

ABRAHAM BALDWIN AGRICULTURAL COLLEGE

Financial Report

For the Year Ended
June 30, 2007

Abraham Baldwin Agricultural College

Tifton, Georgia

Dr. David C. Bridges
President

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ABRAHAM BALDWIN AGRICULTURAL COLLEGE
ANNUAL FINANCIAL REPORT
FY 2007

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ABRAHAM BALDWIN AGRICULTURAL COLLEGE

Management's Discussion and Analysis

Introduction

Abraham Baldwin Agricultural College is one of the 35 institutions of higher education of the University System of Georgia. The College, located in Tifton, Georgia, was founded in 1908 and has become known for its state-of-the-art technology and technology-related programs. The University offers associate degrees in a wide variety of subjects. This wide range of educational opportunities attracts a highly qualified faculty and a student body of more than 3,500 students. The institution continues to grow as shown by the comparison numbers that follow.

	<u>Faculty</u>	<u>Students (Headcount)</u>	<u>Students (FTE)</u>
FY2007	116	3,574	3,114
FY2006	114	3,423	2,929
FY2005	95	3,362	2,849

Overview of the Financial Statements and Financial Analysis

Abraham Baldwin Agricultural College is proud to present its financial statements for fiscal year 2007. 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 College's financial statements provides an overview of its financial activities for the year. Comparative data is provided for FY 2007 and FY 2006.

Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities, and net assets of the College 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 Abraham Baldwin Agricultural College. 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, 2007</u>	<u>June 30, 2006</u>
Assets:		
Current Assets	\$5,158,429	\$5,288,356
Capital Assets, net	30,108,793	28,964,321
Other Assets	398,884	419,179
Total Assets	<u>35,666,106</u>	<u>34,671,856</u>
Liabilities:		
Current Liabilities	2,302,493	2,643,059
Noncurrent Liabilities	330,228	294,821
Total Liabilities	<u>2,632,721</u>	<u>2,937,880</u>
Net Assets:		
Invested in Capital Assets, net of debt	30,108,793	28,964,321
Restricted - expendable	646,704	609,909
Unrestricted	2,277,888	2,159,746
Total Net Assets	<u><u>\$33,033,385</u></u>	<u><u>\$31,733,976</u></u>

The total assets of the institution increased by \$994,250. A review of the Statement of Net Assets will reveal that the increase was primarily due to an increase of \$1,144,472 in the category of Capital Assets, net.

The total liabilities for the year decreased by (\$305,159). The combination of the increase in total assets of \$994,250 and the decrease in total liabilities of (\$305,159) yields an increase in total net assets of \$1,299,409. The increase in total net assets is primarily in the category of Invested in Capital Assets, net of debt, in the amount of \$1,144,472.

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, 2007</u>	<u>June 30, 2006</u>
Operating Revenues	\$15,175,188	\$13,964,520
Operating Expenses	<u>29,609,948</u>	<u>28,353,312</u>
Operating Loss	(14,434,760)	(14,388,792)
Nonoperating Revenues and Expenses	<u>14,070,492</u>	<u>14,131,985</u>
Income (Loss) Before other revenues, expenses, gains or losses	(364,268)	(256,807)
Other revenues, expenses, gains or losses	<u>1,663,677</u>	<u>4,236,647</u>
Increase in Net Assets	1,299,409	3,979,840
Net Assets at beginning of year, as originally reported	31,733,976	24,758,811
Prior Year Adjustments	<u>0</u>	<u>2,995,325</u>
Net Assets at beginning of year, restated	<u>31,733,976</u>	<u>27,754,136</u>
Net Assets at End of Year	<u><u>\$33,033,385</u></u>	<u><u>\$31,733,976</u></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, 2007 and June 30, 2006

