Attachment B

Standard Notes to Financial Statements

Each institution is expected to provide, **if applicable**, the following notes to the financial statements. Other information considered useful or necessary by the institution should be provided. For notes in which comparative figures are presented, current year information should be presented first. The notes to the financial statements are listed below with an example of each note attached for your reference.

1. Summary of Significant Accounting Policies
2. Cash and Cash Equivalents
3. Deposits
4. Investments
5. Accounts, Notes, and Grants receivable
6. Pledges Receivable
7. Capital Assets
8. Capital Leases
9. Long-term liabilities
10. Endowments
11. Unrestricted Net Assets
12. Pension Plans
13. Other Post-Employment Benefits
14. Chairs of Excellence
15. Insurance-Related Activities
16. Commitments and Contingencies
17. Funds Held in Trust by Others
18. Natural Classifications with Functional Classifications
19. Prior Period Adjustment(s)
20. Restatement of Prior Years Balance
21. Affiliated Entity Not Included
22. Impairment of Capital Assets
23. Subsequent Events
24. Component Unit(s)

TENNESSEE BOARD OF REGENTS

Standard Notes to the Financial Statements
June 30, 2006

1. Summary of Significant Accounting Policies

REPORTING ENTITY

The university/college/technology center is a part of the State University and Community College System of Tennessee (Tennessee Board of Regents). This system is a component unit of the State of Tennessee because the state appoints a majority of the system's governing body and provides financial support; the system is discretely presented in the Tennessee Comprehensive Annual Financial Report.

BASIS OF PRESENTATION

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). 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*** and in May 2002 by GASB Statement No 39, ***Determining Whether Certain Organizations are Component Units.*** The financial statement presentation required by GASB No. 34, No. 35 and No. 39 provides a comprehensive, entity-wide perspective of the university/college/technology center, including component units, assets, liabilities, net assets, revenues, expenses, changes in net assets, and cash flows.

BASIS OF ACCOUNTING

For financial statement purposes, the university/college/technology center is considered a special-purpose government engaged only in business-type activities. Accordingly, the financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All significant interfund transactions have been eliminated.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). The university/college/technology center has the option of following private-sector guidance issued subsequent to November 30, 1989, subject to the above limitation. The university/college/technology center has elected not to follow private-sector guidance issued subsequent to November 30, 1989.

Amounts reported as operating revenues include: 1) tuition and fees, net of waivers and discounts, 2) federal, state, local and private grants and contracts, 3) sales and services of auxiliary enterprises, and 4) other sources of revenue. Operating expenses for the university/college/technology center include: 1) salaries and wages, 2) employee benefits, 3) scholarships and fellowships, 4) depreciation, and 5) utilities, supplies, and other services.

All other activity is nonoperating in nature. This activity includes: 1) state appropriations for operations, 2) investment income, 3) bond issuance costs, 4) interest on capital asset-related debt, and 5) gifts and non-exchange transactions.

When both restricted and unrestricted resources are available for use, generally it is the university's/college's/technology center's policy to use the _________ ***(restricted or unrestricted, please chose ONE)*** resources first.

INVENTORIES

Inventories are valued at the lower of cost or market. Textbooks included in the inventory are recorded on a ________ ***(first-in, first-out or weighted average)*** basis. All other items are maintained on an average cost or first-in, first-out basis.

COMPENSATED ABSENCES

The university's/college's/technology center's employees accrue annual leave at varying rates, depending upon length of service or classification. Some employees also earn compensatory time. The amount of these liabilities and their related benefits are reported in the Statement of Net Assets.

CAPITAL ASSETS

Capital assets, which include property, plant, equipment, library holdings, and software, are reported in the Statement of Net Assets at historical cost or at fair value at date of donation, less accumulated depreciation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' useful lives are not capitalized.

A capitalization threshold of $100,000 is used for buildings, and $50,000 is used for infrastructure. Equipment is capitalized when the unit acquisition cost is $5,000 or greater. The capitalization threshold for additions and improvements to buildings and land is set at $50,000. The capitalization threshold for software is set at $100,000.

These assets, with the exception of land, are depreciated/amortized using the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years.

LWIA EQUIPMENT

Under a contract with the Tennessee Department of Labor and Workforce Development, the university/college/technology center is the administrative entity and grant recipient for the Local Workforce Investment Area in workforce investment area Number ***XX*** of the State of Tennessee. The title to all the equipment purchased by ***(Name of Institution)*** under the provisions of the Workforce Investment Act resides with the U.S. Government. Therefore, this equipment is not included in ***(Name of Institution)*** capital assets.

NET ASSETS

The university's/college's/technology center's net assets are classified as follows:

INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT*:* This represents the university's/college's/technology center'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.

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 be expendable or added to principal.

RESTRICTED NET ASSETS – EXPENDABLE: Restricted expendable net assets include resources in which the university/college/technology center is legally or contractually obligated to spend resources 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/college/technology center, and may be used at the discretion of the university/college/technology center to meet current expenses for any purpose. The auxiliary enterprises are substantially self-supporting activities that provide services for students, faculty, and staff.

SCHOLARSHIP DISCOUNTS AND ALLOWANCES

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discount and allowances in the statement of revenues, expenses, and changes in net assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the university/college/technology center, and the amount that is paid by the student 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 university's/college's/technology center's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the university/college/technology center has recorded a scholarship discount and allowance.

2. Cash ***(Final statements should include TTC managed by lead institution)***

This classification includes demand deposits and petty cash on hand. At June 30, 2006, cash consists of $_____________________ in bank accounts, $________________ of petty cash on hand, $______________ in the State of Tennessee Local Government Investment Pool administered by the State Treasurer, $ ____________ in the LGIP Deposits – Capital Projects account, and $______________ in (other account, please describe). ***(Include following statement only if applicable.)*** The carrying amount of the operating bank account is $(XX) and has been reported as Other Liabilities. At June 30, 2005, cash consists of $_____________________ in bank accounts, $________________ of petty cash on hand, $______________ in the State of Tennessee Local Government Investment Pool administered by the State Treasurer, $ ____________ in the LGIP Deposits – Capital Projects account, and $______________ in (other account, please describe). ***(Include following statement only if applicable.)*** The carrying amount of the operating bank account is $(XX) and has been reported as Other Liabilities.

LGIP Deposits – Capital Projects - Payments related to the university's/college's/technology center's capital projects are made by the State of Tennessee's Department of Finance and Administration. The university's/college's/technology center's estimated local share of the cost of each project is held in a separate Local Government Investment Pool (LGIP) account. As expenses are incurred, funds are withdrawn from the LGIP account by the Tennessee Board of Regents and transferred to the Department of Finance and Administration. The funds in the account are not available to the university/college/technology center for any other purpose until the project is completed and the Tennessee Board of Regents releases any remaining funds.

OR (IF INSTITUTION HAS OTHER THAN DEMAND DEPOSITS AND PETTY CASH)

Cash and Cash Equivalents ***(Final statements should include TTC managed by lead institution)***

In addition to demand deposits and petty cash on hand, this classification includes instruments which are readily convertible to known amounts of cash and which have original maturities of three months or less. At June 30, 2006, cash and cash equivalents consists of $_____________________ in bank accounts, $________________ of petty cash on hand, $_______________ of certificates of deposit, $______________ in the State of Tennessee Local Government Investment Pool administered by the State Treasurer, $ ___________ in the LGIP Deposits – Capital Projects account, and $______________ in (other account, please describe). ***(Include following statement only if applicable.)*** The carrying amount of the operating bank account is $(XX) and has been reported as Other Liabilities. At June 30, 2005, cash and cash equivalents consists of $_____________________ in bank accounts, $________________ of petty cash on hand, $________________ of certificates of deposit, $______________ in the State of Tennessee Local Government Investment Pool administered by the State Treasurer, $ ___________ in the LGIP Deposits – Capital Projects account, and $______________ in (other account, please describe). ***(Include following statement only if applicable.)*** The carrying amount of the operating bank account is $(XX) and has been reported as Other Liabilities.

