capital Assets for Component Units:***

The following represents Gordon College Foundation's Capital Assets for the Housing complex, which was in progress as of December 31, 2005:



**December 31, 2005**

Capital Assets being Depreciated:	
Buildings and Improvements	\$12,137,201.00
Machinery and Equipment	579,964.00
Total Capital Assets being Depreciated	<u>12,717,165.00</u>
Less Total Accumulated Depreciation	<u>150,594.00</u>
Total Capital Assets being Depreciated, Net	<u>12,566,571.00</u>
Capital Assets, Net	<u><u>\$12,566,571.00</u></u>

***Long-Term Liabilities for Component Units:***

Long-term liability activity for the year ended December 31, 2005 was as follows:

	Beginning Balance January 1, 2005	Additions	Reductions	Ending Balance December 31, 2005	Amounts due within One Year
Notes and Loans Payable	\$0.00	\$362,977.00	\$5,073.00	\$357,904.00	\$304,844.00
Revenue/Mortgage Bonds Payable	0.00	16,135,000.00		16,135,000.00	390,000.00
Total Long Term Debt	<u>\$0.00</u>	<u>\$16,497,977.00</u>	<u>\$5,073.00</u>	<u>\$16,492,904.00</u>	<u>\$694,844.00</u>

**Debt Service Obligations**

Annual debt service requirements to maturity for the Housing complex Series 2004 bonds payable are as follows:

Year ending December 31:	Principal	Bonds Payable Interest	Total
2006	1 \$390,000.00	\$721,465.00	\$1,111,465.00
2007	2 405,000.00	709,700.00	1,114,700.00
2008	3 415,000.00	697,550.00	1,111,465.00
2009	4 430,000.00	685,100.00	1,114,700.00
2010	5 440,000.00	671,125.00	1,112,550.00
2011 through 2015	6-10 2,455,000.00	3,107,950.00	5,562,950.00
2016 through 2020	11-15 3,005,000.00	2,559,625.00	5,564,625.00
2021 through 2025	16-20 3,780,000.00	1,788,750.00	5,568,750.00
2026 through 2030	21-25 4,815,000.00	746,000.00	5,561,000.00
	<u>\$16,135,000.00</u>	<u>\$11,687,265.00</u>	<u>\$27,822,205.00</u>

Final maturity is scheduled for August 1, 2030.

## **Macon State College**

**Macon State College Foundation, Inc.** (Foundation) is a legally separate, tax-exempt component unit of Macon State College (College). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The twenty-four member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2006, the Foundation distributed \$1,524,296 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Development & Alumni Affairs Office at 100 College Station Drive, Macon, GA 31206 or from the Foundation's website at <http://www.maconstate.edu/alumnifriends/>.

### ***Investments for Component Units:***

Macon State College Foundation holds endowment and other investments in the amount of \$6,452,102. The \$6.2 million corpus of the endowment portion is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. Macon State College Foundation, in conjunction with the donors, has established a spending plan whereby 4-6% of the three-year rolling average may be expended. The remaining percentage stays in tact.

Investments are comprised of the following amounts at June 30, 2006:

	<u>Cost</u>	<u>Fair Value</u>
Equity Securities	\$1.00	\$1.00
Georgia Investment Pools		
BOR Diversified Fund	<u>6,366,294.00</u>	<u>6,452,101.00</u>
Total Investments	<u>\$6,366,295.00</u>	<u>\$6,452,102.00</u>

## Middle Georgia College

**Middle Georgia College Foundation, Inc.** (Foundation) is a legally separate, tax-exempt component unit of Middle Georgia College (College). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2006, the Foundation distributed \$29,435 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Fiscal Affairs Office at 1100 Second Street, Cochran, GA 31014.

