

2.11.1 The institution has a sound financial base and demonstrated financial stability to support the mission of the institution and the scope of its programs and services.

The member institution provides the following financial statements: (1) an institutional audit (or *Standard Review Report* issued in accordance with *Statements on Standards for Accounting and Review Services* issued by the AICPA for those institutions audited as part of a system wide or statewide audit) and written institutional management letter for the most recent fiscal year prepared by an independent certified public accountant and/or an appropriate governmental auditing agency employing the appropriate audit (or *Standard Review Report*) guide; (2) a statement of financial position of unrestricted net assets, exclusive of plant assets and plant-related debt, which represents the change in unrestricted net assets attributable to operations for the most recent year; and (3) an annual budget that is preceded by sound planning, is subject to sound fiscal procedures, and is approved by the governing board.

Audit requirements for applicant institutions may be found in the Commission policy "Accreditation Procedures for Applicant Institutions." (**Financial Resources**)

Justification of Compliance

Compliance

Narrative

Albany State University has a sound financial base and demonstrated financial stability. ASU has a history of strong state financial support, varied funding sources, and balanced budgets. The pattern of significant financial improvement over the past few years further indicates that we have a positive financial momentum.

Institutional Audit

In recent years the institution has been audited annually by the [\[1\]](#) Georgia Department of Audits and Accounts. The maintenance of a financial information system that follows Generally Accepted Accounting Principles (GAAP) is required by the Board of Regents. Compliance with GAAP is monitored through the annual audit of our financial statements performed by our auditors. ASU uses the PeopleSoft financial management software as adapted by the [\[2\]](#) GeorgiaFIRST Model maintained by the Board of Regents. Our Financial Information System software provides comparative information for revenue and expenditure reports as mandated by NACUBO/AICPA publications and guidelines. Because of our legal, operational, and financial relationship with the Board of Regents we are considered a component of the University System of Georgia. Therefore, for financial reporting purposes as defined in Government Accounting Standards Board Codification of Government Accounting and Financial Reporting Standards and Audits of Colleges and Universities, published by the American Institute of Certified Public Accountants, we are considered an organizational unit reporting entity.

All of the required documentation of an institutional audit and management letter for the most recent fiscal year is provided. It was prepared by our [\[3\]](#) state auditing agency

under the appropriate audit standards. We have presented three years of audited financial statements through the fiscal year ending June 30, 2006. The audited financial statement for FY2007 has not been completed. The auditors are currently in process of conducting the audit. It should be available prior to finalization of the reaffirmation process. We expect an unqualified opinion on our financial statements. We have included the [4] management letter for the 2006 audit year and a [5] current status report on the 2006 audit.

Schedule of Net Surplus/Deficit

The institution has all of the required documentation of a schedule of net surplus/deficit from operations (Schedule of Net Assets), exclusive of plant assets and plant related debt, which represents the change in unrestricted net assets attributable to operations for the most recent year. Surplus or deficits from operations for the fiscal year are included in the "Statement of Net Assets", "Statement of Revenues, Expenses and Changes in Net Assets" and in the "Statement of Cash Flows."

Annual Budget

The Board of Regents has [6] constitutional authority to govern and manage the University including the power to control the institution's budget and to determine allotments of State funds. State funds are allocated to the institution on the basis of [7] strategic priorities of the BOR, as well as the state funding formula. The institution determines its needs through a practice of holding budget meetings. These are scheduled in coordination with the Board of Regents' annual planning and [8] budgeting process and [9] budget calendar. [10] Enrollment figures and other information for the current year, along with next year projections, are used in submission to the Board of Regents' process. Conservative estimates of projected enrollment and tuition revenues are typically used in the budget preparation process. In recent years [11] additional types of quantitative data have been requested and submitted.