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Operating Revenue		
Tuition and Fees	\$3,890,719	\$3,138,515
Grants and Contracts	6,092,751	6,235,521
Sales and Services	274,689	362,415
Auxiliary	4,702,461	4,115,837
Other	214,568	112,232
Total Operating Revenue	<u>15,175,188</u>	<u>13,964,520</u>
Nonoperating Revenue		
State Appropriations	13,574,045	12,885,970
Gifts	479,515	1,214,926
Investment Income	33,712	37,065
Other	(16,780)	(5,976)
Total Nonoperating Revenue	<u>14,070,492</u>	<u>14,131,985</u>
Capital Gifts and Grants		
State	572,555	4,229,431
Other Capital Gifts and Grants	1,091,122	7,216
Total Capital Gifts and Grants	<u>1,663,677</u>	<u>4,236,647</u>
Total Revenues	<u><u>\$30,909,357</u></u>	<u><u>\$32,333,152</u></u>

Expenses (By Functional Classification)
For the Years Ended June 30, 2007 and June 30, 2006

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Operating Expenses		
Instruction	\$10,225,439	\$9,624,930
Public Service	849,194	956,451
Academic Support	2,558,246	2,379,624
Student Services	2,126,973	2,019,342
Institutional Support	4,094,917	4,320,577
Plant Operations and Maintenance	3,700,418	3,552,768
Scholarships and Fellowships	1,682,551	1,204,297
Auxiliary Enterprises	4,372,210	4,295,285
Unallocated Expenses	0	38
Total Operating Expenses	<u>29,609,948</u>	<u>28,353,312</u>
Nonoperating Expenses		
Interest Expense (Capital Assets)	0	0
Total Expenses	<u><u>\$29,609,948</u></u>	<u><u>\$28,353,312</u></u>

Operating revenues increased by \$1,210,668 in fiscal 2007. Tuition & Fees included an 8% increase and although revenues decreased in Grants and Contracts and Sales and Services categories, Auxiliary revenues increased to offset the decline.

The Auxiliary revenue increase of \$586,624 is a result of a growth in the overall student population and the changing environment of residential life on the College's campus.

Nonoperating revenues decreased by (\$61,493) for the year primarily due to an increase of \$688,075 in State Appropriations along with a decrease in non-capital state gifts.

The compensation and employee benefits category increased by \$722,480 and primarily affected the Instruction and Academic Support categories. The increase reflects the addition of 2 faculty members, merit increases and an increased cost of health insurance for the employees of the institution.

Utilities decreased by (\$131,580) during the past year. The decrease was primarily associated with the improvements in the energy efficiency of the College's facilities affecting the Plant Operations and Maintenance category.

Statement of Cash Flows

The final statement presented by Abraham Baldwin Agricultural College is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the institution 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 institution. 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, 2007 and 2006, Condensed

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Cash Provided (used) By:		
Operating Activities	(\$12,966,755)	(\$13,686,890)
Non-capital Financing Activities	14,052,951	13,927,733
Capital and Related Financing Activities	(1,196,982)	(907,094)
Investing Activities	33,712	37,063
Net Change in Cash	<u>(77,074)</u>	<u>(629,188)</u>
Cash, Beginning of Year	1,787,863	2,417,051
Cash, End of Year	<u><u>\$1,710,789</u></u>	<u><u>\$1,787,863</u></u>

Capital Assets

The University had two significant capital asset additions for facilities in fiscal year 2007. The Health Sciences Building was completed and construction of a \$1 million Athletics Facility began in 2007.

Approximately \$5 million of the Health Science Building project was funded by the Georgia State Financing and Investment Commission (GSFIC). With the balance of the \$6+ million project being funded through the College's foundation. The athletic field project was funded through Auxiliary operation reserves.

For additional information concerning Capital Assets, see Notes 1, 6, 8, and 9 in the notes to the financial statements.

Long Term Debt and Liabilities

Abraham Baldwin Agricultural College had Long-Term Debt and Liabilities of \$761,251 of which \$431,023 was reflected as current liability at June 30, 2007.

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

Component Units

In compliance with GASB Statement No. 39, Abraham Baldwin Agricultural College has included the financial statements and notes for all required component units for FY2007. The Abraham Baldwin Agricultural College Foundation, Inc. had investments of \$7.5 million as of June 30, 2007. The Abraham Baldwin Agricultural College Foundation, Inc. had long-term debt of \$49 million in the form of two bond issues and notes payable. Details are available in Note 1, Summary of Significant Accounting Policies and Note 16, Component Units.

