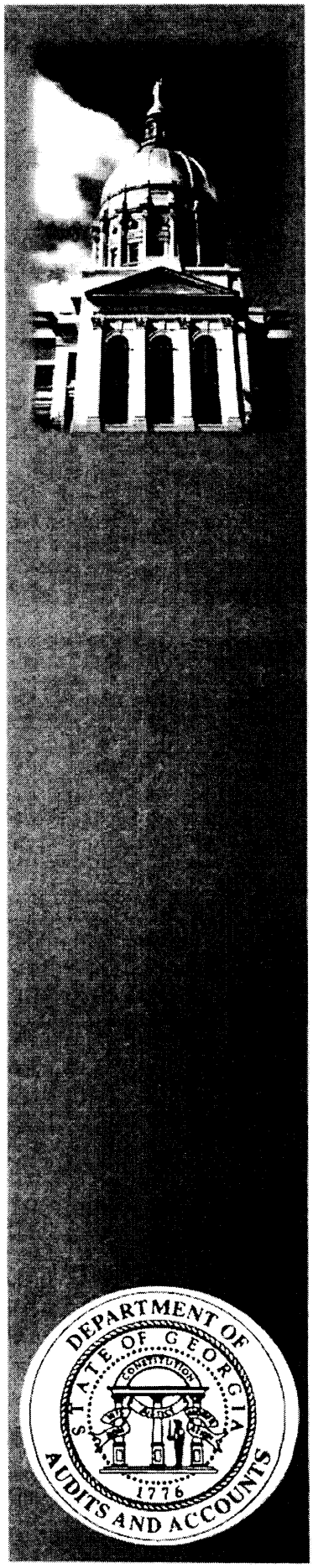

DALTON STATE COLLEGE
DALTON, GEORGIA

REPORT ON AUDIT
OF THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2009

Georgia Department of
Audits and Accounts

Russell W. Hinton
State Auditor

DALTON STATE COLLEGE

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SECTION I

FINANCIAL

DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W., Suite 1-156
Atlanta, Georgia 30334-8400

Russell W. Hinton
STATE AUDITOR
(404) 656-2174

Honorable Sonny Perdue, Governor
Members of the General Assembly of Georgia
Members of the Board of Regents of the
University System of Georgia
and
Honorable John O. Schwenn, President
Dalton State College

INDEPENDENT AUDITOR'S COMBINED REPORT ON BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Ladies and Gentlemen:

We have audited the accompanying basic financial statements (Exhibits A through D) of Dalton State College, an organizational unit of the State of Georgia, as of and for the year ended June 30, 2009. These financial statements are the responsibility of the Dalton State College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of College's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of Dalton State College are intended to present the financial position and changes in financial position and cash flows of only that portion of the business-type activities of the State of Georgia that is attributable to the transactions of Dalton State

College. They do not purport to, and do not, present fairly the financial position and changes in financial position and cash flows of the State of Georgia, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Dalton State College as of June 30, 2009, and its changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a part of the basic financial statements but is required supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Dalton State College taken as a whole. The accompanying supplementary information (Schedules 1 through 4) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

Russell W. Hinton, CPA, CGFM
State Auditor

RWH:as
09ARL-62

REQUIRED SUPPLEMENTARY INFORMATION

DALTON STATE COLLEGE
Management's Discussion and Analysis

Introduction

Dalton State College is one of the 35 institutions of higher education of the University System of Georgia. The College, located in Dalton, Georgia was founded in 1967 and has become known for its technical, transfer, health-related, and business programs. The College offers technical, associate, and targeted baccalaureate degrees. This wide range of educational opportunities attracts a highly qualified faculty and a growing student body. The institution continues to grow as shown by the comparison numbers that follow:

	Faculty	Students (Headcount)	Students (FTE)
FY2009	154	4,957	3,930
FY2008	139	4,532	3,521
FY2007	139	4,349	3,208

Overview of the Financial Statements and Financial Analysis

Dalton State College is proud to present its financial statements for fiscal year 2009. The emphasis of discussions about these statements will be on current year data. There are three financial statements presented: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. This discussion and analysis of the College's financial statements provides an overview of its financial activities for the year. Comparative data is provided for fiscal year 2009 and fiscal year 2008.

Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities, and net assets of the College as of the end of the fiscal year. The Statement of Net Assets is a point of time financial statement. The purpose of the Statement of Net Assets is to present to the readers of the financial statements a fiscal snapshot of Dalton State College. The Statement of Net Assets presents end-of-year data concerning Assets (current and noncurrent), Liabilities (current and noncurrent), and Net Assets (assets minus liabilities). The difference between current and noncurrent assets will be discussed in the Notes to the Financial Statements.

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

Finally, the Statement of Net Assets provides a picture of the net assets (assets minus liabilities) and their availability for expenditure by the institution. Net assets are divided into three major categories. The first category, invested in capital assets, net of debt, provides the institution's equity in property, plant and equipment owned by the institution. The next asset category is

restricted net assets, which is expendable. Expendable restricted net assets are available for expenditure by the institution but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net assets. Unrestricted net assets are available to the institution for any lawful purpose of the institution.