LGIP Deposits – Capital Projects - Payments related to the university's/college's/technology center's capital projects are made by the State of Tennessee's Department of Finance and Administration. The university's/college's/technology center's estimated local share of the cost of each project is held in a separate Local Government Investment Pool (LGIP) account. As expenses are incurred, funds are withdrawn from the LGIP account by the Tennessee Board of Regents and transferred to the Department of Finance and Administration. The funds in the account are not available to the university/college/technology center for any other purpose until the project is completed and the Tennessee Board of Regents releases any remaining funds.

3. Deposits

(If the university's/college's deposits have no exposure to custodial credit risk for both fiscal years, this disclosure is not required; however, all institutions must disclosure the bank balance amount for both fiscal years in the notes spreadsheet.)

During the year ended June 30, 2005, the university/college implemented GASB Statement 40, *Deposit and Investment Risk Disclosures.* That statement modified the custodial credit risk disclosures of GASB Statement 3 to limit required disclosures to deposits that are not covered by depository insurance and are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the pledging financial institution's trust department or agent but not in the university's/college's name.

In accordance with the laws of the State of Tennessee, financial institutions have pledged securities as collateral for university/college funds on deposit. Financial institutions may participate in a bank collateral pool administered by the State Treasurer. For those financial institutions participating in the bank collateral pool, the required collateral accepted as security for deposits shall be collateral whose market value is equal to either one hundred fifteen percent (115%), one hundred percent (100%), or ninety percent (90%) of the uninsured deposits. The pledge level is based on financial criteria set by the Collateral Pool Board with the financially strongest institutions being eligible for the lowest pledge level. For all other financial institutions, the required collateral accepted as security for deposits shall be collateral whose market value is equal to one hundred five percent (105%) of the uninsured deposits.

(Lead institutions will include TTC amounts)At June 30, 2006, $_________________ of the university's/college's bank balance of $_______________ was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$X,XXX,XXX.XX
Uninsured and collateralized with securities held by the pledging financial institution	XXX,XXX.XX
Uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the university's/college's name	XXX,XXX.XX
Total	$X,XXX,XXX.XX

(Lead institutions will include TTC amounts)At June 30, 2005, $_________________ of the university's/college's bank balance of $_______________ was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$X,XXX,XXX.XX
Uninsured and collateralized with securities held by the pledging financial institution	XXX,XXX.XX
Uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the university's/college's name	XXX,XXX.XX
Total	$X,XXX,XXX.XX

The university/college also has deposits in the Local Government Investment Pool (LGIP) administered by the State Treasurer. The LGIP is part of the Pooled Investment Fund. The Pooled Investment Fund's investment policy and required risk disclosures are presented in the Tennessee Comprehensive Annual Financial Report. That report may be obtained by writing to the Tennessee Department of Finance and Administration, Division of Accounts, 14th Floor William R. Snodgrass Tennessee Tower, 312 Eighth Avenue North, Nashville, Tennessee 37242-0298, or by calling (615) 741-2140.

Technology Centers - All investments and bank accounts with the exception of an imprest bank account in the amount of $_____________ and $____________ at June 30, 2006, and June 30, 2005, respectively, ***(if other accounts not managed by the lead institution exist, please disclose here)*** are managed by ***(name of institution)***.

4. Investments ***(preliminary and final statements should include TTC managed by lead institution)***

During the year ended June 30, 2005, the university/college/technology center implemented GASB Statement 40, *Deposit and Investment Risk Disclosures.* That statement modified the custodial credit risk disclosures of GASB Statement 3 to limit required disclosures to investment securities that are uninsured, are not registered in the name of the university/college/technology center, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the university's/college's/technology center's name.

All investments permitted to be reported at fair value under GASB Statement 31 are reported at fair value, including those with a maturity date of one year or less at the time of purchase. ***(The methods and significant assumptions used to estimate fair value, if based on other than quoted market prices, must be disclosed here. Additionally, any investments not covered by GASB Statement 31 and valued at other than fair value must be disclosed here.)***

As of June 30, 2006, the university/college/technology center had the following investments and maturities.

		Investment Maturities (In Years)				
Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10	No Maturity Date
US Treasury						
US Agencies						
Domestic individual bonds						
Corporate Stocks						
Corporate Bonds						
Commercial Paper						
Mutual Funds						
Certificates of Deposit						
Repurchase agreements						
Other **(LIST)**						
Less Amounts Reported as Cash and Cash Equivalents:						
Commercial Paper						
Mutual Funds						
Certificates of Deposit						
Repurchase agreements						
Other **(LIST)**						
Total						

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a debt investment. The university/college/technology center does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The university/college/technology center is authorized by statute to invest funds in accordance with Tennessee Board of Regents policies. Under the current policy, funds other than endowments may be invested only in obligations of the United States or its agencies which are backed by the full faith and credit of the United States, repurchase agreements for United States securities, certificates of deposit in banks and savings and loan associations, banker's acceptances, commercial paper, money market mutual funds and the State of Tennessee Local Government Investment Pool. The policy requires that investments of endowments in equity securities be limited to funds from private gifts or other sources external to the university/college/technology center and that endowment investments be prudently diversified. ***(The preceding sentence is only required when the institution has an endowment fund)*** Securities are rated using Standard and Poor's, Moody's, and/or Fitch's and are presented below using the Standard and Poor's rating scale. The university/college/technology center has no investment policy limiting its investment choices based on ratings issued by nationally recognized statistical rating organizations. As of June 30, 2006, the university's/college's/technology center's investments were rated as follows:

		Credit Quality Rating									
Investment Type	Fair Value	AAA	AA	A	BBB	BB	B	CCC	CC	C	Unrated
Local Government Investment Pool (LGIP)											
US Agencies											
Domestic individual bonds											
Corporate Bonds											
Commercial Paper											
Mutual Funds											
Collateralized mortgage obligation											
Other (list)											
Total											

(Please read the guidance in Attachment C to determine how to complete the table above. Please disclose the amount under each credit quality rating. You may delete unnecessary columns. The full amount of LGIP will fall under the "unrated" column. The total of the amounts in the credit quality ratings columns should agree to the fair value amount for each investment type.)