Economic Outlook

The University is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during this fiscal year beyond those unknown variations having a global effect on virtually all types of business operations. The University's overall financial position is strong. Even with a relatively flat funded year, the University was able to generate a modest increase in Net Assets. The University anticipates the current fiscal year will be much like last and will maintain a close watch over resources to maintain the University's ability to react to unknown internal and external issues.

Dr. David C. Bridges, President
Abraham Baldwin Agricultural College

Statement of Net Assets

**ABRAHAM BALDWIN AGRICULTURAL COLLEGE
STATEMENT OF NET ASSETS
June 30, 2007**

	Component Unit	
	Abraham Baldwin Agricultural College	Abraham Baldwin Agricultural College Foundation, Inc.
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$1,710,789	\$2,418,828
Short-term Investments	110,128	
Accounts Receivable, net (note 3)		
Receivables - Federal Financial Assistance	599,207	
Receivables - Other	1,858,350	401,854
Due From Component Units	423,875	
Pledges Receivable		487,042
Due From Primary Government		3,183
Inventories (note 4)	442,383	
Prepaid items	13,697	1,812
Notes and Mortgages Receivable		14,225
Total Current Assets	5,158,429	3,326,944
Noncurrent Assets		
Noncurrent Cash		11,606,509
Investments (including Real Estate)		7,488,636
Notes Receivable, net	398,884	
Pledges Receivable		508,333
Capital Assets, net (note 6)	30,108,793	38,305,273
Other Assets		2,323,437
Total Noncurrent Assets	30,507,677	60,232,188
TO TAL ASSETS	35,666,106	63,559,132
LIABILITIES		
Current Liabilities		
Accounts Payable	874,655	1,566,340
Salaries Payable	286,739	
Contracts Payable	46,025	
Deferred Revenue (note 7)	327,166	190,720
Deposits Held for Other Organizations	333,702	
Due to Primary Government		423,875
Compensated Absences (current portion)	431,023	
Revenue/Mortgage Bonds Payable (current)		785,000
Due to Component Units	3,183	
Notes and Loans Payable (current portion)		128,253
Total Current Liabilities	2,302,493	3,094,188
Noncurrent Liabilities		
Compensated Absences (noncurrent)	330,228	
Revenue/Mortgage Bonds Payable (noncurrent)		47,450,847
Notes and Loans Payable (noncurrent)		656,822
Total Noncurrent Liabilities	330,228	48,107,669
TO TAL LIABILITIES	2,632,721	51,201,857
NET ASSETS		
Invested in Capital Assets, net of related debt	30,108,793	1,058,101
Restricted for		
Nonexpendable		7,199,767
Expendable	646,704	3,570,234
Unrestricted	2,277,888	529,173
TO TAL NET ASSETS	\$33,033,385	\$12,357,275

Statement of Revenues, Expenses and Changes in Net Assets

**ABRAHAM BALDWIN AGRICULTURAL COLLEGE
STATEMENT of REVENUES, EXPENSES, and CHANGES in NET ASSETS
for the Year Ended June 30, 2007**

	Component Unit	
	Abraham Baldwin Agricultural College	Abraham Baldwin Agricultural College Foundation, Inc.
REVENUES		
Operating Revenues		
Student Tuition and Fees (net of allowance for doubtful accounts)	\$6,421,188	\$0
Less: Scholarship Allowances	(2,530,469)	
Gifts and Contributions		1,175,338
Endowment Income (per spending plan)		
Grants and Contracts		
Federal	5,724,808	
State	53,384	
Other	314,559	
Sales and Services	274,689	
Rents and Royalties	29,384	3,601,214
Auxiliary Enterprises		
Residence Halls	263,212	
Bookstore	2,366,066	
Food Services	670,894	
Parking/Transportation	40,020	
Health Services	501,741	
Intercollegiate Athletics	497,725	
Other Organizations	362,803	
Other Operating Revenues	185,184	
Total Operating Revenues	<u>15,175,188</u>	<u>4,776,552</u>
EXPENSES		
Operating Expenses		
Salaries:		
Faculty	5,729,005	
Staff	6,101,564	134,747
Employee Benefits	3,922,374	27,599
Other Personal Services		99,526
Travel	219,498	16,007
Scholarships and Fellowships	2,267,222	
Utilities	783,624	
Supplies and Other Services	9,363,459	2,901,136
Depreciation	1,223,202	1,343,662
Other Operating Expense		4,151
Payments to or on behalf of Abraham Baldwin Agricultural College		326,018
Total Operating Expenses	<u>29,609,948</u>	<u>4,852,846</u>
Operating Income (loss)	<u>(14,434,760)</u>	<u>(76,294)</u>