Statement of Net Assets, Condensed

	June 30, 2009	June 30, 2008
Assets		
Current Assets	$ 5,219,686	$ 5,141,856
Capital Assets, Net	25,163,349	24,032,483
Total Assets	$ 30,383,035	$ 29,174,339
Liabilities		
Current Liabilities	$ 1,824,890	$ 1,685,391
Noncurrent Liabilities	238,095	194,360
Total Liabilities	$ 2,062,985	$ 1,879,751
Net Assets		
Invested in Capital Assets, Net of Debt	$ 25,163,349	$ 24,032,483
Restricted - Expendable	1,961	1,961
Unrestricted	3,154,740	3,260,144
Total Net Assets	$ 28,320,050	$ 27,294,588

The total assets of the institution increased by $1,208,696. A review of the Statement of Net Assets will reveal that the increase was primarily due to an increase of $1,130,866 in the category of Capital Assets, Net. The balance of the increase is primarily due to the addition of land which was donated to the College by Whitfield County, as well as, the addition of the new Bell Tower which was funded by private donations through the Dalton State College Foundation.

The total liabilities for the year increased by $183,234. The combination of the increase in total assets of $1,208,696 and the increase in total liabilities of $183,234 yields an increase in total net assets of $1,025,462. The increase in total net assets is primarily in the category of Invested in Capital Assets, Net of Debt, in the amount of $1,130,866 which as noted above was due to the addition of both land and the Bell Tower.

Statement of Revenues, Expenses and Changes in Net Assets

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

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

	June 30, 2009	June 30, 2008
Operating Revenues	$ 14,645,106	$ 17,251,892
Operating Expenses	35,066,086	31,380,005
Operating Gain/Loss	$ -20,420,980	$ -14,128,113
Nonoperating Revenues and Expenses	20,526,233	14,487,177
Income (Loss) Before Other Revenues, Expenses, Gains or Losses	$ 105,253	$ 359,064
Other Revenues, Expenses, Gains or Losses	920,209	250,782
Increase (Decrease) in Net Assets	$ 1,025,462	$ 609,846
Net Assets at Beginning of Year	27,294,588	26,684,742
Net Assets at End of Year	$ 28,320,050	$ 27,294,588

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

Revenue By Source
For The Years Ended June 30, 2009 and June 30, 2008

	June 30, 2009	June 30, 2008
Operating Revenue		
Tuition and Fees	$ 7,076,471	$ 6,192,131
Grants and Contracts	4,275,709	8,450,748
Sales and Services of Educational Departments	358,841	552,860
Auxiliary	2,814,366	1,942,900
Other	119,719	113,253
Total Operating Revenue	$ 14,645,106	$ 17,251,892
Nonoperating Revenue		
State Appropriations	$ 13,780,765	$ 14,337,871
Grants and Contracts	6,716,384	
Gifts	14,301	
Investment Income	36,080	151,985
Other	-21,297	-2,679
Total Nonoperating Revenue	$ 20,526,233	$ 14,487,177
Capital Grants and Gifts		
State	$ 28,212	$ 250,782
Other	891,997	
Total Capital Grants and Gifts	$ 920,209	$ 250,782
Total Revenues	$ 36,091,548	$ 31,989,851

Expenses (By Functional Classification)
For The Years Ended June 30, 2009 and June 30, 2008

	June 30, 2009	June 30, 2008
Operating Expenses		
Instruction	$ 15,999,083	$ 14,401,943
Academic Support	2,474,305	2,473,515
Student Services	2,255,663	2,419,874
Institutional Support	3,555,970	3,605,730
Plant Operations and Maintenance	4,576,425	3,691,062
Scholarships and Fellowships	4,159,322	3,046,384
Auxiliary Enterprises	2,045,318	1,741,497
Total Expenses	$ 35,066,086	$ 31,380,005

Operating revenues decreased by $2,606,786 in fiscal year 2009. Tuition and Fees increases by 15%, while Auxiliary revenues increased by 45%. The substantial increase in auxiliary revenues was primarily due to an increase of 246% in the parking fee, which was increased to fund the new Dalton State College parking deck. The category of Grants and Contracts had a decrease of over 4 million dollars or roughly 50%. This decrease can be contributed to a reporting change of all Federal Financial Assistance Programs such as PELL, SEOG, FWS, ACG, etc. Funds from these grants will now be reflected in the Nonoperating Revenue category.

Nonoperating revenues increased by $6,039,056 for the year primarily due to an increase of $6,716,384 in Grants and Contracts. The increase can be contributed to a change in the reporting of Federal Financial Assistance Programs, which was mentioned in the paragraph regarding Operating Revenues.

The compensation and employee benefits category increased by $1,953,418 and primarily affected the Instruction category. The increase reflects the addition of new full-time and part-time Faculty positions, merit increases and an increased cost of health insurance for the employees of the institution.

Statement of Cash Flows

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

Cash Flows for the Years Ended June 30, 2009 and 2008, Condensed

	June 30, 2009	June 30, 2008
Cash Provided (Used) By:		
Operating Activities	$ -18,879,632	$ -12,381,404
Noncapital Financing Activities	20,506,405	14,207,965
Capital and Related Financing Activities	-1,870,738	-1,134,251
Investing Activities	36,080	151,985
Net Change in Cash	$ -207,885	$ 844,295
Cash, Beginning of Year	2,860,479	2,016,184
Cash, End of Year	$ 2,652,594	$ 2,860,479

Capital Assets

The College had two significant capital asset additions for facilities in fiscal year 2009. The College acquired a 3.35 acre plot of land in the Whitfield County area valued at $603,000. This plot of land, which was donated by Whitfield County, will be the future site of the Dalton State College Career Academy.