As of June 30, 2005, the university's/college's/technology center's investments were rated as follows:

		Credit Quality Rating									
Investment Type	Fair Value	AAA	AA	A	BBB	BB	B	CCC	CC	C	Unrated
Local Government Investment Pool (LGIP) US Agencies Domestic individual bonds Corporate Bonds Commercial Paper Mutual Funds Collateralized mortgage obligation Other (list)											
Total											

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the university/college/technology center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The university/college/technology center does not have a deposit policy for custodial credit risk. At June 30, 2006, the university/college/technology center had $____________ of uninsured and unregistered investments for which the securities are held by the counterparty and $ __________ of uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent but not in the university's/college's/technology center's name. At June 30, 2005, the university/college/technology center had $____________ of uninsured and unregistered investments for which the securities are held by the counterparty and $ __________ of uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent but not in the university's/college's/technology center's name. ***(If your institution has no exposure to this risk at either June 30th, you may delete this disclosure.)***

Concentration of Credit Risk. The university/college/technology center places no limit on the amount the university/college/technology center may invest in any one issuer. More than 5 percent of the university's/college's/technology center's investments are invested in the following single issuers: ***(If your institution has no exposure to this risk at either June 30th, you may delete this disclosure.) (Include investment types reported as cash and cash equivalents in this calculation.) (Investments issued or explicitly guaranteed by the US government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.)***

	Percentage of Total Investments	
Issuer	FY 2006	FY 2005

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The university/college/technology center places no limit on the amount the university/college/technology center may invest in foreign currency. The university's/college's/technology center's exposure to foreign currency risk at June 30, 2006, is as follows: ***(If your institution has no exposure to this risk at either June 30th, you may delete this disclosure.) (Include investment types reported as cash and cash equivalents in this calculation.)***

Investment	Currency	Maturity	Fair Value

The university's/college's/technology center's exposure to foreign currency risk at June 30, 2005, is as follows:

Investment	Currency	Maturity	Fair Value

(The following paragraphs are only for institutions with pooled investment funds. Information included below is for example purposes only; please revise as needed for your institution. The following information must be disclosed: method of assigning values on a pooled unit basis, the number of units owned by major fund type, the unit value at the statement of net assets date, and the changes in cost and market values between statements of net assets dates.)

Investments of endowment and similar funds are composed on the following:

	Carrying Value	
	FY 2006	FY 2005
US Treasury US Agencies Domestic individual bonds Repurchase Agreements Commercial Paper Mutual Funds Corporate Stocks Corporate Bonds Other (list)		
Total		

Assets of endowment funds are pooled on a fair value basis, with each individual fund subscribing to or disposing of units on the basis of the value per unit fair value at the beginning of the calendar quarter within which the transaction takes place. At June 30, 2006, each unit had a fair value of $________ and _______ units were owned by endowment, __________ units were owned by term endowment, and _________ units were owned by quasi-endowment. At June 30, 2005, each unit had a fair value of $________ and _______ units were owned by endowment, __________ units were owned by term endowment, and _________ units were owned by quasi-endowment.

The following tabulation summarizes changes in relationships between cost and fair values of the pooled assets:

	Pooled Assets			Fair Value
	Market	Cost	Net Gains (Losses)	per Unit
June 30, 2006 July 1, 2005 Unrealized net gains Realized net gains				
Total net gains				

	Pooled Assets			Fair Value
	Market	Cost	Net Gains (Losses)	per Unit
June 30, 2005 July 1, 2004 Unrealized net gains Realized net gains				
Total net gains				

The average annual earnings per unit, exclusive of net gains, were $____ for the year ended June 30, 2006, and $________ for the year ended June 30, 2005.

OR (IF INSTITUTION HAS ALL INVESTMENTS IN CD'S ONLY)

Investments

The university/college/technology center is authorized by statute to invest funds in accordance with Tennessee Board of Regents policies. Under the current policy, funds other than endowments may be invested only in obligations of the United States or its agencies which are backed by the full faith and credit of the United States, repurchase agreements for United States securities, certificates of deposit in banks and savings and loan associations, banker's acceptances, commercial paper, money market mutual funds and the State of Tennessee Local Government Investment Pool. The policy requires that investments of endowments in equity securities be limited to funds from private gifts or other sources external to the university/college/technology center and that endowment investments be prudently diversified.

Investments are valued at fair value on the date of receipt. The university's/college's/technology center's investments at June 30, 2006, and June 30, 2005, consisted of certificates of deposit with original maturities greater than three months.

5. Accounts, Notes, and Grants Receivable

Accounts receivable included the following:

	June 30, 2006	June 30, 2005
Student accounts receivable	$XXX.XX	$XXX.XX
Grants receivable	XXX.XX	XXX.XX
Notes receivable	XXX.XX	XXX.XX
State appropriation receivable	XXX.XX	XXX.XX
Other receivables	XXX.XX	XXX.XX
Subtotal	XXX.XX	XXX.XX
Less allowance for doubtful account	(XXX.XX)	(XXX.XX)
Total	$XXX.XX	$XXX.XX

Federal Perkins Loan Program funds include the following:

	June 30, 2006	June 30, 2005
Perkins loans receivable	$XXX.XX	$XXX.XX
Less allowance for doubtful accounts	(XXX.XX)	(XXX.XX)
Total	$XXX.XX	$XXX.XX

(The total of <u>both</u> the accounts receivable table and the Perkins loan table should agree with current and noncurrent accounts, notes, and grants receivable on Statement of Net Assets)

6. Pledges Receivable

Pledges receivable are promises of private donations that are reported as a receivable and revenue, net of the estimated uncollectible allowance of ________________ at June 30, 2006 and $____________ at June 30, 2005.

7. Capital Assets

Capital asset activity for the year ended June 30, 2006, was as follows:

	Beg Balance	Additions	Transfers	Reductions	End Balance
Land Land improve & Infrastructure Buildings Equipment Library holdings Projects in progress					
Total					
Less accum dep: Land improve & infrastructure Buildings Equipment Library holdings					
Total accum dep					
Capital assets, net					

Capital asset activity for the year ended June 30, 2005, was as follows:

	Beg Balance	Additions	Transfers	Reductions	End Balance
Land Land improve & Infrastructure Buildings Equipment Library holdings Projects in progress					
Total					
Less accum dep: Land improve & infrastructure Buildings Equipment Library holdings					
Total accum dep					
Capital assets, net					

(The transfer column should only be used to report the transfer of completed projects out of Projects in Progress. All other transactions are either additions or reductions.)

8. Capital Leases

The university/college/technology center has capital lease agreements for various items of equipment, with the major acquisitions being__________________________________. These agreements have beginning and ending dates ranging from ___________ to ________________ with imputed interest rates ranging from ____________ to ___________. Asset balances at June 30, 2006, were $________________, net of accumulated depreciation of **$**___________. Asset balances at June 30, 2005, were $________________, net of accumulated depreciation of **$**___________. The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2006:

Year ending June 30:	
2007	$XXX.XX
2008	XXX.XX
2009	XXX.XX
2010	XXX.XX
2011	XXX.XX
2012 – 2016	XXX.XX
2017 – 2021 (continue in 5 yr periods)	XXX.XX
Total minimum lease payments	XXX.XX
Less: Amounts representing interest and exacter costs	(XXX.XX)
Present value of net minimum lease payment (should agree to statement of net assets)	$XXX.XX

9. Long-term Liabilities

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

	Beg Balance	Additions	Reductions	End Balance	Curr Portion
Payables: Notes Loans Bonds Comm Paper Lease Obl					
Subtotal					
Other Liab Comp Absenc Due to grantor Deferred Revenue (list others)					
Subtotal					
Total long-term liabilities					

Long term liability activity for the year ended June 30, 2005, was as follows:

	Beg Balance	Additions	Reductions	End Balance	Curr Portion
Payables: Notes Loans Bonds Comm Paper Lease Obl					
Subtotal					
Other Liab Comp Absenc Due to grantor Deferred Revenue (list others)					
Subtotal					
Total long-term liabilities					

(Deferred revenue should be included only if noncurrent deferred revenue exists.)
(The Ending Balance column will agree to the total of the current and noncurrent liability.)