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

**ABRAHAM BALDWIN AGRICULTURAL COLLEGE
STATEMENT of REVENUES, EXPENSES, and CHANGES in NET ASSETS
for the Year Ended June 30, 2007**

	Component Unit	
	Abraham Baldwin Agricultural College	Abraham Baldwin Agricultural College Foundation, Inc.
NON OPERATING REVENUES (EXPENSES)		
State Appropriations	13,574,045	
Gifts	479,515	
Investment Income (endowments, auxiliary and other)	33,712	1,540,307
Interest Expense (capital assets)		(1,313,929)
Other Nonoperating Revenues	(16,780)	
Net Nonoperating Revenues	14,070,492	226,378
Income before other revenues, expenses, gains, or loss	(364,268)	150,084
Capital Grants and Gifts		
State	572,555	
Other	1,091,122	
Additions to permanent endowments		363,758
Total Other Revenues	1,663,677	363,758
Increase in Net Assets	1,299,409	513,842
NET ASSETS		
Net Assets-beginning of year, as originally reported	31,733,976	11,843,433
Prior Year Adjustments	0	0
Net Assets-beginning of year, restated	31,733,976	11,843,433
Net Assets-End of Year	\$33,033,385	\$12,357,275

Statement of Cash Flows

ABRAHAM BALDWIN AGRICULTURAL COLLEGE STATEMENT OF CASH FLOWS For the Year Ended June 30, 2007

	<u>June 30, 2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and Fees	\$3,832,615
Grants and Contracts (Exchange)	6,762,329
Sales and Services	274,689
Payments to Suppliers	(14,227,436)
Payments to Employees	(11,756,270)
Payments for Scholarships and Fellowships	(2,118,207)
Loans Issued to Students and Employees	20,295
Auxiliary Enterprise Charges:	
Residence Halls	263,212
Bookstore	1,833,451
Food Services	457,237
Parking/Transportation	40,199
Health Services	495,242
Intercollegiate Athletics	494,894
Other Organizations	344,838
Other Receipts (payments)	316,157
Net Cash Provided (used) by Operating Activities	<u>(12,966,755)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Appropriations	13,574,045
Agency Funds Transactions	(609)
Gifts and Grants Received for Other Than Capital Purposes	479,515
Net Cash Flows Provided by Non-capital Financing Activities	<u>14,052,951</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Grants and Gifts Received	436,150
Purchases of Capital Assets	(1,633,132)
Net Cash used by Capital and Related Financing Activities	<u>(1,196,982)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	33,712
Net Cash Provided (used) by Investing Activities	<u>33,712</u>
Net Increase/Decrease in Cash	<u>(77,074)</u>
Cash and Cash Equivalents - Beginning of year	1,787,863
Cash and Cash Equivalents - End of Year	<u><u>\$1,710,789</u></u>

Statement of Cash Flows, Continued

**ABRAHAM BALDWIN AGRICULTURAL COLLEGE
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2007**

June 30, 2007

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

Operating Income (loss)	(\$14,434,760)
Adjustments to Reconcile Net Income (loss) to Net Cash Provided (used) by Operating Activities	
Depreciation	1,223,202
Change in Assets and Liabilities:	
Receivables, net	30,725
Inventories	27,598
Prepaid Items	4,601
Notes Receivable, Net	20,295
Accounts Payable	205,695
Deferred Revenue	(101,962)
Other Liabilities	(610)
Compensated Absences	58,461
Net Cash Provided (used) by Operating Activities	<u>(\$12,966,755)</u>

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

Gift of capital assets reducing proceeds of capital grants and gifts	<u>(\$1,227,527)</u>
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ABRAHAM BALDWIN AGRICULTURAL COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2007

Note 1. Summary of Significant Accounting Policies

Nature of Operations

Abraham Baldwin Agricultural College 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

Abraham Baldwin Agricultural College is one of thirty-five (35) State supported member institutions of higher education in Georgia which comprise the University System of Georgia, an organizational unit of the State of Georgia. The accompanying financial statements reflect the operations of Abraham Baldwin Agricultural College as a separate reporting entity.