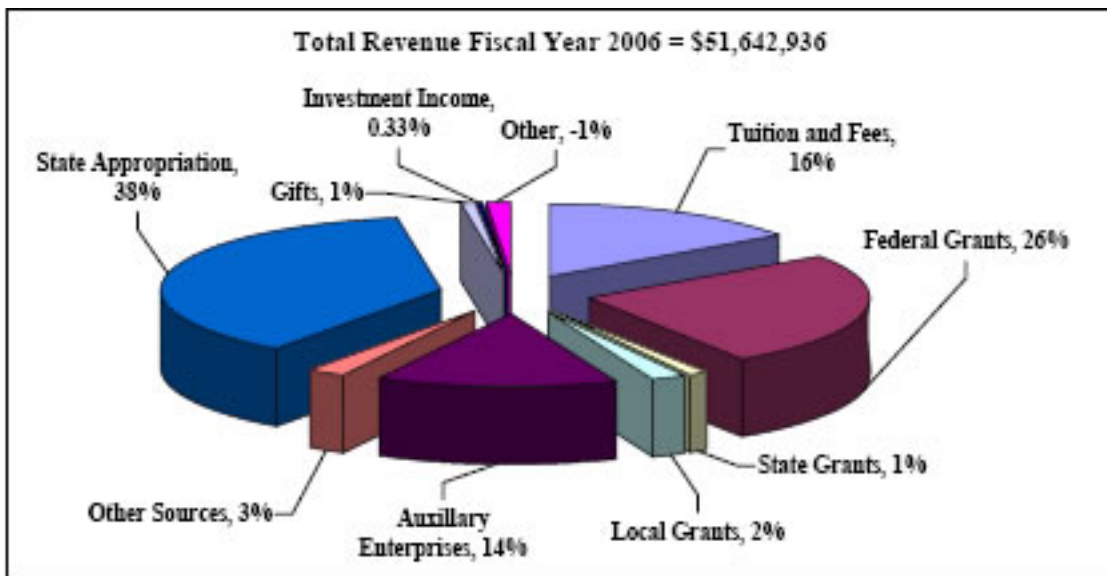
Fiscal Affairs develops a [12] budget calendar for review and approval by the President's Cabinet. The campus budget is developed through department faculty/staff input allowing each department/unit to specify supply and equipment needs, request new positions, additional travel or operating funds, etc. The departments convey their priorities, and funding requests to the appropriate Dean then to their Vice President. They meet with the President and Vice President for Fiscal Affairs to make recommendations about the annual budget. The budget is prioritized based on the institution's [13] Mission and [14] Long Range Strategic Plan. Once we receive the final allocation of State Appropriations and spending instructions from the Board of Regents, it is compiled and presented to the President. The Fiscal Affairs Budget & Contracts staff assembles a final detailed budget complying with BOR guidelines and the final allocation of State Appropriations. Various summaries of the budget and supplemental materials are forwarded to the Board of Regents. The Business Affairs staff of the Board of Regents' reviews the budget documents for compliance with instructions and budget policy. Formal BOR approval usually occurs in May or June and is documented in the [15] Minutes of the Meetings of the Board of Regents.

Stability is also reflected in the fact that as a state agency we are legally obligated not to have our annual operating expenses exceed our revenues. Excess state funded

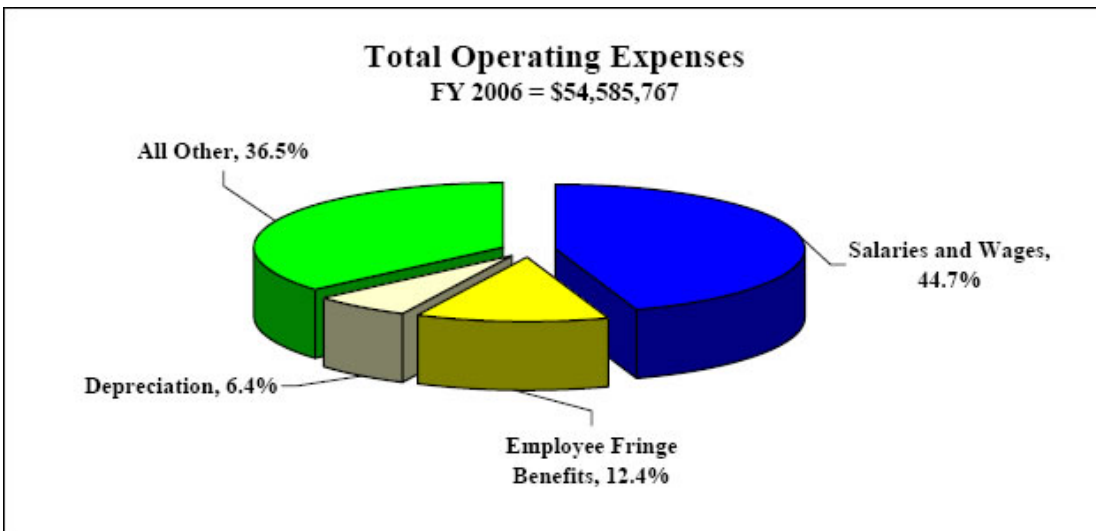
operating revenues are [16] returned to the state. The university has not finished any recent fiscal year with a deficit. During the fiscal year, revenues exceeding budgeted amounts are available along with savings from vacant positions, for redirection to unbudgeted operating needs and priorities that arise during the year. Year-end savings from unencumbered budgets are redirected to institutional priorities. Surpluses that might have accumulated are usually used prior to year end to buy one time items such as lab or computer equipment, library materials, and other operating needs. All such decisions are approved by the Vice President for Fiscal Affairs and/or the President.