Notes Payable

The Tennessee Board of Regents, on behalf of ____________________ borrowed funds to purchase _________________. The note bears an annually adjusted interest rate of _____% of the prime rate (not to exceed _____%), a face amount of $_________, a minimum annual debt service of $__________, and a due date of ____________. The ______________'s share of the note was $____________. The balance owed by the university/college/technology center was $__________ at June 30, 2006, and $_____________ at June 30, 2005.

Debt service requirements to maturity for all notes payable at June 30, 2006, are as follows:

For the Year(s) Ending June 30	Principal	Interest	Total
2007	$	$	$
2008			
2009			
2010			
2011			
2012 – 2016			
2017 – 2021			
2022 – 2026			
2027 – 2031			
2032 – 2036 (continue in 5 yr increments)			
Total	$	$	$

Loans Payable

The Tennessee Board of Regents, on behalf on ___________________ borrowed funds from ____________________to purchase _________________. The loan bears _____________________ (disclose interest rate and adjustment mechanism if variable interest rate), has a principal amount of ____________, a minimum debt service of ____________, and a due date of ______________. The balance owed by the university/college/technology center was $___________ at June 30, 2006, and $______________ at June 30, 2005.

Debt service requirements to maturity for all loans payable at June 30, 2006, are as follows:

For the Year(s) Ending June 30	Principal	Interest	Total
2007	$	$	$
2008			
2009			
2010			
2011			
2012 – 2016			
2017 – 2021			
2022 – 2024 (continue in 5 yr increments)			
Total	$	$	$

Bonds Payable

Bond issues, with interest rates ranging from _______% to ________% for revenue bonds and _______% to _______% for Tennessee State School Bond Authority bonds, are due serially to ____________ and are secured by pledges of the facilities' revenues to which they relate and certain other revenues and fees of the university, including state appropriations. The bonded indebtedness with the Tennessee State School Bond Authority reported on the Statement of Net Assets is shown net of assets held by the authority in the debt service reserve and net of unexpended loan proceeds. The reserve amount was $______________ at June 30, 2006, and $_____________ at June 30, 2005. Unexpended debt proceeds were $ ___________ at June 30, 2006 and $_____ at June 30 2005.

Debt service requirements to maturity for all bonds payable at June 30, 2006, are as follows:

For the Year(s) Ending June 30	Principal	Interest	Total
2007	$	$	$
2008			
2009			
2010			
2011			
2012 – 2016			
2017 – 2021			
2022 – 2026			
2027 – 2031			
2032 – 2036			
2037 – 2041 (continue in 5 yr increments)			
Total	$	$	$

Commercial Paper

The Tennessee State School Bond Authority authorized the issuance of Commercial Paper to finance costs of various capital projects during the construction phase. When projects are placed in service, long-term, fixed-rate debt is issued to finance the project over its useful payback period and the commercial paper is redeemed. The amount issued for projects at the university/college/technology center was $__________ at June 30, 2006, and $__________ at June 30, 2005.

Of the $_____________ balance owed at June 30, 2006, it is the university's/college's intent to refinance $___________ with long-term bonds. In accordance with Financial Accounting Standards Board Statement No. 6, *Classification of Short-term Obligations Expected to be Refinanced,* this agreement meets the criteria of a refinancing agreement, thus, $_________ of the commercial paper payable is classified as a long-term liability.

For the commercial paper program, the Tennessee State School Bond Authority maintains an interest rate reserve fund. The university/college/technology center contributes amounts to the reserve fund based on the amounts drawn. The principal of the reserve will be contributed to pay off notes or credited back to the university/college/technology center when the notes are converted to bonds. The interest earned on the reserve is used to pay interest due during the month.

10. Endowments

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

The university/college chooses to spend only a portion of the investment income (including changes in the value of investments) each year. Under the spending plan established by the university/college, (insert spending plan methodology here) has been authorized for expenditure. The remaining amount, if any, is retained to be used in future years when the amount computed using the spending plan exceeds the investment income (revise underlined section as needed). At June 30, 2006, net appreciation of $ _________ is available to be spent, of which $__________ is included in restricted net assets expendable for scholarships and fellowships, $________ is included in restricted net assets expendable for research, $_______ is included in restricted net assets expendable for instructional departmental uses, $_________ is included in restricted net assets expendable for loans, $_________ is included in restricted net assets expendable for capital projects, $_________ is included in restricted net assets expendable for debt service, $________ is included in restricted net assets expendable for other, and $________ is included in unrestricted net assets. At June 30, 2005, net appreciation of $ _________ is available to be spent, of which $__________ is included in restricted net assets expendable for scholarships and fellowships, $________ is included in restricted net assets expendable for research, $_______ is included in restricted net assets expendable for instructional departmental uses, $_________ is included in restricted net assets expendable for loans, $_________ is included in restricted net assets expendable for capital projects, $_________ is included in restricted net assets expendable for debt service, $________ is included in restricted net assets expendable for other, and $________ is included in unrestricted net assets.

OR IF ENDOWMENTS CONSISTS OF CDs and LGIP ONLY:

If a donor has not provided specific instructions to the (Institution Name), state law permits the university/college to authorize for expenditure the earnings of the investments of endowment funds. When administering its power to spend these earnings, the university/college is required to consider the university's/college's long-term and short-term needs, present and anticipated financial requirements, expected return on its investments, price-level trends, and general economic conditions. Any earnings spent are required to be spent for the purposes for which the endowment was established.

The university/college chooses to spend only a portion of the investment income each year. Under the spending plan established by the university/college, (insert spending plan methodology here) has been authorized for expenditure. The remaining amount, if any, is retained to be used in future years when the amount computed using the spending plan exceeds the investment income (revise underlined section as needed). At June 30, 2006, net appreciation of $ _________ is available to be spent, of which $__________ is included in restricted net assets expendable for scholarships and fellowships, $________ is included in restricted net assets expendable for research, $_______ is included in restricted net assets expendable for instructional departmental uses, $_________ is included in restricted net assets expendable for loans, $_________ is included in restricted net assets expendable for capital projects, $_________ is included in restricted net assets expendable for debt service, $________ is included in restricted net assets expendable for other, and $________ is included in unrestricted net assets. At June 30, 2005, net appreciation of $ _________ is available to be spent, of which $__________ is included in restricted net assets expendable for scholarships and fellowships, $________ is included in restricted net assets expendable for research, $_______ is included in restricted net assets expendable for instructional departmental uses, $_________ is included in restricted net assets expendable for loans, $_________ is included in restricted net assets expendable for capital projects, $_________ is included in restricted net assets expendable for debt service, $________ is included in restricted net assets expendable for other, and $________ is included in unrestricted net assets.

11. Unrestricted Net Assets

Unrestricted net assets include funds that have been designated or reserved for specific purposes. These purposes include the following:

	FY 2006	FY 2005
Working capital Encumbrances Designated fees Auxiliaries Quasi-endowment Plant construction Renewal and replacement of equipment Debt retirement Unreserved/undesignated balance		
Total		

(Total should agree to unrestricted net asset balance on Statement of Net Assets.)

12. Pension Plans

Defined Benefit Plan

Plan Description - The university/college/technology center contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement, death, and disability benefits as well as annual cost-of-living adjustments to plan members and their beneficiaries. Title 8, Chapters 34-37, Tennessee Code Annotated, establishes benefit provisions. State statutes are amended by the Tennessee General Assembly.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or by calling (615) 741-8202, extension 139.