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. Abraham Baldwin Agricultural College does not have authority to retain unexpended State appropriations (surplus) for any given fiscal year. Accordingly, Abraham Baldwin Agricultural College is considered an organizational unit of the Board of Regents of the University System of Georgia reporting entity for financial reporting purposes because of the significance of its 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 (and thus Abraham Baldwin Agricultural College) 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 for the institution. These statements (Statement of Net Assets and Statement of Revenues, Expenses and Changes in Net Assets) are reported discretely in the College's report. For FY2007, Abraham Baldwin Agricultural College is reporting the activity for the Abraham Baldwin Agricultural College Foundation, Inc.

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 College 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 College'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) requires 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 College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College'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 intra-College transactions have been eliminated.

The College has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The College 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.

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.

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 College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Inventories

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 College'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/or 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.

For projects managed by GSFIC, the GSFIC retains construction in progress on its books throughout the construction period and transfers the entire project to the College when complete. For projects managed by the College, the College retains construction in progress on its books and is reimbursed by GSFIC. For the year ended June 30, 2007, GSFIC transferred \$136,405 in capital additions to Abraham Baldwin Agricultural College.

Deposits

Deposits represent good faith deposits from students to reserve housing assignments in a College 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 Statements of Revenues, Expenses, and Changes in Net Assets. Abraham Baldwin Agricultural College had accrued liability for compensated absences in the amount of \$702,790 as of 7-1-2006. For FY2007,

\$521,201 was earned in compensated absences and employees were paid \$462,740, for a net increase of \$58,461. The ending balance as of 6-30-2007 in accrued liability for compensated absences was \$761,251.

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 College’s net assets are classified as follows:

Invested in capital assets, net of related debt: This represents the College’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 College 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 College 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, 2007</u>
Federal Loans	\$618,282
Institutional Loans	<u>28,422</u>
Total Restricted Expendable	<u><u>\$646,704</u></u>

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 College, 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 includes the following items which are quasi-restricted by management.

	<u>June 30, 2007</u>
R & R Reserve	\$816,540
Reserve for Encumbrances	1,765,650
Other Unrestricted	<u>(304,302)</u>
Total Unrestricted Net Assets	<u><u>\$2,277,888</u></u>

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

Income Taxes

Abraham Baldwin Agricultural College, 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 College 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.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating 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 College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or nonoperating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded contra revenue for scholarship allowances.

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 College's deposits may not be recovered. Funds belonging to the State of Georgia (and thus the College) 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, 2007, the carrying value of deposits was \$1,813,867 and the bank balance was \$2,586,215. Of the College's deposits, \$2,285,924 were uninsured. Of these uninsured deposits, \$2,285,924 were collateralized with securities held by the financial institution's trust department or agent in the College's name.

B. Investments

Abraham Baldwin Agricultural College had no investments as of June 30, 2007.

Note 3. Accounts Receivable

Accounts receivable consisted of the following at June 30, 2007:

	<u>June 30, 2007</u>
Student Tuition and Fees	\$102,963
Auxiliary Enterprises and Other Operating Activities	38,209
Federal Financial Assistance	599,207
Georgia State Financing and Investment Commission	226,316
Due from Component Units	423,875
Other	1,501,101
	<u>2,891,671</u>
Less Allowance for Doubtful Accounts	10,239
	<u>2,881,432</u>
Net Accounts Receivable	<u>\$2,881,432</u>

Note 4. Inventories

Inventories consisted of the following at June 30, 2007:

	<u>June 30, 2007</u>
Bookstore	\$442,383
Total	<u>\$442,383</u>

Note 5. Notes/Loans Receivable

The Federal Perkins Loan Program (the Program) comprises substantially all of the loans receivable at June 30, 2007. 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 College for amounts cancelled under these provisions. As the College 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 College 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, 2007 the allowance for uncollectible loans was approximately \$6,151.