Dalton State College also completed the construction of the new Dalton State College Bell Tower during fiscal year 2009. Construction of the Dalton State College Bell Tower was funded through private donations to the Dalton State College Foundation. The total cost of the project was valued at $1,254,365.

For additional information concerning Capital Assets, see Notes 1, 5 and 8 in the Notes to the Financial Statements.

Long-Term Liabilities

Dalton State College had Long-Term Liabilities of $673,539 of which $435,444 was reflected as current liability at June 30, 2009.

For additional information concerning Long-Term Liabilities, see Notes 1 and 7 in the Notes to the Financial Statements.

Economic Outlook

Economic growth has slowed significantly since the end of fiscal year 2008. Data released during the first half of fiscal year 2009 showed that the economy was headed into a recessionary period. The period of recession has had a significantly adverse effect on the city of Dalton and its surrounding communities. Unemployment has grown to over 10% and many of the factory jobs that once drew people to the area have disappeared. The overall world economy has also suffered severely from the banking crisis as over 60 banks have closed YTD throughout the country. The recession has also caused a decrease in state revenues due to less spending by both companies and individuals. Dalton State College endured a budget reduction of over 12% or roughly $1.8 million in state funding with this amount expected to increase in fiscal year 2010. This will cause forecasting to be extremely difficult, especially since the current environment is fraught with much more than the usual challenges. With that said, the College has seen a very dramatic increase in enrollment. Many of those who are unemployed are returning to College to further their education with hopes that when the economy does in fact turnaround they will be able to once again find employment in the Dalton area. This increase in enrollment helped to offset the reduction in state funds during fiscal year 2009, however there are no guarantees this growth will continue during the 2010 fiscal year. The College anticipates the current fiscal year will be worse than the last as official budget cuts have already been announced by the governor. The administration is aware of the severity of the economy and is maintaining a close watch on the economy for any signs of change.

John Schwenn, Ph.D., President
Dalton State College

Scott Bailey, VP of Fiscal Affairs
Dalton State College

BASIC FINANCIAL STATEMENTS

DALTON STATE COLLEGE
STATEMENT OF NET ASSETS
JUNE 30, 2009

EXHIBIT "A"

ASSETS		
Current Assets		
Cash and Cash Equivalents	$	2,652,594
Accounts Receivable, Net (Note 3)		
Federal Financial Assistance		936,800
Other		1,297,652
Inventories		320,204
Prepaid Items		12,436
Total Current Assets	$	5,219,686
Noncurrent Assets		
Capital Assets, Net (Note 5)		25,163,349
Total Assets	$	30,383,035
LIABILITIES		
Current Liabilities		
Accounts Payable	$	684,204
Salaries Payable		461,714
Deferred Revenue (Note 6)		101,230
Other Liabilities		780
Deposits Held for Other Organizations		141,518
Compensated Absences		435,444
Total Current Liabilities	$	1,824,890
Noncurrent Liabilities		
Compensated Absences		238,095
Total Liabilities	$	2,062,985
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	$	25,163,349
Restricted for:		
Expendable		1,961
Unrestricted		3,154,740
Total Net Assets	$	28,320,050

The notes to the financial statements are an integral part of this statement.

DALTON STATE COLLEGE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2009

EXHIBIT "B"

OPERATING REVENUES	
Student Tuition and Fees	$ 10,008,422
Less: Scholarship Allowances	-2,931,951
Grants and Contracts	
Federal	1,284,424
State	1,287,998
Other	1,703,287
Sales and Services of Educational Departments	358,841
Auxiliary Enterprises	
Residence Halls	6,900
Bookstore	1,617,955
Food Services	368,938
Parking/Transportation	782,937
Other Organizations	37,636
Other Operating Revenues	119,719
Total Operating Revenues	$ 14,645,106
OPERATING EXPENSES	
Salaries	
Faculty	$ 9,332,339
Staff	7,268,537
Employee Benefits	4,787,119
Other Personal Services	121,065
Travel	130,831
Scholarships and Fellowships	4,464,656
Utilities	999,982
Supplies and Other Services	6,356,499
Depreciation	1,605,058
Total Operating Expenses	$ 35,066,086
Operating Income (Loss)	$ -20,420,980
NONOPERATING REVENUES (EXPENSES)	
State Appropriations	$ 13,780,765
Grants and Contracts	
Federal	6,716,384
Gifts	14,301
Interest and Other Investment Income	36,080
Other Nonoperating Revenues	-21,297
Net Nonoperating Revenues	$ 20,526,233
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	$ 105,253
Capital Grants and Gifts	
State	$ 28,212
Other	891,997
Total Other Revenues, Expenses, Gains or Losses	$ 920,209
Increase (Decrease) in Net Assets	$ 1,025,462
Net Assets - Beginning of Year	27,294,588
Net Assets - End of Year	$ 28,320,050

The notes to the financial statements are an integral part of this statement

DALTON STATE COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2009

EXHIBIT "C"

CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees	$	7,105,646
Grants and Contracts		4,028,559
Sales and Services of Educational Departments		358,841
Payments to Suppliers		-12,272,164
Payments to Employees		-16,478,548
Payments for Scholarships and Fellowships		-4,464,656
Auxiliary Enterprise Charges		
Residence Halls		6,946
Bookstore		1,557,042
Food Services		369,603
Parking/Transportation		1,009,759
Other Organizations		37,636
Other Receipts (Payments)		-138,296
Net Cash Provided (Used) by Operating Activities	$	-18,879,632
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	$	13,780,765
Agency Funds Transactions		3,743
Gifts and Grants Received for Other than Capital Purposes		6,721,897
Net Cash Flows Provided (Used) by Noncapital Financing Activities	$	20,506,405
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of Capital Assets	$	-1,870,738
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	$	36,080
Net Increase (Decrease) in Cash	$	-207,885
Cash and Cash Equivalents - Beginning of Year		2,860,479
Cash and Cash Equivalents - End of Year	$	2,652,594
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	$	-20,420,980
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Depreciation		1,605,058
Change in Assets and Liabilities		
Accounts Receivable, Net		-220,810
Inventories		-15,098
Prepaid Items		-7,294
Accounts Payable		100,078
Deferred Revenue		5,215
Other Liabilities		221
Compensated Absences		73,978
Net Cash Provided (Used) by Operating Activities	$	-18,879,632
NONCASH ACTIVITY		
Gift of Capital Assets Reducing Proceeds of Capital Grants and Gifts	$	-891,997

The notes to the financial statements are an integral part of this statement.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

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

REPORTING ENTITY

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

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

Legally separate, tax exempt organizations whose activities primarily support units of the University System of Georgia, which are organizational units of the State of Georgia, are considered potential component units of the State. See Note 15 for additional information.

FINANCIAL STATEMENT PRESENTATION

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. This was followed in November 1999 by GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. The State of Georgia implemented GASB Statement No. 34 as of and for the year ended June 30, 2002. As an organizational unit of the State of Georgia, the College was also required to adopt GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37 and No. 38. The financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) as prescribed by the GASB and are presented as required by these standards to provide a comprehensive, entity-wide perspective of the College's assets, liabilities, net assets, revenues, expenses, changes in net assets, cash flows, and replaces the fund perspective previously required.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL STATEMENT PRESENTATION

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

BASIS OF ACCOUNTING

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

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

CASH AND CASH EQUIVALENTS

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

ACCOUNTS RECEIVABLE

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

INVENTORIES

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

CAPITAL ASSETS

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. For equipment, the College's capitalization policy includes all items with a unit cost of $5,000 or more, and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that exceed $100,000 and/or significantly increase the value or extend the useful life of the structure are capitalized. Routine

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CAPITAL ASSETS

repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 to 60 years for buildings, 20 to 25 years for infrastructure and land improvements, 10 years for library books, and 3 to 20 years for equipment. Residual values will generally be 10% of historical costs for infrastructure, buildings and building improvements, and facilities and other improvements.

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

For projects managed by GSFIC, the GSFIC retains construction in progress on its books throughout the construction period and transfers the entire project to the College when complete. For projects managed by the College, the College retains construction in progress on its books and is reimbursed by GSFIC. For the year ended June 30, 2009, GSFIC did not transfer any capital additions to Dalton State College.

DEFERRED REVENUES

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

COMPENSATED ABSENCES

Employee vacation pay is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as compensated absences in the Statement of Net Assets, and as a component of compensation and benefit expense in the Statements of Revenues, Expenses, and Changes in Net Assets. Dalton State College had accrued liability for compensated absences in the amount of $599,561 as of July 1, 2008. For fiscal year 2009, $509,040 was earned in compensated absences and employees were paid $435,062, for a net increase of $73,978. The ending balance as of June 30, 2009, in accrued liability for compensated absences was $673,539.

NONCURRENT LIABILITIES

Noncurrent liabilities include liabilities that will not be paid within the next fiscal year.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NET ASSETS

The College's net assets are classified as follows:

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

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

Expendable Restricted Net Assets include the following:

	June 30, 2009
Restricted - E & G and Other Organized Activities	$ 1,961

Unrestricted net assets: Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the governing board to meet current expenses for those purposes, except for unexpended state appropriations (surplus). Unexpended state appropriations must be refunded to the Board of Regents of the University System of Georgia, University System Office for remittance to the office of Treasury and Fiscal Services. At June 30, 2009, there was a surplus balance of $12,098.04 to be refunded. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

Unrestricted Net Assets includes the following items which are quasi-restricted by management.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NET ASSETS

	June 30, 2009
R & R Reserve	$ 598,378
Reserve for Encumbrances	1,699,661
Reserve for Inventory	16,913
Other Unrestricted	839,788
Total Unrestricted Net Assets	$ 3,154,740

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

INCOME TAXES

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

CLASSIFICATION OF REVENUES

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

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises, net of scholarship allowances, and (3) most Federal, state and local grants and contracts and Federal appropriations.

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

SCHOLARSHIP ALLOWANCES

Student tuition and fee revenues, and certain other revenues from students, are reported at gross with a contra revenue account of scholarship allowances in the Statement of Revenues, Expenses and Changes in Net Assets. Scholarship allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

SCHOLARSHIP ALLOWANCES

nonoperating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded contra revenue for scholarship allowances.

NOTE 2: DEPOSITS AND INVESTMENTS

DEPOSITS

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

1. Bonds, bills, notes, certificates of indebtedness, or other direct obligations of the United States or of the State of Georgia.

2. Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia.

3. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.

4. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.

5. Bonds, bills, certificates of indebtedness, notes or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest and debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association and the Federal National Mortgage Association.

6. Guarantee or insurance of accounts provided by the Federal Deposit Insurance Corporation.

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

At June 30, 2009, the carrying value of deposits was $1,614,635 and the bank balance was $1,885,850. Of the College's deposits, $1,885,850 were uninsured and uncollateralized.

NOTE 2: DEPOSITS AND INVESTMENTS

INVESTMENTS

At June 30, 2009, the carrying value of the College's investments was $1,022,584, which is materially the same as fair value. These investments were comprised entirely of funds invested in the Office of Treasury and Fiscal Services investment pools as follows:

Investment Pools	
Office of Treasury and Fiscal Services	
Georgia Fund 1	$ 1,022,584

The Georgia Fund 1 Investment Pool, managed by the Office of Treasury and Fiscal Services, is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. This investment is valued at the pool's share price, $1.00 per share. The Georgia Fund 1 Investment Pool is an AAAm rated investment pool by Standard and Poor's. The Weighted Average Maturity of the Fund is 45 days.

Interest Rate Risk

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

Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College does not have a formal policy for managing credit quality risk.

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2009:

Student Tuition and Fees	$ 187,012
Auxiliary Enterprises and Other Operating Activities	177,842
Federal Financial Assistance	936,800
Georgia State Financing and Investment Commission	42,513
Other	978,162
	$ 2,322,329
Less Allowance for Doubtful Accounts	87,877
Net Accounts Receivable	$ 2,234,452

NOTE 4: INVENTORIES

Inventories consisted of the following at June 30, 2009:

Bookstore	$ 290,141
Food Services	14,740
Physical Plant	7,618
Other	7,705
Total	$ 320,204

NOTE 5: CAPITAL ASSETS

Following are the changes in capital assets for the year ended June 30, 2009:

	Beginning Balance July 1, 2008	Additions	Reductions	Ending Balance June 30, 2009
Capital Assets, Not Being Depreciated:				
Land	$ 435,065	$ 603,000	$ 0	$ 1,038,065
Construction Work-In-Progress	274,732	28,212		302,944
Total Capital Assets Not Being Depreciated	$ 709,797	$ 631,212	$ 0	$ 1,341,009
Capital Assets, Being Depreciated:				
Infrastructure	$ 1,346,095			$ 1,346,095
Building and Building Improvements	29,147,366			29,147,366
Facilities and Other Improvements	1,172,871	$ 1,254,365		2,427,236
Equipment	3,793,518	693,481	$ 316,989	4,170,010
Library Collections	5,513,258	183,677	7,198	5,689,737
Total Assets Being Depreciated	$ 40,973,108	$ 2,131,523	$ 324,187	$ 42,780,444
Less: Accumulated Depreciation:				
Infrastructure	$ 1,013,442	$ 18,142		$ 1,031,584
Building and Building Improvements	9,204,769	617,014		9,821,783
Facilities and Other Improvements	951,506	20,903		972,409
Equipment	2,302,434	696,308	$ 290,178	2,708,564
Library Collections	4,178,271	252,691	7,198	4,423,764
Total Accumulated Depreciation	$ 17,650,422	$ 1,605,058	$ 297,376	$ 18,958,104
Total Capital Assets, Being Depreciated, Net	$ 23,322,686	$ 526,465	$ 26,811	$ 23,822,340
Capital Assets, Net	$ 24,032,483	$ 1,157,677	$ 26,811	$ 25,163,349

NOTE 6: DEFERRED REVENUE

Deferred revenue consisted of the following at June 30, 2009:

Other Deferred Revenue	$ 101,230

NOTE 7: LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2009 was as follows:

	Beginning Balance July 1, 2008	Additions	Reductions	Ending Balance June 30, 2009	Current Portion
Other Liabilities Compensated Absences	$ 599,561	$ 509,040	$ 435,062	$ 673,539	$ 435,444

NOTE 8: SIGNIFICANT COMMITMENTS

During fiscal year 2009 the College began construction of a new parking deck which will be located on the rear parking lot. This project was funded through the Georgia Higher Education Facilities Authority or GHEFA and these funds will be paid back through student parking fees which were raised to $65.00 per semester during fiscal year 2009. The parking deck is slated for completion in August 2009, prior to the start of Fall semester. The rental agreement commencement date is August 1, 2009 and will not terminate until June 30, 2040. Although the building will be officially turned over to the College in August 2009, DSC will not begin making payments until July 1, 2011. Once payments have begun on the parking deck, DSC will make two payments per year on December 1 and June 1 until fiscal year 2040. Initially payments for fiscal year 2011 will total $524,619.00 and they will rise anywhere from 0% to 1.7% per year throughout the course of the agreement.

NOTE 9: LEASE OBLIGATIONS

Dalton State College is obligated under two operating leases for the use of real property (land, buildings, and office facilities).

OPERATING LEASES

Dalton State College had two leases for fiscal year 2009. This facility was leased for instructional classes at the following cost: $2,993.00/month (4 months) and $3,142.00/month (8 months), year by year lease, $37,108.00 annual lease.