Funding Policy - Plan members are noncontributory. The university/college/technology center is required to contribute at an actuarially determined rate. The current rate is 10.54% of annual covered payroll. The contribution requirements of the university/college/technology center are established and may be amended by the TCRS Board of Trustees. The university's/college's/technology center's contributions to TCRS for the years ending June 30, 2006, 2005, and 2004 were $__________, $ ___________, and $ ____________, respectively, equal to the required contributions for each year.

Federal Retirement Program ***(TSU only)***

Plan Description – The university contributes to the Federal Retirement Program, a cost-sharing multiple-employer defined benefit pension plan administered by the Civil Service Retirement System (CSRS) for participants employed prior to January 1, 1984, and the Federal Employees Retirement System (FERS) for participants employed after December 31, 1983. Both systems provide retirement, death, and disability benefits as well as annual cost-of-living adjustments to plan members and beneficiaries. All regular full-time employees of the Tennessee State University Agricultural Extension Service who hold federal appointments for 51% or more of their time are required to participate in either one of the two Federal Retirement Programs. For both systems, benefit provisions are established in federal statutes. Federal statutes are amended by the U.S. Congress. All the university's extension employees currently participate in CSRS.

The CSRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Office of Personnel Management, Retirement Information Office, P.O. Box 45, Boyers, Pennsylvania, 16017-0045, or by calling (202) 606-0500.

Funding Policy – Participating employees and the university are required to contribute to the CSRS plan. Contribution requirements are established and may be amended by federal statutes. The university was required to contribute _____% of covered payroll to the CSRS plan. Employees were required to contribute ______% of the covered payroll. Contributions to CSRS for the year ended June 30, 2006, were $ ____________, which consisted of $___________ from the university and $ __________ from the employees; contributions for the year ended June 30, 2005, were $ ___________, which consisted of $____________ from the university and $ __________ from the employees; contributions for the year ended June 30, 2004, were $ ___________, which consisted of $____________ from the university and $__________ from the employees. Contributions met the requirements for each year.

Defined Contribution Plans

Plan Description – The university/college/technology center contributes to three defined contribution plans: Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF), Aetna Life Insurance and Annuity Company, and Variable Annuity Life Insurance Company (VALIC). These plans are administered by the Tennessee Department of the Treasury. Each plan provides retirement benefits to faculty and staff who are exempt from the overtime provisions of the Fair Labor Standards Act and who waive membership in the TCRS. Benefits depend solely on amounts contributed to the plan plus investment earnings. Plan provisions are established by state statute in Title 8, Chapter 35, Part 4, Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly.

Funding Policy – Plan members are noncontributory. The i university/college/technology center contributes an amount equal to 10% of the employee's base salary up to the social security wage base and 11% above the social security wage base. Contribution requirements are established and amended by state statute. The contribution made by the university/college/technology center to the plans for the year ended June 30, 2006, was $ ______________ and for the year ended June 30, 2005, was $ ____________. Contributions met the requirements for each year.

13. Other Post-Employment Benefits

The State of Tennessee administers a group health insurance program that provides post-employment health insurance benefits to eligible university/college/technology center retirees. This benefit is provided by and administered by the State of Tennessee. The university/college/technology center assumes no liability for retiree health care programs. Information related to this plan is available at the statewide level in the Tennessee Comprehensive Annual Financial Report. That report may be obtained by writing to the Tennessee Department of Finance and Administration, Division of Accounts, 14th Floor William R. Snodgrass Tennessee Tower, 312 Eighth Avenue North, Nashville, Tennessee 37243-0298, or by calling (615) 741-2140.

14. Chairs of Excellence

The university had $______________ on deposit at June 30, 2006, and $_________ at June 30, 2005, with the State Treasurer for its Chairs of Excellence program. These funds are held in trust by the state and are not included in these financial statements.

15. Insurance-Related Activities

It is the policy of the state not to purchase commercial insurance for the risks of losses for general liability, automobile liability, professional malpractice, and workers' compensation. The state's management believes it is more economical to manage these risks internally and set aside assets for claim settlement in its internal service fund, the Risk Management Fund. The state purchases commercial insurance for real property, flood, earthquake, and builder's risk losses and surety bond coverage on the state's officials and employees. The Risk Management Fund is also responsible for claims for damages to state owned property up to the amount of the property insurance aggregate deductible amount. The insurance policy deductibles vary from $25,000 per occurrence, depending on the type of coverage, to an aggregate of $7.5 million.

The university/college/technology center participates in the Risk Management Fund. The fund allocates the cost of providing claims servicing and claims payment by charging a premium to the university/college/technology center based on a percentage of the university's/college's/technology center's expected loss costs, which include both experience and exposures. This charge considers recent trends in actual claims experience of the state as a whole. An actuarial valuation is performed as of fiscal year-end to determine the fund liability and premium allocation. Information regarding the determination of the claims liabilities and the changes in the balances of the claims liabilities for the years ended June 30, 2006, and June 30, 2005, are presented in the Tennessee Comprehensive Annual Financial Report. That report may be obtained by writing to the Tennessee Department of Finance and Administration, Division of Accounts, 14th Floor William R. Snodgrass Tennessee Tower, 312 Eighth Avenue North, Nashville, Tennessee 37243-0298, or by calling (615) 741-2140. Since the university/college/technology center participates in the Risk Management Fund, it is subject to the liability limitations under the provisions of the Tennessee Claims Commission Act, Tennessee Code Annotated, Section 9-8-101 et seq. Liability for negligence of the university/college/technology center for bodily injury and property damage is limited to $300,000 per person and $1,000,000 per occurrence. The limits of liability under workers' compensation are set forth in Tennessee Code Annotated, Section 50-6-101 et seq. Claims are paid through the state's Risk Management Fund. At June 30, 2006, the Risk Management Fund held $______ million in cash and cash equivalents designated for payment of claims. At June 30, 2005, the Risk Management fund held $$114.4 million in cash and cash equivalents designated for payment of claims.

At June 30, 2006, the scheduled coverage for the university/college/technology center was $______________ for buildings and $______________ for contents. At June 30, 2005, the scheduled coverage for the university/college/technology center was $______________ for buildings and $______________ for contents.

The state has also set aside assets in the Employee Group Insurance Fund, an internal service fund, to provide a program of health insurance coverage for the employees of the state with the risk retained by the state. The university participates in the Employee Group Insurance Fund. The fund allocates the cost of providing claims servicing and claims payment by charging a premium to the university/college/technology center based on estimates of the ultimate cost of claims that have been reported but not settled and of claims that have been incurred but not reported. Employees and providers have 13 months to file medical claims.

16. Commitments and Contingencies

Sick Leave - The university/college/technology center records the cost of sick leave when paid. Generally, since sick leave (earned one day per month with unlimited accumulation) is paid only when an employee dies or is absent because of illness, injury, or related family death, there is no liability for sick leave at June 30. The dollar amount of unused sick leave was $_____________ at June 30, 2006, and $_______ at June 30, 2005.

Operating Leases - The university/college/technology center has entered into various operating leases for buildings and equipment. Such leases will probably continue to be required. Expenses under operating leases for real and personal property were $___________________, and $_________________ respectively for the year ended June 30, 2006. Comparative amounts for the year ended June 30, 2005, were $_____________ and $_____________, respectively. The following is a schedule by years of future minimum rental payments required under noncancelable operating leases that have initial or remaining lease terms in excess of one year as of June 30, 2006:

Year ending June 30:	
2007	$XX
2008	XX
2009	XX
2010	XX
2011	XX
2012 – 2016	XX
2017 – 2021 (continue in 5 yr increments)	XX
Total minimum payments required	$XX

OR (IF LEASES ARE ALL CANCELABLE AT THE LESSEE'S OPTION)

Operating Leases - The university/college/technology center has entered into various operating leases for buildings and equipment. Such leases will probably continue to be required. Expenses under operating leases for real and personal property were $_______________ and $________________, respectively for the year ended June 30, 2006. Comparative amounts for the year ended June 30, 2005, were $______________ and $________________, respectively. All operating leases are cancelable at the lessee's option.