### *Investments for Component Units:*

Middle Georgia College Foundation holds endowment investments in the amount of \$638,718 as of June 30, 2006, detailed as follows:

	<u>Cost</u>	<u>Fair Value</u>
Money Market Accounts	\$1,568.00	\$1,568.00
Government and Agency Securities	74,948.00	74,105.00
Corporate Bonds	71,436.00	68,593.00
Equity Securities	416,230.00	390,400.00
Mutual Funds	110,034.00	104,052.00
	<u>110,034.00</u>	<u>104,052.00</u>
Total Investments	<u><u>\$674,216.00</u></u>	<u><u>\$638,718.00</u></u>

***Capital Assets for Component Units:***

Middle Georgia College Foundation, Inc. holds Capital Assets as of June 30, 2006 as follows:

	<u>June 30, 2006</u>
Capital Assets not being Depreciated:	
Land and other Assets	\$79,482.00
Construction in Progress	<u>10,202,318.00</u>
Total Capital Assets not being Depreciated	10,281,800.00
Less Total Accumulated Depreciation	<u>0.00</u>
Total Capital Assets being Depreciated, Net	<u>0.00</u>
Capital Assets, Net	<u><u>\$10,281,800.00</u></u>

***Long-term Liabilities for Component Units:***

On November 1, 2005, the Bleckley-Cochran Development Authority (the "Authority") issued certain bonds totaling \$26,850,000. Proceeds of the sale of the bonds will be loaned to MGC Real Estate Foundation, LLC whose sole member is Middle Georgia College Foundation, Inc.

Proceeds will be used to finance student housing on college property. The interest rates are as follows: Series 2005A, 3.5-3.75%; Series 2005A, 5.0%; Series 2005A, 4.125-4.625%; Series 2005B, 5.25%.

Changes in long-term liabilities for the Foundation for the fiscal year ended June 30, 2006 are shown below:

	Beginning Balance July 1, 2005	Additions	Reductions	Ending Balance June 30, 2006	Amounts due within One Year
Revenue/Mortgage Bonds Payable	<u>\$0.00</u>	<u>\$26,850,000.00</u>	<u>\$0.00</u>	<u>\$26,850,000.00</u>	<u>\$0.00</u>
Total Long Term Debt	<u><u>\$0.00</u></u>	<u><u>\$26,850,000.00</u></u>	<u><u>\$0.00</u></u>	<u><u>\$26,850,000.00</u></u>	<u><u>\$0.00</u></u>

## Debt Service Obligations

Annual debt service requirements to maturity for Student Housing (Real Estate Foundation) revenue bonds payable are as follows:

Year ending June 30:		Bonds Payable		Total
		Principal	Interest	
2007	1	\$0.00	\$1,292,460.00	\$1,292,460.00
2008	2	0.00	1,292,460.00	1,292,460.00
2009	3	40,000.00	1,292,460.00	1,332,460.00
2010	4	80,000.00	1,290,360.00	1,370,360.00
2011	5	120,000.00	1,287,560.00	1,407,560.00
2012 through 2016	6-10	1,320,000.00	6,317,902.00	7,637,902.00
2017 through 2021	11-15	2,875,000.00	5,898,444.00	8,773,444.00
2022 through 2026	16-20	5,105,000.00	5,011,595.00	10,116,595.00
2027 through 2031	21-25	7,625,000.00	3,545,219.00	11,170,219.00
2032 through 2036	26-30	9,685,000.00	1,499,745.00	11,184,745.00
		<u>\$26,850,000.00</u>	<u>\$28,728,205.00</u>	<u>\$55,578,205.00</u>

## Bainbridge College

**Bainbridge College Foundation** (Foundation) is a legally separate, tax-exempt component unit of Bainbridge College (College). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The thirteen-member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2006, the Foundation distributed \$1,722.10 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Office of the President, PO Box 990, Bainbridge, GA 39818-0990.

### ***Investments for Component Units:***

Bainbridge College Foundation holds endowment investments in the amount of \$78,813.56. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. Bainbridge College Foundation, in conjunction with the donors, has established a spending plan whereby 100% of the earnings may be used for academic scholarships.