Financial stability is further indicated by the increase in our unrestricted net assets by 475% between June 30, 2005 and June 30, 2006, resulting in an improvement of our current ratio from 1.2 to 1.5.

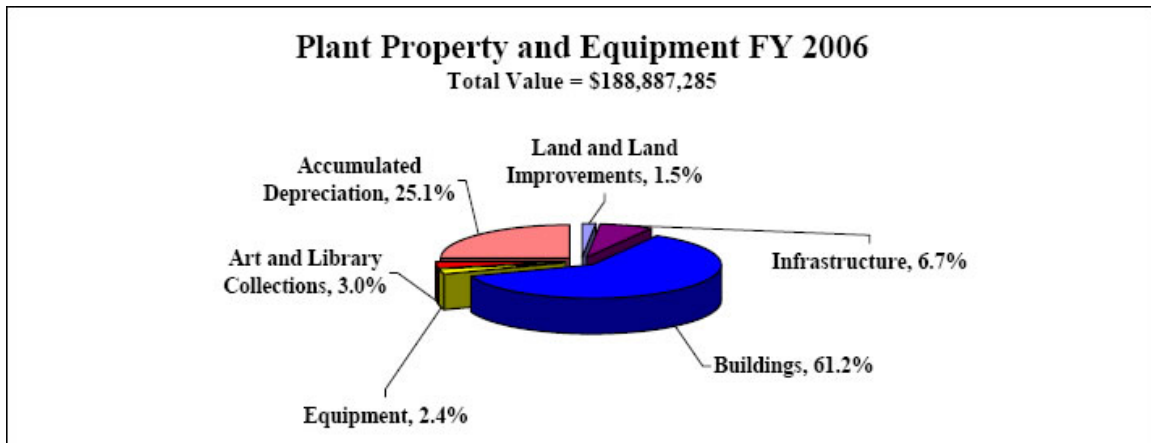
FY 2006 Revenue chart:



FY 2006 Expenses Chart:



FY 2006 Assets Chart:



Conclusion

The institution has all of the required documentation of an annual budget that is preceded by long term planning, is subject to sound fiscal management policies and procedures, and is approved by the governing board. The institution also has the institutional budget controls to manage and account for these state appropriations along with our other financial sources within our PeopleSoft financial information system.

Supporting Documentation

- [1] [Annual Audits, Georgia Department of Audits and Accounts](#)
- [2] [Management Software used at ASU, GeorgiaFIRST Model](#)
- [3] [Institutional Audit, state auditing agency](#)
- [4] [Audit Letter, management letter](#)
- [5] [Audit Status, current status report on the 2006 audit](#)
- [6] [BOR Authority, constitutional authority](#)
- [7] [Allocation of State Funds, strategic priorities](#)
- [8] [ASU Budgeting Processes, budgeting process](#)
- [9] [ASU budget calendar](#)
- [10] [ASU Enrollment figures](#)
- [11] [Board of Regents of the University System of Georgia FY 2008 Part II: Institutional Measures, additional types of quantitative data](#)

- [12] [ASU Budget Calendar](#)
- [13] [ASU's Mission](#)
- [14] [ASU's Long Range Strategic Plan](#)
- [15] [Budget Approval, Minutes of the Meetings of the Board of Regents](#)
- [16] [Excess State Funds returned to the state](#)

Supplemental Evidence

[Current Summary of FY 2006 Findings](#)

[June 30, 2006 Audit Report](#)

[June 30, 2005 Audit Report](#)

[June 30, 2004 Audit Report](#)

[Revenue Trends](#)

[Expenditure Trends](#)

[Plant Trends](#)

[Enrollment Trends](#)

[FY 2007 Budget Details](#)

[BOR Budget Policy](#)

[Facilities Master Plan](#)

[Building Square Feet](#)