Construction in Progress - At June 30, 2006, outstanding commitments under construction contracts totaled $_____________ for (list major projects) of which $_________ will be funded by future state capital outlay appropriations.

Contracts – In December 2004, the Tennessee Board of Regents system entered into a contract with SundgardSCT for the purchase of a comprehensive enterprise resource planning system. The contract includes a multi-year phase-in of administrative software for financial, human resource, and student systems. The university's/college's outstanding liability for this contract is estimated as $ ____________ at June 30, 2006.

Litigation - The university/college/technology center is involved in several lawsuits, none of which are expected to have a material effect on the accompanying financial statements. ***(Revise as needed depending upon status of lawsuits at June 30, 2006.)***

(In addition to the above listed items, this note should include any other material future year's commitments)

17. Funds Held in Trust by Others

The university is beneficiary under the ____.
The underlying assets are not considered assets of the university and are not included in the university's financial statements. The university received $______________ from these funds in FY 2006 and $___________ in FY 2005.

18. Natural Classifications with Functional Classifications

The university's/college's/technology center's operating expenses by functional classification for the year ended June 30, 2006, are as follows:

	Natural Classification					
Functional Classification	Salaries	Benefits	Other Operating	Scholarship	Depreciation	Total
Instruction						
Research						
Public Service						
Academic Support						
Student Services						
Institutional Support						
M&O						
Scholarships & Fellowships						
Auxiliary						
Depreciation						
Total Expenses						

The university's/college's/technology center's operating expenses by functional classification for the year ended June 30, 2005, are as follows:

	Natural Classification					
Functional Classification	Salaries	Benefits	Other Operating	Scholarship	Depreciation	Total
Instruction						
Research						
Public Service						
Academic Support						
Student Services						
Institutional Support						
M&O						
Scholarships & Fellowships						
Auxiliary						
Depreciation						
Total Expenses						

(Each column total should agree to the Statement of Revenues, Expenses, and Changes in Net Assets.)

19. Prior Period Adjustment(s)

(All prior period adjustments must be disclosed.)

20. Restatement of Prior Year Balances

In prior years, the commercial paper payable was not accurately allocated between current and noncurrent long-term liabilities. The following amounts have been restated to comply with the requirements of Financial Accounting Standards No. 6, *Classification of Short-term Obligations Expected to be Refinanced.*

Institution Accounts Restated			
	Original Amount	Increase/(Decrease)	Restated Amount
Statement of Net Assets:			
Long-term liabilities, current			
Long-term liabilities, noncurrent			

21. Affiliated Entity not Included

The ______________ is a private, nonprofit foundation ***(organization)*** with the university/college/technology center as the sole beneficiary. The ___________ is controlled by a board independent of the university/college/technology center. The financial records, investments, and other financial transactions are handled external to the university/college/technology center and these amounts are not included in the university's/college's/technology center's financial report. As reported in the ____________ most recently audited financial report, at (date) the assets of the ____________ totaled $___________________, liabilities were $_________________, and the fund balance amounted to $______________________.

22. Impairment of Capital Assets

(Disclosure must include 1) a general description of the impairment, 2) the amount of impairment loss (or gain), 3) the financial statement classification (instruction, M&O, etc.) of the impairment loss, and 4) the carrying amount of impaired capital assets that are idle at year-end.)

23. Subsequent Event

(All subsequent events that have a material effect on the financial condition of the institution at June 30, 2006, should be disclosed.)

24. Component Unit(s)

(**Option 1 – Use if foundation reports under FASB guidance. Delete all items that do not apply.)**

(Foundation name) is a legally separate, tax-exempt organization supporting (university/community college, technology center name). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University/College/Technology Center in support of its programs. The (number)-member board of the Foundation is self-perpetuating and consists of graduates and friends of the University/College/Technology Center (Revise sentence as needed to describe the Foundation board's term structure and members). Although the University/College/Technology Center 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/College/Technology Center by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University/College/Technology Center, the Foundation is considered a component unit of the University/College/Technology Center and is discretely presented in the University's/College's/Technology Center's financial statements.

During the year ended June 30, 2006, the Foundation made distributions of $_____________ to or on behalf of the university/college/technology center for both restricted and unrestricted purposes. During the year ended June 30, 2005, the Foundation made distributions of $_____________ to or on behalf of the university/college/technology center for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from (list name and address).

The Foundation is a 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. With the exception of necessary presentation adjustments, no modifications have been made to the Foundation's financial information in the University's/College's/Technology Center's financial report for these differences.

Cash and Cash Equivalents – Cash and cash equivalents consists of demand deposit accounts, certificates of deposit, money market funds and ___________ ***(list other cash equivalents)***. The bank balances of deposits as of June 30, 2006, and June 30, 2005, were entirely insured ***(revise as needed)***.

Investments – Investments are recorded on the date of contribution and are stated at market value. Unrealized gains and losses are determined by the difference between market values at the beginning and end of the year. Investment securities held at year-end were as follows:

	June 30, 2006		June 30, 2005	
	Cost	Market Value	Cost	Market Value
US Treasury US Agencies Domestic individual bonds Certificates of deposit Corporate stock Corporate bonds Mutual funds Money market funds Land Life insurance Annuity Common fund Other ***(LIST)***				
Total				

(Insert additional investment disclosures as needed)

Pledges Receivable - Pledges receivable are summarized below net of the allowance for doubtful accounts:

	June 30, 2006	June 30, 2005
Current pledges Pledges due in one to five years Pledges due after five years		
Subtotal		
Less discounts to net present value		
Total pledges receivable, net		

Capital Assets - Capital assets at year-end were as follows:

	June 30, 2006	June 30, 2005
Land Land improve & Infrastructure Buildings Equipment Projects in progress		
Total		
Less accumulated depreciation: Land improve & infrastructure Buildings Equipment		
Total accumulated depreciation		
Capital assets, net		

Long-term liabilities - Long term liabilities at year-end consisted of the following:

	June 30, 2006		June 30, 2005	
	Ending Balance	Current Portion	Ending Balance	Current Portion
Payables: Notes Loans Bonds Lease Obligation				
Subtotal				
Other Liabilities (list others)				
Subtotal				
Total long-term liabilities				

(The Ending Balance column will agree to the total of the current and noncurrent liability.)

Notes Payable

The Foundation borrowed funds to purchase __________________. The note bears an annually adjusted interest rate of _____% of the prime rate (not to exceed _____%), a minimum annual debt service of $__________, and a due date of _____________. The balance owed was $__________at June 30, 2006, and $______________ at June 30, 2005.

Debt service requirements to maturity for all notes payable at June 30, 2006, are as follows:

For the Year(s) Ending June 30	Principal	Interest	Total
2007	$	$	$
2008			
2009			
2010			
2011			
Thereafter			
Total	$	$	$

Loans Payable

The Foundation borrowed funds from ____________________to purchase _________________. The loan bears ______________________ (disclose interest rate and adjustment mechanism if variable interest rate), has a principal amount of ____________, a minimum debt service of ____________, and a due date of ______________. The balance owed was $________ at June 30, 2006, and $__________ at June 30, 2005.