Note 6. Capital Assets

Following are the changes in capital assets for the year ended June 30, 2007:

	Beginning Balances 7/1/2006	Additions	Reductions	Ending Balance 6/30/2007
Capital Assets, Not Being Depreciated:				
Land	\$67,441	\$0	\$0	\$67,441
Construction Work-in-Progress	5,996,911	1,018,881	5,996,911	1,018,881
Total Capital Assets Not Being Depreciated	6,064,352	1,018,881	5,996,911	1,086,322
Capital Assets, Being Depreciated:				
Building and Building Improvements	32,550,161	7,095,683		39,645,844
Facilities and Other Improvements	607,439			607,439
Equipment	3,462,708	245,205	145,214	3,562,699
Library Collections	2,863,099	31,435	185,136	2,709,398
Capitalized Collections	156,200			156,200
Total Assets Being Depreciated	39,639,607	7,372,323	330,350	46,681,580
Less: Accumulated Depreciation				
Buildings	11,523,218	811,672		12,334,890
Facilities and Other improvements	546,695			546,695
Equipment	2,185,242	326,006	118,595	2,392,653
Library Collections	2,463,214	84,147	185,136	2,362,225
Capitalized Collections	21,269	1,377		22,646
Total Accumulated Depreciation	16,739,638	1,223,202	303,731	17,659,109
Total Capital Assets, Being Depreciated, Net	22,899,969	6,149,121	26,619	29,022,471
Capital Assets, net	\$28,964,321	\$7,168,002	\$6,023,530	\$30,108,793

Note 7. Deferred Revenue

Deferred revenue consisted of the following at June 30, 2007:

	<u>June 30, 2007</u>
Other Deferred Revenue	<u>\$327,166</u>
Totals	<u><u>\$327,166</u></u>

Note 8. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2007 was as follows:

	<u>Beginning Balance July 1, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance June 30, 2007</u>	<u>Current Portion</u>
Other Liabilities					
Compensated Absences	<u>\$702,790</u>	<u>\$521,201</u>	<u>\$462,740</u>	<u>\$761,251</u>	<u>\$431,023</u>
Total Long Term Obligations	<u><u>\$702,790</u></u>	<u><u>\$521,201</u></u>	<u><u>\$462,740</u></u>	<u><u>\$761,251</u></u>	<u><u>\$431,023</u></u>

Note 9. Significant Commitments

The College had no significant unearned, outstanding, construction or renovation contracts executed as of June 30, 2007.

Note 10. Lease Obligations

Abraham Baldwin Agricultural College had no outstanding noncancellable lease obligations as of June 30, 2007, and the College had no expense for rental of real property or equipment under operating leases.

Note 11. Retirement Plans

Teachers Retirement System of Georgia

Plan Description

Abraham Baldwin Agricultural College 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 Abraham Baldwin Agricultural College who are covered by TRS are required by State statute to contribute 5% of their gross earnings to TRS. Abraham Baldwin Agricultural College 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 2007, the employer contribution rate was 9.28% 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>
2007	100%	\$748,785
2006	100%	\$731,016
2005	100%	\$700,908

Employees' Retirement System of Georgia

Plan Description

Abraham Baldwin Agricultural College participates in the Employees' Retirement System of Georgia (ERS), a cost-sharing multiple-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. The College's payroll for the year ended June 30, 2007, for employees covered by ERS was \$45,353. The College's total payroll for all employees was \$11,830,569.

For the year ended June 30, 2007 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 College 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 College also is required to contribute at a specified percentage of active member payroll determined annually by actuarial valuation for both old and new plans. For the year ended June 30, 2007, the ERS employer contribution rate for the College amounted to 10.41% of covered payroll and included the amounts contributed on behalf of the employees under the old plan referred to above. Employer contributions are also made on amounts paid for accumulated leave to retiring employees.

Total contributions to the plan made during fiscal year 2007 amounted to \$5,401, of which \$4,721 was made by the College and \$680 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, 2007 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

Abraham Baldwin Agricultural College 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 2007, the employer contribution was 9.66% for the first six months and 8.13% for the last six months 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.