During fiscal year 2009 the College made the decision to proceed with its plan to become a residential campus. With that said, the College executed a contract on July 1, 2009 to lease the Wood Valley Apartment complex from the DSC Foundation. The lease agreement is for a period of one year at a rate of $26,758.00 per month or $321,096.00 for the year. If the addition of residential life is a success at DSC, the College will continue to renew the lease on a yearly basis.

DSC also opened the Gilmer County Center during fiscal year 2009. The center is located at 1 Westside Square in downtown Ellijay and is the property of Gilmer County. During the Spring 2009 semester more than 400 students attended class at the Gilmer County Center. DSC executed a lease agreement with Gilmer County for the period of one year beginning December 1, 2008 at a rate of $10,156.00 per month, which can be renewed on a yearly basis.

NOTE 9: LEASE OBLIGATIONS

OPERATING LEASES

Future commitments for capital leases (which here and on the Statement of Net Assets include other installment purchase agreements) and for noncancelable operating leases having remaining terms in excess of one year as of June 30, 2009, were as follows:

	Operating Leases
Year Ending June 30 2010	$ 452,394

Dalton State College's fiscal year 2009 expense for rental of real property and equipment under operating leases was $118,356.

NOTE 10: RETIREMENT PLANS

TEACHERS RETIREMENT SYSTEM OF GEORGIA

Plan Description

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

Funding Policy

Employees of Dalton State College who are covered by TRS are required by State statute to contribute 5% of their gross earnings to TRS. Dalton State College makes monthly employer contributions to TRS at rates adopted by the TRS Board of Trustees in accordance with State statute and as advised by their independent actuary. For fiscal year 2009, the employer contribution rate was 9.28% for covered employees. Employer contributions for the current fiscal year and the preceding two fiscal years are as follows:

Fiscal Year	Percentage Contributed	Required Contribution
2009	100%	$ 863,830
2008	100%	$ 827,082
2007	100%	$ 795,321

NOTE 10: RETIREMENT PLANS

REGENTS RETIREMENT PLAN

Plan Description

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

Funding Policy

Dalton State College makes monthly employer contributions for the Regents Retirement Plan at rates adopted by the Teachers Retirement System of Georgia Board of Trustees in accordance with State statute and as advised by their independent actuary. For fiscal year 2009, the employer contribution was 8.15% for the first six months and 9.24% for the last six months of the participating employee's earnable compensation. Employees contribute 5% of their earnable compensation. Amounts attributable to all plan contributions are fully vested and nonforfeitable at all times.

Dalton State College and the covered employees made the required contributions of $464,796 (8.15% or 9.24%) and $266,075 (5%), respectively.

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

GEORGIA DEFINED CONTRIBUTION PLAN

Plan Description

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

Benefits

A member may retire and elect to receive periodic payments after attainment of age 65. The payment will be based upon mortality tables and interest assumptions to be adopted by the Board

NOTE 10: RETIREMENT PLANS

GEORGIA DEFINED CONTRIBUTION PLAN

Benefits

of Trustees. If a member has less than $3,500 credited to his/her account, the Board of Trustees has the option of requiring a lump sum distribution to the member in lieu of making periodic payments. Upon the death of a member, a lump sum distribution equaling the amount credited to his/her account will be paid to the member's designated beneficiary. Benefit provisions are established by State statute.

Contributions

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

Total contributions made by employees during fiscal year 2009 amounted to $43,521 which represents 7.5% of covered payroll. These contributions met the requirements of the plan.

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

NOTE 11: RISK MANAGEMENT

The University System of Georgia offers its employees and retirees access to two different self-insured healthcare plan options - a PPO/PPO Consumer healthcare plan, and an indemnity healthcare plan. Dalton State College and participating employees and retirees pay premiums to either of the self-insured healthcare plan options to access benefits coverage. The respective self-insured healthcare plan options are included in the financial statements of the Board of Regents of the University System of Georgia - University System Office. All units of the University System of Georgia share the risk of loss for claims associated with these plans. The reserves for these two plans are considered to be a self-sustaining risk fund. Both self-insured healthcare plan options provide a maximum lifetime benefit of $2,000,000 per person. The Board of Regents has contracted with Blue Cross Blue Shield of Georgia, a wholly owned subsidiary of WellPoint, to serve as the claims administrator for the two self-insured healthcare plan products. In addition to the two different self-insured healthcare plan options offered to the employees of the University System of Georgia, a fully insured HSA/High Deductible PPO healthcare plan and two fully insured HMO healthcare plan options are also offered to System employees.

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

NOTE 11: RISK MANAGEMENT

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

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

NOTE 12: CONTINGENCIES

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

Litigation, claims and assessments filed against Dalton State College (an organizational unit of the Board of Regents of the University System of Georgia), if any, are generally considered to be actions against the State of Georgia. Accordingly, significant litigation, claims and assessments pending against the State of Georgia are disclosed in the State of Georgia Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009.

NOTE 13: POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Pursuant to the general powers conferred by the Official Code of Georgia Annotated Section 20-3-31, the Board of Regents of the University System of Georgia has established group health and life insurance programs for regular employees of the University System of Georgia. It is the policy of the Board of Regents to permit employees of the University System of Georgia eligible for retirement or that become permanently and totally disabled to continue as members of the group health and life insurance programs. The policies of the Board of Regents of the University System of Georgia define and delineate who is eligible for these post-employment health and life insurance benefits. Organizational units of the Board of Regents of the University System of

NOTE 13: POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Georgia pay the employer portion for group insurance for affected individuals. With regard to life insurance, the employer covers the total cost for $25,000 of basic life insurance. If an individual elects to have supplemental, and/or, dependent life insurance coverage, such costs are borne entirely by the employee.