Debt service requirements to maturity for all loans payable at June 30, 2006, are as follows:

For the Year(s) Ending June 30	Principal	Interest	Total
2007	$	$	$
2008			
2009			
2010			
2011			
Thereafter			
Total	$	$	$

Bonds Payable

Bond issues, with interest rates ranging from _______% to ________% are due serially to ___________. Debt service requirements to maturity for all bonds payable at June 30, 2006, are as follows:

For the Year(s) Ending June 30	Principal	Interest	Total
2007	$	$	$
2008			
2009			
2010			
2011			
Thereafter			
Total	$	$	$

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

The foundation chooses to spend only a portion of the investment income (including changes in the value of investments) each year. Under the spending plan established by the foundation, <u>(insert spending plan methodology here)</u> has been authorized for expenditure. The remaining amount, if any, <u>is retained to be used in future years when the amount computed using the spending plan exceeds the investment income</u> (revise underlined section as needed). At June 30, 2006, net appreciation of $ _________ is available to be spent, of which $__________ is included in restricted net assets expendable for scholarships and fellowships, $________ is included in restricted net assets expendable for research, $_______ is included in restricted net assets expendable for instructional departmental uses, $_________ is included in restricted net assets expendable for loans, $_________ is included in restricted net assets expendable for capital projects, $_________ is included in restricted net assets expendable for debt service, $________ is included in restricted net assets expendable for other, and $________ is included in unrestricted net assets. At June 30, 2005, net appreciation of $ _________ is available to be spent, of which $__________ is included in restricted net assets expendable for scholarships and fellowships, $________ is included in restricted net assets expendable for research, $_______ is included in restricted net assets expendable for instructional departmental uses, $_________ is included in restricted net assets expendable for loans, $_________ is included in restricted net assets expendable for capital projects, $_________ is included in restricted net

assets expendable for debt service, $________ is included in restricted net assets expendable for other, and $________ is included in unrestricted net assets.
(Insert additional disclosures as needed)

(Option 2 – Use if foundation reports under GASB guidance. Delete all items that do not apply.)

(Foundation name) is a legally separate, tax-exempt organization supporting ***(university/community college, technology center name)***. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University/College/Technology Center in support of its programs. The ***(number)***-member board of the Foundation is self-perpetuating and consists of graduates and friends of the University/College/Technology Center ***(Revise sentence as needed to describe the Foundation board's term structure and members)***. Although the University/College/Technology Center 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/College/Technology Center by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University/College/Technology Center, the Foundation is considered a component unit of the University/College/Technology Center and is discretely presented in the University's/College's/Technology Center's financial statements.

During the year ended June 30, 2006, the Foundation made distributions of $_____________ to or on behalf of the University/College/Technology Center for both restricted and unrestricted purposes. During the year ended June 30, 2005, the Foundation made distributions of $_____________ to or on behalf of the University/College/Technology Center for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from ***(list name and address)***.

Cash and Cash Equivalents – In addition to demand deposits and petty cash on hand, this classification includes instruments which are readily convertible to known amounts of cash and which have original maturities of three months or less. At June 30, 2006, cash and cash equivalents consists of $_______________________ in bank accounts, $_________________ of petty cash on hand, $________________ of certificates of deposit, $______________ in the State of Tennessee Local Government Investment Pool administered by the State Treasurer, and $______________ in ***(other account, please describe)***. At June 30, 2005, cash and cash equivalents consists of $_______________________ in bank accounts, $_________________ of petty cash on hand, $________________ of certificates of deposit, $______________ in the State of Tennessee Local Government Investment Pool administered by the State Treasurer, and $______________ in ***(other account, please describe)***.

At June 30, 2006, $_________________ of the Foundation's bank balance of $______________ was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$X,XXX,XXX.XX
Uninsured and collateralized with securities held by the pledging financial institution	XXX,XXX.XX
Uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the university's/college's name	XXX,XXX.XX
Total	$X,XXX,XXX.XX

At June 30, 2005, $_________________ of the Foundation's bank balance of $______________ was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$X,XXX,XXX.XX
Uninsured and collateralized with securities held by the pledging financial institution	XXX,XXX.XX
Uninsured and collateralized with securities held by the pleging financial institution's trust department or agent but not in the university's/college's name	XXX,XXX.XX
Total	$X,XXX,XXX.XX

The Foundation also has deposits in the Local Government Investment Pool (LGIP) administered by the State Treasurer. The LGIP is part of the Pooled Investment Fund. The Pooled Investment Fund's investment policy and custodial credit risk are presented in the Tennessee Comprehensive Annual Financial Report. That report may be obtained by writing to the Tennessee Department of Finance and Administration, Division of Accounts, 14th Floor William R. Snodgrass Tennessee Tower, 312 Eighth Avenue North, Nashville, Tennessee 37242-0298, or by calling (615) 741-2140.

Investments – The Foundation is authorized to invest funds in accordance with its board of directors' policies. All investments permitted to be reported at fair value under GASB Statement 31 are reported at fair value, including those with a maturity date of one year or less at the time of purchase. (The methods and significant assumptions used to estimate fair value, if based on other than quoted market prices, must be disclosed here. Additionally, any investments not covered by GASB Statement 31 and valued at other than fair value must be disclosed here.)

As of June 30, 2006, the Foundation had the following investments and maturities.

		Investment Maturities (In Years)				
Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10	No Maturity Date
US Treasury						
US Agencies						
Domestic individual bonds						
Corporate Stocks						
Corporate Bonds						
Commercial Paper						
Mutual Funds						
Certificates of Deposit						
Repurchase agreements						
Other **(LIST)**						
Less Amounts Reported as Cash and Cash Equivalents:						
Commercial Paper						
Mutual Funds						
Certificates of Deposit						
Repurchase agreements						
Other **(LIST)**						
Total						

Interest Rate Risk. The Foundation does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value arising from increasing interest rates. **(Or disclose Foundation policy.)**

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Securities are rated using Standard and Poor's, Moody's, and/or Fitch's and are presented below using the Standard and Poor's rating scale. The Foundation has no investment policy limiting its investment choices based on ratings issued by nationally recognized statistical rating organizations (**Or disclose Foundation policy**). As of June 30, 2006, the Foundation's investments were rated as follows:

		Credit Quality Rating									
Investment Type	Fair Value	AAA	AA	A	BBB	BB	B	CCC	CC	C	Unrated
Local Government Investment Pool (LGIP) US Agencies Domestic individual bonds Corporate Bonds Commercial Paper Mutual Funds Collateralized mortgage obligation Other (list)											
Total											

As of June 30, 2005, the Foundation's investments were rated as follows:

		Credit Quality Rating									
Investment Type	Fair Value	AAA	AA	A	BBB	BB	B	CCC	CC	C	Unrated
Local Government Investment Pool (LGIP) US Agencies Domestic individual bonds Corporate Bonds Commercial Paper Mutual Funds Collateralized mortgage obligation Other (list)											
Total											

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Foundation does not have a deposit policy for custodial credit risk **(Or disclose Foundation policy)**. At June 30, 2006, the Foundation had $____________ of uninsured and unregistered investments for which the securities are held by the counterparty and $ __________ of uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent but not in the Foundation's name. At June 30, 2005, the Foundation had $____________ of uninsured and unregistered investments for which the securities are held by the counterparty and $ __________ of uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent but not in the Foundation's name. ***(If the Foundation has no exposure to this risk at either June 30th, you may delete this disclosure.)***