Investments are comprised of the following amounts at June 30, 2006:

	<u>Cost</u>	<u>Fair Value</u>
Certificates of Deposit	<u>\$78,813.56</u>	<u>\$78,813.56</u>
Total Investments	<u><u>\$78,813.56</u></u>	<u><u>\$78,813.56</u></u>

### **Coastal Georgia Community College**

**Coastal Georgia Community College Foundation, Inc.** (Foundation) is a legally separate, tax-exempt component unit of Coastal Georgia Community College (College). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The seven-member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is January 1 through December 31. Due to the different fiscal years of the College and Foundation, the due to's and due from's do not agree on the financial statements.

During the year ended December 31, 2005, the Foundation distributed \$577,563 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at 3700 Altama Avenue, Brunswick, GA 31520.

### ***Investments for Component Units:***

Coastal Georgia Community College Foundation, Inc. holds endowment and other investments in the amount of \$7.7 million. The \$4.3 million corpus of the endowment portion is nonexpendable, but the earnings on the investment may be expended as restricted by the donors.

Coastal Georgia Community College Foundation, Inc. investments are comprised of the following amounts at December 31, 2005:

	<u>Cost</u>	<u>Fair Value</u>
Certificates of Deposit	\$1,489,707.02	\$1,467,062.00
Government and Agency Securities	297,253.78	296,594.00
Corporate Bonds	2,756,682.25	2,713,908.00
Equity Securities	2,742.00	2,690.00
Mutual Funds	<u>3,086,667.84</u>	<u>3,182,135.00</u>
 Total Investments	 <u><u>\$7,633,052.89</u></u>	 <u><u>\$7,662,389.00</u></u>

### **Darton College**

**Darton College Foundation** (Foundation) is a legally separate, tax-exempt component unit of Darton College (College). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The fifty-member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the College can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2006, the Foundation distributed \$212,110.00 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Darton College Business Office at 2400 Gillionville Road, Albany, GA 31707.

### ***Investments for Component Units:***

Darton College Foundation

Investments are comprised of the following amounts at June 30, 2006:

	<u>Cost</u>	<u>Fair Value</u>
Cash held by investment organization	\$113,639.00	\$113,639.00
Certificate of Deposit, maturities longer than 3 months	766,961.00	766,961.00
Fixed Income Funds	288,229.00	279,110.00
Equity Securities	<u>151,087.00</u>	<u>183,095.00</u>
Total Investments	<u><u>\$1,319,916.00</u></u>	<u><u>\$1,342,805.00</u></u>

### ***Capital Assets for Component Units:***

	<u>June 30, 2006</u>
Capital Assets not being Depreciated:	
Land and other Assets	<u>\$308,826.00</u>
Total Capital Assets not being Depreciated	308,826.00
Capital Assets being Depreciated:	
Buildings and Improvements	<u>123,324.00</u>
Total Capital Assets being Depreciated	123,324.00
Less Total Accumulated Depreciation	<u>3,444.00</u>
Total Capital Assets being Depreciated, Net	<u>119,880.00</u>
Capital Assets, Net	<u><u>\$428,706.00</u></u>

### **East Georgia College**

East Georgia College Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of East Georgia College (College). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The forty-four member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The Foundation's fiscal year is July 1 through June 30.



During the year ended June 30, 2006, the Foundation distributed \$115,106 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Office of the Vice President of Fiscal Affairs, 131 College Circle, Swainsboro, GA 30401.

***Investments for Component Units:***

East Georgia College Foundation holds investments in the amount of \$704,885.00, and those investments are classified as either temporarily restricted or unrestricted. Typically, the net assets of the restricted funds are not expended and earnings on the investment may be expended as restricted by the donors. Some of the restricted net assets are defined as fully expendable by the donor for the purpose specified by the donor.