The Board of Regents Retiree Health Benefit Plan is a single employer defined benefit plan. Financial statements and required supplementary information for the Plan are included in the publicly available Consolidated Annual Financial Report of the University System of Georgia. The College pays the employer portion of health insurance for its eligible retirees based on rates that are established annually by the Board of Regents for the upcoming plan year. For the 2008 and 2009 plan years, the employer rate was between 70-75% of the total health insurance cost for eligible retirees and the retiree rate was between 25-30%.

As of June 30, 2009, there were 101 employees who had retired or were disabled that were receiving these post-employment health and life insurance benefits. For the year ended June 30, 2009, Dalton State College recognized as incurred $458,181 of expenditures, which was net of $211,877 of participant contributions.

NOTE 14: NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

The College's operating expenses by functional classification for fiscal year 2009 are shown below:

NOTE 14: NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

Natural Classification	Functional Classification: Instruction	Academic Support	Student Services	Institutional Support
Salaries				
Faculty	$ 9,286,222	$ 46,117		
Staff	1,937,480	1,018,331	$ 1,090,947	$ 1,964,031
Employee Benefits	2,728,132	297,840	315,681	940,149
Other Personal Services	16,502			104,563
Travel	78,633	5,673	20,037	24,278
Scholarships and Fellowships	305,334			
Utilities	113,668	8,620	17,513	24,257
Supplies and Other Services	1,180,222	768,720	796,845	400,548
Depreciation	352,890	329,004	14,640	98,144
Total Operating Expenses	$ 15,999,083	$ 2,474,305	$ 2,255,663	$ 3,555,970

Natural Classification	Functional Classification: Plant Operations and Maintenance	Scholarships and Fellowships	Auxiliary Enterprises	Total Operating Expenses
Salaries				
Faculty				$ 9,332,339
Staff	$ 1,014,268		$ 243,480	7,268,537
Employee Benefits	438,558		66,749	4,787,119
Other Personal Services	10,285		10,285	121,065
Travel	2,179		31	130,831
Scholarships and Fellowships		$ 4,159,322		4,464,656
Utilities	826,198		9,726	999,982
Supplies and Other Services	1,503,097		1,707,067	6,356,499
Depreciation	802,400		7,980	1,605,058
Total Operating Expenses	$ 4,576,425	$ 4,159,322	$ 2,045,318	$ 35,066,086

NOTE 15: AFFILIATED ORGANIZATION

In accordance with GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, an amendment of GASB Statement No. 14, *The Reporting Entity*, which became effective for the year ended June 30, 2004, Dalton State College Foundation is a legally separate, tax exempt organization whose activities primarily support Dalton State College, a unit of the University System of Georgia (an organizational unit of the State of Georgia). The State Accounting Office determined Component Units of the State of Georgia, as required by GASB Statement No. 39, should not be assessed in relation to their significance to Dalton State College, but instead based on their significance to the State of Georgia. Accordingly, Dalton State College has not included financial activity for these affiliated organizations in these financial statements.

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SUPPLEMENTARY INFORMATION

DALTON STATE COLLEGE
BALANCE SHEET (NON-GAAP BASIS)
BUDGET FUND
JUNE 30, 2009

SCHEDULE "1"

ASSETS	
Accounts Receivable	
Federal Financial Assistance	$ 936,799.79
Other	1,146,381.90
Prepaid Expenditures	11,576.00
Inventories	15,323.14
Total Assets	$ 2,110,080.83
LIABILITIES AND FUND EQUITY	
Liabilities	
Cash Overdraft	$ 337,097.86
Accrued Payable	455,350.77
Encumbrance Payable	973,911.05
Accounts Payable	90,592.58
Deferred Revenue	101,230.26
Total Liabilities	$ 1,958,182.52
Fund Balances	
Reserved	
Departmental Sales and Services	$ 88.00
Indirect Cost Recoveries	20,360.00
Technology Fees	7,124.36
Restricted/Sponsored Funds	2,336.94
Uncollectible Accounts Receivable	83,150.47
Tuition Carry-Over	9,827.20
Inventories	16,913.30
Unreserved	
Surplus	12,098.04
Total Fund Balances	$ 151,898.31
Total Liabilities and Fund Balances	$ 2,110,080.83

Actual amounts were prepared on a prescribed basis of accounting that demonstrates compliance with budgetary statutes and regulations of the State of Georgia, which is a comprehensive basis of accounting other than generally accepted accounting principles.