Concentration of Credit Risk. The Foundation places no limit on the amount it may invest in any one issuer (**Or disclose Foundation policy**). More than 5 percent of the Foundation's investments are invested in the following single issuers at June 30, 2006: ***(If the Foundation has no exposure to this risk at either June 30th, you may delete this disclosure.)***

Issuer	Percentage of Total Investments

More than 5 percent of the Foundation's investments are invested in the following single issuers at June 30, 2005:

Issuer	Percentage of Total Investments

Foreign Currency Risk. The Foundation places no limit on the amount it may invest in foreign currency (**Or disclose Foundation policy**). The Foundation's exposure to foreign currency risk at June 30, 2006, is as follows: ***(If the Foundation has no exposure to this risk at either June 30th, you may delete this disclosure.)***

Investment	Currency	Maturity	Fair Value

The Foundation's exposure to foreign currency risk at June 30, 2005, is as follows:

Investment	Currency	Maturity	Fair Value

(The following paragraphs are only for foundations with pooled investment funds. Information included below is for example purposes only, please revise as needed for your foundation. The following information must be disclosed: method of assigning values on a pooled unit basis, the number of units owned by major fund type, the unit value at the statement of net assets date, and the changes in cost and market values between statements of net assets dates.)

Investments of endowment and similar funds are composed on the following:

	Carrying Value	
	June 30, 2006	June 30, 2006
US Treasury US Agencies Domestic individual bonds Repurchase Agreements Commercial Paper Mutual Funds Corporate Stocks Corporate Bonds Other (list)		
Total		

Assets of endowment funds are pooled on a fair value basis, with each individual fund subscribing to or disposing of units on the basis of the value per unit fair value at the beginning of the calendar quarter within which the transaction takes place. Of the total units at June 30, 2006, each having a fair value of $_______________, ______ units were owned by endowment, __________ units were owned by term endowment, and _________ units were owned by quasi-endowment. Of the total units at June 30, 2005, each having a fair value of $_______________, ______ units were owned by endowment, __________ units were owned by term endowment, and _________ units were owned by quasi-endowment.

The following tabulation summarizes changes in relationships between cost and fair values of the pooled assets:

FY 2006	Pooled Assets		Net Gains (Losses)	Fair Value per Unit
	Market	Cost		
End of year Beginning of year Unrealized net gains Realized net gains				
Total net gains				

FY 2005	Pooled Assets		Net Gains (Losses)	Fair Value per Unit
	Market	Cost		
End of year Beginning of year Unrealized net gains Realized net gains				
Total net gains				

The average annual earnings per unit, exclusive of net gains, were $____ for the year ended June 30, 2006, and $______ for the year ended June 30, 2005.

<u>Pledges Receivable</u> - Pledges receivable are summarized below net of the allowance for doubtful accounts:

	June 30, 2006	June 30, 2005
Current pledges	$_______________	$_______________
Pledges due in one to five years	_______________	_______________
Pledges due after five years	_______________	_______________
Subtotal	_______________	_______________
Less discounts to net present value	(_______________)	(_______________)
Total pledges receivable, net	$_______________	$_______________

Capital Assets - Capital asset activity for the year ended June 30, 2006, was as follows:

	Beg Balance	Additions	Transfers	Reductions	End Balance
Land Land improve & Infrastructure Buildings Equipment Projects in progress					
Total					
Less accum dep: Land improve & infrastructure Buildings Equipment					
Total accum dep					
Capital assets, net					

Capital asset activity for the year ended June 30, 2005, was as follows:

	Beg Balance	Additions	Transfers	Reductions	End Balance
Land Land improve & Infrastructure Buildings Equipment Projects in progress					
Total					
Less accum dep: Land improve & infrastructure Buildings Equipment					
Total accum dep					
Capital assets, net					

(The transfer column should only be used to report the transfer of completed projects out of Projects in Progress. All other transactions are either additions or reductions.)

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

	Beg Balance	Additions	Reductions	End Balance	Curr Portion
Payables: Notes Loans Bonds Lease Obl					
Subtotal					
Other Liab (list others)					
Subtotal					
Total long-term liabilities					

Long term liability activity for the year ended June 30, 2005, was as follows:

	Beg Balance	Additions	Reductions	End Balance	Curr Portion
Payables: Notes Loans Bonds Lease Obl					
Subtotal					
Other Liab (list others)					
Subtotal					
Total long-term liabilities					

Notes Payable

The Foundation borrowed funds to purchase __________________. The note bears an annually adjusted interest rate of _____% of the prime rate (not to exceed _____%), a minimum annual debt service of $___________, and a due date of _____________. The balance owed was $______________ at June 30, 2006, and $___________ at June 30, 2005.

Debt service requirements to maturity for all notes payable at June 30, 2006, are as follows:

For the Year(s) Ending June 30	Principal	Interest	Total
2007	$	$	$
2008			
2009			
2010			
2011			
2012 – 2016			
2017 – 2021			
2022 – 2026			
2027 – 2031			
2032 – 2036 (continue in 5 yr increments)			
Total	$	$	$

Loans Payable

The Foundation borrowed funds from ____________________to purchase _________________. The loan bears ______________________ (disclose interest rate and adjustment mechanism if variable interest rate), has a principal amount of ____________, a minimum debt service of ____________, and a due date of ______________. The balance owed was $___________ at June 30, 2006, and $___________ at June 30, 2005.

Debt service requirements to maturity for all loans payable at June 30, 2006, are as follows:

For the Year(s) Ending June 30	Principal	Interest	Total
2007	$	$	$
2008			
2009			
2010			
2011			
2012 – 2016			
2017 – 2021			
2022 – 2026 (continue in 5 yr increments)			
Total	$	$	$

Bonds Payable

Bond issues, with interest rates ranging from _______% to ________% are due serially to ____________. Debt service requirements to maturity for all bonds payable at June 30, 2006, are as follows:

For the Year(s) Ending June 30	Principal	Interest	Total
2007	$	$	$
2008			
2009			
2010			
2011			
2012 – 2016			
2017 - 2021			
2022 – 2026			
2027 – 2031			
2032 – 2036			
2037 – 2041 (continue in 5 yr increments)			
Total	$	$	$

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

The foundation chooses to spend only a portion of the investment income (including changes in the value of investments) each year. Under the spending plan established by the foundation, (insert spending plan methodology here) has been authorized for expenditure. The remaining amount, if any, is retained to be used in future years when the amount computed using the spending plan exceeds the investment income (revise underlined section as needed). At June 30, 2006, net appreciation of $ _________ is available to be spent, of which $__________ is included in restricted net assets expendable for scholarships and fellowships, $________ is included in restricted net assets expendable for research, $_______ is included in restricted net assets expendable for instructional departmental uses, $_________ is included in restricted net assets expendable for loans, $_________ is included in restricted net assets expendable for capital projects, $_________ is included in restricted net assets expendable for debt service, $________ is included in restricted net assets expendable for other, and $________ is included in unrestricted net assets. At June 30, 2005, net appreciation of $ _________ is available to be spent, of which $__________ is included in restricted net assets expendable for scholarships and fellowships, $________ is included in restricted net assets expendable for research, $_______ is included in restricted net assets expendable for instructional departmental uses, $_________ is included in restricted net assets expendable for loans, $_________ is included in restricted net assets expendable for capital projects, $_________ is included in restricted net assets expendable for debt service, $________ is included in restricted net assets expendable for other, and $________ is included in unrestricted net assets.

(Insert additional disclosures as needed)