Abraham Baldwin Agricultural College and the covered employees made the required contributions of \$247,618 (9.66% or 8.13%) and \$136,678 (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

Abraham Baldwin Agricultural College 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 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 2007 amounted to \$18,635 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. Abraham Baldwin Agricultural College 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. 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.

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. Abraham Baldwin Agricultural College, 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 Abraham Baldwin Agricultural College expects such amounts, if any, to be immaterial to its overall financial position.

Litigation, claims and assessments filed against Abraham Baldwin Agricultural College (an organizational unit of the Board of Regents of 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, 2007.

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, 2007, there were 155 employees who had retired or were disabled that were receiving these post-employment health and life insurance benefits. For the year ended June 30, 2007, Abraham Baldwin Agricultural College recognized as incurred \$678,847 of expenditures, which was net of \$212,916 of participant contributions.

Note 15. Natural Classifications with Functional Classifications

The College's operating expenses by functional classification for FY2007 are shown below:

Natural Classification	Functional Classification FY2007				
	Instruction	Public Service	Academic Support	Student Services	Institutional Support
Faculty	\$ 5,725,780	\$ 3,225	\$ 0	\$ 0	\$ 0
Staff	1,195,948	351,909	1,149,469	1,272,497	1,792,778
Benefits	1,853,880	98,887	322,015	341,534	1,216,262
Travel	94,812	6,461	24,172	49,723	33,034
Scholarships and Fellowships	136,705	20,057		26,816	149,015
Utilities	9,192	(2)	2,816	7,015	64,148
Supplies and Others Services	892,061	367,553	865,019	423,146	294,344
Depreciation	317,061	1,104	194,755	6,242	545,336
Total Expenses	\$ 10,225,439	\$ 849,194	\$ 2,558,246	\$ 2,126,973	\$ 4,094,917

Natural Classification	Functional Classification FY2007			
	Plant Operations & Maintenance	Scholarships & Fellowships	Auxiliary Enterprises	Total Expenses
Faculty	\$ 0	\$ 0	\$ 0	\$ 5,729,005
Staff			338,963	6,101,564
Benefits			89,796	3,922,374
Travel			11,296	219,498
Scholarships and Fellowships		1,682,551	252,078	2,267,222
Utilities	685,733		14,722	783,624
Supplies and Others Services	2,958,775		3,562,561	9,363,459
Depreciation	55,910		102,794	1,223,202
Total Expenses	\$ 3,700,418	\$ 1,682,551	\$ 4,372,210	\$ 29,609,948

Note 16. Component Units

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, 2007, the Foundation distributed \$326,018 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, 2007:

	<u>Cost</u>	<u>Fair Value</u>
Government and Agency Securities	\$1,442,502	\$1,433,867
Corporate Bonds	688,805	656,075
Equity Securities	3,867,154	4,091,347
Mutual Funds	<u>1,037,759</u>	<u>1,307,347</u>
Total Investments	<u><u>\$7,036,220</u></u>	<u><u>\$7,488,636</u></u>

Capital Assets for Component Units:

Abraham Baldwin Agricultural College Foundation, Inc. held the following Capital Assets as of June 30, 2007:

	<u>June 30, 2007</u>
Capital Assets not being Depreciated:	
Land and other Assets	\$2,080,799
Total Capital Assets not being Depreciated	<u>2,080,799</u>
Capital Assets being Depreciated:	
Buildings and Improvements	38,483,590
Machinery and Equipment	<u>1,246,202</u>
Total Capital Assets being Depreciated	39,729,792
Less Total Accumulated Depreciation	<u>3,505,318</u>
Total Capital Assets being Depreciated, Net	<u>36,224,474</u>
Capital Assets, Net	<u><u>\$38,305,273</u></u>

Long-term Liabilities for Component Units:

Changes in long-term liabilities for the Foundation for the fiscal year ended June 30, 2007 are shown below:

	Beginning Balance <u>July 1, 2006</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance <u>June 30, 2007</u>	Amounts due within <u>One Year</u>
Notes and Loans Payable	\$0	\$785,075	\$0	\$785,075	\$128,253
Revenue/Mortgage Bonds Payable	31,859,292	17,142,960	766,405	48,235,847	785,000
Other Long Term Liabilities	<u>8,667</u>		<u>8,667</u>	<u>0</u>	
Total Long Term Liabilities	<u><u>\$31,867,959</u></u>	<u><u>\$17,928,035</u></u>	<u><u>\$775,072</u></u>	<u><u>\$49,020,922</u></u>	<u><u>\$913,253</u></u>

Notes and Loans Payable:

On April 20, 2006 the Development Authority of Tift County issued a \$1,000,250 note payable in nine equal and consecutive annual installments of \$100,000 each and a final installment of unpaid principal and accrued interest on November 1, 2015. The interest rate is a variable rate at 65 percent of the Wall Street Journal Prime Rate (the "Index"). This Note is a general obligation of the Foundation and is partially secured by a Joint Resolution of the Tift County Hospital Authority, Abraham Baldwin Agricultural College Foundation, Inc. and the Tift County Development Authority, later ratified and adopted by the Development Authority of Tift County. The principal balance of these notes totaled \$717,046 at June 30, 2007.

The Foundation has a credit line of \$75,000 with South Georgia Banking Company which matures on January 15, 2008 and is renewable at maturity. The interest rate is variable based on

the Wall Street Journal Prime Rate (the "Index"). Interest is payable at maturity. This credit line has an outstanding balance of \$68,029 at June 30, 2007.

Annual debt service requirements to maturity for Notes and Loans payable are as follows:

Year ending June 30:		Notes and Loans Payable		
		Principal	Interest	Total
2008	1	\$128,253	\$42,816	\$171,069
2009	2	63,452	36,548	100,000
2010	3	66,853	33,147	100,000
2011	4	70,437	29,563	100,000
2012	5	74,588	25,412	100,000
2013 through 2017	6-10	381,492	55,311	436,803
Total Notes and Loans Payable		<u>\$785,075</u>	<u>\$222,797</u>	<u>\$1,007,872</u>

Revenue Bonds Payable:

First ABAC, L.L.C. has issued, through the Tift County Development Authority, \$31,615,000 in revenue bonds to finance student housing at the College. The bonds carry an interest rate ranging from 1.75% to 4.25%. The bonds are secured by pledges of gross revenues from the housing project and are covered by a financial guaranty insurance policy issued by AMBAC Assurance Corporation. The principal balance of these bonds at June 30, 2007 totals \$30,205,000. The bonds were issued at a premium of \$1,049,632, which is being amortized over the life of the bonds. The accumulated amortization to date is \$160,453.

Second ABAC, L.L.C. has issued, through the Tift County Development Authority, \$17,075,000 in revenue bonds to finance student housing at the College. The bonds carry an interest rate ranging from 4.0% to 5.0%. The bonds are secured by pledges of gross revenues from the housing project and are covered by a financial guaranty insurance policy issued by CFIG Assurance North America, Inc. The principal balance of these bonds at June 30, 2007 totals \$17,075,000. The bonds were issued at a premium of \$67,960, which is being amortized over the life of the bonds. The accumulated amortization to date is \$1,292.

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

Year ending June 30:		Bonds Payable		Total
		Principal	Interest	
2008	1	\$785,000	\$2,057,781	\$2,842,781
2009	2	925,000	2,035,993	2,960,993
2010	3	980,000	2,010,043	2,990,043
2011	4	990,000	1,982,081	2,972,081
2012	5	1,040,000	1,947,293	2,987,293
2013 through 2017	6-10	6,190,000	9,140,521	15,330,521
2018 through 2022	11-15	8,305,000	7,643,774	15,948,774
2023 through 2027	16-20	11,385,000	5,271,296	16,656,296
2028 through 2032	21-25	10,125,000	2,499,860	12,624,860
2033 through 2037	26-30	5,320,000	1,000,500	6,320,500
2038 through 2042	31-35	1,235,000	30,875	1,265,875
		47,280,000	35,620,017	82,900,017
Bond Premium/(Discount)		955,847		955,847
		<u>\$48,235,847</u>	<u>\$35,620,017</u>	<u>\$83,855,864</u>