SCHEDULE "2"

DALTON STATE COLLEGE
SUMMARY BUDGET COMPARISON AND SURPLUS ANALYSIS REPORT (NON-GAAP BASIS)
BUDGET FUND
YEAR ENDED JUNE 30, 2009

	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
REVENUES			
State Appropriation	$ 13,799,695.00	$ 13,799,695.00	$ 0.00
State General Funds	138,550.00	138,550.00	0.00
Federal Funds	21,955,714.00	21,255,504.71	-700,209.29
Other Funds			
Total Revenues	$ 35,893,959.00	$ 35,193,749.71	$ -700,209.29
CARRY-OVER FROM PRIOR YEAR			
Transfer from Reserved Fund Balance	0.00	145,954.59	145,954.59
Total Funds Available	$ 35,893,959.00	$ 35,339,704.30	$ -554,254.70
EXPENDITURES			
Special Funding Initiative	$ 4,967.00	$ 4,967.00	$ 0.00
Teaching	35,888,992.00	35,234,693.14	654,298.86
Total Expenditures	$ 35,893,959.00	$ 35,239,660.14	$ 654,298.86
Excess of Funds Available over Expenditures	$ 0.00	$ 100,044.16	$ 100,044.16
FUND BALANCE JULY 1			
Reserved		221,018.73	
Unreserved		18,929.55	
ADJUSTMENTS			
Prior Year Payables/Expenditures		6,272.40	
Prior Year Receivables/Revenues		-29,482.39	
Unreserved Fund Balance (Surplus) Returned to Board of Regents - University System Office Year Ended June 30, 2008		-18,929.55	
Prior Year Reserved Fund Balance Included in Funds Available		-145,954.59	
FUND BALANCE JUNE 30		$ 151,898.31	

SUMMARY OF FUND BALANCE

Reserved	
Departmental Sales and Services	$ 88.00
Indirect Cost Recoveries	20,360.00
Technology Fees	7,124.36
Restricted/Sponsored Funds	2,336.94
Uncollectible Accounts Receivable	83,150.47
Tuition Carry-Over	9,827.20
Inventories	16,913.30
Total Reserved	$ 139,800.27
Unreserved	
Surplus	12,098.04
Total Fund Balance	$ 151,898.31

Actual amounts were prepared on a prescribed basis of accounting that demonstrates compliance with budgetary statutes and regulations of the State of Georgia, which is a comprehensive basis of accounting other than generally accepted accounting principles.

DALTON STATE COLLEGE
STATEMENT OF PROGRAM REVENUES AND EXPENDITURES BY FUNDING SOURCE COMPARED TO BUDGET
(NON-GAAP BASIS) BUDGET FUND
YEAR ENDED JUNE 30, 2009

			Funds Available Compared to Budget			
	Original Appropriation	Final Budget	Current Year Revenues	Prior Year Carry-Over	Total Funds Available	Variance Positive (Negative)
Special Funding Initiatives						
State Appropriation:						
State General Funds	$ 7,213.00	$ 4,967.00	$ 4,967.00	$ 0.00	$ 4,967.00	$ 0.00
Teaching						
State Appropriation						
State General Funds	$ 15,402,361.00	$ 13,794,728.00	$ 13,794,728.00	$ 0.00	$ 13,794,728.00	$ 0.00
Federal Funds						
American Recovery and Reinvestment Act of 2009	0.00	138,550.00	138,550.00	0.00	138,550.00	0.00
Federal Stabilization Funds	15,881,135.00	21,955,714.00	21,255,504.71	145,954.59	21,401,459.30	-554,254.70
Other Funds						
Total Teaching	$ 31,283,496.00	$ 35,888,992.00	$ 35,188,782.71	$ 145,954.59	$ 35,334,737.30	$ -554,254.70
Grand Totals - All Programs	$ 31,290,709.00	$ 35,893,959.00	$ 35,193,749.71	$ 145,954.59	$ 35,339,704.30	$ -554,254.70

Actual amounts were prepared on a prescribed basis of accounting that demonstrates compliance with budgetary statutes and regulations of the State of Georgia, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Expenditures Compared to Budget		Actual Funds Available Over/(Under) Expenditures	Prior Period Adjustments	Other Adjustments	Program Fund Balances	Transfers	Program Fund Balances		Total Fund Balance
Actual	Variance Positive (Negative)						Reserve	Surplus	
$ 4,967.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00
$ 13,789,080.14	$ 5,647.86	$ 5,647.86	$ 0.00	$ 0.00	$ 5,647.86	$ 0.00	$ 0.00	$ 5,647.86	$ 5,647.86
138,550.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
21,307,063.00	648,651.00	94,396.30	-23,209.99	-24,999.63	46,186.68	0.00	39,736.50	6,450.18	46,186.68
$ 35,234,693.14	$ 654,298.86	$ 100,044.16	$ -23,209.99	$ -24,999.63	$ 51,834.54	$ 0.00	$ 39,736.50	$ 12,098.04	$ 51,834.54
$ 35,239,660.14	$ 654,298.86	$ 100,044.16	$ -23,209.99	$ -24,999.63	$ 51,834.54	$ 0.00	$ 39,736.50	$ 12,098.04	$ 51,834.54

Unexpendable Reserves	
Uncollectible Accounts Receivable	83,150.47
Inventories	16,913.30
	$ 151,898.31

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DALTON STATE COLLEGE
RECONCILIATION OF SALARIES AND TRAVEL
YEAR ENDED JUNE 30, 2009

SCHEDULE "4"

	SALARIES	TRAVEL
Totals per Annual Supplement	$ 16,490,782.86	$ 130,830.79
Accruals		
June 30, 2009	461,714.00	
June 30, 2008	-420,474.00	
Compensated Absences		
June 30, 2009	625,674.48	
June 30, 2008	-556,954.02	
Unidentified Variance	132.68	0.21
	$ 16,600,876.00	$ 130,831.00

SECTION II

CURRENT YEAR FINDINGS AND QUESTIONED COSTS

DALTON STATE COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

No matters were reported.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.