Investments are comprised of the following amounts at June 30, 2006:

	<u>Fair Value</u>
Cash held by investment organization	\$4.00
Money Market Accounts	4,852.00
Equity Securities	37,174.00
Georgia Investment Pools	
BOR Diversified Fund	291,097.00
BOR Balanced Income Fund	328,667.00
BOR Total Return Fund	<u>43,091.00</u>
 Total Investments	 <u><u>\$704,885.00</u></u>

***Capital Assets for Component Units:***

East Georgia College Foundation, Inc. held the following Capital Assets at June 30, 2006:

	<u>June 30, 2006</u>
Capital Assets not being Depreciated:	
Land and other Assets	\$153,600.00
Construction in Progress	<u>0.00</u>
Total Capital Assets not being Depreciated	153,600.00
 Total Capital Assets being Depreciated, Net	 <u>0.00</u>
Capital Assets, Net	<u><u>\$153,600.00</u></u>

**Georgia Highlands College**

**Georgia Highlands College Foundation, Inc.** (Foundation) is a legally separate, tax-exempt component unit of Georgia Highlands College (College). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. Although the College does not control the timing or amount of receipts from the

Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

During August, 2005, Floyd College Foundation, Inc. formally changed its name to Georgia Highlands College Foundation, Inc.; therefore the financial statements are presented under the new name.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2006, the Foundation distributed \$114,909 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at 3175 Cedartown Highway S.E. Rome, GA 30162.

***Investments for Component Units:***

Georgia Highlands College Foundation holds investments, including endowment investments, in the amount of \$633,761. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors.

Georgia Highlands College Foundation

Investments are comprised of the following amounts at June 30, 2006:

	Cost	Fair Value
Equity Securities	\$546,269.74	\$596,881.00
Mutual Funds	44,845.00	36,880.00
	<u>591,114.74</u>	<u>633,761.00</u>
Total Investments	<u>\$591,114.74</u>	<u>\$633,761.00</u>

**South Georgia College**

**South Georgia College Foundation, Inc.** (Foundation) is a legally separate, tax-exempt component unit of South Georgia College (College). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The thirty-member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the

College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2006, the Foundation distributed \$195,917.13 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Vice President for Business Affairs at 100 West College Park Drive, Douglas, GA 31533.

***Investments for Component Units:***

South Georgia College Foundation holds endowment investments in the amount of \$2.5 million. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. South Georgia College Foundation, in conjunction with the donors, has established a spending plan whereby 100% of the earnings may be used for academic scholarships.

South Georgia College Foundation also holds investments in real property valued at \$13,500.

**South Georgia College Foundation**

Investments are comprised of the following amounts at June 30, 2006:

	<u>Cost</u>	<u>Fair Value</u>
Cash held by investment organization	\$358.16	\$358.16
Equity Securities	140,720.00	142,531.00
Mutual Funds	16,000.00	15,094.00
Real Estate	13,500.00	13,500.00
Georgia Investment Pools		
BOR Short Term Fund	957.00	332.14
BOR Balanced Income Fund	96,092.00	91,087.22
BOR Total Return Fund	2,520,876.00	2,268,568.26
	<u>\$2,788,503.16</u>	<u>\$2,531,470.78</u>
Total Investments		

## **Waycross College**

**Waycross College Foundation, Inc.** (Foundation) is a legally separate, tax-exempt component unit of Waycross College (College). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The twenty-one member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2006, the Foundation distributed \$60,852.05 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Foundation Office at 2001 South Georgia Parkway, Waycross, Georgia 31503.

### ***Investments for Component Units:***

Waycross College Foundation holds endowment investments in the amount of \$1.25 million. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. Waycross College Foundation, in conjunction with the donors, has established a spending plan whereby dividends and interest earned on the corpus may be used for academic scholarships. The realized gains are set aside as a reserve.

#### Waycross College Foundation

Investments are comprised of the following amounts at June 30, 2006:

	<u>Cost</u>	<u>Fair Value</u>
Georgia Investment Pools		
Short Term Funds	\$29,788.82	\$29,788.82
BOR Total Return Fund	1,382,509.86	1,215,460.56
	<hr/>	<hr/>
Total Investments	<u>\$1,412,298.68</u>	<u>\$1,245,249.38</u>

## Balance Sheet (Non-GAAP Basis)

UNIVERSITY SYSTEM OF GEORGIA  
CONSOLIDATED BALANCE SHEET (NON-GAAP BASIS)  
BUDGET FUND  
June 30, 2006

### ASSETS

Cash and Cash Equivalents	\$ 278,274,455.60
Investments	28,150,306.77
Accounts Receivable	
Federal Financial Assistance	61,494,820.38
Other	125,259,575.41
Prepaid Expenditures	29,546,161.88
Inventories	4,028,115.63
Other Assets	<u>936,146.88</u>
Total Assets	\$ <u>527,689,582.55</u>

### LIABILITIES AND FUND EQUITY

Liabilities	
Contracts Payable	\$ 1,924,509.73
Grants Payable	1,685.93
Accrued Payroll	11,070,771.35
Accounts Payable	160,168,612.96
Deferred Revenue	141,292,189.00
Funds Held for Others	17,516,356.19
Other Liabilities	<u>9,508,722.75</u>
Total Liabilities	\$ <u>341,482,847.91</u>
Fund Balances	
Reserved	
Capital Outlay	\$ 11,926,258.47
Department Sales and Services	8,034,129.17
Indirect Cost Recoveries	38,181,191.11
Technology Fees	7,962,518.94
Restricted/Sponsored Funds	94,557,677.98
Uncollectible Accounts Receivable	9,626,105.07
Inventories	3,024,181.27
Carry-Over "Per State Accounting Office"	4,029,685.85
Early Retirement Program	7,382,845.53
Unreserved	
Surplus	
Regular	1,478,679.98
Tobacco Settlement Funds	<u>3,461.27</u>
Total Fund Balances	\$ <u>186,206,734.64</u>
Total Liabilities and Fund Balances	\$ <u>527,689,582.55</u>

Actual amounts were prepared on a prescribed basis of accounting that demonstrates compliance with budgetary statutes and regulations of the State of Georgia, which is a comprehensive basis of accounting other than generally accepted accounting principles.

## Budget Comparison and Surplus Analysis Report (Non-GAAP Basis)

### UNIVERSITY SYSTEM OF GEORGIA CONSOLIDATED BUDGET COMPARISON AND SURPLUS ANALYSIS REPORT (NON-GAAP BASIS)

#### BUDGET FUND

Year Ended June 30, 2006

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
<b>REVENUES</b>				
State Appropriation				
State General Funds	\$ 1,796,565,144.00	\$ 1,802,771,336.00	\$ 1,802,771,336.00	\$ 0.00
Tobacco Funds	5,750,000.00	16,232,554.00	16,232,554.00	0.00
Federal Funds	1,510,212,952.00	1,633,079,639.00	1,224,371,809.27	(408,707,829.73)
Other Funds	1,153,837,759.00	1,385,735,986.00	1,362,586,638.89	(23,149,347.11)
Total Revenues	\$ 4,466,365,855.00	\$ 4,837,819,515.00	\$ 4,405,962,338.16	\$ (431,857,176.84)
<b>EXPENDITURES</b>				
Center/EDI	\$ 22,346,381.00	\$ 24,044,266.00	\$ 20,549,209.36	\$ 3,495,056.64
Agricultural Experiment Station	70,923,128.00	81,345,007.00	73,553,545.45	7,791,461.55
Athens Tifton Veterinary Laboratories	4,695,512.00	6,695,512.00	5,601,148.23	1,094,363.77
Center for Assistive Technology & Environmental Access	7,685,074.00	5,067,421.00	3,961,959.02	1,105,461.98
Cooperative Extension Service	54,873,885.00	60,453,885.00	57,307,305.83	3,146,579.17
Forestry Cooperative Extension	632,486.00	1,036,486.00	914,860.38	121,625.62
Forestry Research	3,011,535.00	6,196,960.00	5,599,895.68	597,064.32
Georgia Eminent Scholar Endowment Trust Fund	0.00	500,000.00	500,000.00	0.00
Georgia Military College	2,500,092.00	2,896,734.00	2,896,734.00	0.00
Georgia Public Telecommunications	31,178,349.00	31,182,940.00	16,958,649.00	14,224,291.00
Georgia Radiation Therapy Center	3,625,810.00	3,625,810.00	0.00	3,625,810.00
Georgia Tech Research Institute	129,760,053.00	142,454,864.00	141,105,420.48	1,349,443.52
MCG Hospitals and Clinics	31,703,580.00	31,510,080.00	31,510,080.00	0.00
Marine Institute	1,690,798.00	1,729,858.00	1,364,837.05	365,020.95
Marine Resources Extension Center	2,611,550.00	4,293,550.00	3,266,208.92	1,027,341.08
Office of Minority Business	860,499.00	860,499.00	859,814.43	684.57
Payments to Georgia Cancer Coalition	0.00	10,482,554.00	10,479,092.73	3,461.27
Public Libraries	38,257,751.00	40,701,477.00	39,739,713.95	961,763.05
Regents Central Office	7,264,505.00	7,576,837.00	7,557,086.75	19,750.25
Research Consortium	21,287,489.00	22,712,489.00	22,168,020.74	544,468.26
Skidaway Institute of Oceanography	7,190,477.00	7,218,881.00	7,678,229.19	(459,348.19)
Special Funding Initiative	29,821,275.00	30,231,275.00	30,175,631.43	55,643.57
Student Education Enrichment Program	304,035.00	304,035.00	304,034.56	0.44
Teaching	3,983,814,634.00	4,300,771,138.00	3,908,948,254.52	391,822,883.48
Veterinary Medicine Experiment Station	3,148,784.00	3,148,784.00	3,148,784.00	0.00
Veterinary Medicine Teaching Hospital	7,178,173.00	10,778,173.00	10,049,719.85	728,453.15
Total Expenditures	\$ 4,466,365,855.00	\$ 4,837,819,515.00	\$ 4,406,198,235.55	\$ 431,621,279.45
Excess of Funds Available over Expenditures	\$ 0.00	\$ 0.00	\$ (235,897.39)	\$ (863,478,456.29)
<b>FUND BALANCE JULY 1</b>				
Reserved			184,174,022.78	
Unreserved			1,781,031.54	
<b>ADJUSTMENTS</b>				
Prior Year Payables/Expenditures			6,091,535.97	
Prior Year Receivables/Revenues			(1,004,009.20)	
Unreserved Fund Balance (Surplus) Returned to the Office of Treasury and Fiscal Services Year Ended June 30, 2005			(1,781,031.54)	
Mandatory Transfers - Restricted			(327,283.83)	
Non-Mandatory Transfers			(2,493,042.38)	
Other Additions/Deletions			1,408.69	
<b>FUND BALANCE JUNE 30</b>			\$ 186,206,734.64	

*Budget Comparison and Surplus Analysis Report (Non-GAAP Basis), continued*

UNIVERSITY SYSTEM OF GEORGIA

CONSOLIDATED BUDGET COMPARISON AND SURPLUS ANALYSIS REPORT (NON-GAAP BASIS)

BUDGET FUND

Year Ended June 30, 2006

**SUMMARY OF FUND BALANCE**

Reserved	
Capital Outlay	\$ 11,926,258.47
Departmental Sales and Services	8,034,129.17
Indirect Cost Recoveries	38,181,191.11
Technology Fees	7,962,518.94
Restricted/Sponsored Funds	94,557,677.98
Uncollectible Accounts Receivable	9,626,105.07
Inventories	3,024,181.27
Carry-Over "Per State Accounting Office"	4,029,685.85
Early Retirement Program	<u>7,382,845.53</u>
Total Reserved	\$ 184,724,593.39
Unreserved	
Surplus	<u>1,482,141.25</u>
<b>Total Fund Balance</b>	<b>\$ <u>186,206,734.64</u></b>



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